

**TOWNSHIP OF PRINCETON  
MERCER COUNTY  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEAR  
ENDED DECEMBER 31, 2006**

***HODULIK & MORRISON, P.A.***  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

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TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY



INTRODUCTION SECTION



## **Township of Princeton**

400 Witherspoon Street  
Princeton, NJ 08540

**Kathryn Monzo**  
Chief Financial Officer  
Tax Collector

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### **Office of Tax Collection & Finance and Purchasing**

Telephone: (609) 924-1058      (609) 924-9183

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The Honorable Mayor and  
Township Committee  
Township of Princeton  
400 Witherspoon Street  
Princeton, New Jersey 08540

The Comprehensive Annual Financial Report of the Township of Princeton for the year ended December 31, 2006 is hereby submitted as mandated by state statute. New Jersey State statutes require that Princeton Township annually issue a report on its financial position and activity and that this report be audited by an independent Registered Municipal Accountant. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Princeton Township. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Township of Princeton's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: introductory, financial, statistical, and general comments and recommendations. The introductory section, which is unaudited, includes this letter of transmittal. The financial section includes general purpose financial statements and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information.

### **General Information**

Princeton Township ("the Township"), incorporated in 1838, is a suburban community with a population of 16,027 (2000 census) covering an area of 16.5 square miles in the heart of central New Jersey. It surrounds the 1.85 square mile area of the Borough of Princeton and is bounded on the southeast by West Windsor Township, on the southwest by Lawrence Township, on the northwest by Hopewell Township, on the

north by Montgomery Township (Somerset County), on the northeast by Franklin Township (Somerset county) and South Brunswick Township (Middlesex County) and on the east by Plainsboro Township (Middlesex County).

While no major travel arteries directly touch the Township, it is dissected by United States Highway route No. 206 and has ready access to United States Highway route No. 1, Interstate Highway Routes I-95, I-295, and I-195, the New Jersey Turnpike, and the Garden State Parkway and Amtrak and New Jersey Transit which provide direct rail service to Philadelphia and New York City as well as the rest of the northeast corridor. This area, known as the route 1 corridor, is one of the fastest growing parts of the state.

In general, the Township is an open, semi-wooded community of substantial homes and is an example of sound suburban development. There is no heavy industry in the Township nor will any be permitted under present or reasonably foreseeable land use regulations.

### **Planning Board**

In 1970, the planning boards of the Township and the Borough of Princeton were merged to form the Regional Planning Board of Princeton. The action was taken to recognize the fact that each municipality has a joint and common interest in a master plan for the development of the region and to formalize and to strengthen their cooperative endeavors in municipal planning. After a thorough review of the existing master plans of the Township and the Borough of Princeton, a single comprehensive Master Plan for the Princeton Community was developed and adopted by the Regional Planning Board in 1980. The Master Plan includes elements on land use, housing, circulation, utility, service, community facilities, open space and recreation and conservation. Since May, 1980, both the Township and the Borough of Princeton have implemented the Master Plan in part by passage of appropriate ordinances. A new Master Plan was adopted on December 12, 1996. The Master Plan is constantly undergoing revision, with the latest revision being adopted May 6, 1999.

### **Open Space**

On November 4, 1997, Township voters approved the establishment of a Municipal Open Space Tax. The Open Space Tax was levied at the rate of \$.01 per \$100.00 of assessed value of real property located in the Township. In the year 2000 the voters approved an increase in the Open Space Tax Rate to a rate of \$.02 per \$100 of assessed value of real property, effective in 2001.

The levy so raised may be spent for the following purposes:

- (a) Acquisition of lands for recreation and conservation purposes;

- (b) Development of lands acquired for recreation and conservation purposes
- (c) Maintenance of lands acquired for recreation and conservation purposes;
- (d) Acquisition of farmland for farmland preservation purposes;
- (e) Historic preservation of historic properties, structures, facilities, sites, areas , or objects, and the acquisition of such properties, structures, facilities, sites, areas, or objects for historic preservation purposes; or
- (f) Payment of debt service on indebtedness issued or incurred by a municipality for any of the purposes set forth in paragraphs (a), (b), (d), or (e) hereinabove.

Appropriations for the expenditures of Open Space Tax funds may be authorized by the governing body after appropriate public hearings thereon.

The Township has appointed an “Open Space Advisory Committee” to prepare recommendations for the use of the Township’s Open Space Tax Funds. The Committee held two public hearings and numerous work sessions to insure that all interested parties were afforded an opportunity to participate in this task. A final report was issued in the year 2000.

**Gulick Farm**

In 2001 the township authorized the amount of \$2,775,000 for the purchase of a portion of the Gulick Farm. \$138,750 in down payment money was paid from the township’s Open Space Fund. In 2002, \$2,600,000 in short-term Bond anticipation Notes were issued. The purchase was completed in April, 2002. It is anticipated that the township will receive grants and loans from the State of New Jersey for this purchase. At this time the final amount of such grants and loans is not known. The proceeds of such grants and loans will be used to pay down the debt service associated with this open space purchase.

As of December 31, 2006 the balance in the Open Space Fund is \$620,729.84.

**Princeton Public Library**

In 1960 the Township of Princeton and the Borough of Princeton established the Joint Free Public Library of Princeton. In 2001 the two municipalities and the Trustees of the Joint Free Public Library of Princeton entered in to an agreement to build a new library facility on the site of the then existing library in the Borough of Princeton. In 2002 the existing library building was demolished and the library moved into temporary rented space in the Princeton Shopping Center, located in the Township, The financing for the construction of the new library facility is as follows:

Township of Princeton share	(68%)	\$4,080,000
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Borough of Princeton share	(32%)	<u>1,920,000</u>	
Total Municipal share			\$6,000,000
Contributions to be raised from a			
Private fund raising campaign			<u>12,000,000</u>
Total cost of a new library facility			<u>\$18,000,000</u>

In order to have the finances available to issue contracts for the construction of the new library facility, the municipalities have authorized the appropriation of the total \$18,000,000 in the following amounts:

Township of Princeton share	(68%)	\$12,240,000	
Borough of Princeton share	(32%)	<u>5,760,000</u>	
Total Municipal share			<u>\$18,000,000</u>

As cash contributions are received by the library, the municipal shares authorized will be reduced proportionately.

### **Interlocal Service Agreements**

With the Borough of Princeton:

The Township and the Borough of Princeton have several departments which serve both municipalities. The “host” municipality receives reimbursement from the other municipality for their share of the department’s costs.

Host Municipality:

Township of Princeton	Drug Treatment Program (Corner House) Joint Environmental Commission Joint Human Services Commission Joint Regional Planning Board Joint Recreation Board
Borough of Princeton	Small Animal Control Cable Television Fire Department (Volunteer) Fire Facilities Health Sewer Operating Committee Solid Waste Suzanne Paterson Center (Senior Citizen)

In addition the two municipalities jointly fund the following:

Joint Free Public Library  
Princeton First Aid & Rescue Squad

With the Princeton Regional School District:

Joint fueling facility

With mercer County Improvement Authority

Curbside Recycling Program

With Stony Brook Regional Sewerage Authority

Wastewater collection and treatment

### **Water**

The Township does not provide water service. Most properties are serviced by New Jersey American Water Company (formerly know as Elizabethtown Water Company), a private company. Other properties are serviced by private wells.

### **Sewer**

A majority of the Township is serviced by municipal sewers.

The Township is a member of the Stony Brook Regional Sewerage Authority. The Authority was created in 1971 to construct and operate a wastewater collection and treatment system to serve six municipalities in the Stony Brook watershed area of Mercer and Middlesex Counties, New Jersey. The Authority has entered into a service contract with its member municipalities, obligating each participating municipality to the Authority for its proportionate share of the Authority's operating expenses, debt service and required reserve additions to the extent not met by other sources. The other members of the authority are Princeton Borough, Hopewell Borough, Pennington Borough, West Windsor Township, and South Brunswick Township.

### **Bond Rating**

In 2001 the Township requested a review of its bond ratings and met with both Moody's Investors Service and Standard & Poor's with the following results:

2001

	<u>Rating</u>
Moody's Investors Service	Aaa
Standard & Poor's	AAA

The Aaa rating was reaffirmed again in March, 2006 by both Moody's Investors Service and Standard and Poor's in conjunction with the Township's \$23,775,000 Bond Issue.

**Tax Collection Rate**

In 2006 the Township's tax collection rate was above 99%, and has been above 98% for ten consecutive years.

Respectfully submitted,



Kathryn Monzo, CMFO/CTC  
Chief Financial Officer

FINANCIAL SECTION

**HODULIK & MORRISON, P.A.**  
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JO ANN BOOS, CPA, PSA  
DAWN M. KRONOWSKI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Princeton  
County of Mercer, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2006 the related statements of operations and changes in fund balance- statutory basis for the year then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis of the various funds for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed statutory basis of accounting as described in the preceding paragraph is utilized by the Township of Princeton, County of Mercer, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2006 or the results of its operations, or cash flows of its proprietary fund type for the years then ended.

However, in our opinion, the financial statements – statutory basis referred to above present fairly, in all material respects, the financial position – statutory basis of the various funds of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2006 and the results of operations and changes in fund balance – statutory basis of such funds for the years then ended and the statement of revenues – statutory basis and statement of expenditures – statutory basis of the various funds for the year ended December 31, 2006, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2007 on our consideration of the Township of Princeton’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township of Princeton, County of Mercer, New Jersey taken as a whole. The accompanying schedules of expenditures of state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments, and Non-Profit Organizations*” and New Jersey OMB Circular 04-04 and are not required as part of the financial statements. Additionally, the information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Princeton, County of Mercer, New Jersey. Such information contained in the Supplementary Data and Supplementary Schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

/S/HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

/S/Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
June 20, 2007

FINANCIAL STATEMENTS

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE  
STATUTORY BASIS  
DECEMBER 31, 2006

<u>ASSETS</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>TRUST FUNDS</u>	<u>UTILITY OPERATING FUND</u>	<u>UTILITY CAPITAL FUND</u>	<u>GOVERNMENTAL FIXED ASSETS</u>	<u>TOTAL DEC. 31, 2006</u>
Cash and Investments	\$ 8,449,652.04	\$ 4,154,870.34	\$ 8,167,288.30	\$ 2,398,142.45	\$ 10,662.96		23,180,616.09
Federal and State Grants Receivable	512,988.38	298,750.00					811,738.38
Receivables and Other Assets:							
Delinquent Property Taxes	582,910.83						582,910.83
Other Receivables	109,802.22	1,794,142.00		592,151.51			2,496,095.73
Assessments Receivable			45,209.09				45,209.09
Tax Title and Assessment Liens Rec.	52,332.94						52,332.94
Other Accounts Receivable		980,994.98	5,008.13				986,003.11
Interfunds Receivable	25,000.00						25,000.00
Property Acquired for Taxes	70,000.00						70,000.00
Prospective Assessments Funded		8,325.00	8,325.00				16,650.00
Overexpenditure of Improv. Authorization		2,390.08					2,390.08
Deferred Charge to Future Taxation:							
Funded		60,721,213.49			2,030,000.00		62,751,213.49
Unfunded		22,880,309.91					22,880,309.91
Fixed Assets						57,325,181.00	57,325,181.00
	<u>\$ 9,802,686.41</u>	<u>\$ 90,840,995.80</u>	<u>\$ 8,225,830.52</u>	<u>\$ 2,990,293.96</u>	<u>\$ 2,040,662.96</u>	<u>\$ 57,325,181.00</u>	<u>\$ 171,225,650.65</u>

See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE  
STATUTORY BASIS  
DECEMBER 31, 2006

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	GOVERNMENTAL FIXED ASSETS	TOTAL DEC. 31, 2006
Overpayments	\$ 43,226.10	\$	\$		\$	\$	\$ 43,226.10
Appropriation Reserves	1,462,294.26						1,462,294.26
Prepaid Taxes and Utility Charges	790,935.98						790,935.98
Federal and State Grants:							
Appropriated Reserves	482,311.67						482,311.67
Unappropriated Reserves	37,870.43						37,870.43
Encumbrances	7,443.09			4,275.32			11,718.41
Other Liabilities and Reserves:							
Due to State of New Jersey	4,871.92						4,871.92
Reserve for Future Debt Service	299,085.61	843,034.68			10,662.96		1,152,783.25
Premium on Tax Sale Certificates	281,800.00						281,800.00
Capital Improvement Fund		103,291.18					103,291.18
Preliminary Costs		1,385.31					1,385.31
Other Reserves	17,649.50	683,474.82	8,211,351.18	2,113,558.45			11,026,033.95
Improvement Authorizations		25,782,974.17					25,782,974.17
Reserve for Encumbrances	297,822.02	2,399,218.75					2,697,040.77
Prospective Assessments Funded		8,325.00					8,325.00
Interfunds Payable							
Serial Bonds Payable		53,755,000.00			2,030,000.00		55,785,000.00
Wastewater Treatment Loans Payable		755,176.64					755,176.64
Green Trust Loan Payable		4,416,894.85					4,416,894.85
Environmental Infrastructure Loans		1,794,142.00					1,794,142.00
Reserve for Receivables	840,045.99			592,151.51			1,432,197.50
Other Payables	680,557.35						680,557.35
Investment in Fixed Assets						57,325,181.00	57,325,181.00
Fund Balance	4,556,772.49	298,078.40	14,479.34	280,308.68			5,149,638.91
	<u>\$ 9,802,686.41</u>	<u>\$ 90,840,995.80</u>	<u>\$ 8,225,830.52</u>	<u>\$ 2,990,293.96</u>	<u>\$ 2,040,662.96</u>	<u>\$ 57,325,181.00</u>	<u>\$ 171,225,650.65</u>

See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - STATUTORY BASIS  
CURRENT AND UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DEC. 31, 2006

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>
Revenues:		
Fund Balance Appropriated	\$ 3,150,000.00	\$ 261,723.26
Miscellaneous Revenue	12,095,256.01	509,500.00
Receipts from Delinquent Taxes	661,199.41	
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	<u>79,877,053.97</u>	
Total Budget Revenue	<u>95,783,509.39</u>	<u>771,223.26</u>
Other Credits to Income	<u>1,099,435.87</u>	<u>212,065.25</u>
Total Revenues	<u>96,882,945.26</u>	<u>983,288.51</u>
Expenditures:		
Current Fund Within CAPS:		
General Government	3,017,437.10	823,417.47
Land Use Administration	388,132.00	
Public Safety	5,053,589.00	
Public Works	1,963,740.00	
Health & Human Services	769,957.00	
Parks and Recreation	738,938.00	
Unclassified	1,964,632.00	
Deferred Charges and Statutory Expenditures	363,600.00	
Current Fund Excluded From CAPS:		
General Government	8,013,093.00	
Public and Private Programs	3,197,976.03	
Capital Improvements	300,000.00	
Debt Service	5,132,722.52	
Deferred Charges	<u>1,005.00</u>	
Total Budget Expenditures	<u>30,904,821.65</u>	<u>823,417.47</u>
Other Charges	<u>62,488,291.64</u>	
Total Expenditures	<u>93,393,113.29</u>	<u>823,417.47</u>

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - STATUTORY BASIS  
CURRENT AND UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DEC. 31, 2006

	CURRENT FUND	UTILITY OPERATING FUNDS
Statutory Excess to Fund Balance	3,489,831.97	159,871.04
Fund Balance Jan. 1, 2006	<u>4,216,940.52</u>	<u>382,160.90</u>
	7,706,772.49	542,031.94
Decreased by: Utilized in Budget	<u>3,150,000.00</u>	<u>261,723.26</u>
Fund Balance Dec. 31, 2006	<u>\$ 4,556,772.49</u>	<u>\$ 280,308.68</u>

See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - STATUTORY BASIS  
BUDGET AND ACTUAL - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budget as</u> <u>Modified</u>	<u>2006</u> <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 3,150,000.00	\$ 3,150,000.00	
Miscellaneous Revenue	11,868,245.03	12,095,256.01	227,010.98
Receipts from Delinquent Taxes	663,825.66	661,199.41	(2,626.25)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>17,662,522.95</u>	<u>19,798,085.60</u>	<u>2,135,562.65</u>
Total Budget Revenue	<u>33,344,593.64</u>	<u>35,704,541.02</u>	<u>2,359,947.38</u>
Other Credits to Income		<u>1,099,435.87</u>	<u>1,099,435.87</u>
Total Revenues	<u>33,344,593.64</u>	<u>36,803,976.89</u>	<u>3,459,383.25</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	3,017,437.10	3,017,437.10	
Land Use Administration	388,132.00	388,132.00	
Public Safety	5,053,589.00	5,053,589.00	
Public Works	1,963,740.00	1,963,740.00	
Health & Human Services	769,957.00	769,957.00	
Parks and Recreation	738,938.00	738,938.00	
Unclassified Purposes	1,964,632.00	1,964,632.00	
Deferred Charges and Statutory Expenditures	363,600.00	363,600.00	
Current Fund Excluded From CAPS:			
General Government	8,013,093.00	8,013,093.00	
Public and Private Programs	3,201,091.03	3,197,976.03	3,115.00
Capital Improvements	300,000.00	300,000.00	
Debt Service	5,169,761.00	5,132,722.52	37,038.48
Deferred Charges and Statutory Expenditures	1,005.00	1,005.00	
Reserve for Uncollected Taxes	<u>2,399,578.51</u>	<u>2,399,578.51</u>	
Total Budget Expenditures	<u>33,344,553.64</u>	<u>33,304,400.16</u>	<u>40,153.48</u>
Other Charges		<u>9,744.76</u>	<u>(9,744.76)</u>
Total Expenditures	<u>33,344,553.64</u>	<u>33,314,144.92</u>	<u>30,408.72</u>
Statutory Excess to Fund Balance		3,489,831.97	
Fund Balance January 1, 2006		<u>4,216,940.52</u>	
Decreased by: Utilized in Budget		<u>3,150,000.00</u>	
Fund Balance December 31, 2006		<u><u>\$ 4,556,772.49</u></u>	

See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - STATUTORY BASIS  
BUDGET AND ACTUAL - UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget as <u>Modified</u>	2006 <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 261,723.26	\$ 261,723.26	
Affordable Housing Fees	309,500.00	279,500.00	(30,000.00)
Township Contribution	200,000.00	200,000.00	
Miscellaneous		<u>212,065.25</u>	<u>212,065.25</u>
Total Budget Revenue	<u>771,223.26</u>	<u>953,288.51</u>	<u>182,065.25</u>
Other Credits to Income			
Total Revenues	<u>771,223.26</u>	<u>953,288.51</u>	<u>182,065.25</u>
Expenditures:			
Operating Expenses	249,067.00	180,936.61	68,130.39
Debt Service	522,156.26	522,156.26	
Other Expenses		<u>120,324.60</u>	<u>(120,324.60)</u>
Total Expenditures	<u>771,223.26</u>	<u>823,417.47</u>	<u>(52,194.21)</u>
Excess (Deficit) in Revenues		<u>129,871.04</u>	<u>129,871.04</u>
Statutory Excess to Fund Balance		<u>129,871.04</u>	<u>129,871.04</u>
Fund Balance January 1, 2006		<u>382,160.90</u>	
Decreased by: Utilized in Budget	<u>261,723.26</u>	<u>261,723.26</u>	
Fund Balance December 31, 2006		<u><u>\$ 250,308.68</u></u>	

See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
THE YEAR ENDED DECEMBER 31, 2006

Note 1: FORM OF GOVERNMENT

Princeton Township, incorporated in 1838, is a suburban community with a population of 16,027 covering an area of 16.5 square miles in the heart of Central Jersey. The governing body is a Committee form of government chartered by the State of New Jersey under N.J.S.A. 40A:63-1. Five Committee members are elected at-large in partisan elections to serve staggered three-year terms. The Mayor is elected by the Committee and serves a one-year term as does the Deputy Mayor. All legislative powers are assigned to the Committee. An Administrator is also empowered by ordinance to serve in an executive capacity and direct the day to day operations of the Township.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

The accounting policies of the Township of Princeton conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Princeton 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, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purposes for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A: 4-39, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Assessment Trust Fund
- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Developer's Escrow Fund
- Open Space Trust Fund
- Payroll & Payroll Agency Fund
- Mountain Lakes Nature Preserve Donations
- Parking Adjudication Act
- Construction Code Fees
- Accumulated Absences
- Snow Removal Trust Fund

## NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Affordable Housing Utility Fund - resources and expenditures for the construction and sale of affordable housing.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues – Revenues are recorded as received in cash except for statutory reimbursements and grant funds that are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and affordable housing charges are recorded with offsetting reserves within the Current Fund and Affordable Housing Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of affordable housing charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for un-liquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of over-expenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting and Measurement Focus (Cont'd.)

