

BOROUGH OF PRINCETON

COUNTY OF MERCER

REPORT OF AUDIT

DECEMBER 31, 2007

BOROUGH OF PRINCETON - COUNTY OF MERCER

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BOROUGH OF PRINCETON

COUNTY OF MERCER

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Princeton
County of Mercer
Princeton, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Princeton (the "Borough"), as of December 31, 2007 and 2006, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2007. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 opinions.

As described more fully in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis of accounting, 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. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

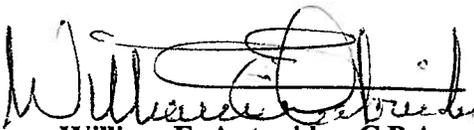
In our opinion, because of the Borough's statutory requirement to prepare its financial statements on the basis of accounting discussed in the preceding paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2007 and 2006, or changes in financial position for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of December 31, 2007 and 2006 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2007 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

William E. Antonides and Company
Independent Auditors


William E. Antonides, C.P.A
Registered Municipal Accountant
R.M.A. Number 14

August 15, 2008

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Cash and Cash Equivalents	A-4	\$ 8,153,063.26	\$ 11,687,513.63
Change Funds		540.00	540.00
		<u>8,153,603.26</u>	<u>11,688,053.63</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	518,063.10	428,703.12
Sewer Charges Receivable	A-7	48,311.78	37,430.49
Interfunds:			
Assessment Trust Fund	A-13		48.04
Payroll Fund	A-13	600,000.00	
Animal Control Trust Fund	A-13	1,541.12	1,455.10
		<u>1,167,916.00</u>	<u>467,636.75</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	A-3		12,032.16
		<u>9,321,519.26</u>	<u>12,167,722.54</u>
Federal and State Grant Fund:			
Cash	A-4	112,058.73	109,330.62
Interfund - Current Fund	A-14	86,665.27	88,439.05
Grants Receivable	A-15	305,210.00	289,479.00
		<u>503,934.00</u>	<u>487,248.67</u>
		<u>\$ 9,825,453.26</u>	<u>\$ 12,654,971.21</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Accounts Payable	A-1	\$	\$ 1,717.49
Appropriation Reserves	A-3,9	1,131,131.61	864,497.86
Reserve for Encumbrances	A-3,9	238,235.14	261,789.85
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-4,6	5,961.47	5,154.47
Various Fees		1,456.00	1,456.00
Reserve for:			
Historic Buffer Grant		12,000.00	12,000.00
Hillier Group	A-4		2,500.00
Due to Township of Princeton	A-4	203,651.98	133,196.01
Payroll Deductions	A-4	5,343.85	4,944.12
Sale of Municipal Assets	A-4,8	9,736.29	16,503.01
Tax Overpayments	A-5,6	1,054.10	1,164.97
Prepaid Taxes	A-5,6	477,461.39	254,428.30
Sewer Overpayments	A-7		101.71
Prepaid Sewer Charges	A-7		22,214.41
County Taxes Payable	A-10	64,068.77	
Interfunds:			
Other Trust Fund	A-13	96,811.42	2,833.86
General Capital Fund	A-13	3,781,457.24	6,889,623.24
Assessment Trust Fund	A-13	116.72	
Parking Utility Operating Fund	A-13	50,482.84	
Grant Fund	A-14	86,665.27	88,439.05
		<u>6,165,634.09</u>	<u>8,562,564.35</u>
Reserve for Receivables and Other Assets		1,167,916.00	467,636.75
Fund Balance	A-1	1,987,969.17	3,137,521.44
		<u>9,321,519.26</u>	<u>12,167,722.54</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-16	438,897.10	465,572.80
Reserve for Encumbrances	A-16	49,165.89	7,508.89
Unappropriated Reserves	A-17	15,871.01	14,166.98
		<u>503,934.00</u>	<u>487,248.67</u>
		<u>\$ 9,825,453.26</u>	<u>\$ 12,654,971.21</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 1 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,784,979.94	\$ 1,213,577.87
Miscellaneous Revenue Anticipated	A-2	12,234,203.44	13,075,703.83
Receipts from Delinquent Taxes	A-2	429,078.12	539,284.37
Receipts from Current Taxes	A-2	38,895,640.38	36,776,306.40
Non-Budget Revenues	A-2	229,606.97	214,826.86
Other Credits to Income:			
Accounts Payable Cancelled	A	1,717.49	
Unexpended Balance of Appropriation Reserves	A-9	604,260.31	656,853.47
Grant Balances Cancelled			7,084.66
Interfunds Liquidated			117.07
Statutory Excess - Animal Control		1,541.12	1,455.10
Total Income		<u>54,181,027.77</u>	<u>52,485,209.63</u>
<u>Expenditures</u>			
Budget:			
Appropriations within Caps:			
Operations:			
Salaries and Wages		6,761,006.18	6,503,718.47
Other Expenses		6,019,687.91	3,490,851.89
Deferred Charges and Statutory Expenditures		489,100.12	444,333.92
Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		1,436,996.88	1,448,913.48
Other Expenses		4,465,178.34	6,372,036.12
Capital Improvements		159,327.60	
Municipal Debt Service		4,167,759.68	4,031,314.76
Deferred Charges		1,863.00	115,000.00
	A-3	<u>23,500,919.71</u>	<u>22,406,168.64</u>
Prior Year Senior Citizens Deductions Disallowed	A-6	375.00	349.32
County Taxes	A-10	10,635,903.20	10,119,806.20
Regional District School Taxes	A-11	18,708,413.54	17,385,689.11
Municipal Open Space Taxes	A-12	99,950.67	100,265.65
Interfund Advances		600,037.98	
Reserve for Sale of Municipal Assets			16,435.54
Grants Receivable Cancelled			26,748.96
Total Expenditures		<u>53,545,600.10</u>	<u>50,055,463.42</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 2 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Expenditures (Continued)</u>			
Statutory Excess to Fund Balance		\$ 635,427.67	\$ 2,429,746.21
Fund Balance January 1	A	<u>3,137,521.44</u>	<u>1,921,353.10</u>
		3,772,949.11	4,351,099.31
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,784,979.94</u>	<u>1,213,577.87</u>
Fund Balance December 31	A	<u>\$ 1,987,969.17</u>	<u>\$ 3,137,521.44</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 4