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the Township, and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

Compensated Absences - The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Affordable Housing Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting and Measurement Focus (Cont'd.)

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. All governmental fixed assets acquired by the Township are recorded at cost. The general fixed asset records were updated during fiscal year 2006.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 3 to the financial statements.

#### Recent Accounting Standards

GASB issued Statement No. 43, "Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans" in May 2004. Other post-employment benefits (OPEB) include healthcare and other non-pension benefits provided to employees as part of their compensation for services. The standards apply to OPEB plans that are included as trust funds in the financial reports of plan sponsors or employers, and to stand-alone financial reports of OPEB plans that are established as trusts, when issued by the public employee retirement systems, or other governmental entities that administer them. The Statement also provides requirements for reporting of OPEB funds by administrators of multi-employer OPEB plans, when the fund used is not a trust fund.

GASB issued Statement No. 44, "Economic Condition Reporting: The Statistical Section" in June 2004. The statement enhances and updates the statistical section that accompanies a state or local government's basic financial statements to reflect the significant changes that have taken place in government finance, including the more comprehensive government-wide financial information required by GASB Statement No. 34.

GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits" in August 2004. The statement addresses how state and local governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting and Measurement Focus (Cont'd.)

Recent Accounting Standards (cont'd.)

GASB issued Statement No. 46, “Net Assets Restricted by Enabling Legislation” in December 2004. The statement is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in the financial statements when there are charges in the circumstances surrounding such legislations.

GASB issued Statement No. 47, “Accounting for Termination Benefits” in June 2005. The statement requires employers to disclose a description of the termination benefit arrangement, the cost of the termination benefits (required in the period in which the employer becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements), and significant methods and assumptions used to determine termination benefit liabilities.

GASB issued Statement No. 48, “ Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues” in September 2006. The statement establishes accounting and financial reporting standards for transaction in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues.

GASB issued Statement No. 49, “ Accounting and Financial Reporting for Pollution Remediation Obligations” in November 2006. The statement establishes standards for accounting and financial reporting for pollution remediation obligations. It is used to enhance the usefulness and comparability of pollution remediation obligation information reported by state and local governments by setting uniform standards requiring more timely and complete reporting of those obligations.

The Township does not prepare its financial statements in accordance with generally accepted accounting principles in the United States of America. The Township has adopted the reporting for GASB 44. They have not adopted the use of any other of the GASB’s listed above. The adoption of these new standards will not adversely effect the reporting on the Township’s financial condition.

Use of Estimates – The preparation of the financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Township's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>2006</u>
<u>Issued:</u>	
General:	
Bonds and Notes	53,755,000.00
Green Trust Program Loans	4,416,894.85
Wastwater Treatment Loan	755,176.64
Infrastructure Loan	1,794,142.00
Affordable Housing Utility:	
Bonds and Notes	<u>2,030,000.00</u>
Total Issued	<u>62,751,213.49</u>
<u>Authorized But Not Issued:</u>	
General:	
Bonds and Notes	<u>24,674,451.91</u>
Total Authorized But Not Issued	<u>24,674,451.91</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>87,425,665.40</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2006:

	<u>2006</u>
<u>General Debt:</u>	
\$4,105,000, General Improvement Bonds Series 1993, due in annual installments of \$345,000 through July 1, 2007, interest at 4.625%.	\$345,000.00
\$9,150,000, General Improvement Bonds Series 1999, due in annual installments of \$1,000,000 to \$1,555,000 through July 1, 2010, interest at 4.60%.	4,000,000.00
\$10,700,000, General Improvement Bonds Series 2001, due in annual installments of \$500,000 to \$800,000 through September 1, 2019, interest at 4.10% to 4.625%	8,500,000.00
\$10,685,000, General Improvement Bonds Series 2002, due in annual installments of \$500,000 to \$1,000,000 through September 1, 2017, interest at 3.125% to 3.750%	8,685,000.00
\$9,250,000, General Improvement Bonds Series 2004, due in annual installments of \$400,000 to \$800,000 through May 1, 2019, interest at 4.125% to 4.500%	8,450,000.00
\$23,775,000, General Improvement Bonds Series 2006, due in annual installments of \$270,000 to \$1,820,000 through January 1, 2026, interest at 4.125% to 4.500%	23,775,000.00

Program Loans:

\$30,800, Hutcheson Memorial Forest,  
due in semi-annual installments of \$957.62  
through Feb. 28, 2007, interest at 2.00%

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

2006

General Debt (cont'd.):

\$715,803, Hutcheson Memorial Forest, due in semi-annual installments of \$22,442.26 through Feb. 1, 2013, interest at 2.00%	
\$120,134, Bunker Hill Environmental Ctr., due in semi-annual installments of \$6,350.29 through Mar. 1, 2015, interest at 2.00%	
\$1,435,000, Infrastructure Water Loan, due in annual installments of \$50,000 to \$110,000 through Aug. 1, 2025, interest at 4.00% to 4.375%	\$1,435,000.00
\$4,028,778, Infrastructure Water Loan - Principal Only, due in semi-annual installments of \$94,423.68 to 205,928.29 through Aug. 1, 2025	<u>4,028,778.00</u>
Total General Debt	<u>59,218,778.00</u>
Total Debt Issued and Outstanding	<u><u>\$59,218,778.00</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. 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:

<u>2006</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$37,934,656.25	\$37,934,656.25	
Affordable Housing Utility Debt	2,030,000.00	2,030,000.00	
General Debt	<u>85,257,564.82</u>	<u>551,474.82</u>	<u>84,706,090.00</u>
	<u>\$125,222,221.07</u>	<u>\$40,516,131.07</u>	<u>\$84,706,090.00</u>

Net Debt \$84,706,090.00 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended  $\$4,413,248,879.00 = \underline{\underline{1.92\%}}$

The Township's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at June 30, was as follows:

	<u>2006</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$154,463,710.77</u> <u>84,706,090.00</u>
Remaining Borrowing Power	<u>\$69,757,620.77</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D)

C. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding

SFY Year	GENERAL		AFFORDABLE HOUSING UTILITY		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	\$3,322,456.37	\$1,874,815.38	435,000.00	62,593.75	\$3,757,456.37	\$1,937,409.13
2008	3,939,208.29	2,258,586.25	420,000.00	51,718.75	4,359,208.29	2,310,305.00
2009	3,754,909.20	2,109,218.25	405,000.00	39,118.75	4,159,909.20	2,148,337.00
2010	3,832,345.44	1,965,336.75	390,000.00	26,462.50	4,222,345.44	1,991,799.25
2011	3,669,401.68	1,804,622.50	380,000.00	13,300.00	4,049,401.68	1,817,922.50
2012	3,766,392.74	1,669,186.75			3,766,392.74	1,669,186.75
2013	3,856,763.78	1,528,919.25			3,856,763.78	1,528,919.25
2014	3,988,923.98	1,382,135.75			3,988,923.98	1,382,135.75
2015	4,079,470.17	1,230,481.25			4,079,470.17	1,230,481.25
2016	4,121,812.53	1,070,432.88			4,121,812.53	1,070,432.88
2017	4,020,003.89	905,847.25			4,020,003.89	905,847.25
2018	3,010,251.76	742,691.63			3,010,251.76	742,691.63
2019	3,000,053.96	611,074.38			3,000,053.96	611,074.38
2020	1,476,984.15	494,933.75			1,476,984.15	494,933.75
2021	1,540,568.68	429,740.00			1,540,568.68	429,740.00
2022	1,604,108.97	361,208.76			1,604,108.97	361,208.76
2023	1,685,866.25	289,132.50			1,685,866.25	289,132.50
2024	1,764,225.59	212,457.50			1,764,225.59	212,457.50
2025	1,850,512.38	130,822.50			1,850,512.38	130,822.50
2026	1,936,952.19	45,290.00			1,936,952.19	45,290.00
TOTAL	<u>\$60,221,212.00</u>	<u>\$21,116,933.28</u>	<u>\$2,030,000.00</u>	<u>\$193,193.75</u>	<u>\$62,251,212.00</u>	<u>\$21,310,127.03</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

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

The calculation of "Self-Liquidating Purpose" for the Affordable Housing Utility, per N.J.S.A. 40A: 2-45 is as follows:

	<u>2006</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 983,288.51
Deductions:	
Operating and Maintenance Costs	180,936.61
Debt Service	<u>522,156.26</u>
Total Deductions	<u>703,092.87</u>
Excess in Revenues	<u>\$280,195.64</u>

Deduction of Self-Liquidating Utility Debt for  
Statutory Net Debt – Affordable Housing Utility per N.J.S.A. 40A: 2-45

The differences between the excess in revenues for debt statement purposes and the statutory cash basis for the Affordable Housing Utility Fund is as follows:

	<u>2006</u>
Excess in Revenues - Cash Basis (D-1)	\$159,871.04
Add: Other Deductions to Operations	<u>120,324.60</u>
Excess in Revenue	<u>\$280,195.64</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. Loan Agreements

1. Department of Environmental Protection  
Green Trust Program Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred in the acquisition of the Larson Tract, Institute Woods, Poe Property and the Weller Property. Information relating to these loans is as follows:

	<u>Loan #1</u>	<u>Loan #2</u>	<u>Loan #3</u>	<u>Loan #4</u>
Drawn down Date	10/12/89	7/8/97	4/24/97	1/16/99
Loan Amount	\$145,000.00	\$1,406,200.00	\$631,050.00	\$1,125,000.00
Interest Rates	2.00%	2.00%	2.00%	2.00%
Due Dates	Apr. 12 & Oct. 28	Jan. 8 & July 8	Apr. 24 & Oct. 24	Jan. 16 & Jul. 16
Number of Payments	39	39	39	39
Final Payment Date	April 12, 2009	January 1, 2017	October 24, 2016	July 16, 2018
Semi-Annual Payments	\$4,508.28	\$43,720.80	\$19,620.35	\$34,978.04

2. Department of Environmental Projection  
Water Supply Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Water Main Cleaning. Information relating to these loans is as follows:

	<u>Loan #1</u>
Drawn down Date	12/1/88
Loan Amount	\$2,702,120.00
Interest Rates	Various Rates
Due Dates	Apr. 25 & Oct. 15
Number of Payments	36
Final Payment Date	April 15, 2008
Semi-Annual Payments	\$75,058.89

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the combined outstanding principle of these loans has been included in the calculation of the Township's statutory debt condition.

3. Department of Environmental Protection  
Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Sewer Reconstruction and Repair Project. Information relating to these loans is as follows:

	<u>Loan #1</u>	<u>Loan #2</u>
Drawn down Date	8/28/06	8/28/06
Loan Amount	\$905,000.00	\$889,142.00
Interest Rates	Various	Various
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	20	20
Final Payment Date	August 1, 2026	August 1, 2026

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the combined outstanding principle of these loans has been included in the calculation of the Township's statutory debt condition.

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	<u>2006</u>
Current Fund	\$3,150,000.00
Affordable Housing Utility Operating Fund	261,723.26

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2006, the Township of Princeton had no deferred charges to be raised in succeeding budgets.

Note 6: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NOTES TO FINANCIAL STATEMENTS

Note 6: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd).

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

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. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2006, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2006</u>
Cash (Demand Accts.)	\$23,190,598.86
Petty Cash (On-Hand)	<u>575.00</u>
Total	<u>\$23,191,173.86</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$22,569,388.57 and the bank balance was \$23,190,598.86. Of the bank balance, \$433,374.19 was covered by Federal depository insurance and \$22,757,382.69 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2006, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Township's bank balance was exposed to custodial risk.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured FDIC	\$433,374.19
Insured – NJGUDPA (N.J.S.A. 17:941)	<u>22,757,382.69</u>
Total	<u>\$23,190,756.88</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 6: DEPOSITS AND INVESTMENTS (CONT'D.)

#### Investments

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
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 such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury 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. 1997, 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);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2006, the Township had \$200,098.04 on deposit with the New Jersey Cash Management Fund. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

## NOTES TO FINANCIAL STATEMENT

### Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector on or before May 13<sup>th</sup>.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bills contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount dues is not known.

### Note 8: PENSION AND RETIREMENT PLANS

Employees of the Township of Princeton are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plan are not available. The contributions in 2006 were \$288,056.25 for PERS and \$273,503.28 for PFRS, respectively, which includes normal pension contributions from the employees that are remitted on a quarterly basis.

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 for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

### Note 9: POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension and retirement plans described in Note 8, the Township provides post-retirement health care benefits, in accordance with State statutes, to all employees who retire from the Township with at least 25 years of continuous service regardless of age, or retirement after 20 years of continuous Township service upon attaining age 60. At December 31, 2006 Twenty-six (26) were receiving post retirement health care benefits at an annual cost to the Township of approximately \$115,851.24.

Note 10: ACCRUED SICK AND VACATION BENEFITS

The Township of Princeton has adopted a written Policy and Procedure Manual which sets forth the terms under which an employee may accumulate unused benefits. General Policy is as follows:

Sick Leave – Sick leave for full-time permanent employees accumulates one sick day for each month of work completed. Any paid sick days advanced during the four-month probationary period must be reimbursed if the employee leaves Township service. All regular part-time employees will be credited with paid sick leave on a pro-rated basis. A part-time employee's sick leave may be recalculated in the event of a schedule change. Unused portions of this annually renewed paid sick leave will not be carried over into subsequent calendar years. No additional days will be credited.

Vacations – Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Ordinarily, vacation leave shall be used during the year in which it accrues. However, under extraordinary circumstances employees may accrue unused vacation leave toward the next calendar year upon approval of the Administrator. On December 31 of any calendar year, the aggregate of such unused leave accruing from all previous years shall not exceed five (5) days in the case of nonexempt employees, or thirty (30) days in the case of exempt employees. Accrued time in excess of such limits shall be forfeited. An exempt employee may benefit from no more than ten (10) days of such accumulated leave in any calendar year. However, during the calendar year in which retirement occurs, all accrued vacation may be taken.

The total balance of unused vacation and terminal leave time benefits amounts to approximately \$840,842.95 as of December 31, 2006.

Note 11: LEASES

The Township of Princeton has entered into an operating lease with Pitney Bowes on September 30, 2005 for a postage machine. The lease is for fifty-four (54) months with a monthly payment of \$898.00. The operating lease expenditures are charged to the current fund budget. The total charges for each year is \$10,776.00.

NOTES TO FINANCIAL STATEMENTS

Note 12: RISK MANAGEMENT

The Township, together with other governmental units, is a member of the Mid Jersey Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Department of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. Payments to the Fund are calculated by the Fund’s governing board based upon actuarial and budgetary requirements. Each participant in the Fund is jointly and severably obligated for any deficiency in the amount available to pay all claims. The Joint Insurance Fund insures against property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and workers compensation. While additional assessments or premiums can be levied by the Fund to assure payment of the Fund’s obligations, no such additional premiums have been necessary as of December 31, 2006. The Fund will be self-sustaining through member premiums, reported as an expenditure in the Township’s financial statements. The Fund contracts for excess liability insurance for property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and worker’s compensation. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. Following is a summary of Township appropriations, interest earning and remittances to the State for the current and prior year:

<u>Year</u>	<u>Employee Contribution</u>	<u>Interest Earnings</u>	<u>Amounts Reimbursed</u>	<u>Ending Balance</u>
2006	\$2,051.84	\$4,342.76	\$49,783.46	\$28,384.77

Note 13: COMMITMENTS AND CONTINGENCIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2006, the Township does not believe that any material liabilities will result from such audits.

As of the date of this report, the Township was not involved in any pending or threatened litigation nor any unasserted claims or assessments that would be of a material nature.

Note 14: DEFERRED COMPENSATION

The Township has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, disability or severe financial hardship.

The Township, by resolution, amended its program for deferred compensation for sponsored employees. The assets of the plan shall be held in trust under the beneficial ownership of the trustee, with the members of the Township committee serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries, and the assets shall not be diverted to any other purposes.

All investments for the plans are administered by the Lincoln National Life Insurance Company.

The plan administrator shall invest in one or more of the eligible investments under N.J.A.C. 5:37-9.2, which are as follows:

1. Interest-and dividend-bearing securities in which savings banks of New Jersey are authorized to invest their funds;
2. Interest-bearing accounts;
3. State of New Jersey Cash Management Fund;
4. Individual or group annuity programs, whether fixed or variable;
5. Mutual funds; and/or
6. Life insurance contracts, whether fixed or variable.

Note 15: INTERFUNDS

The following interfund balances remained on the balance sheet at December 31, 2006:

Fund:	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$25,000.00	
Payroll Trust	<u>0.00</u>	<u>25,000.00</u>
Total	<u>\$25,000.00</u>	<u>\$25,000.00</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to fund the appropriation and the statute or budget to expend them.

## NOTES TO FINANCIAL STATEMENTS

### Note 16: CORRECTION OF AN ERROR

A review of the prior years financial statements showed that accrued interest for the Affordable Housing Utility Fund was not included on the financial statements. An adjustment was made to the financial statements in 2006 to include accrued interest on the balance sheet. An adjustment was made to the prior years fund balance of \$20,864.58 to record the accrued interest for December 31, 2005.