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
	A-1	\$	\$		\$
Fund Balance Anticipated		\$ 1,784,979.94		\$ 1,784,979.94	
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-8	47,600.00		47,878.00	278.00
Other	A-8	25,400.00		24,115.82	(1,284.18)
Fees and Permits:					
Other	A-8	134,500.00		109,080.65	(25,419.35)
Fines and Costs:					
Municipal Court	A-8	1,024,800.00		1,072,707.02	47,907.02
Interest and Costs on Taxes	A-5	187,400.00		150,197.27	(37,202.73)
Interest on Investments and Deposits	A-8	420,700.00		465,288.99	44,588.99
Anticipated Utility Operating Surplus	A-8	1,050,000.00		999,517.16	(50,482.84)
Sewer Service Charges	A-5	3,077,000.00		3,540,171.55	463,171.55
Princeton University Donation	A-8	1,000,000.00		1,092,600.00	92,600.00
Street Opening Inspection Fees	A-8	4,500.00		4,450.00	(50.00)
Life Hazard Use Fes	A-8	58,000.00		41,167.96	(16,832.04)
Fire and Housing Inspection Fees	A-8	138,800.00		133,437.00	(5,363.00)
Passport Fees	A-8	24,400.00		21,060.00	(3,340.00)
State Aid:					
Consolidated Municipal Property Tax Relief	A-8	346,841.00		346,841.00	
Energy Receipts Taxes	A-8	926,878.00		926,878.00	
Garden State Trust Fund	A-8	3.40		3.40	
Municipal Property Tax Assistance	A-8	26,432.00		26,432.00	
Legislative Initiative Municipal Block Grant	A-8	55,690.00		55,690.00	
Municipal Homeland Security Assistance	A-8	70,000.00		70,000.00	
Supplemental Energy Receipts Taxes	A-8	42,974.00		42,974.00	
Uniform Construction Code Fees	A-8	743,200.00		441,768.00	(301,432.00)

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 4

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
<u>Miscellaneous Revenues (Continued)</u>					
Special Items:					
State and Federal Programs Offset with Appropriations:					
Alcohol Education and Rehabilitation Fund	A-15	\$	\$ 6,991.18	\$ 6,991.18	\$
Body Armor Fund	A-15		3,197.46	3,197.46	
Bonner Foundation	A-15		21,500.00	21,500.00	
Clean Communities Grant	A-15		538.74	11,493.53	
Drunk Driving Enforcement Fund	A-15			16,994.79	
Division of Highway Safety	A-15			9,000.00	
State of New Jersey	A-15			950.00	
NJ Department of Health and Senior Services	A-15			16,114.00	
Princeton University - Fire Equipment	A-15		20,000.00	20,000.00	
Princeton University - Prospect Avenue Lighting	A-15		7,654.00	7,654.00	
Recycling Tonnage Grant	A-15			6,752.73	
Safe and Secure Communities Program	A-15		33,068.00	33,068.00	
Tobacco Age of Sale	A-15		720.00	720.00	
Other:					
Interlocal Service Agreements:					
Princeton Township Joint Services:					
Solid Waste Management	A-8		138,144.00	138,144.00	
Maintenance of Sewer Facilities	A-8		772,621.00	772,621.00	
Animal Control	A-8		54,122.00	54,122.00	
Health Services	A-8		287,887.00	287,887.00	
Fire Services	A-8		108,227.00	108,227.00	
Fire Facilities	A-8		53,471.00	53,471.00	
Senior Citizen Program	A-8		55,780.00	55,780.00	
LOSAP Alternative	A-8		25,200.00	55,780.00	
					(25,200.00)

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 4

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
<u>Miscellaneous Revenues (Continued)</u>					
Special Items (Continued):					
Other (Continued):					
Princeton Theological Seminary	A-8	\$ 188,000.00	\$	\$ 211,766.44	\$ 23,766.44
Reserve for Payment of Debt Service	A-8	2,700.00		2,700.00	
Payment in Lieu of Taxes:					
Elm Court PILOT	A-8	72,000.00		69,729.00	(2,271.00)
Chamber Street Land Lease	A-8	96,600.00		73,350.00	(23,250.00)
Stony Brook Sewer Industrial User Fees	A-8	50,000.00		35,493.56	(14,506.44)
Assessment Trust Fund - Fund Balance	A-8	4,300.00		4,300.00	
Engineering Developer Fees	A-8	23,000.00		23,000.00	
Open Space Trust	A-8	104,000.00		104,000.00	
Sale of Municipal Assets	A-8	16,500.00		16,500.00	
Hotel/ Motel Tax	A-8	460,100.00		376,418.93	(83,681.07)
General Capital Fund - Fund Balance	A-8	80,000.00		80,000.00	
	A-1	<u>12,084,448.60</u>	<u>67,757.49</u>	<u>12,234,203.44</u>	<u>81,997.35</u>
Receipts from Delinquent Taxes	A-1,6	428,703.00		429,078.12	375.12
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	9,795,786.05		10,051,372.97	255,586.92
Budget Totals		<u>24,093,917.59</u>	<u>67,757.49</u>	<u>24,499,634.47</u>	<u>337,959.39</u>
Non-Budget Revenues	A-1,2			229,606.97	229,606.97
		<u>\$ 24,093,917.59</u>	<u>\$ 67,757.49</u>	<u>\$ 24,729,241.44</u>	<u>\$ 567,566.36</u>

A-3

A-3

Ref.