### Note 17: SUBSEQUENT EVENTS

During the period subsequent to the balance date, through the date of the auditor's report, the Township has authorized capital improvement projects, which provide for the issuance of bonds and notes to finance the costs thereof, as follows:

<u>Project</u>	<u>Bonds/ Notes Authorized</u>
Various Road Improvements	\$846,450.00
Various Road Improvements	2,510,000.00
Repair or replacement of Sidewalks along Linwood Circle And Leabrook Lane	40,375.00

INDIVIDUAL FUND AND SCHEDULES

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
 BALANCE SHEET - STATUTORY BASIS  
DECEMBER 31, 2006

<u>ASSETS</u>	<u>BALANCE JUNE 30,2006</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE JUNE 30,2006</u>
Cash and Investments - Treasurer	\$ 8,434,440.23	Liabilities:	
Petty Cash	<u>575.00</u>	Due to Joint Recreation Board	\$ 271.55
	8,435,015.23	Appropriation Reserves	1,462,294.26
		Reserve for Encumbrances	297,822.02
		Due from State of N.J. Per Chap. 73, P.L. 1976	4,871.92
		Accounts Payable	396,440.26
Receivables and Other Assets With Full Reserves:		Tax Overpayments	43,052.45
Taxes Receivable	582,910.83	Sewer Overpayments	173.65
Tax Title Liens Receivable	52,332.94	Due to County	150,028.15
Sewer Charges Receivable	36,169.95	Prepaid Taxes	770,312.94
Delinquent Interest & Penalty	14,789.35	Prepaid Sewer	20,623.04
Property Acquired for Taxes at Assessed Value	70,000.00	Premium on Tax Sale Certificates	281,800.00
Revenue Accounts Receivable	57,829.21	Due to Boro of Princeton	133,817.39
Prepaid School Tax	0.94	Miscellaneous Reserves	17,649.50
DTF Payroll Fund	25,000.00	Reserve for Debt Service - Green Trust	<u>299,085.61</u>
Other Accounts Receivable	<u>1,012.77</u>		3,878,242.74
	<u>840,045.99</u>	Reserve for Receivables	840,045.99
		Fund Balance	<u>4,556,772.49</u>
Total Current Fund	<u>9,275,061.22</u>	Total Current Fund	<u>9,275,061.22</u>
 Grant Fund:		 Grant Fund:	
Cash and Investments - Treasurer	14,636.81	Reserve for Encumbrances	7,443.09
State & Federal Grants Receivable	<u>512,988.38</u>	Reserve for State & Federal Grants:	
		Appropriated	482,311.67
		Unappropriated	<u>37,870.43</u>
Total Grant Fund	<u>527,625.19</u>	Total Grant Fund	<u>527,625.19</u>
	<u>\$ 9,802,686.41</u>		<u>\$ 9,802,686.41</u>

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2006</u>
Fund Balance Utilized	\$ 3,150,000.00
Miscellaneous Revenues Anticipated	12,095,256.01
Receipts from Delinquent Taxes	661,199.41
Receipts from Current Taxes	79,877,053.97
Non-Budget Revenue	268,949.94
Other Credits to Income:	
Unexpended Balance of Approp.	
Reserves Lapsed	819,612.61
Interfund Loans Returned (Net)	<u>10,873.32</u>
	<u>96,882,945.26</u>
 <u>EXPENDITURES</u>	
Budget Appropriations:	
Operations:	
Salaries and Wages	9,189,109.00
Other Expenses	15,918,385.13
Deferred Charges and Statutory	
Expenditures	364,605.00
Capital Improvements	300,000.00
Municipal Debt Service	5,132,722.52
County Taxes	23,147,417.82
Local District School Taxes	38,848,785.90
Municipal Open Space Tax	482,343.16
Grant Receivable Cancelled	9,160.00
Cancel Prior Year Expenditure	<u>584.76</u>
Total Expenditures	<u>93,393,113.29</u>

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>YEAR 2006</u>
Statutory Excess to Fund Balance	\$ 3,489,831.97
 <u>FUND BALANCE</u>	
Balance - January 1	<u>4,216,940.52</u>
	7,706,772.49
Decreased by:	
Utilized as Anticipated Revenue	<u>3,150,000.00</u>
Balance - December 31	\$ <u><u>4,556,772.49</u></u>

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-2  
Page 1 of 3

CURRENT FUND  
STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2006 <u>BUDGET</u>	N.J.S.A. <u>40A:4-87</u>		
Surplus Anticipated	\$ 3,150,000.00	\$	\$ 3,150,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	15,100.00		15,222.00	122.00
Other	1,560.00		1,510.00	(50.00)
Fees and Permits:				
Other	76,800.00		77,307.30	507.30
Fines and Costs:				
Municipal Court	259,000.00		302,457.84	43,457.84
Interest and Costs on Taxes	221,600.00		236,629.31	15,029.31
Interest on Investments and Deposits	342,700.00		443,728.10	101,028.10
Sewer Rentals	3,393,830.00		3,353,421.07	(40,408.93)
Reserve for Wastewater Treatment Fund	300,000.00		300,000.00	
Reserve For Debt Service - Other	85,259.00		85,259.00	
Reserve for Debt Service	236,155.00		236,155.00	
Reserve for Fire Protection Fund	150,000.00		134,000.00	(16,000.00)
Trust Surplus - Improvement Assessments	19,900.00		19,900.00	
CMPTRA	421,255.00		421,255.00	
Legislative Municipal Block Grant	62,842.00		62,842.00	
Energy Receipts Tax	1,503,232.00		1,503,232.00	
Sup. Energy Receipts Tax	72,890.00		72,890.00	
Garden State Trust Fund	7,340.00		6,512.21	(827.79)
Homeland Security Assistance	70,000.00		70,000.00	
Pilot- Institute for Advanced Study	150,000.00		200,000.00	50,000.00
Pilot-Princeton Community Village	225,501.00		226,175.50	674.50
Pilot-Tenacre Foundation	377,700.00		411,111.11	33,411.11
Special Items:				
Recycling Tonnage Grant	12,943.10	54,579.11	67,522.21	
Municipal Alliance	30,197.00		30,197.00	
State of NJ Child Safety Education	6,400.00	9,200.00	15,600.00	
Body Armor Replacement Fund	16,185.44		16,185.44	
DDEF	63.15		63.15	
Alcohol Education & Rehab	6,262.23		6,262.23	
Click It or Ticket Grant	3,746.29	4,000.00	7,746.29	
County of Mercer - PYP	20,000.00		20,000.00	
County IOP	33,219.41		33,219.41	
Corner House - Drug Treatment Program	279,257.13		279,257.13	

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	ANTICIPATED				
	2006 BUDGET	N.J.S.A. 40A:4-87	REALIZED		EXCESS OR (DEFICIT)
Miscellaneous Revenues (Cont'd.):					
DAS - Strengthening Families	46,616.00		46,616.00		
State of NJ National Inst. Drug	149,846.00		149,846.00		
County of Mercer - Regional Drug Treatment	24,464.00		24,464.00		
Princeton Regional - NJMSPLI	1,000.00		1,000.00		
Princeton Regional Star Program	6,500.00		6,500.00		
Princeton Regional Academic Success	10,000.00		10,000.00		
Princeton HS Intervention Program	8,700.00		8,700.00		
Cranbury Drug Intervention Program	6,720.00		6,720.00		
State of NJ Vicinage Program	45,000.00		45,000.00		
Livable Communities Grant		60,000.00	60,000.00		
You Drink, You Drive, You Lose		5,000.00	5,000.00		
State of NJ Road Grants		200,000.00	200,000.00		
Balanced Housing Grants		984,900.00	984,900.00		
Open Space Grant		1,100,000.00	1,100,000.00		
Drug Program - Juvenile Court	55,000.00		55,000.00		
Clean Communities	18,177.17		18,177.17		
Princeton Boro:					
Regional Planning	99,932.00		108,501.44		8,569.44
Joint Drug Abuse	116,411.00		147,899.10		31,488.10
Joint Environmental	2,181.00		2,181.00		
Human Services Commission	111,830.00		111,830.00		
Joint Recreation Board	347,251.00		347,261.00		10.00
	9,450,565.92	2,417,679.11	12,095,256.01		227,010.98
Total Miscellaneous Revenues					
Receipts from Delinquent Taxes	663,825.66		661,199.41		(2,626.25)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	17,662,522.95		19,798,085.60		2,135,562.65
Budget Totals	30,926,914.53	2,417,679.11	35,704,541.02	\$	2,359,947.38
Non-Budget Revenues			268,949.94		
	\$ 30,926,914.53	\$ 2,417,679.11	\$ 35,973,490.96		

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DEC. 31, 2006

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

SFY Year 2006	78,865,176.46
SFY Year 2005	909,377.51
Sr. Cit. & Vet. Deduction	
Reimbursement	<u>102,500.00</u>

\$ 79,877,053.97

Allocated to:

School, County and Special

District Taxes

61,996,203.72

Municipal Open Space Tax

482,343.16

17,398,507.09

Add: Reserve for Uncollected Taxes

2,399,578.51

\$ 19,798,085.60

Receipts from Delinquent Taxes:

Delinquent Tax Collection

\$ 661,199.41

\$ 661,199.41

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>Operations Within "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 228,679.00	\$ 233,779.00	\$ 233,769.14		\$ 9.86	\$
Other Expenses	3,735.00	3,735.00	2,559.26		1,175.74	
Human Resources (Personnel)						
Other Expenses	127,800.00	127,800.00	115,065.97	1,645.64	11,088.39	
Township Committee						
Salaries and Wages	49,161.00	49,161.00	48,780.73		380.27	
Other Expenses	890,925.10	615,645.10	152,814.49	5,790.17	457,040.44	
Municipal Clerk						
Salaries and Wages	136,132.00	136,132.00	134,994.69		1,137.31	
Other Expenses	18,504.00	18,504.00	15,896.68	749.08	1,858.24	
Elections						
Other Expenses	8,450.00	8,450.00	5,262.94		3,187.06	
Financial Administration (Treasury)						
Salaries and Wages	299,809.00	299,809.00	295,203.95		4,605.05	
Other Expenses	22,275.00	23,775.00	18,136.39		5,638.61	
Audit Services						
Other Expenses	34,000.00	34,000.00	34,000.00			
Revenue Administration (Tax Collection)						
Salaries and Wages	130,309.00	130,309.00	127,714.21		2,594.79	
Other Expenses	12,224.00	15,224.00	13,623.06	118.00	1,482.94	
Tax Assessment Administration						
Salaries and Wages	120,357.00	120,657.00	120,551.52		105.48	
Other Expenses	12,800.00	12,800.00	12,576.24	75.00	148.76	
Legal Services						
Salaries and Wages	90,388.00	90,568.00	90,563.02		4.98	
Other Expenses	271,750.00	271,750.00	229,829.91	33,080.55	8,839.54	
Engineering Services						
Salaries and Wages	749,177.00	766,177.00	763,637.56		2,539.44	
Other Expenses	39,825.00	39,825.00	31,420.43	1,263.05	7,141.52	
Historical Site Office						
Salaries and Wages	695.00	695.00	449.53		245.47	
Other Expenses	16,642.00	18,642.00	8,491.47	10,000.00	150.53	
<u>LAND USE ADMINISTRATION:</u>						
Regional Planning Board						
Salaries and Wages	129,763.00	129,763.00	119,676.53		10,086.47	
Other Expenses	92,668.00	92,668.00	59,118.31	21,253.98	12,295.71	

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>Operations Within "CAPS" (Cont'd.)</u>						
Zoning Board of Adjustment	\$ 146,555.00	\$ 146,555.00	\$ 134,113.83		\$ 12,441.17	\$
Salaries and Wages						
Other Expenses	19,146.00	19,146.00	14,868.97	4,254.29	22.74	
<u>PUBLIC SAFETY FUNCTIONS:</u>						
<u>Police</u>						
Salaries and Wages	3,544,476.00	3,551,476.00	3,551,474.63		1.37	
Other Expenses	218,680.00	218,680.00	175,777.74	23,045.06	19,857.20	
<u>Police Dispatch/911</u>						
Salaries and Wages	359,045.00	370,245.00	370,241.65		3.35	
Other Expenses	3,950.00	3,950.00	3,210.79	674.80	64.41	
<u>Office of Emergency Management</u>						
Other Expenses	9,000.00	9,000.00	148.59		8,851.41	
<u>Princeton Borough-Contractual: Fire Companies</u>						
Other Expenses	75,491.00	75,491.00	75,491.00			
<u>Princeton Borough-Contractual: Fire Facilities</u>						
Other Expenses	50,512.00	50,512.00	50,512.00			
<u>Aid to First Aid Org.-Contribution</u>						
Fire Prevention	117,054.00	117,054.00	117,054.00			
<u>Fire Prevention</u>						
Salaries and Wages	92,081.00	92,081.00	65,782.01		26,298.99	
Other Expenses	10,100.00	10,100.00	4,414.81	928.91	4,756.28	
<u>Fire Hydrant Service</u>						
Salaries and Wages	525,000.00	525,000.00	472,678.14		52,321.86	
<u>Municipal Prosecutor's Office</u>						
Salaries and Wages	30,000.00	30,000.00	28,427.93		1,572.07	
<u>PUBLIC WORKS FUNCTIONS:</u>						
<u>Streets and Roads Maintenance</u>						
Salaries and Wages	985,000.00	1,075,000.00	1,066,501.14	725.95	7,772.91	
Other Expenses	168,920.00	168,920.00	150,229.65	18,133.47	556.88	
<u>Shade Tree Commission</u>						
Salaries and Wages	45,058.00	45,058.00	41,152.42		3,905.58	
Other Expenses	15,675.00	15,675.00	5,706.56	2,250.00	7,718.44	
<u>Buildings and Grounds</u>						
Salaries and Wages		21,000.00	19,076.96		1,923.04	
Other Expenses	378,150.00	357,150.00	228,624.54	29,111.11	99,414.35	
<u>Vehicle Maintenance (Including Police Vehicles)</u>						
Salaries and Wages	150,437.00	150,437.00	133,205.88		17,231.12	
Other Expenses	100,500.00	100,500.00	76,707.83	20,284.85	3,507.32	
<u>Community Service Act (Condominium Community Costs)</u>						
Other Expenses	30,000.00	30,000.00	25,124.83		4,875.17	

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>Operations Within "CAPS" (Cont'd.)</u>						
<u>HEALTH &amp; HUMAN SERVICES FUNCTIONS:</u>						
Regional Health Commission-Proportionate Share						
Other Expenses	\$ 313,951.00	\$ 313,951.00	\$ 313,951.00		\$	\$
Worker and Community Right to Know Act	1,000.00	1,000.00			1,000.00	
Joint Environmental Commission						
Salaries and Wages	2,484.00	2,484.00	2,334.00		150.00	
Other Expenses	2,369.00	2,369.00	156.31		2,212.69	
Animal Control-Proportionate Share	53,084.00	53,084.00	53,084.00			
Deer Management Program						
Salaries and Wages	20,000.00	20,000.00	20,000.00			
Other Expenses	95,000.00	95,000.00	45,576.50		49,423.50	
Human Services Commission						
Salaries and Wages	67,054.00	67,054.00	47,430.53		19,623.47	
Other Expenses	44,776.00	44,776.00	31,873.19	4,260.10	8,642.71	
Joint Drug Abuse Prevention Program						
Salaries and Wages	48,835.00	48,835.00	14,373.10		34,461.90	
Other Expenses	67,577.00	67,577.00	67,577.00			
Contribution to Senior Resource Center						
Other Expenses	53,827.00	53,827.00	53,827.00			
<u>PARKS &amp; RECREATION FUNCTIONS:</u>						
Joint Recreation Board						
Salaries and Wages	445,495.00	445,495.00	422,591.15	18,630.00	4,273.85	
Other Expenses	252,443.00	252,443.00	222,657.67	5,549.65	24,235.68	
Maintenance of Parks and Playgrounds						
Salaries and Wages	20,000.00	20,000.00	20,000.00			
Other Expenses	21,000.00	21,000.00	2,857.66	1,500.00	16,642.34	
<u>UTILITY EXPENSES &amp; BULK PURCHASES:</u>						
Electricity	200,000.00	180,000.00	129,407.40	25,608.08	24,984.52	
Street Lighting	142,000.00	142,000.00	120,697.17	11,352.03	9,950.80	
Telephone	51,000.00	51,000.00	26,950.92		24,049.08	
Water	12,000.00	12,000.00	3,860.12		8,139.88	
Gas	52,000.00	72,000.00	61,664.69	9,413.00	922.31	
Fuel Oil	135,000.00	135,000.00	74,449.27		60,550.73	
Sewer System						
Proportionate Share of Costs-Borough	747,080.00	747,080.00	747,080.00			
Township Sewer Other Expenses	19,100.00	19,100.00	17,944.43	962.95	192.62	

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>Operations Within "CAPS" (Cont'd.)</u>						
Landfill/Solid Waste Disposal Costs						
Other Expenses	\$ 145,665.00	\$ 145,665.00	\$ 145,665.00	\$	\$	\$
Municipal Court						
Salaries and Wages	160,362.00	160,362.00	155,863.60		4,498.40	
Other Expenses	63,375.00	63,375.00	8,191.98	81.00	55,102.02	
Public Defender						
Other Expenses	22,050.00	22,050.00	18,333.26	1,666.66	2,050.08	
Matching Funds for Grants						
Other Expenses	10,000.00	10,000.00			10,000.00	
Accumulated Leave Compensation	75,000.00	75,000.00	75,000.00			
Transportation of Local Pupils by Board of Education (NJSA18A:39-1.2)	130,000.00	130,000.00			130,000.00	
Other Expenses						
<b>Total Operations Within "CAPS"</b>	<b>14,034,425.10</b>	<b>13,896,425.10</b>	<b>12,348,058.88</b>	<b>252,407.38</b>	<b>1,295,958.84</b>	
<u>DETAIL:</u>						
Salaries and Wages	8,126,352.00	8,257,132.00	8,083,832.75	19,355.95	153,943.30	
Other Expenses (Including Contingent)	5,908,073.10	5,639,293.10	4,264,226.13	233,051.43	1,142,015.54	
<u>Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</u>						
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Social Security System (O.A.S.I.)	327,600.00	363,600.00	363,224.40		375.60	
<b>Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"</b>	<b>327,600.00</b>	<b>363,600.00</b>	<b>363,224.40</b>		<b>375.60</b>	
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>14,362,025.10</b>	<b>14,260,025.10</b>	<b>12,711,283.28</b>	<b>252,407.38</b>	<b>1,296,334.44</b>	
<u>Operations Excluded from "CAPS"</u>						
Insurance (P.L. 2003,c.92,S-906)						
General Liability	203,000.00	235,100.00	235,075.67		24.33	
Workers Compensation	153,000.00	120,900.00	118,140.00		2,760.00	
Employee Group Health	1,564,114.00	1,666,114.00	1,524,559.31	8,314.96	133,239.73	
Workers Compensation						
Affordable Housing Agency						
Other Expenses	200,000.00	200,000.00	200,000.00			

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS" (Cont'd.)</u>						
Maintenance of Joint Public Library						
Proportionate Share						
Other Expenses	\$ 2,341,841.00	\$ 2,341,841.00	\$ 2,341,841.00		\$	\$
Pension Contributions:						
Public Employees Retirement System	101,723.00	101,723.00	101,722.80			0.20
Police & Fire retirement System	304,851.00	304,851.00	304,850.40			0.60
INTERLOCAL SERVICE AGREEMENTS:						
Mercer County Improvement Authority						
Curbside Recycling Program						
Other Expenses	201,216.00	201,216.00	171,281.04			29,934.96
Stonybrook Regional Sewerage Authority						
Proportionate Share of Costs	2,163,743.00	2,163,743.00	2,163,743.00			
Borough of Princeton:						
Regional Planning Board						
Salaries and Wages	58,299.00	58,299.00	58,299.00			
Other Expenses	41,633.00	41,633.00	41,633.00			
Joint Recreation Board						
Salaries and Wages	200,149.00	200,149.00	200,149.00			
Other Expenses	147,102.00	147,102.00	147,102.00			
Joint Environmental Commission						
Salaries and Wages	1,116.00	1,116.00	1,116.00			
Other Expenses	1,065.00	1,065.00	1,065.00			
Joint Drug Abuse Prevention Program						
Salaries and Wages	48,834.00	48,834.00	48,834.00			
Other Expenses	67,577.00	67,577.00	67,577.00			
Human Services Commission						
Salaries and Wages	67,054.00	67,054.00	67,054.00			
Other Expenses	44,776.00	44,776.00	44,776.00			

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Body Armor Replacement Fund	\$	\$	\$	\$	\$	\$
Other Expenses	3,155.00	3,155.00				3,155.00
Corner House Foundation-Mercer Reg. Drug Treatment Program						
Salaries and Wages	169,730.00	169,730.00	169,730.00			
Other Expenses	104,000.00	104,000.00	104,000.00			
Drug Program-Cranbury Intervention Program						
Salaries and Wages	6,720.00	6,720.00	6,720.00			
Clean Communities Program						
Other Expenses	18,177.17	18,177.17	18,177.17			
Regional Municipal Alliance Program						
Salaries and Wages	19,700.00	19,700.00	19,700.00			
Other Expenses	10,497.00	10,497.00	10,497.00			
Drug Program-State of NJ Grant						
Salaries and Wages	138,595.00	138,595.00	138,595.00			
Other Expenses	11,251.00	11,251.00	11,251.00			
Drug Program-Mercer County						
Salaries and Wages	24,464.00	24,464.00	24,464.00			
Mercer Cty. Intensive Outpatient Program						
Salaries and Wages	30,000.00	30,000.00	30,000.00			
Academic Success Today						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	5,000.00	5,000.00	5,000.00			
Mercer County PYP Program						
Salaries and Wages	20,000.00	20,000.00	20,000.00			
DAS Strengthening Families						
Salaries and Wages	35,416.00	35,416.00	35,416.00			
Other Expenses	11,200.00	11,200.00	11,200.00			
Drug Program-NJMSPLI						
Other Expenses	1,000.00	1,000.00	1,000.00			
Drug Program-STAR						
Other Expenses	6,500.00	6,500.00	6,500.00			
Drug Program-St. of NJ-Vicinage Program						
Salaries and Wages	45,000.00	45,000.00	45,000.00			
Child Passenger Safety Ed. Grant						
Salaries and Wages	5,700.00	5,700.00	5,700.00			
Other Expenses	700.00	700.00	700.00			