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 4 of 4

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collection</u>		
Revenue from Collections	A-1,6	\$ 38,895,640.38
Allocated to Regional School, County and Municipal Open Space Taxes	A-10,11,12	<u>29,444,267.41</u>
Balance for Support of Municipal Budget Appropriations		9,451,372.97
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>600,000.00</u>
Amount for Support of Municipal Appropriations	A-2	<u><u>\$ 10,051,372.97</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
NJ DMV Fines		\$ 8,531.75
In Lieu of Taxes		79,605.97
Finance		14,541.92
Police		11,966.56
Township Clerk		4,941.84
Landfill Coupons		1,464.00
Engineering		2,789.72
Stoney Brook Regional 2006 Refund		13,712.00
Other		3,543.21
Special Duty Administrative Fees		50,000.00
Jif Refunds		<u>38,510.00</u>
	A-2	<u><u>\$ 229,606.97</u></u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
Mayor and Council					
Salaries and Wages	\$ 57,500.00	\$ 60,000.00	\$ 60,000.00	\$	\$
Other Expenses	41,230.00	41,230.00	41,061.02	168.98	
Administrative and Executive					
Salaries and Wages	319,672.00	319,672.00	313,042.43	6,629.57	
Other Expenses	75,400.00	75,400.00	55,149.89	20,250.11	
Other Expenses-Flu Program	3,410.00	3,410.00		3,410.00	
Municipal Clerk					
Salaries and Wages	206,910.00	206,910.00	201,638.10	5,271.90	
Other Expenses	55,953.00	55,953.00	40,709.26	15,243.74	
Elections					
Salaries and Wages	3,600.00	3,600.00	1,719.28	1,880.72	
Other Expenses	6,000.00	6,000.00	4,982.64	1,017.36	
Financial Administration					
Salaries and Wages	184,752.08	184,752.08	183,571.96	1,180.12	
Miscellaneous Other Expenses	16,550.00	16,550.00	13,876.04	2,673.96	
Audit	34,900.00	34,900.00	34,900.00		
Collection of Taxes					
Salaries and Wages	95,240.08	95,240.08	92,090.18	3,149.90	
Other Expenses	12,535.00	12,535.00	9,023.53	3,511.47	
Assessment of Taxes					
Salaries and Wages	42,318.00	42,318.00	42,091.29	226.71	
Other Expenses:	11,125.00	11,125.00	8,969.00	2,156.00	
Legal Services and Costs					
Other Expenses	180,000.00	190,000.00	188,505.27	1,494.73	
Defense of Tax Appeals	10,000.00	10,000.00	10,000.00		
Engineering Services and Costs					
Salaries and Wages	332,378.40	332,378.40	332,378.40		
Other Expenses	61,120.00	61,120.00	50,888.02	10,231.98	
Municipal Prosecutor					
Salaries and Wages	37,200.00	37,200.00	37,200.00		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 2 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Municipal Court						
Salaries and Wages	\$ 282,648.50	\$ 282,648.50	\$ 276,134.04	\$ 6,514.46	\$	
Other Expenses	30,576.00	30,576.00	27,547.86	3,028.14		
Public Defender						
Salaries and Wages	23,994.00	23,994.00	23,994.00			
Public Buildings and Grounds						
Salaries and Wages	383,461.10	383,461.10	377,670.73	5,790.37		
Other Expenses	88,050.00	98,050.00	88,126.70	9,923.30		
Municipal Land Use Law (N.J.S. 40:550-1)						
Planning Board (JOINT)						
Other Expenses	105,838.00	105,838.00	105,838.00			
Environmental Commission						
Other Expenses	2,181.00	2,181.00	2,181.00			
Shade Tree Commission						
Salaries and Wages	100,790.00	103,890.00	102,883.39	1,006.61		
Other Expenses	15,055.00	15,055.00	9,736.27	5,318.73		
Insurance						
General Liability	197,910.00	197,910.00	137,299.80	60,610.20		
Workers Compensation	216,579.00	216,579.00	209,934.00	6,645.00		
Employee Group Health	1,905,458.03	1,905,458.03	1,763,051.10	142,406.93		
Fire						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
Other Expenses:						
Fire Hydrant Service	144,206.88	144,206.88	134,172.47	10,034.41		
Miscellaneous Other Expenses	45,931.00	45,931.00	45,602.81	328.19		