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	2006 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES (Cont'd.):</u>						
Drug Program-Regional School Dist.-Title IV	\$	\$	\$	\$		
Salaries and Wages	8,700.00	8,700.00	8,700.00			
Juvenile Drug Court						
Salaries and Wages	47,500.00	47,500.00	47,500.00			
Other Expenses	7,500.00	7,500.00	7,500.00			
Click it or Ticket-2006		4,000.00	4,000.00			
NJ Local Pedestrian Safety Program		100,000.00	100,000.00			
NPP Balanced Housing-Elm Court II		984,900.00	984,900.00			
NJDOT Safe Streets to Schools		100,000.00	100,000.00			
NJ Child Safety-Booster Seat Incentive		9,200.00	9,200.00			
NJDEP Recycling Tonnage Grant		54,579.11	54,579.11			
County of Mercer-Open Space Acquis.		300,000.00	300,000.00			
DEPE Green Acres Program		800,000.00	800,000.00			
StatewideLivable/Sustainable Communities		60,000.00	60,000.00			
NJHwy. Safety Grant		5,000.00	5,000.00			
Unappropriated Reserves:						
Corner House Foundation	5,527.13	5,527.13	5,527.13			
Body Armor Replacement	16,185.44	16,185.44	16,185.44			
Alcohol Ed. & Rehab.	6,262.23	6,262.23	6,262.23			
Mercer Cty. IOP	3,219.41	3,219.41	3,219.41			
Drunk Driving Enforcement	63.15	63.15	63.15			
Recycling Tonnage Grant	12,943.10	12,943.10	12,943.10			
Click it or Ticket	3,746.29	3,746.29	3,746.29			
Total Operations - Excluded from "CAPS"	<u>8,694,544.92</u>	<u>11,214,224.03</u>	<u>11,036,794.25</u>	<u>8,314.96</u>	<u>165,959.82</u>	<u>3,155.00</u>
DETAIL:						
Salaries and Wages	931,977.00	931,977.00	931,977.00			
Other Expenses	7,762,567.92	10,282,247.03	10,104,817.25	8,314.96	165,959.82	3,155.00
<u>Capital Improvements - Excluded from "CAPS"</u>						
Capital Improvement Fund	300,000.00	300,000.00	300,000.00			
Total Capital Improvements - Excluded from "CAPS"	<u>300,000.00</u>	<u>300,000.00</u>	<u>300,000.00</u>			

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES-STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

			EXPENDED			UNEXPENDED
	<u>2006</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>			<u>CANCELLED</u>
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	\$ 2,350,000.00	\$ 2,350,000.00	\$ 2,350,000.00		\$	\$
Interest on Bonds	1,329,500.00	1,329,500.00	1,329,487.52			12.48
Interest on Notes	595,705.00	595,705.00	595,705.00			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	468,000.00	468,000.00	467,996.81			3.19
Wastewater Treatment Trust Loan Program	426,556.00	426,556.00	389,533.19			37,022.81
Total Municipal Debt Service - Excluded from "CAPS"	5,169,761.00	5,169,761.00	5,132,722.52			37,038.48
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>						
Deferred Charges:						
Deferred Charges to Future Taxation	1,005.00	1,005.00	1,005.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	1,005.00	1,005.00	1,005.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	14,165,310.92	16,684,990.03	16,470,521.77	8,314.96	165,959.82	40,193.48
Subtotal General Appropriations	28,527,336.02	30,945,015.13	29,181,805.05	260,722.34	1,462,294.26	40,193.48
Reserve for Uncollected Taxes	2,399,578.51	2,399,578.51	2,399,578.51			
Total General Appropriations	\$ 30,926,914.53	\$ 33,344,593.64	\$ 31,581,383.56	\$ 260,722.34	\$ 1,462,294.26	\$ 40,193.48
	<u>Ref.</u>		A- 1	A-1,A-16	A,A-1	
Adopted Budget	A- 2	\$ 30,926,914.53				
Approp. by N.J.S.A. 40A:4-87	A- 2	2,417,679.11				
		\$ 33,344,593.64				

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

Exhibit - A-4

YEAR	BALANCE DEC. 31, 2005	2006 LEVY	COLLECTIONS 2005	BY CASH 2006	SR. CITIZENS AND VETERANS DEDUCTION REIMBURSEMENT	TRANSFER TO TAX TITLE LIEN	REMITTED AND CANCELLED	BALANCE DEC. 31, 2006
2003	\$354.90						354.90	
2004	793.80						793.80	
2005	<u>662,069.50</u>			661,199.41			870.09	
	663,218.20			661,199.41			2,018.79	
2006		<u>80,608,373.27</u>	<u>909,377.51</u>	<u>78,865,176.46</u>	<u>102,500.00</u>	<u>501.00</u>	<u>147,907.47</u>	<u>582,910.83</u>
	<u>\$663,218.20</u>	<u>\$80,608,373.27</u>	<u>\$909,377.51</u>	<u>\$79,526,375.87</u>	<u>\$102,500.00</u>	<u>\$501.00</u>	<u>\$149,926.26</u>	<u>\$582,910.83</u>

Analysis of 2006 Property Tax Levy:

	<u>Ref.</u>	
Tax Yield:		
General Purpose		\$80,117,655.88
Omitted/Added Taxes (N.J.S.A. 54:4-63.1 et seq.)		<u>490,717.39</u>
		<u>\$80,608,373.27</u>
Tax Levy:		
Local District School Tax (Abstract)		38,848,785.90
County Tax (Abstract)		23,147,417.82
Local Tax for Municipal Purposes		17,662,522.95
Local Open Space Tax		482,343.16
Add: Additional Tax for Mun. Purposes		<u>949,646.60</u>
		<u>\$80,608,373.27</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY  
 SENIOR CITIZENS AND VETERANS DEDUCTIONS  
 PER CHAPTER 73, P.L. 1976  
CURRENT FUND

Balance - Dec. 31, 2005		\$2,871.92
Increased by:		
Payment Received from State of NJ	104,500.00	
2006 Deductions Disallowed by Collector	<u>5,250.00</u>	
		<u>109,750.00</u>
		112,621.92
Decreased by:		
Deductions Allowed Per Tax Billings	105,000.00	
2006 Deductions Allowed by Collector	<u>2,750.00</u>	
		<u>107,750.00</u>
Balance - December 31, 2006		<u><u>\$4,871.92</u></u>
Analysis of Senior Cit., Vets. and Disability <u>Deductions Allowed by Collector</u>		
Deductions Allowed Per Tax Billings		\$105,000.00
2006 Deductions Allowed by Collector		<u>2,750.00</u>
		107,750.00
2006 Deductions Disallowed by Collector		<u>5,250.00</u>
Realized as Revenue - 2006		<u><u>\$102,500.00</u></u>

SCHEDULE OF TAX TITLE LIENS  
CURRENT FUND

Balance - December 31, 2005		\$50,169.21
Increased by:		
Transfer from Taxes Receivable	501.00	
Added Tax Title Liens	<u>1,662.73</u>	
		<u>2,163.73</u>
Balance - December 31, 2006		<u><u>\$52,332.94</u></u>

SCHEDULE OF SEWER CHARGES RECEIVABLE  
CURRENT FUND

Balance - December 31, 2005	\$38,455.50
Increased by:	
2006 Billings	<u>3,371,023.72</u>
	3,409,479.22
Decreased by:	
Collections	<u>3,373,309.27</u>
Balance - December 31, 2006	<u><u>\$36,169.95</u></u>

CURRENT FUND  
SCHEDULE OF TAXES PAYABLE

	01/01/06	Taxes Levied	Cash Disbursements	12/31/06
County - General	\$ -	\$ 21,648,546.10	\$ (21,648,546.10)	\$ -
County - Open Space	-	1,348,843.57	(1,348,843.57)	-
County - Added & Omitted	8,078.73	150,028.15	(8,078.73)	150,028.15
Local School District Taxes	650,087.60	38,848,785.90	(39,498,874.44)	(0.94)
<b>Total</b>	<b>\$ 658,166.33</b>	<b>\$ 61,996,203.72</b>	<b>\$ (62,504,342.84)</b>	<b>\$ 150,027.21</b>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2005</u>	<u>2006 Budget Revenue</u>	<u>Chapter 159's</u>	<u>Receipts</u>	<u>Transferred from Unappropriated Grants</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2006</u>
Academic Success Today	\$ 4,500.00	\$ 10,000.00		\$ 10,000.00	\$	\$	\$ 4,500.00
County of Mercer - Mercer Regional Drug Treatment Program	12,231.19	24,464.00		19,082.00			17,613.19
Cranbury Drug Intervention Program	17,740.00	6,720.00		12,300.00		9,160.00	3,000.00
Domestic Preparedness	30,254.28						30,254.28
NJ Child Passenger Safety Grant	3,117.07	6,400.00	9,200.00	5,950.00			12,767.07
NJ Transportation Trust Fund Authority Act	37,500.00			37,500.00			
NJ Transportation Trust Fund	145,000.00			108,750.00			36,250.00
NJ Vicinage Program	38,420.25	45,000.00		26,665.25			56,755.00
Princeton Charter School	11,420.00						11,420.00
Princeton High School Drug Program	35,014.62	8,700.00		6,741.00			36,973.62
Princeton Regional Municipal Alliance Program	11,003.00	30,197.00		23,105.00			18,095.00
Princeton Regional Schools - NJMSPLI	3,900.00	1,000.00		1,000.00			3,900.00
S.T.A.R. Program	260.00	6,500.00		6,500.00		260.00	
State of NJ Grant from National Institute of Drug Abuse	57,817.00	149,846.00		172,343.00			35,320.00
State of NJ Stormwater Management	3,007.00						3,007.00
Corner House Foundation Contribution		279,257.13		273,730.00	5,527.13		0.00
Clean Community Grant		18,177.17		18,177.17			
Click It or Ticket Grant		3,746.29	4,000.00	3,976.78	3,746.29		23.22
NJ Body Armor Replacement		16,185.44			16,185.44		
NJ IOP Program		33,219.41		30,000.00	3,219.41		
NJ Juvenile Drug Court		55,000.00		50,688.00			4,312.00
Recycling Tonnage Grant		12,943.10	54,579.11	54,579.11	12,943.10		
Drunk Driving Enforcement Grant		63.15			63.15		
Alcohol Education		6,262.23			6,262.23		
Mercer County PYP		20,000.00		20,000.00			
DAS Strengthening Families		46,616.00		21,308.00			25,308.00
Livable Communities			60,000.00				60,000.00
Drink, Drive, Lose			5,000.00				5,000.00
NJ DOT Road Grants (Rosedale, Guyot)			200,000.00	150,000.00			50,000.00
Balanced Housing Grant			984,900.00	886,410.00			98,490.00
Open Space Grants			1,100,000.00	1,100,000.00			
	<u>\$ 411,184.41</u>	<u>\$ 780,296.92</u>	<u>\$ 2,417,679.11</u>	<u>\$ 3,038,805.31</u>	<u>\$ 47,946.75</u>	<u>\$ 9,420.00</u>	<u>\$ 512,988.38</u>

SCHEDULE OF STATE AND FEDERAL GRANTS APPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2005</u>	<u>2006 Budget</u>	<u>Chapter 159</u>	<u>Paid</u>	<u>Encumbrances 12/31/06</u>	<u>Balance Dec. 31, 2006</u>
Academic Success Today	\$ 87.50	\$ 10,000.00		9,285.59	\$	\$ 801.91
Body Armor Replacement Fund	6,505.58	16,185.44				22,691.02
Corner House Foundation - Contribution to Drug Treatment Program	85.26	279,257.13		277,758.36	1,559.28	24.75
County of Mercer - Mercer Regional Drug Treatment Program	402.63	24,464.00		24,865.61		1.02
Clean Community Grant	11,095.18	18,177.17		3,376.72		25,895.63
Drug Program - NJMSPLI	2,500.00	1,000.00		3,435.00		65.00
Drug Program - STAR	1,436.88	6,500.00		4,970.00		2,966.88
Drug Program State of NJ NIDA	28,877.00	149,846.00		171,964.57		6,758.43
Drunk Driving Enforcement	978.79	63.15		914.48		127.46
Drug Court - Juvenile	1,168.00	55,000.00		54,375.42		1,792.58
Emergency Services Protective Masks	1,000.00					1,000.00
Eagleton Program - Drug Program	45.60					45.60
Mercer County Neighborhood Pres. Grant	57,000.00					57,000.00
NJ Child Passenger Safety	3,172.63	6,400.00	9,200.00	5,950.00		12,822.63
NJ Recycling Tonnage Grant	934.35	12,943.10	54,579.11	200.00		68,256.56
NJ Transportation Trust Fund	37,500.00			37,500.00		
Princeton Regional Municipal Alliance	692.42	30,197.00		28,421.79	2,453.04	14.59
Princeton Regional Schools - Title IV	1,305.00	8,700.00		8,975.00	999.91	30.09
Click It or Ticket Grant	(3,793.68)	3,746.29	4,000.00	3,929.39		23.22
NJ Domestic Preparedness Grant	25,262.97					25,262.97
Transportation Trust Fund	145,000.00			108,750.00		36,250.00
DWI Court	2,398.00					2,398.00
Cranbury Schools		6,720.00		6,720.00		
Mercer County IOP		33,219.41		33,105.61		113.80
NJ Vicinage Program		45,000.00		45,000.00		
Pedestrian Safety Program			200,000.00	150,000.00		50,000.00
Mercer County Princeton Youth Project		20,000.00		20,000.00		
NJ DAS Strengthening Families		46,616.00		43,900.60	2,430.86	284.54
Alcohol Educatioin Rehab		6,262.23				6,262.23
Balance Housing Program			984,900.00	885,736.25		99,163.75
Mercer County Open Space Acquisition			300,000.00	300,000.00		
DEP Green Acres Open Space			800,000.00	800,000.00		
TCNJ Sustainable Communities			60,000.00	1,528.60		58,471.40
You Drink, You Drive, You Lose			5,000.00	1,212.39		3,787.61
	<u>\$ 323,654.11</u>	<u>\$ 780,296.92</u>	<u>\$ 2,417,679.11</u>	<u>\$ 3,031,875.38</u>	<u>\$ 7,443.09</u>	<u>\$ 482,311.67</u>

SCHEDULE OF STATE AND FEDERAL GRANTS UNAPPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2005</u>	<u>Receipts</u>	<u>Transferred to Grants Receivable</u>	<u>Balance Dec. 31, 2006</u>
Alcohol Education Rehab.	\$ 6,262.23	\$	\$ 6,262.23	
Corner House Foundation	5,527.13	11,950.76	5,527.13	11,950.76
Click It or Ticket	3,746.29		3,746.29	
DDEF	63.15		63.15	
DWI Court		707.42		707.42
NJ Bulletproof Vests		2,087.81		2,087.81
Mercer County Outpatient	3,219.41	18,576.00	3,219.41	18,576.00
NJ Body Armor Fund	16,185.44	3,104.44	16,185.44	3,104.44
NJ Juvenile Drug Court	1,444.00			1,444.00
Recycling Tonnage Grant	12,943.10		12,943.10	
	<u>\$ 49,390.75</u>	<u>\$ 36,426.43</u>	<u>\$ 47,946.75</u>	<u>\$ 37,870.43</u>

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER, NEW JERSEY  
TRUST FUNDS  
STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS  
FOR YEAR ENDED DECEMBER 31, 2006

ASSETS:	Assessment Trust	Animal Control Fund	Open Space Trust Fund	Unemployment Fund	Escrow Trust Fund	Payroll Fund	Other Trust Funds	Totals
Cash and Investments	\$ 14,479.34	\$ 12,355.50	\$ 620,729.84	\$ 28,384.77	\$ 5,160,289.15	\$ 97,645.97	\$ 2,233,403.73	\$ 8,167,288.30
Prospective Assessments Funded	8,325.00							8,325.00
Assessments & Assessment Liens Receivable	45,209.09							45,209.09
Police Off-Duty Receivables							4,616.18	4,616.18
Other Accounts Receivable					391.95			391.95
	<u>\$ 68,013.43</u>	<u>\$ 12,355.50</u>	<u>\$ 620,729.84</u>	<u>\$ 28,384.77</u>	<u>\$ 5,160,681.10</u>	<u>\$ 97,645.97</u>	<u>\$ 2,238,019.91</u>	<u>\$ 8,225,830.52</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Fund Balance	\$ 14,479.34	\$	\$	\$	\$	\$		\$ 14,479.34
Reserves:								
Open Space			620,729.84					620,729.84
Assessments Receivable	45,209.09							45,209.09
Prospective Assessments Funded	8,325.00							8,325.00
Encumbrances		628.00			194,704.54		2,681.14	198,013.68
Animal Control Fund		11,727.50						11,727.50
Unemployment Trust Fund				28,384.77				28,384.77
Bulletproof Vest							26.85	26.85
Accumulated Leave							253,233.04	253,233.04
Fire Prevention							27,259.22	27,259.22
Electrical Permit							11,533.30	11,533.30
Plumbing Permit							18,133.70	18,133.70
POAA							13,266.00	13,266.00
Construction Official							825,068.26	825,068.26
Fire Prevention Penalty Fees							1,209.88	1,209.88
Fire Prevention Penalty - Dedicated							394.40	394.40
Interfund Payable						25,000.00		25,000.00
Payroll Expenditures						72,645.97		72,645.97
Professional Fees					155,334.39			155,334.39
C.O.					273,519.14			273,519.14
Performance Bonds					3,428,468.07			3,428,468.07
Miscellaneous Deposits							1,069,954.13	1,069,954.13
Inspection Fees					1,108,654.96			1,108,654.96
Police Fitness Fund							14,897.86	14,897.86
Forfeiture Fund							362.13	362.13
	<u>\$ 68,013.43</u>	<u>\$ 12,355.50</u>	<u>\$ 620,729.84</u>	<u>\$ 28,384.77</u>	<u>\$ 5,160,681.10</u>	<u>\$ 97,645.97</u>	<u>\$ 2,238,019.91</u>	<u>\$ 8,225,830.52</u>

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTIONS</u>	<u>DATE OF CONFIRMATION</u>	<u>DUE DATES</u>	<u>BALANCE 12/31/05</u>	<u>COLLECTIONS</u>	<u>BALANCE 12/31/06</u>	<u>BALANCE PLEDGED TO RESERVE</u>
90-29	Harrison St. Sidewalk Replacement	3/2/98	5/4	\$ 124.54	\$ 62.38	\$ 62.16	\$ 62.16
95-10	Shady Brook Lane Sidewalk Imp.	4/13/98	6/1	82.29	41.15	41.14	41.14
97-05	Hartley Ave. Sidewalk Replacement	9/10/99	2/22	391.11	286.23	104.88	104.88
97-14	Leabrook Lane Sidewalk	9/11/00	9/11	803.36	803.36		
97-15	Dodds Lane Sidewalk	9/11/00	9/11	5,911.73	2,680.80	3,230.93	3,230.93
98-10	Jefferson Road Sidewalk	9/11/00	9/11	549.38	139.12	410.26	410.26
98-24	Laurel/Jefferson/Red Hill/Mansgrove SW	9/11/00	9/11	1,987.70	782.49	1,205.21	1,205.21
98-23	Random Road Sewers	11/27/00	11/27	10,000.00	4,000.00	6,000.00	6,000.00
00-08	Bertrand/Caldwell Sidewalk	12/10/02	2/25	8,271.93	1,396.72	6,875.21	6,875.21
00-09	Dempsey Curbing	12/10/02	2/25	2,111.59	352.28	1,759.31	1,759.31
00-19	Moore Street/Henry Ave.	12/10/02	3/25	6,111.80	1,229.97	4,881.83	4,881.83
02-09	Poe Road	9/10/03	2/10	8,167.31	1,658.34	6,508.97	6,508.97
02-16	Rollingmead	9/10/03	2/10	6,627.47	977.04	5,650.43	5,650.43
				<u>\$ 51,140.21</u>	<u>14,409.88</u>	<u>\$ 36,730.33</u>	<u>\$ 36,730.33</u>