Fire Facilities	40,337.00	40,337.00	40,217.69	119.31		
Police						
Salaries and Wages	3,310,513.42	3,310,513.42	3,199,055.41	111,458.01		
Miscellaneous Other Expenses	181,450.00	181,450.00	164,651.58	16,798.42		
Purchase of Police Cars	75,000.00	75,000.00	74,301.20	698.80		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Modification	Paid or Charged	Reserved	
Fire Inspectors	\$ 235,276.00	\$ 235,276.00	\$ 211,923.84	\$ 23,352.16	\$
Salaries and Wages	13,875.00	13,875.00	12,714.54	1,160.46	
Other Expenses					
First Aid Organization Contribution	52,589.00	52,589.00	52,589.00		
Emergency Management Services					
Other Expenses	11,800.00	11,800.00	10,566.12	1,233.88	
Juvenile Conference Committee					
Other Expenses	500.00	500.00		500.00	
Road Repair and Maintenance					
Salaries and Wages	634,985.00	634,985.00	623,373.73	11,611.27	
Other Expenses	98,210.00	98,210.00	59,534.47	38,675.53	
Park Maintenance					
Other Expenses	15,000.00	15,000.00	3,900.00	11,100.00	
Street Lighting					
Other Expenses	119,200.00	120,700.00	92,975.58	27,724.42	
Mechanics					
Salaries and Wages	115,650.00	120,850.00	120,219.12	630.88	
Other Expenses	83,300.00	83,300.00	72,020.40	11,279.60	
Maintenance of Sewerage Facilities					
Salaries and Wages	40,000.00	40,000.00		40,000.00	
Other Expenses	45,783.00	45,783.00	45,629.84	153.16	
Garbage and Trash Removal					
Other Expenses	673,908.00	673,908.00	551,122.22	122,785.78	
Solid Waste Disposal					
Salaries and Wages	10,000.00	10,000.00	1,404.29	8,595.71	
Other Expenses	124,402.00	124,402.00	68,917.16	55,484.84	
NJ PEOSHA					
Other Expenses	1,000.00	1,000.00	1,000.00		
Board of Health					
Salaries and Wages	10,000.00	10,000.00	7,192.07	2,807.93	
Other Expenses	44,140.00	44,140.00	38,428.58	5,711.42	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
Animal Control	\$ 1.00	\$ 1.00	\$	\$	1.00	\$
Salaries and Wages	2,573.00	2,573.00	2,571.94		1.06	
Other Expenses						
Save Boarding Costs and Animal Care	5,700.00	5,700.00	5,000.00		700.00	
Other Expenses						
Drug Abuse Program (Corner House)	144,285.00	144,285.00	144,285.00			
Other Expenses						
Joint Recreation Board- Borough's Share	366,070.00	366,070.00	366,070.00			
Other Expenses						
Senior Citizens Program	55,780.00	55,780.00	50,394.10		5,385.90	
Other Expenses						
Department of Human Services	114,488.00	114,488.00	114,488.00			
Other Expenses						
Celebration of Public Events	7,500.00	7,500.00			7,500.00	
Other Expenses						
Uniform Construction Code- Appropriations Offset						
by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Official	291,616.60	293,616.60	293,594.21		22.39	
Salaries and Wages	67,400.00	67,400.00	64,206.52		3,193.48	
Other Expenses						
Unclassified:						
Salary and Wage Adjustment	80,000.00	19,700.00			19,700.00	
Condo Services Reimbursement	2,000.00	2,000.00			2,000.00	
Accumulated Leave Compensation	75,000.00	75,000.00			75,000.00	
Utilities						
Gasoline	99,225.00	99,225.00	92,324.11		6,900.89	
Telephone	86,096.00	86,096.00	80,338.82		5,757.18	
Electricity and Natural Gas	115,560.00	125,560.00	113,625.11		11,934.89	
Water	6,009.00	6,009.00	6,009.00			
Total Operations within Caps	<u>12,796,694.09</u>	<u>12,780,694.09</u>	<u>11,820,612.13</u>		<u>960,081.96</u>	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Detail:						
Salaries and Wages	\$ 6,808,506.18	\$ 6,761,006.18	\$ 6,511,176.47	\$ 249,829.71	\$	
Other Expenses	5,988,187.91	6,019,687.91	5,309,435.66	710,252.25		
	12,032.16	12,032.16				
	439,186.00	455,186.00	449,846.73	5,339.27		
	21,881.96	21,881.96	21,881.96			
	473,100.12	489,100.12	483,760.85	5,339.27		
	13,269,794.21	13,269,794.21	12,304,372.98	965,421.23		