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

ORD. NO.	IMPROVEMENT DESCRIPTION	Balance 12/31/05	Costs Raised Prior To Assessment	Collections to Surplus	Municipal Share of Assessments	Transfers		Balance 12/31/06
						From	To	
Assessments Receivable:								
90-29	Harrison Street Sidewalk Replacement	\$ 124.54	\$	\$ 62.38	\$	\$	\$	\$ 62.16
95-10	Shady Brook Lane Sidewalk Improv.	82.29		41.15				41.14
97-05	Replacement Sidewalks Hartley Ave.	391.11		286.23				104.88
97-14	Leabrook Lane Sidewalk	803.36		803.36				
97-15	Dodds Lane Sidewalk	5,911.73		2,680.80				3,230.93
98-10	Jefferson Road Sidewalk	549.38		139.12				410.26
98-24	Laurel/Jefferson/RedHill/Mansgrove SW	1,987.70		782.49				1,205.21
98-23	Random Road Sewers	10,000.00		4,000.00				6,000.00
00-08	Bertrand/Caldwell Sidewalk	8,271.93		1,396.72				6,875.21
00-09	Dempsey Curbing	2,111.59		352.28				1,759.31
00-19	Moore St./Henry Ave.	6,111.80		1,229.97				4,881.83
02-09	Poe Road Sidewalks	8,167.31		1,658.34				6,508.97
02-16	Rollingmead Sidewalks	6,627.47		977.04				5,650.43
		<u>51,140.21</u>		<u>14,409.88</u>				<u>36,730.33</u>
Prospective Assessments Funded:								
99-07	Replacement Sidewalks Various Streets	1,100.00						1,100.00
00-08	Bertrand Dr. and Caldwell Dr.	2,175.00						2,175.00
00-09	Dempsey Ave.	1,000.00						1,000.00
00-19	Moore St./Henry St.	4,050.00						4,050.00
		<u>8,325.00</u>						<u>8,325.00</u>
Assessment Liens:								
Prior Year - T. sheenen		<u>8,478.76</u>						<u>8,478.76</u>
		<u>\$ 67,943.97</u>	<u>\$ -</u>	<u>\$ 14,409.88</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,534.09</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance - December 31, 2005 \$ 35,867.45

Increased by:

Fees Collected	5,957.00
Principal/Interest	23,613.82
Boarding and Miscellaneous Fees	1,590.00
Interest Earned on Jaynes Trust	<u>1,676.28</u>

32,837.10

68,704.55

Decreased by:

Due to Current Fund	22,801.91
Expenditures	<u>33,547.14</u>

Balance - December 31, 2006 \$ 12,355.50

License Fees Collected:

2004	\$ 6,228.00
2005	<u>6,127.50</u>

\$ 12,355.50

Note: R.S. 4:19-15.11

... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years preceeding."

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

Balance - December 31, 2005		\$ 893,919.73
Increased by:		
Amount Raised by Taxation	479,400.00	
Municipal Open Space Added Taxes	2,943.16	
Interest Earned	<u>47,886.28</u>	
		<u>530,229.44</u>
		1,424,149.17
Decreased by:		
Disbursements		<u>803,419.33</u>
Balance - December 31, 2006		<u><u>\$ 620,729.84</u></u>

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
SCHEDULE OF OTHER RESERVES AND SPECIAL DEPOSITS  
YEAR ENDED DECEMBER 31, 2006

	Balance <u>December 31, 2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>December 31, 2006</u>
Bulletproof Vest	\$ 26.85			\$ 26.85
Accumulated Sick Leave	178,233.04	75,000.00		253,233.04
Fire Prevention	31,376.74	25,882.48	30,000.00	27,259.22
Electrical Permit	11,533.30			11,533.30
Plumbing Permit	18,133.70			18,133.70
Off Duty Police	(1,855.07)	78,101.56	80,862.67	(4,616.18)
POAA	12,712.00	554.00		13,266.00
Construction Official	731,333.94	694,700.75	600,966.43	825,068.26
Fire Prevention Penalty Fees	1,009.88	200.00		1,209.88
Fire Prevention Penalty-Dedicated	1,192.05	200.00	997.65	394.40
Professional Fees	247,848.23	318,798.33	411,312.17	155,334.39
C.O.	322,618.29	35,299.26	84,328.41	273,589.14
Performance Bond	3,450,116.62	655,485.70	677,134.25	3,428,468.07
Inspection Fee Escrow	1,064,984.38	85,771.41	42,100.83	1,108,654.96
Police Fitness Foundation	7,897.86	7,000.00		14,897.86
Forfeiture Fund	361.59	0.54		362.13
Miscellaneous Deposits	1,549,993.17	35,719.00	515,758.04	1,069,954.13
	<u>\$ 7,627,516.57</u>	<u>\$ 2,012,713.03</u>	<u>\$ 2,443,460.45</u>	<u>\$ 7,196,769.15</u>

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 BALANCE SHEET - STATUTORY BASIS  
DECEMBER 31, 2006

<u>ASSETS</u>	<u>BALANCE</u> <u>DECEMBER 31, 2006</u>
Cash and Investments - Treasurer	\$ 4,154,870.34
Prospective Assessments	8,325.00
State Aid Receivable	298,750.00
Infrastructure Loan Receivable	1,794,142.00
Developers Contribution Receivable	972,163.18
Due from Princeton Borough	8,831.80
Overexpenditure of Improvement Authorization	2,390.08
Deferred Charges to Future Taxation:	
Funded	60,721,213.49
Unfunded	22,880,309.91
	\$ 90,840,995.80
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	
General Serial Bonds	\$ 53,755,000.00
Wastewater Treatment Loan Payable	755,176.64
Infrastructure Loan Payable	1,794,142.00
Green Trust Project Loan Payable	4,416,894.85
Reserve for Encumbrances	2,399,218.75
Improvement Authorizations:	
Funded	7,039,751.87
Unfunded	18,743,222.30
Reserve For:	
Capital Improvement Fund	103,291.18
Future Debt Service Costs	843,034.68
Preliminary Costs - Flood Mitigation	1,385.31
Mt. Lakes Dam Rehab	37,000.00
Cul De Sac White Oak	30,000.00
Wastewater Trust Loan	551,474.82
Poor Farm Road	15,000.00
Reserve for Roads	50,000.00
Prospective Assessments	8,325.00
Fund Balance	298,078.40
	\$ 90,840,995.80

There were Bonds and Notes Authorized but not Issued  
 in the amount of \$22,880,309.91.

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 STATEMENT OF CHANGE IN FUND BALANCE - STATUTORY BASIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Balance - Dec. 31, 2005	\$	14.95
Increased by:		
Improvement Authorizations Cancelled		294,064.26
Premium on Bond Sale		<u>3,999.19</u>
		<u>298,063.45</u>
Balance - Dec. 31, 2006	\$	<u><u>298,078.40</u></u>

Note: See Accompanying Notes to Financial Statements

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Exhibit - C-2  
Page 1 of 2

	<u>BALANCE</u> <u>DEC. 31,2005</u>	<u>BALANCE</u> <u>DEC. 31, 2006</u>
Fund Balance	\$14.95	\$298,078.40
Capital Improvement Fund	34,468.18	103,291.18
Reserves for:		
Various Improvements	67,000.00	67,000.00
Wastewater Trust Loan	806,882.36	551,474.82
Open Space Acquisition	400,000.00	
Encumbrances	3,081,247.15	2,399,218.75
Debt Service	236,155.00	843,034.68
Poor Farm Road/Commodit Roads	15,000.00	15,000.00 50,000.00
Preliminary Costs - Flood Mitigation	1,385.31	1,385.31
Due from Borough of Princeton	(8,831.80)	(8,831.80)
Due from Grant Fund	(15,789.86)	
Infrastructure Loan Receivable		(1,794,142.00)
DOT Grant Receivable	(357,500.00)	(298,750.00)
Developer Contributions Receivable	(1,194,978.00)	(972,163.18)

ORD.  
NO.      IMPROVEMENT AUTHORIZATIONS

General Improvements

86-22,87-16	Acquisition of Mountain lakes Property	7,406.15	(2,390.08)
88-23,92-29	Various Capital Improvements	7,631.36	
90-17	Various Capital Improvements	3,231.40	1,594.26
94-21	Various Capital Improvements	9,154.01	9,154.01
94-26,98-26	Construction of New Municipal Building	46,347.94	35,301.94
95-12	Various Capital Improvements	863.59	863.59
96-10	Various Capital Improvements	(43,179.14)	25,500.44
97-06	Various Capital Improvements	(931.74)	106,955.16
98-03	Mercer Road Pedestrian Bridge	(23,439.22)	116,292.49
98-09	Brookstone Drive Etc. - Supplemental	247.58	247.58
98-22	Various Capital Improvements	161,015.40	178,572.80
98-28	Rosedale Road Pump Station	283.79	62.04
98-29	Recreation Building Relocation	0.83	46,299.75
99-11	Various Capital Improvements	(213,504.25)	(63,640.69)
99-21	Engineering Study-Harry's Brook Pedestrian Bridge	306.50	306.50
00-03	Various Capital Improvements (Twp. Only)	1,734,223.01	1,372,967.63
00-06	Bunn Drive Construction	15,285.23	86.83
00-13	Various Capital Improvements (Jt. Agency)	444,060.62	294,926.97
00-21	Park Development Design Svcs. For RW Estate	3,600.00	3,360.48
01-03	Olden Lane,Newlin Road, Springdale Road Sidewalks	(12,026.84)	7,552.37
01-05	Smoyer Park Recreation Facilities	708.22	543.85
01-06	Russell Road Construction	(33,637.50)	10,959.58
01-07	Van Dyke Road, Great Road Bikepaths	29,135.06	17,772.56
01-11	Olden Lane,Newlin Rd., Mountain Ave. Reconstruction	2,757.07	2,757.07
01-13	Reconstruction at cherry Valley Road @ Pulte	10,921.95	10,921.95
01-15	Various Capital Improvements	164,831.44	501,519.96
01-18	Acquisition of Gulick Farm	8,799.56	0.00
01-21	Construction, Equiping & Furnishing Library	789,914.02	55,954.56
01-23	Rosedale Road Pump Station Supplemental	125,443.12	189,492.18
02-01	High Density Storage Units	2,089.87	2,089.87
02-14	Mountain Ave. Sewer Extension	16,611.00	16,611.00
02-15	Various Capital Improvements	43,187.47	(1,248,782.69)
03-04	Recreation Improvements	23,170.69	2,307.36
03-09	Road Improvements - Princeton-Kingston Rd.	227.09	2,255.92
03-10	Sewer Improvements -Princeton-Kingston Rd.	(291.37)	8,775.90
03-13	Various Capital Improvements	1,307,101.32	564,585.91
03-17	Sewer Lateral Repairs	18,556.78	17,936.83
03-19	Sewer Lateral Repairs - Lake/Longview/Knoll Drives	213.38	102,225.24
04-02	Eng. Design:Clearview/Dorann/Tee-Ar/Grover	(3,998.79)	1,544.76
04-04	Sewer Lateral Repairs - Harris/Hillside/Loomis/Oakland	217,982.26	91,832.55
04-05	Ext. of Sanitary Sewer Main and Water Main Arreton Rd.	76,064.05	47,523.24
04-06	Install./Repair Sidewalks on Walnut Lane	14,502.50	3,216.48

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Exhibit - C-2  
Page 2 of 2

	<u>BALANCE</u> <u>DEC. 31,2005</u>	<u>BALANCE</u> <u>DEC. 31, 2006</u>
04-07 Repair and Reconstruction Var. Roadways	163,301.17	92,701.45
04-13 Various Capital Improvements	(2,127,176.66)	(247,664.74)
04-17 Walnut Lane Curbing	7,577.00	(233.00)
04-20 Snowden Lane Sidewalks (West Side)	(180.00)	794.66
05-02 Snowden Lane Reconstruction	(949,430.01)	500.52
05-03 Various Griggs Farm Improvements	(2,045.50)	232,795.98
05-05 Various Township Road Projects	(1,346,434.34)	19,141.67
05-07 Carnahan Sidewalks	750.00	2,348.62
05-08 Snowden Lane Pathway	(92,500.00)	2,181.40
05-09 Grover Sidewalks	(38,070.00)	
05-10 Dorann Avenue Curbing	(23,625.00)	773.96
05-11 Clearview Sidewalks	(63,505.00)	
05-12 Littlebrook Sewers	(24,002.50)	11,550.90
05-15 Tee-Ar Place Sidewalks	(33,376.00)	23,016.17
05-16 Littlebrook Road Pathway	(20,660.00)	904.08
05-23 Oakland Street Sidewalks	396.00	(11,238.00)
05-24 Various Capital Improvements	(423,010.10)	729,446.45
05-25 Littlebrook Road/Tyson Lane Sewer	2,350.00	2,350.00
05-26 Springdale Road Sidewalks	1,932.50	1,932.50
05-28 Joint Sewer System Rehab.	(2,677.70)	1,783,316.65
05-29 Sycamore Road Sidewalks	1,064.25	1,064.25
05-30 Sycamore Road Sewer Laterals	1,112.25	(1,285.75)
05-31 Clearview Avenue Sidewalks B	1,750.00	(25,610.41)
05-32 Grover Avenue Sidewalks B	1,500.00	1,500.00
05-33 Ewing Street Sidewalks	2,005.00	2,005.00
05-36 Recreation Improvements - Supplement	5,680.00	5,680.00
06-01 Recreation Supplemental		(12,130.31)
06-02 Road Construction and Repair		(2,021,624.22)
06-03 Tusculum		(87,534.11)
06-13 Riverside Sidewalks		1,675.00
06-14 Hemlock Sidewalks		475.00
06-15 Overbrook Sidewalks		(34,200.00)
06-21 Vernon Circle and Castle Howard		850.00
06-22 Multi Purpose Ordianance		(274,152.69)
06-25 Evergreen Circle Curbs		667.00
06-27 Abernathy Sidewalks		610.00
06-32 Interconnector Road		186,800.00
06-33 Rosedale Supplemental		82,199.00
06-34 Abernathy Sewer Laterals		(32,971.00)
06-36 Audubon Lane Sewer Laterals		1,600.00
06-37 Sewer Laterals : 206 & Laurel Circle		(76,020.00)
	<u>\$3,062,644.06</u>	<u>\$4,154,870.34</u>

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SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - UNFUNDED

ORD. NO.	DATE	IMPROVEMENT DESCRIPTION	BALANCE	2006 AUTHOR.	IMPROV. AUTHOR. CANCELLED	BONDS ISSUED	OTHER FUNDING	BALANCE	ANALYSIS OF BALANCE - JUNE 30, 2006		
			DEC. 31, 2005					DEC. 31, 2006	EXPENDITURES	UNEXPENDED BALANCE OF IMPROV. AUTH.	
General Improvements											
95-12		Various Capital Improvements	\$6,166.77	\$	\$	\$	\$	\$6,166.77	\$	\$6,166.77	
96-10		Various Capital Improvements	108,587.64		8,940.60	63,000.00		36,647.04		36,647.04	
97-06		Various Capital Improvements	302,586.68			302,000.06	586.62				
98-03		Mercer Road Pedestrian Bridge	112,092.74			112,000.00	92.74				
99-11		Various Capital Improvements	393,237.88		(2,717.46)			395,955.34	63,640.69	332,314.65	
00-03		Various Capital Improvements(Twp. Only)	3,199,210.14		(84,594.13)	1,000,000.00		2,283,804.27		2,283,804.27	
00-13		Various Capital Improvements(Jt. Agency)	1,515,215.00			500,000.00		1,015,215.00		1,015,215.00	
01-03		Olden,Newlin,Springdale Sidewalks	13,170.00			13,100.00	70.00			70.00	
01-06		Reconstruction - Russell Road	100,000.00			100,000.00					
01-10		Purchase of Coventry Farm	2,212,000.00			2,212,000.00					
01-13		Reconst. Of Cherry Valley Road	28,207.78					28,207.78		28,207.78	
01-15		Various Capital Improvements	1,184,398.00		74,752.29	250,000.00		859,645.71		859,645.71	
01-18		Acquisition of Gulick Farm	2,300,000.00			2,300,000.00					
01-21		Const., Equip. Furnishing Library	4,612,000.00		600,000.00	3,912,000.00		100,000.00		100,000.00	
02-21		High Density Storage Units	27,500.00					27,500.00		27,500.00	
02-15		Various Capital Improvements	3,061,111.00		(112,010.40)	1,200,000.00		1,973,121.40	1,248,782.69	724,338.71	
03-04		Recreation Improvements	50,000.00			50,000.00					
03-09		Rd. Impov. Princeton-Kingston Rd.	228,000.00			228,000.00					
03-10		Sewer Improvements	430,900.00			430,900.00					
03-13		Various Capital Improvements	3,974,150.00			2,000,000.00		1,974,150.00		1,974,150.00	
03-17		Sewer Lateral Repairs	266,000.00			150,000.00		116,000.00		116,000.00	
03-19		Sewer Lateral Rep. Lake/Longview/Knoll	107,000.00			107,000.00					
04-02		Eng. Design - Clearview,Dorann, Tee-Ar,Grover	166,250.00			166,250.00					
04-04		Sewer Lateral Repairs Var. Roads	351,500.00			200,000.00		151,500.00		151,500.00	
04-05		Ext. of Sanitary Sewer and Water Mains	292,600.00			250,000.00		42,600.00		42,600.00	
04-06		Install./Repair of Sidewalks Walnut Lane	250.00					250.00		250.00	
04-07		Repair and Reconst. Var. Roadways	20,000.00			20,000.00					
04-13		Various Capital Improvements	3,508,604.50			2,706,000.00		802,604.50	247,664.74	554,939.76	
04-17		Walnut Lane Curbing	233.00					233.00	233.00		
04-20		Snowden Lane Sidewalks	1,030.00			1,000.00	30.00				
05-02		Snowden Lane Reconstruction	950,000.00			950,000.00					
05-03		Var. Griggs Farm Improvements	249,000.00			249,000.00					
05-05		Var. Township Road Projects	1,425,000.00			1,425,000.00					
05-07		Carnahan Sidewalks	17,480.00			17,400.00	80.00				
05-08		Snowden Lane Pathway	95,000.00			95,000.00					
05-09		Grover Sidewalks	39,900.00		39,900.00						
05-10		Dorann Ave. Curbing	24,700.00			24,700.00					
05-11		Clearview Sidewalks	66,500.00		66,500.00						
05-12		Littlebrook Sewers	45,885.00			45,800.00	85.00				
05-15		Tee-Ar Place Sidewalks	34,960.00			34,900.00	60.00				
05-16		Littlebrook Road Pathway	21,850.00			21,850.00					

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - UNFUNDED

ORD. NO.	DATE	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31 2005	2006 AUTHOR.	IMPROV. AUTHOR. CANCELLED	BONDS ISSUED	OTHER FUNDING	BALANCE DEC. 31 2006	EXPENDITURES	UNEXPENDED BALANCE OF IMPROV. AUTH.
<u>General Improvements(Cont'd)</u>										
05-23	Oakland Street Sidewalks		11,400.00					11,400.00	11,238.00	\$ 162.00
05-24	Various Capital Improvements		2,983,119.00		45,108.90	2,500,000.00		438,010.10	0.00	438,010.10
05-25	Littlebrook Road/Tyson Lane Sewer		42,200.00					42,200.00		42,200.00
05-26	Springdale Road Sidewalks		41,800.00					41,800.00		41,800.00
05-28	Joint Sewer System Rehab		6,720,000.00				1,794,142.00	4,925,858.00	(1,783,316.65)	6,709,174.65
05-29	Sycamore Road Sidewalks		23,750.00					23,750.00		23,750.00
05-30	Sycamore Road Sewer Laterals		24,865.00					24,865.00	1,285.75	23,579.25
05-31	Clearview Ave. Sidewalks B		33,250.00					33,250.00	25,610.41	7,639.59
05-32	Grover Ave. Sidewalks B		31,940.00					31,940.00		31,940.00
05-33	Ewing Street Sidewalks		41,325.00					41,325.00		41,325.00
05-36	Recreation Improvements Supplement		106,000.00					106,000.00		106,000.00
06-01	Recreation Supplemental			13,300.00				13,300.00	12,130.31	1,169.69
06-02	Road Construction and Repair			2,208,750.00				2,208,750.00	2,021,624.22	187,125.78
06-03	Tusculum			2,850,000.00				2,850,000.00	87,534.11	2,762,465.89
06-13	Riverside Sidewalks			35,150.00				35,150.00		35,150.00
06-14	Hemlock Sidewalks			12,350.00				12,350.00		12,350.00
06-15	Overbrook Sidewalks			34,200.00				34,200.00	34,200.00	
06-21	Vernon Circle and Castle Howar			15,900.00				15,900.00		15,900.00
06-22	Multi-purpose Ordinance			1,972,000.00				1,972,000.00	274,152.69	1,697,847.31
06-25	Evergreen Circle Curbs			12,671.00				12,671.00		12,671.00
06-27	Abernathy Sidewalks			11,590.00				11,590.00		11,590.00
06-32	Interconnector Roads			186,800.00			186,800.00			
06-33	Roads Supplemental			82,199.00			82,199.00			
06-34	Abernathy Sewer Laterals			65,450.00				65,450.00	32,971.00	32,479.00
06-37	Sewer Laterals:206 & Laurel Circle			84,550.00				84,550.00	76,020.00	8,530.00
06-36	Audubon Lane Sewer Laterals			30,400.00				30,400.00		30,400.00
			<u>\$41,601,925.13</u>	<u>\$7,615,310.00</u>	<u>635,879.80</u>	<u>\$23,636,900.06</u>	<u>\$2,064,145.36</u>	<u>22,880,309.91</u>	<u>\$2,353,770.96</u>	<u>\$20,526,608.95</u>

Exhibit - C-4

SCHEDULE OF DEVELOPERS CONTRIBUTION RECEIVABLE

Balance - Dec. 31, 2005	\$1,194,978.00
Increased by:	
Due from Developes Funded Improvements	<u>237,165.00</u>
	1,432,143.00
Decreased by:	
Cash Receipts	<u>459,979.82</u>
Balance - Dec. 31, 2006	<u><u>\$972,163.18</u></u>

Exhibit - C-5

SCHEDULE OF STATE AID RECEIVABLE

Balance - Dec. 31, 2005	\$357,500.00
Increased by:	
Grants Receivable	<u>200,000.00</u>
	557,500.00
Decreased by:	
Cash Receipts	<u>258,750.00</u>
Balance - Dec. 31, 2006	<u><u>\$298,750.00</u></u>



SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2005		ENCUMBERED 12/31/05	2006 AUTHORIZATIONS			PAID OR CHARGED	ENCUMBERED 12/31/06	AUTHORIZATIONS CANCELLED	BALANCE - DEC. 31, 2006	
		FUNDED	UNFUNDED		UNFUNDED	CAPITAL IMP. FUND	OTHER FUNDING				FUNDED	UNFUNDED
05-12	Littlebrook Sewers		21,882.50	26,050.00				36,381.60			11,550.90	
05-15	Tee-Ar Place Sidewalks		1,584.00	35,046.00				13,613.83			23,016.17	
05-06	Littlebrook Road Pathway		1,190.00	21,810.00				22,095.92			904.08	
05-23	Oakland Street Sidewalks	396.00	11,400.00					11,634.00				162.00
05-24	Various Capital Improvements		2,560,108.90	95,000.00				1,345,700.12	46,952.23	95,000.00	729,446.45	438,010.10
05-25	Littlebrook Rd./Tyson Lane Sewer	2,350.00	42,200.00								2,350.00	42,200.00
05-26	Springdale Road Sidewalks	1,932.50	41,800.00								1,932.50	41,800.00
05-28	Joint Sewer System Rehab.		6,717,322.30					8,147.65			1,783,316.65	4,925,858.00
05-29	Sycamore Road Sidewalks	1,064.25	23,750.00								1,064.25	23,750.00
05-30	Sycamore Road Sewer Laterals	1,112.25	24,865.00					2,398.00				23,579.25
05-31	Clearview Ave. Sidewalks B	1,750.00	33,250.00					27,360.41				7,639.59
05-32	Grover Ave. Sidewalks B	1,500.00	31,940.00								1,500.00	31,940.00
05-33	Ewing St. Sidesalks	2,005.00	41,325.00								2,005.00	41,325.00
05-36	Recreation Improv. Supplement	5,680.00	106,000.00								5,680.00	106,000.00
06-01	Recreation Supplemental				13,300.00	700.00		13,560.31	(730.00)		0.00	1,169.69
06-02	Road Reconstruction and Repair				2,208,750.00	116,250.00		1,923,564.74	214,309.48			187,125.78
06-03	Purchase of Open Space - Tusculum				2,850,000.00		150,000.00	232,895.11	4,639.00			2,762,465.89
06-13	Riverside Ave. Sidewalks				35,150.00	1,850.00		175.00			1,675.00	35,150.00
06-14	Hemlock Circle Sidewalks				12,350.00	650.00		175.00			475.00	12,350.00
06-15	Overbrook Sidewalks				34,200.00	1,800.00			36,000.00			
06-21	Vernon Circle & Castle Howard Sidewalks				15,900.00	850.00					850.00	15,900.00
06-22	2006 Multipurpose Ordinance				1,972,000.00	103,350.00		341,118.36	36,384.33			1,697,847.31
06-25	Evergreen Circle Curbs				12,671.00	667.00					667.00	12,671.00
06-27	Abernathy Sidewalks				11,590.00	610.00					610.00	11,590.00
06-32	Interconnector Road										186,800.00	
06-33	Rosedale Supplemental										82,199.00	
06-34	Abernathy Sewer Laterals				65,450.00	3,475.00		36,446.00				32,479.00
06-36	Audobon Lane Sewer Laterals				30,400.00	1,600.00					1,600.00	30,400.00
06-37	Rt. 206 & Laurel Circle Sewer Laterals				84,550.00	4,450.00		80,470.00				8,530.00
		<u>\$4,581,275.17</u>	<u>\$20,739,240.73</u>	<u>\$3,081,247.15</u>	<u>\$7,346,311.00</u>	<u>\$236,252.00</u>	<u>\$418,999.00</u>	<u>\$7,284,503.96</u>	<u>\$2,399,218.75</u>	<u>\$939,018.25</u>	<u>7,037,361.79</u>	<u>18,743,222.30</u>

Capital Improvement Fund  
 Deferred Charges Unfunded  
 Fund Balance

\$ 5,075.00  
 639,878.99  
294,064.26

\$ 939,018.25

Overexpenditure of Improvement Authorization  
 Improvement Authorizations Funded

\$ (2,390.08)  
7,039,751.87

\$ 7,037,361.79

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2006</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2005</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2006</u>
			<u>DATE</u>	<u>AMOUNT</u>					
General Improvement Bonds	7/1/93	\$ 4,105,000.00	7/1/07	345,000.00	4.625%	\$ 695,000.00	\$	\$ 350,000.00	\$ 345,000.00
General Improvement Bonds	7/1/99	9,150,000.00	7/1/07-10	1,000,000.00	4.600%	5,000,000.00		1,000,000.00	4,000,000.00
General Improvement Bonds	9/1/01	10,700,000.00	9/01/2007	500,000.00	4.100%	9,000,000.00		500,000.00	8,500,000.00
			9/1/08-09	550,000.00	4.100%				
			9/1/10	600,000.00	4.100%				
			9/1/11	600,000.00	4.125%				
			9/1/12	650,000.00	4.125%				
			9/1/13	650,000.00	4.200%				
			9/1/14	700,000.00	4.250%				
			9/1/15	700,000.00	4.375%				
			9/1/16	700,000.00	4.400%				
			9/1/17	700,000.00	4.500%				
			9/1/18	800,000.00	4.600%				
			9/1/19	800,000.00	4.625%				
General Improvement Bonds	9/1/02	10,685,000.00	9/1/07-08	500,000.00	3.125%	9,185,000.00		500,000.00	8,685,000.00
			9/1/09	600,000.00	3.125%				
			9/1/10	625,000.00	3.125%				
			9/1/11	800,000.00	3.200%				
			9/1/12	835,000.00	3.250%				
			9/1/13	900,000.00	3.400%				
			9/1/14	925,000.00	3.500%				
			9/1/15	1,000,000.00	3.625%				
			9/1/2016-17	1,000,000.00	3.750%				
General Improvement Bonds	5/1/04	9,250,000.00	5/1/07	400,000.00	4.125%	8,850,000.00		400,000.00	8,450,000.00
			5/1/08	500,000.00	4.125%				
			5/1/09-10	550,000.00	4.125%				
			5/1/11-13	600,000.00	4.125%				
			5/1/14	750,000.00	4.200%				
			5/1/15	750,000.00	4.250%				
			5/1/16	750,000.00	4.375%				
			5/1/17-19	800,000.00	4.500%				

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2006</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2005</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2006</u>
			<u>DATE</u>	<u>AMOUNT</u>					
General Improvement Bonds	6/20/06	23,775,000.00	1/1/07	270,000.00	4.250%		23,775,000.00		23,775,000.00
			1/1/08	575,000.00	4.250%				
			1/1/09	580,000.00	4.250%				
			1/1/10	580,000.00	4.250%				
			1/1/11	1,185,000.00	4.250%				
			1/1/12	1,190,000.00	4.250%				
			1/1/13	1,200,000.00	4.375%				
			1/1/14	1,100,000.00	4.375%				
			1/1/15	1,100,000.00	4.375%				
			1/1/16	1,135,000.00	4.375%				
			1/1/17	1,190,000.00	4.375%				
			1/1/18	1,245,000.00	4.375%				
			1/1/19	1,305,000.00	4.375%				
			1/1/20	1,375,000.00	4.450%				
			1/1/21	1,440,000.00	4.500%				
			1/1/22	1,505,000.00	4.500%				
			1/1/23	1,580,000.00	4.550%				
			1/1/24	1,660,000.00	4.600%				
			1/1/25	1,740,000.00	4.650%				
			1/1/26	1,820,000.00	4.650%				
						<u>\$32,730,000.00</u>	<u>\$23,775,000.00</u>	<u>\$2,750,000.00</u>	<u>\$53,755,000.00</u>

SCHEDULE OF LOAN PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Exhibit C-8

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		INCREASED	BALANCE DEC. 31, 2006
				DATE	AMOUNT		
Infrastructure Water Loan	10/23/06	\$ 905,000.00	4.00%	8/1/08	30,000.00	905,000.00	905,000.00
			4.00%	8/1/09	35,000.00		
			4.00%	8/1/10	35,000.00		
			5.00%	8/1/11	35,000.00		
			5.00%	8/1/12	35,000.00		
			5.00%	8/1/13	40,000.00		
			5.00%	8/1/14	40,000.00		
			5.00%	8/1/15	45,000.00		
			5.00%	8/1/16	45,000.00		
			4.00%	8/1/17	45,000.00		
			4.000%	8/1/18	50,000.00		
			4.000%	8/1/19	50,000.00		
			4.000%	8/1/20	55,000.00		
			4.125%	8/1/21	55,000.00		
			4.125%	8/1/22	55,000.00		
			4.250%	8/1/23	60,000.00		
			5.000%	8/1/24	60,000.00		
			4.250%	8/1/25	65,000.00		
			4.250%	8/1/26	70,000.00		
			YEAR	SEMI-ANNUAL PRINCIPAL			
				1-Feb	1-Aug		
Infrastructure Water Loan - Principal Only	10/23/06	\$ 889,142	2007		20,783.37	889,142.00	889,142.00
			2008	12,811.67	32,113.62		
			2009	12,425.63	34,944.57		
			2010	11,975.25	34,494.19		
			2011	11,524.87	34,043.81		
			2012	10,961.90	33,480.84		
			2013	10,398.92	36,134.86		
			2014	9,755.52	35,491.46		
			2015	9,112.12	38,065.05		
			2016	8,388.30	37,341.23		
			2017	7,664.48	36,617.41		
			2018	7,085.42	39,255.34		
			2019	6,442.02	38,611.94		
			2020	5,798.62	41,185.53		
			2021	5,090.88	40,477.80		
			2022	4,361.03	39,747.94		
2023	3,631.17	42,235.08					
2024	2,810.84	41,414.75					
2025	1,845.74	43,666.64					
2026	957.05	45,995.14					
						<u>\$ 1,794,142.00</u>	<u>\$ 1,794,142.00</u>

SCHEDULE OF PROJECT LOANS PAYABLE  
 NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION  
GREEN TRUST PROGRAM

Balance - Dec. 31, 2005	\$ 4,790,930.91
Decreased by:	
Payments	<u>374,036.06</u>
Balance - Dec. 31, 2006	<u>\$ 4,416,894.85</u>

Loan Principal Repayment Schedule

<u>Year</u>	<u>Principal</u>
2007	\$ 381,555.00
2008	389,224.00
2009	392,539.00
2010	395,876.00
2011	403,833.00
2012	411,950.00
2013	420,230.00
2014	428,677.00
2015	437,293.00
2016	446,083.00
2017	240,722.00
2018	<u>68,911.00</u>
	<u>\$ 4,416,893.00</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance - Dec. 31, 2005	\$34,468.18
Increased by:	
Improvement Authorizations Cancelled	5,075.00
Budget Appropriation	<u>300,000.00</u>
	<u>305,075.00</u>
Decreased by:	339,543.18
Approp. To Finance Improv. Autho.	<u>236,252.00</u>
Balance - Dec. 31, 2006	<u>\$103,291.18</u>

SCHEDULE OF WASTEWATER TRUST LOAN

Balance - Dec. 31, 2005	\$ 1,142,794.41
Decreased by:	
Payments	<u>387,617.77</u>
Balance - Dec. 31, 2006	<u><u>\$ 755,176.64</u></u>

Loan Principal Repayment Schedule

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 405,118.00	\$ 29,181.00
2008	<u>350,059.00</u>	<u>9,969.00</u>
	<u><u>\$ 755,177.00</u></u>	<u><u>\$ 39,150.00</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2005</u>	<u>DECREASED</u>
<u>General Improvements:</u>							
96-10	Various Capital Improvements	10/14/04	3/30/05	3/30/06	4.00%	\$20,000.00	\$20,000.00
97-06	Various Capital Improvements	10/14/04	3/30/05	3/30/06	4.00%	225,000.00	225,000.00
00-03	Various Capital Improvements	6/19/03	3/30/05	3/30/06	4.00%	1,000,000.00	1,000,000.00
00-13	Various Capital Improvements(Jt. Agency)	4/15/04	3/30/05	3/30/06	4.00%	250,000.00	250,000.00
00-13	Various Capital Improvements(Jt. Agency)	10/14/04	3/30/05	3/30/06	4.00%	250,000.00	250,000.00
01-06	Russell Road	110/14/04	3/30/05	3/30/06	4.00%	55,000.00	55,000.00
01-10	Purchase of Coventry Farm	6/19/03	3/30/05	3/30/06	4.00%	2,212,000.00	2,212,000.00
01-15	Various Capital Improvements	6/21/01	3/30/05	3/30/06	4.00%	250,000.00	250,000.00
01-18	Acquisition of Gulick Farm	4/16/03	3/30/05	3/30/06	4.00%	2,300,000.00	2,300,000.00
01-21	Construction of New Library	4/16/03	3/30/05	3/30/06	4.00%	4,612,000.00	4,612,000.00
02-15	Various Capital Improvements	6/19/03	3/30/05	3/30/06	4.00%	1,000,000.00	1,000,000.00
03-04	Recreation Projects	10/14/04	3/30/05	3/30/06	4.00%	50,000.00	50,000.00
03-09	Repair Restoration Princeton-Kingston Rd.	4/15/04	3/30/05	3/30/06	4.00%	225,000.00	225,000.00
03-10	Sanitary Sewer Princeton-Kingston Rd.	4/15/04	3/30/05	3/30/06	4.00%	420,000.00	420,000.00
03-13	Various Capital Improvements	10/14/04	3/30/05	3/30/06	4.00%	2,000,000.00	2,000,000.00
03-17	Sewer Lateral Repairs	10/14/04	3/30/05	3/30/06	4.00%	150,000.00	150,000.00
03-19	Sewer Lateral Repairs Lake,Longview,Knoll	10/14/04	3/30/05	3/30/06	4.00%	100,000.00	100,000.00
04-02	Eng. Design Var. Roads	10/14/04	3/30/05	3/30/06	4.00%	160,000.00	160,000.00
04-04	Sewer Lateral Repairs Var. Roads	10/14/04	3/30/05	3/30/06	4.00%	200,000.00	200,000.00
04-05	Ext. of Sanitary Sewer and Water Mains	10/14/04	3/30/05	3/30/06	4.00%	250,000.00	250,000.00
04-07	Illumination of Crosswalk at Alexander	10/14/04	3/30/05	3/30/06	4.00%	50,000.00	50,000.00
04-13	Various Capital Improvements	10/14/04	3/30/05	3/30/06	4.00%	500,000.00	500,000.00
						<u>\$16,279,000.00</u>	<u>\$16,279,000.00</u>

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

Exhibit - C-13  
Page 1 of 2

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2005	AUTHORIZED 2006	BANS REDEEMED	BONDS ISSUED	AUTHORIZATIONS CANCELLED	OTHER FUNDING	BALANCE DEC. 31, 2006
<u>General Improvements</u>								
95-12	Various Capital Improvements	\$6,166.77	\$					\$6,166.77
96-10	Various Capital Improvements	88,587.64		20,000.00	63,000.00	8,940.60		36,647.04
97-06	Various Capital Improvements	77,586.68		225,000.00	302,000.06		586.62	
98-03	Mercer Road Pedestrian Bridge	112,092.74			112,000.00		92.74	
99-11	Various Capital Improvements	393,237.88				-2,717.46		395,955.34
00-03	Various Capital Improvements	2,199,210.14		1,000,000.00	1,000,000.00	-84,594.13		2,283,804.27
00-13	Various Capital Improvements	1,015,215.00		500,000.00	500,000.00			1,015,215.00
01-03	Olden, Newlin, Springdale Sidewalks	13,170.00			13,100.00		70.00	
01-06	Russell Road Reconstruction	45,000.00		55,000.00	100,000.00			
01-10	Purchase of Coventry Farms			2,212,000.00	2,212,000.00			
01-13	Reconstruction Cherry Valley Rd.	28,207.78						28,207.78
01-15	Various Capital Improvements	934,398.00		250,000.00	250,000.00	74,752.29		859,645.71
01-18	Acquisition of Gulick Farm			2,300,000.00	2,300,000.00			
01-21	Construction of New Library			4,612,000.00	3,912,000.00	600,000.00		100,000.00
02-01	High Density Storage Units	27,500.00						27,500.00
02-15	Various Capital Improvements	2,061,111.00		1,000,000.00	1,200,000.00	-112,010.40		1,973,121.40
03-04	Recreation Projects			50,000.00	50,000.00			
03-09	Rd. Improv. Princeton-Kingston Rd.	3,000.00		225,000.00	228,000.00			
03-10	Sewer Improv. Princeton-Kingston Rd.	10,900.00		420,000.00	430,900.00			
03-13	Various Capital Improvements	1,974,150.00		2,000,000.00	2,000,000.00			1,974,150.00
03-17	Sewer Lateral Repairs	116,000.00		150,000.00	150,000.00			116,000.00
03-19	Sewer Lateral Repairs -Lake/Longview	7,000.00		100,000.00	107,000.00			
04-02	Engineering Design Clearview	6,250.00		160,000.00	166,250.00			
04-04	Sewer Latera Repairs Various Rd.	151,500.00		200,000.00	200,000.00			151,500.00
04-05	Ext. of Sanitary Sewer and Water Main	42,600.00		250,000.00	250,000.00			42,600.00
04-06	Install. Repr. Sidewalks Walnut Lane	250.00						250.00
04-07	Repair & Reconstr. Var. Roadways	-30,000.00		50,000.00	20,000.00			
04-13	Various Capital Improvements	3,008,604.50		500,000.00	2,706,000.00			802,604.50
04-17	Walnut Lane Curbing	233.00						233.00
04-20	Snowden Lane Sidewalks	1,030.00			1,000.00		30.00	
05-02	Snowden Lane Reconstruction	950,000.00			950,000.00			
05-03	Various Griggs Farm Improv.	249,000.00			249,000.00			
05-05	Various Twp. Road Projects	1,425,000.00			1,425,000.00			
05-07	Canahan Sidewalks	17,480.00			17,400.00		80.00	
05-08	Snowden Lane Pathway	95,000.00			95,000.00			
05-09	Grover Sidewalks	39,900.00				39,900.00		
05-10	Dorann Ave. Curbing	24,700.00			24,700.00			
05-11	Clearview Sidewalks	66,500.00				66,500.00		
05-12	Littlebrook Sewers	45,885.00			45,800.00		85.00	
05-15	Tee-Ar Place Sidewalks	34,960.00			34,900.00		60.00	
05-16	Littlebrook road Pathway	21,850.00			21,850.00			
05-23	Oakland Street Sidewalks	11,400.00						11,400.00
05-24	Various Capital Improvements	2,983,119.00			2,500,000.00	45,108.90		438,010.10
05-25	Littlebrook Rd./Tyson Lane Sewer	42,200.00						42,200.00
05-26	Springdale Road Sidewalks	41,800.00						41,800.00
05-28	Joint Sewer System Rehab	6,720,000.00					1,794,142.00	4,925,858.00
05-29	Sycamore Road Sidewalks	23,750.00						23,750.00
05-30	Sycamore Road Sewer Laterals	24,865.00						24,865.00
05-31	Clearview Ave. Sidewalks B	33,250.00						33,250.00
05-32	Grover Ave. Sidewalks B	31,940.00						31,940.00
05-33	Ewing St. Sidewalks	41,325.00						41,325.00
05-36	Recreation Improvements - Supplemental	106,000.00						106,000.00

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

CAP. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2005</u>	<u>AUTHORIZED 2006</u>	<u>BANS REDEEMED</u>	<u>BONDS ISSUED</u>	<u>AUTHORIZATIONS CANCELLED</u>	<u>OTHER FUNDING</u>	<u>BALANCE DEC. 31, 2006</u>
<u>General Improvements (Cont'd.)</u>								
06-01	Recreation Supplemental		13,300.00					13,300.00
06-02	Road Construction and repair		2,208,750.00					2,208,750.00
06-03	Tusculum		2,850,000.00					2,850,000.00
06-13	Riverside Sidewalks		35,150.00					35,150.00
06-14	Hemlock Sidewalks		12,350.00					12,350.00
06-15	Overbrook Sidewalks		34,200.00					34,200.00
06-21	Vernon Circle and Cstle Howard Ct.		15,900.00					15,900.00
06-22	Multi-Purpose Ordinance		1,972,000.00					1,972,000.00
06-25	Evergreen Circle Curbs		12,671.00					12,671.00
06-27	Abernathy Sidewalks		11,590.00					11,590.00
06-34	Abernathy Sewer Laterals		65,450.00					65,450.00
06-36	Sewer Lateral:206 & Laurel Circle		84,550.00					84,550.00
06-37	Audobon Lane Sewer Laterals		30,400.00					30,400.00
		<u>\$25,322,925.13</u>	<u>\$7,346,311.00</u>	<u>\$16,279,000.00</u>	<u>\$23,636,900.06</u>	<u>\$635,879.80</u>	<u>\$1,795,146.36</u>	<u>\$22,880,309.91</u>

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY FUND  
 BALANCE SHEET - STATUTORY BASIS  
DECEMBER 31, 2006

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2006</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>BALANCE DEC. 31, 2006</u>
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	<u>\$ 2,398,142.45</u>	Liabilities:	
	<u>2,398,142.45</u>	Reserve for Encumbrances	\$ 4,275.32
		Reserves:	
Receivables and Inventory With		Accrued Interest	20,864.58
Full Reserves:		Rehabilitation Program	386,553.57
Down Payment Assistance Program Rec.	79,960.61	Unit Repurchases	843,910.33
Rehabilitation Mortgage Receivable	<u>512,190.90</u>	Affordability Assistance	527,198.00
		Affordable Housing-Sect. 10B340	<u>355,896.55</u>
	<u>592,151.51</u>		2,138,698.35
		Reserve for Receivables	592,151.51
Total Operating Fund	<u>2,990,293.96</u>	Fund Balance	<u>259,444.10</u>
			2,990,293.96
Capital Fund:		Total Operating Fund	<u>2,990,293.96</u>
Cash and Investments - Treasurer	10,662.96		
Deferred Charges	<u>2,030,000.00</u>	Capital Fund:	
		Refunding Bonds Payable	2,030,000.00
Total Capital Fund	<u>2,040,662.96</u>	Reserve for Debt Service	<u>10,662.96</u>
			2,040,662.96
	<u>\$ 5,030,956.92</u>	Total Capital Fund	<u>2,040,662.96</u>
			<u>\$ 5,030,956.92</u>

There were no Bonds and Notes Authorized but not Issued at December 31, 2006.

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
 STATEMENT OF OPERATIONS AND  
 CHANGE IN FUND BALANCE - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>REVENUE AND OTHER INCOME</u>	<u>2006</u>
Operating Fund Balance	\$ 261,723.26
Miscellaneous Revenues Anticipated	509,500.00
Non-Budget Revenue	<u>212,065.25</u>
Total Revenues	<u>983,288.51</u>
 <u>EXPENDITURES</u>	
Budget Expenditures:	
Salaries and Wages	84,067.00
Other Expenses	619,025.87
Miscellaneous	<u>120,324.60</u>
Total Expenditures	<u>823,417.47</u>
Excess in Revenues	159,871.04
 <u>FUND BALANCE</u>	
Balance - January 1	<u>361,296.32</u>
	521,167.36
Decreased by:	
Utilized as Anticipated Revenue	<u>261,723.26</u>
Balance -December 30	<u>\$ 259,444.10</u>

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Utilized	261,723.26	261,723.26	-
Affordable Housing Fees	309,500.00	279,500.00	(30,000.00)
Township Contribution	200,000.00	200,000.00	-
Miscellaneous	<u>                    </u>	<u>212,065.25</u>	<u>212,065.25</u>
	<u>771,223.26</u>	<u>953,288.51</u>	<u>182,065.25</u>

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	BUDGET AFTER	<u>EXPENDED</u>		<u>RESERVED</u>	UNEXPENDED
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>		<u>BALANCE</u>
			<u>CHARGED</u>			<u>CANCELLED</u>
Operating:						
Salaries and Wages	\$ 84,067.00	\$ 84,067.00	\$ 84,030.00	\$ 37.00		\$
Other Expenses	165,000.00	165,000.00	92,631.29	4,238.32		68,130.39
Debt Service:						
Payment of Bond Principal	450,000.00	450,000.00	450,000.00			
Interest on Bonds	<u>72,156.26</u>	<u>72,156.26</u>	<u>68,968.75</u>			<u>3,187.51</u>
	<u>\$ 771,223.26</u>	<u>\$ 771,223.26</u>	<u>\$ 695,630.04</u>	<u>\$ 4,275.32</u>		<u>\$ 71,317.90</u>

SCHEDULE OF AFFORDABLE HOUSING UTILITY CAPITAL SERIAL BONDS

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2005</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2006</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding Bonds	9/1/04	2,990,000.00	9/1/07	435,000.00	2.500%	<u>2,480,000.00</u>	<u>450,000.00</u>	<u>2,030,000.00</u>
			9/1/08	420,000.00	3.000%			
			9/1/09	405,000.00	3.125%			
			9/1/10	390,000.00	3.375%			
			9/1/11	380,000.00	3.500%			
					<u>\$ 2,480,000.00</u>	<u>\$ 450,000.00</u>	<u>\$ 2,030,000.00</u>	

SCHEDULE OF ACCRUED INTEREST ON  
 BONDS AND NOTES AND ANALYSIS OF BALANCE  
AFFORDABLE HOUSING UTILITY OPERATING FUND

Balance - December 31, 2005	\$24,052.08
Increased by:	
Charged to 2006 Budget Approp.	68,968.75
	93,020.83
Decreased by:	
Payment	72,156.25
Balance - December 31, 2006	\$20,864.58

Analysis of Balance -December 31, 2006:

<u>Principal Outstanding Dec. 31, 2006</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Serial Bonds</u>					
435,000.00	2.500%	09/01/06	12/31/06	4 mos.	\$3,625.00
420,000.00	3.000%	09/01/06	12/31/06	4 mos.	4,200.00
405,000.00	3.125%	09/01/06	12/31/06	4 mos.	4,218.75
390,000.00	3.375%	09/01/06	12/31/06	4 mos.	4,387.50
380,000.00	3.500%	09/01/06	12/31/06	4 mos.	4,433.33
					\$20,864.58

SINGLE AUDIT SECTION

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
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ANDREW G. HODULIK, CPA, RMA, PSA  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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**

Honorable Mayor and Members  
of the Township Committee  
Township of Princeton  
County of Mercer, New Jersey

We have audited the financial statements of the Township of Princeton as of and for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2007. Our report was qualified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2. We conducted our audit 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Princeton's internal control over financial reporting as a basis for designing our auditing procedures 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 Township of Princeton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Princeton's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Princeton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Princeton's financial statements that is more than inconsequential will not be prevented or detected by the Township of Princeton's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Princeton's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Princeton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in the General Comments section of the Report of Audit.

This report is intended solely for the information and use of the Mayor and Township Committee, management, Division of Local Government Services and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

/S/HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
June 20, 2007

**HODULIK & MORRISON, P.A.**  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable Mayor and Members  
of the Township Committee  
Township of Princeton  
Township of Princeton, New Jersey

Compliance

We have audited the compliance of the Township of Princeton, New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that are applicable to each of its major state programs for the year ended December 31, 2006. The Township of Princeton's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Township of Princeton's management. Our responsibility is to express an opinion on the Township of Princeton's compliance based on our audit.

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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04. Those standards and circulars 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 state program occurred. An audit includes examining, on a test basis, evidence about the Township of Princeton'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. Our audit does not provide a legal determination on the Township of Princeton's compliance with those requirements.

In our opinion, the Township of Princeton complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2006.

## Internal Control Over Compliance

The management of the Township of Princeton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township of Princeton's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Township of Princeton's internal control over compliance.

A control deficiency is an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

This report is intended solely for the information and use of the Mayor and Members of the Township Committee, management, the Division of Local Government Services and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

/S/HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
June 20, 2007

SCHEDULES OF EXPENDITURES OF STATE AWARDS

Township of Princeton  
 County of Mercer  
 Schedule of Expenditures of State Awards  
Year Ended December 31, 2006

State Funding Department or Division	Program	Total Award	State Account No.	Grant Year	2006		Cumulative Expenditures/ Cancellations at December 31, 2006
					Cash Receipts	Expenditures	
Environmental Protection	Recycling Tonnage Grant	\$ 67,522.21	042-4900-752-002-006	2006	\$ 67,522.21		
	Recycling Tonnage Grant		042-4900-752-002-004	2004		200.00	200.00
	Clean Community Grant	18,177.17	042-4900-765-004-06	2006	18,177.17		
	Clean Community Grant	17,336.97	042-4900-765-004-05	2005		3,376.72	9,618.51
	Green Acres Open Space	800,000.00	042-4800-003-06	2006	800,000.00	800,000.00	800,000.00
					885,699.38	803,576.72	809,818.51
Human Services	Drug Program - NJ NIDA	149,846.00	7555-100-012-06	2006	114,526.00	143,087.57	143,087.57
	Drug Program - NJ NIDA	147,560.00	7555-100-012-05	2005	57,817.00	28,877.00	147,560.00
					172,343.00	171,964.57	290,647.57
Community Affairs	Alcohol Education and Rehabilitation	6,262.23	N/A	2006	6,262.23		
	Balance Housing Program	984,900.00	8020-100-101-06	2006	886,410.00	885,736.25	885,736.25
	Livable Communities Grant	60,000.00	N/A	2006		1,528.60	1,528.60
	County/Local Alliance Program	30,197.00	N/A	2006	23,105.00	27,729.37	
	County/Local Alliance Program	28,765.00	N/A	2005		692.42	28,765.00
					915,777.23	915,686.64	916,029.85

Township of Princeton  
County of Mercer  
Schedule of Expenditures of State Awards  
Year Ended December 31, 2006

State Funding Department or Division	Program	Total Award	State Account No.	Grant Year	2006		Cumulative Expenditures/ Cancellations at December 31, 2006
					Cash Receipts	Expenditures	
Law	Child Passenger Safety	15,600.00	N/A	2006	5,950.00	2,777.37	2,777.37
	Child Passenger Safety	5,700.00	N/A	2005		3,172.63	5,700.00
	Drunk Driving Enforcement Grant	63.15	N/A	2006			
	Drunk Driving Enforcement Grant	2,398.00	N/A	2004		914.48	2,333.69
	NJ Vicinage Program	45,000.00	N/A	2006	26,665.25	45,000.00	45,000.00
	You Drink, You Drive, You Lose	5,000.00	N/A	2006		1,212.39	1,212.39
	Click It or Ticket Grant	7,746.29	N/A	2006	7,723.07	3,929.39	3,929.39
	Public Safety Body Armor	16,185.44	066-1020-718-001-05	2006	16,185.44		
	Public Safety Body Armor	3,104.44	066-1020-718-001-06	2006	3,104.44		
					59,628.20	57,006.26	60,952.84
Transportation	NJ DOT - Various Capital Improvements	37,500.00	N/A	2004		37,500.00	37,500.00
					-	37,500.00	37,500.00
Total					2,033,447.81	1,985,734.19	2,114,948.77

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER, NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
DECEMBER 31, 2006

NOTE 1: GENERAL

The accompanying schedules of financial assistance present the activity of all state financial assistance programs of the Township of Princeton. The Township is defined in Note 1(A) to the financial statements. State financial assistance passed through other government agencies in is included on the schedule of state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented using the basis of accounting as described in Note 2 to the Township's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements.

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports, where required.

TOWNSHIP OF PRINCETON  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

Sch. B

Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Qualified

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes X No

2) Control Deficiencies identified that are not considered to be substantial? X Yes \_\_\_\_\_ No

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes X No

**State Awards**

Dollar threshold used to distinguish between Type A and B programs: \$300,000.00

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes X No

2) Control Deficiencies identified that are not considered to be substantial? X Yes \_\_\_\_\_ No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 \_\_\_\_\_ Yes X No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>042-4800-003-06</u>	<u>Green Acres Open Space</u>
<u>8020-100-101-06</u>	<u>Balanced Housing Program</u>
_____	_____
_____	_____

TOWNSHIP OF PRINCETON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Sch. B

Section II - Financial Statement Findings

Noncompliance

There were no instances noted of non-compliance.

Control Deficiencies

2006-01            There is a reportable condition regarding the segregation of duties for the various offices collecting fees. Conditions exist whereby the same person may collect, record and deposit cash receipts. This condition is the result of staffing levels at the respective offices.

2006-02            There is a control deficiency with respect to the various components of internal control not being fully documented.

Section III - State Financial Assistance Findings and Questioned Costs

Control Deficiencies

2006-02            There is a control deficiency with respect to the various components of internal control not being fully documented.

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER, NEW JERSEY  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006

*Section 1 – Summary of Prior Year State Findings*

SUMMARY OF PRIOR YEAR FINDINGS

None

SUPPLEMENTARY INFORMATION

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Tax Rate:</u>	<u>3.34</u>	<u>3.20</u>	<u>2.94</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>0.76</u>	<u>0.70</u>	<u>0.64</u>
County:	<u>0.96</u>	<u>0.96</u>	<u>0.88</u>
Regional School:	<u>1.62</u>	<u>1.54</u>	<u>1.42</u>
<u>Assessed Valuation:</u>			
2006	<u>\$2,398,732,212.00</u>		
2005		<u>\$2,379,755,105.00</u>	
2004			<u>\$2,351,050,872.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2006	\$80,608,373.27	\$79,877,053.97	99.09%
2005	76,674,922.86	76,003,663.16	99.12%
2004	69,648,099.98	69,020,238.80	99.10%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2006	\$52,332.94	\$582,910.83	\$635,243.77	0.79%
2005	50,169.21	663,218.20	713,387.41	0.93%
2004	45,293.51	598,133.92	643,427.43	0.92%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2006	\$70,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit in 2006:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Phyllis L. Marchand	Mayor	
Bernard P. Miller	Deputy Mayor	
Victoria Bergman	Committeeperson	
Lance Liverman	Committeeperson	
Chad Goerner	Committeeperson	
James J. Pascale	Administrator	
Linda S. McDermott	Township Clerk and Improvement Search Officer	
Neal Snyder	Tax Assessor	
Kathryn Monzo	Tax Collector, Tax Search Officer, Treasurer and Chief Financial Officer	\$281,000.00
Edwin W. Schmierer	Municipal Attorney	
Robert V. Kiser	Township Engineer	
Russell W. Annich, Jr.	Municipal Judge	6,000.00
Caroline B. Sapio	Court Administrator	13,000.00
Corinne Sliker	Deputy Court Administrator	37,000.00

All other employees were covered under a Public Employees Blanket Bond issued by the Western Surety Company.

All surety bonds in effect were examined or verified.

STATISTICAL SECTION

TOWNSHIP OF PRINCETON  
 COUNTY OF MERCER  
 CURRENT FUND EXPENDITURES BY FUNCTION  
 LAST FOUR FISCAL YEARS  
 UNAUDITED

Year	General Government	Public Safety	Public Works	Health and Welfare	Recreation	Public Library	Unclassified
2006	6,074,450.58	5,053,589.00	1,963,740.00	769,957.00	738,938.00	2,341,841.00	1,964,632.00
2005	6,171,941.67	5,057,308.00	1,935,865.00	3,615,524.00	720,475.00	2,131,244.00	236,027.00
2004	5,982,217.87	4,771,144.00	1,777,914.00	3,445,297.00	650,184.00	2,149,141.00	243,403.12
2003	5,786,690.84	4,509,130.00	1,797,045.89	3,111,307.00	630,319.00	1,816,639.00	225,617.60

  

Year	Deferred Charges & Statutory Expenditures	State and Federal Grants	Interlocal Agreements With Princeton Borough	Capital Improvements	Debt Service	Reserve for Uncollected Taxes	Total
2006	364,605.00	3,197,976.03	3,042,564.00	300,000.00	5,132,722.52	2,399,578.51	33,344,593.64
2005	375,915.00	665,967.45	675,833.00	576,969.00	5,268,982.00	2,255,438.11	29,687,489.23
2004	327,600.00	678,162.80	632,185.00	261,450.00	7,772,430.75	1,740,944.51	30,432,074.05
2003	312,000.00	3,154,961.12	637,172.00	229,025.00	5,785,942.00	1,965,437.55	29,961,287.00

(1) Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

Table 2

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
CURRENT FUND REVENUES BY SOURCE  
LAST FOUR FISCAL YEARS  
UNAUDITED

Year	Taxes (1)	Delinquent Taxes	Fees, Permits, Fines and Licenses	State Aid	State and Federal Grants	From Other Funds	Surplus Anticipated
2006	19,798,085.60	661,199.41	399,497.14	2,974,845.61	3,197,976.03	641,314.00	3,150,000.00
2005	16,196,613.00	605,000.00	355,990.00	2,208,528.00	655,967.42	224,400.00	3,515,000.00
2004	14,485,402.26	619,700.00	310,260.00	2,068,969.39	668,162.80	274,439.00	3,515,000.00
2003	13,325,618.78	756,102.00	282,890.00	2,022,786.00	3,154,961.12	54,450.00	3,550,000.00
Year	Interlocal (Princeton Borough) Revenues	Sewer Revenue	Other Budget Revenues	Total			
2006	717,672.54	3,353,421.07	810,529.62	35,704,541.02			
2005	676,332.00	3,023,903.00	2,225,755.78	29,687,489.20			
2004	632,185.00	3,026,400.00	4,634,586.85	30,235,105.30			
2003	637,172.00	3,021,200.00	3,156,107.10	29,961,287.00			

(1) Excludes taxes allocated to county and school

Table 3

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
ASSESSED VALUE AND ESTIMATE OF TOTAL VALUE  
LAST FOUR FISCAL YEARS  
UNAUDITED

Year	Net Assessed Valuation Taxable	Market Valuation	Percentage of Net Assessed To Market Value
2006	\$2,397,171,510	\$4,487,404,548	53.42%
2005	2,377,758,510	4,032,149,415	58.97%
2004	2,348,804,510	3,624,139,037	64.81%
2003	2,333,841,600	3,282,939,373	71.09%

Table 4

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
SCHEDULE OF TEN LARGEST TAXPAYERS - 2006  
UNAUDITED

Taxpayer	2006 Assessed Valuation	As a Percent of Total Net Assessed Taxable Valuation
Trustees of Princeton University	\$ 118,526,100	4.94%
Jasna Polana Golf Club, L.L.C.	18,023,000	0.75%
Princeton Shopping Center	17,694,800	0.74%
Church & Dwight	9,000,000	0.38%
Health Horizons	7,606,600	0.32%
Thanet Road Associates, LLC	7,500,000	0.31%
Princeton Professional Park	7,283,900	0.30%
The Medical Center @ Princeton	7,034,100	0.29%
Goldman Sachs Princeton LLC	6,545,900	0.27%
Institute for Advanced Study	6,492,400	0.27%
	\$ 205,706,800	8.58%
Total Assessed Valuation Taxable in 2006	\$2,397,049,510.00	

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES, AND LOANS TO EQUALIZED VALUE  
AND DEBT PER CAPITAL  
LAST FOUR FISCAL YEARS

Year	Population (1)	Average Equalized Valuation	Gross Debt Debt	Ratio of Net Debt to Equalized Valuation	Gross Debt per Capita	Net Debt	Ratio of Net Debt to Equalized Valuation	Net Debt per Capita
2006	16,027	4,413,248,879	125,222,221	2.837%	7,813.20	84,706,090	1.919%	5,2
2005	16,027	4,041,625,363	122,779,564	3.038%	7,660.80	79,458,768	1.966%	4,9
2004	16,027	3,633,570,630	115,685,183	3.184%	7,218.14	69,663,562	1.917%	4,3
2003	16,027	3,234,662,242	122,883,659	3.799%	7,667.29	72,014,680	2.226%	4,4

(1) Per 2000 Census

**SOURCE: Annual Debt Statement  
Net Debt - page 1**

**Bonded Debt:  
Net Debt - page 1  
Less: Sewer Auth not Issued - page 4  
Less: General Auth not Issued - page 7 & 8A**

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (GROSS) - CURRENT FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

Year	Principal	Interest	Total Gross Debt Service	Total Current Fund Governmental Expenditures	Ratio of Debt Service to Current Fund Expenditures
2006	3,511,653.00	2,286,507.00	5,798,160.00	33,344,593.64	17%
2005	3,519,284.00	1,713,774.00	5,233,058.00	29,687,489.20	18%
2004	6,229,559.00	1,304,401.00	7,533,960.00	30,228,605.00	25%
2003	4,345,481.00	1,440,461.00	5,785,942.00	27,459,283.85	21%

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (NET) - CURRENT FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

Year	Total Gross Debt Service	Less Cash Reductions	Total Net Debt Service	Total Current Fund Governmental Expenditures	Ratio of Debt Service to Current Fund Expenditures
2006	5,798,160.00	1,214,397.00	4,583,763.00	33,304,400.16	14%
2005	5,233,058.00	1,231,609.00	4,001,449.00	28,455,880.20	14%
2004	7,533,960.00	3,423,170.00	4,110,790.00	26,805,435.00	15%
2003	5,785,942.00	1,891,031.21	3,894,910.79	25,568,252.64	15%

Table 7

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
DEMOGRAPHIC STATISTICS  
UNAUDITED

Population Growth

2000 Census	16,027
1990 Census	13,198
1980 Census	13,680
1970 Census	13,651
1960 Census	10,411
1950 Census	5,407

Bulding Permits

<u>Year</u>	<u>New Construction</u>	<u>Improvements</u>	<u>Total</u>
1984	120	232	352
1985	97	246	343
1986	88	329	417
1987	44	375	419
1988	255	1280	1,535
1989	95	980	1,075
1990	97	1163	1,260
1991	39	909	948
1992	376	1126	1,502
1993	153	997	1,150
1994	107	851	958
1995	172	422	594
1996	252	768	1,020
1997	318	496	814
1998	368	1119	1,487
1999	84	1415	1,499
2000	321	1088	1,409
2001	129	1772	1,901
2002	276	1107	1,383
2003	154	1736	1,890
2004	114	1752	1,866
2005	112	1334	1,446
2006	151	1355	1,506

Source: Township Construction Official

Table 8  
TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
LABOR STATISTICS  
UNAUDITED

Table 8

Township of <u>Princeton</u>	Total Labor <u>Force</u>	Employed <u>Labor Force</u>	Total <u>Unemployed</u>	Unemployment <u>Rate</u>
2006	7,170	7,116	54	0.75%
2005	9,448	9,391	57	0.60%
2004	7,596	7,375	221	2.91%
2003	7,575	7,421	154	2.03%
2002	7,516	7,253	263	3.50%
2001	7,407	7,012	395	5.33%
2000	7,223	6,884	339	4.69%
1999	6,906	6,720	186	2.69%
1998	6,700	6,509	191	2.85%
1997	6,836	6,620	216	3.16%
1996	6,770	6,505	265	3.91%
1995	6,749	6,495	254	3.76%

County of <u>Mercer</u>	Total Labor <u>Force</u>	Employed <u>Labor Force</u>	Total <u>Unemployed</u>	Unemployment <u>Rate</u>
2006	201,847	193,463	8,384	4.15%
2005	194,658	187,239	7,419	3.81%
2004	189,019	181,027	7,992	4.23%
2003	191,314	182,156	9,158	4.79%
2002	187,520	178,041	9,479	5.05%
2001	183,800	177,601	6,199	3.37%
2000	179,030	173,633	5,397	3.01%
1999	171,660	164,960	6,700	3.90%
1998	166,650	159,779	6,871	4.12%
1997	170,306	162,515	7,791	4.57%
1996	169,242	159,678	9,564	5.65%
1995	169,591	159,435	10,156	5.99%

State of <u>New Jersey</u>	Total Labor <u>Force</u>	Employed <u>Labor Force</u>	Total <u>Unemployed</u>	Unemployment <u>Rate</u>
2006	4,528,800	4,354,400	174,400	3.85%
2005	4,430,400	4,235,900	194,500	4.39%
2004	4,388,042	4,176,230	211,812	4.83%
2003	4,375,000	4,118,000	257,000	5.87%
2002	4,367,800	4,112,800	255,000	5.84%
2001	4,179,500	4,003,800	175,700	4.20%
2000	4,187,900	4,030,500	157,400	3.76%
1999	4,205,500	4,012,200	193,300	4.60%
1998	4,144,300	3,953,000	191,300	4.62%
1997	4,192,300	3,976,900	215,400	5.14%
1996	4,134,500	3,878,400	256,100	6.19%
1995	4,064,200	3,803,700	260,500	6.41%

Source: New Jersey Department of Labor, Division of Planning & Research. Office of Demographic and Economic Analysis: Bureau of Labor Force Statistics

Table 9

TOWNSHIP OF PRINCETON  
COUNTY OF MERCER  
NET ASSESSED VALUATION OF REAL PROPERTY BY CLASS  
PERCENTAGE OF LINE ITEM (2006)  
UNAUDITED

Number of Line Items in Each Property Classification	<u>Real Property Classification</u>	Assessed Valuation <u>2006</u>	As a Percent of Total Net Assessed Valuation <u>Taxable</u>
370	Vacant Land	\$ 46,039,200.00	1.92%
4895	Residential (4 family or less)	2,065,404,200	86.16%
19	Farm (Regular)	18,517,700	0.77%
45	Farm (qualified)	344,810	0.01%
115	Commercial	183,535,400	7.66%
2	Industrial	5,180,100	0.22%
7	Apartment	78,150,100	3.26%

**TOWNSHIP OF PRINCETON  
COUNTY OF MERCER, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2006**

**GENERAL COMMENTS**

An audit of the financial accounts and transactions of the Township of Princeton, County of Mercer, New Jersey, for the year ended December 31, 2006, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Princeton, County of Mercer, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

CONTROL DEFICIENCIES

A. Inadequate Documentation of Components of Internal Control

We noted that the various components of internal control are not fully documented. Statements on Auditing Standards No. 112 ("SAS 112"), issued by the Auditing Standards Board in May 2006, changed the circumstances which would trigger required communication between the auditors and clients for audits performed in accordance with standards generally accepted in the United States of America. Under this new auditing standard, the absence of documentation of existing internal controls is considered a control deficiency. Prior to the implementation of SAS 112, the absence of documentation of internal control components was not considered, of itself, to be indicative of a deficiency.

The Township has established numerous informal control policies and procedures in response to perceived risks to the assumed objectives of fairness in financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Our consideration of the Township's internal control over financial reporting did not indicate to us that the lack of documentation was a significant deficiency in internal control. A significant deficiency is a control deficiency that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

The Township's management exhibits a consciousness of the importance of internal control, and the informal policies and procedures that have been established to govern the authorization, processing and recording of transactions and other financial data appear to have been designed properly based upon the size of the workforce and the complexity the transactions and financial information being processed.

## GENERAL COMMENTS

### CONTROL DEFICIENCIES (CONT'D):

The issue thus distills into a determination of cost versus benefit. Clearly, a formal review of control risks relating to each of the functions performed by each office and official, which was then utilized to develop a formal set of internal control policies and procedures to mitigate those risks, would satisfy the requirements of SAS 112. If such a process identified risks that management was not previously cognizant of, or identified existing controls that were either ineffective or not operating as designed, the costs of the undertaking could be justified based upon the improved control structure that would result. At present, and in the absence of a perception that the lack of documentation increases the risk that controls may be intentionally or unintentionally ignored or overridden, we suggest that an emphasis be placed upon managerial monitoring to assess the design and effectiveness of internal controls over time.

#### B. Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Municipal Clerk, Municipal Court, Engineering, Police Records Clerk, Corner House, Planning, Zoning and Construction Code.

The deficiency in internal control was not considered by us to be a significant deficiency. While basic internal control design objectives include the limiting of any individual's control over a transaction from start to finish, the volume of transactions in the various offices does not justify the hiring of additional staff solely to improve internal control. Instead, we suggest that monitoring controls, including analytical procedures and intra-period comparisons, be utilized to identify unexpected changes in transactional levels for further review.

## OTHER MATTERS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.00 except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will the bid threshold within the fiscal year. The bid threshold is \$29,000.00 if the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198(C.40A:11-9). The bid threshold for a non-qualified purchasing agent is \$21,000.00. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

## GENERAL COMMENTS

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

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

#### Materials and Supplies:

Crushed stone; public works clothing; bituminous materials; rental of uniforms; tack oil

#### Equipment:

Police vehicles; basketball court lighting; pick up trucks; compaction refuse vehicle; mobile vision recorders;

#### Contracts:

Landscaping; various road improvements; traffic signal installation, deer management services; installation of fiber optic cables; maintenance services; sanitary sewer improvements

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.

Disbursements were reviewed, however, to determine whether any clear cut violations existed. During our review we noted that one vendor ( Gov Connections) where the local public contracts law was not followed as it relates to the bid process..

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

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

It is recommended that the local public contracts law be followed at all times.

### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted a resolution pursuant to the provisions of R.S. 54:4-67, fixing the rate delinquent taxes or assessments at 8% per annum on the first \$1,500 of the delinquency and 18% per annum to be charged on any amount in excess of \$1,500. In addition, any delinquent taxes outstanding related to a previous calendar year in excess of \$10,000.00 incurs a 6% surcharge.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution.

## GENERAL COMMENTS

### Interfund Balances

The following interfunds appear on the various balance sheets and should be cleared by cash transfers where practicable:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$25,000.00	
Payroll Trust	<u>0.00</u>	<u>\$25,000.00</u>
Total	<u>\$25,000.00</u>	<u>\$25,000.00</u>

Transactions invariably occur in one fund, which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets shows the interfund balances remaining at year-end. As a general rule all interfund balances should be closed at the end of the year. However, our examination of the interfund balances at year end indicated that the balances exist as a matter of convenience for transactional processing, and do not indicate any underlying problems relating to cash flows or operating results.

### Investment of Funds

The chief financial officer had most of the funds of the Township invested in the interest-bearing investments or accounts from January 1, 2006 to December 31, 2006. Earnings from the investments are shown as revenue in the various accounts of the Township as of December 31, 2006. The investment program instituted by the financial officer was complete with minimal balances remaining on demand accounts. This policy complied with N.J.S.A. 40A:5-14 in all respects.

### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in generally good order, with only minor exceptions noted relating to missing certifications and approval signatures.

### Purchase Order and Encumbrance System

The Township utilized a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Transactions are approved based on availability of funds. During our review it was noted that confirming orders were processed. This was due to a new computer system being implemented during 2006. Training of staff was completed during 2006 on the proper procedures for processing purchase orders. The incidences of confirming orders being issued decreased by the end of 2006 and this trend has continued into 2007.

### Test of Salaries

As part of our audit we tested salaries paid by the Township for compliance with salary ordinances approved by the governing body and collective bargaining agreements where applicable. Salary payments were generally in accordance with the governing documents. However, we noted one employee whose pay for 2006 could not be reconciled to an approved salary ordinance.

## GENERAL COMMENTS

### Test of Salaries (Cont'd).

It is recommended that resolutions ratifying salary adjustments be prepared in a timely manner.

### Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis. The examination of the bail account's financial and supporting records maintained by the Municipal Court was found to be in good condition.

The processing of traffic and criminal cases entered on the State's on-line computer system was found to be good.

### Administration and Accounting for State & Federal Grants

The Township operated various programs during 2006, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Township had expended grant funds during 2006 for the purpose authorized and monitoring procedures appeared adequate to assure that grant objectives were met.

### Budget and Appropriation Transfers

Audit test indicated several instances wherein the normal processing of purchase orders created overcommitments of available appropriation balances. Prior to the payment of these bills and claims appropriation transfer resolutions were approved by the Township Committee, and no overexpenditures resulted from this practice. The implementation of a new accounting software package during 2006 created time constraints for properly recording budget transfers correctly. This issue has been resolved for 2007.

### Temporary Budget

Our review of the budgetary records revealed that the 2006 Temporary budget had not been properly entered onto the computer. Not all accounts were updated to the 2006 temporary budget amounts. The implementation of a new accounting software package during 2006 created time constraints with imputing of correct amounts for the temporary budget. This issue has been resolved for 2007.

### Public Assistance Trust Fund

The financial records maintained by the Public Assistance Administrator for the Public Assistance Trust Fund during the period under review were found to be in good condition. The examination of the account indicated that deposits were properly recorded, cash was reconciled monthly and disbursements were made to the appropriate client on a timely basis.

## GENERAL COMMENTS

### Condition of Records - Tax Office

The records maintained by the Tax Collector were found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. Cash collections were in proof with deposit totals as presented. Similarly, computerized records of utility billings and collections were found to be in good order.

### Surety Bonds

The “List of Officials”, included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage’s in effect at December 31, 2006 and during the year then ended. Surety bonds for the Collector was under the minimum coverage as recommended under the New Jersey Administrative Code.

During July 1998 the Local Finance Board completed a readopting of the Board’s general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest the Township review these revised regulations and determine their applicability.

During 2007, the surety bonds for the Collector and Municipal Court were increased to meet the higher recommended minimum and no additional comment or recommendation is required.

### Trust Assessment Fund

Prospective Assessments funded and unconfirmed amounted to \$8,325.00 at December 31, 2006. We noted that \$91,100.00 of bonds were issued in 2006 to fund local assessment ordinances. However, as bonds were sold as general improvement bonds rather than assessment bonds, the Township’s ability to confirm and collect assessments on these projects should be reviewed with bond counsel.

### Affordable Housing Fund

The results of operation for the Affordable Housing Utility Fund is set forth in Exhibit – D-1 of this report. Realized revenues amounted to \$983,288.51 and expenditures amounted to \$823,417.47 resulting in excess revenues of \$159,871.04. The calculation for “Self-Liquidating Purpose” utility operations per N.J.S.A. 40A:2-45 resulted in statutory excess for debt statement purposes of \$280,195.64, which allows for the total deduction of Affordable Housing Utility Debt in the calculation of the statutory net debt of the Township at December 31, 2006. A reconciliation of the excess revenues from operations (D-1) and the excess of revenues for debt statement purposes is included in Note 3 to the financial statements.

### General Capital Fund

During 2006, the Township issued \$23,775,000.00 of General Improvement Bonds. Due to prior funding, the amount sold exceeded the amount of unfunded debt authorized for the underlying projects by \$138,100.58. This amount was established as a reserve to pay future debt service.

It is recommended that proposed debt issuances be proved to official financial records of the Township to avoid the over-issuance of bond or other permanent financing.

## GENERAL COMMENTS

### Compliance with N.J.A.C 5:30

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems which can reflect the commitment of funds at the point of commitment. Findings are disclosed under the Reportable Conditions section of the General Comments under Internal Control Over Financial Reporting Matters, part B. Encumbrance Accounting System.

N.J.A.C. 5:30 – 5.6 - Fixed Asset Accounting: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Township is in compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, as least, the Current Fund. The Township is in compliance with this directive.

### Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Township prepare and file a corrective action plan in accordance with the approved schedule. The corrective action plan was prepared and filed subsequent to the receipt of the 2005 audit.

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted.

RECOMMENDATIONS

We recommend the following:

That the local public contracts law be followed at all times.

That resolutions ratifying salary adjustments be prepared in a timely manner

That proposed debt issuances be proved to official financial records of the Township to avoid the over-issuance of bond or other permanent financing.

\* \* \* \* \*

ACKNOWLEDGMENT

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

During the course of our engagement we received the complete cooperation of the various officials of the Township, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.

/S/Robert S. Morrison  
Registered Municipal Accountant  
No. 412