STATUTORY EXPENDITURES WITHIN CAPS

Deferred Charges
 Overexpenditure of Appropriation Reserves
 Contribution to:
 Social Security System
 Consolidated Police and Firemen's Fund
 Total Statutory Expenditures within Caps
 Total Appropriations within Caps

OPERATIONS EXCLUDED FROM CAPS

Contribution to:
 Public Employees Retirement System
 Police and Firemen's Retirement System of NJ
 Implementation and Maintenance of 811 Communication System
 Police
 Salaries and Wages
 Other Expenses
 Maintenance of Joint Free Public Library
 Proportionate Share (R.S. 40-29.17)
 Stony Brook Regional Sewerage Authority
 Share of Costs
 Stony Brook Sewer Industrial User Fee
 Reserve for Tax Appeals
 Interlocal Service Agreements:
 Solid Waste
 Salaries and Wages
 Other Expenses

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	Appropriated		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Reserved	Reserved	
Interlocal Service Agreements:							
Maintenance of Sewer Facilities							
Salaries and Wages	\$ 663,074.00	\$ 663,074.00	\$ 663,074.00	\$ 615,776.60	\$ 47,297.40	\$	
Other Expenses	109,547.00	109,547.00		109,547.00			
Fire							
Salaries and Wages	25,008.00	25,008.00		25,008.00			
Other Expenses	83,219.00	83,219.00		83,219.00			
Fire Facilities	53,471.00	53,471.00		53,471.00			
LOSAP Alternative	25,200.00	25,200.00		25,014.36	185.64		
Health							
Salaries and Wages	269,627.00	269,627.00		269,627.00			
Other Expenses	18,260.00	18,260.00		18,260.00			
Animal Control							
Salaries and Wages	52,520.00	52,520.00		49,139.31	3,380.69		
Other Expenses	1,602.00	1,602.00		1,602.00			
Senior Citizens Program							
Other Expenses	55,780.00	55,780.00		55,780.00			
Public and Private Programs Offset by Revenues:							
Alcohol Education and Rehabilitation Fund							
Body Armor Fund	3,197.46	6,991.18	6,991.18	6,991.18			
Bonner Foundation	21,500.00	3,197.46	3,197.46	3,197.46			
Click It . Ticket	538.74	21,500.00	21,500.00	21,500.00			
Comprehensive Tobacco Control		11,493.53	11,493.53	11,493.53			
Drunk Driving Enforcement Fund		4,000.00	4,000.00	4,000.00			
Infrastructure Preparedness		780.00	780.00	780.00			
Over the Limit, Under Arrest 2007 Impaired Driving Grant		16,994.79	16,994.79	16,994.79			
Pandemic Influenza Preparedness		1,500.00	1,500.00	1,500.00			
Princeton University Fire Equipment		5,000.00	5,000.00	5,000.00			
Princeton University Prospect Avenue Lighting	20,000.00	7,958.00	7,958.00	7,958.00			
Public Health Priority Funding	7,654.00	20,000.00	20,000.00	20,000.00			
Recycling Tonnage Grant		7,654.00	7,654.00	7,654.00			
		6,826.00	6,826.00	6,826.00			
		6,752.73	6,752.73	6,752.73			

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Public and Private Programs Offset by Revenues:						
Safe and Secure Communities Program	\$ 33,068.00	\$ 33,068.00	\$ 33,068.00	\$		
Tobacco Age of Sale	720.00	720.00	720.00			
Total Operations Excluded from Caps	<u>5,834,417.73</u>	<u>5,902,175.22</u>	<u>5,736,464.84</u>	<u>165,710.38</u>		
Detail:						
Salaries and Wages	1,436,996.88	1,436,996.88	1,379,289.40	57,707.48		
Other Expenses	4,397,420.85	4,465,178.34	4,357,175.44	108,002.90		
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>						
Capital Improvement Fund	150,000.00	150,000.00	150,000.00			
Institute Lands Preservation	9,330.00	9,330.00	9,327.60			2.40
Total Capital Improvements excluded from Caps	<u>159,330.00</u>	<u>159,330.00</u>	<u>159,327.60</u>			<u>2.40</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	2,720,000.00	2,720,000.00	2,720,000.00			
Interest on Bonds	622,788.00	622,788.00	622,788.00			
Interest on Notes	389,256.78	389,256.78	375,614.03			13,642.75
Waste Water Treatment Plant						
State Loan Payment	150,120.00	150,120.00	150,117.76			2.24
Trust Loan Payment	293,125.00	293,125.00	246,154.02			46,970.98
Environmental Infrastructure Loan Program	53,085.87	53,085.87	53,085.87			
Total Municipal Debt Service excluded from Caps	<u>4,228,375.65</u>	<u>4,228,375.65</u>	<u>4,167,759.68</u>			<u>60,615.97</u>
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM CAPS</u>						
Deferred Charges to Future Taxation	2,000.00	2,000.00	1,863.00			137.00
Total General Appropriations excluded from Caps	<u>10,224,123.38</u>	<u>10,291,880.87</u>	<u>10,065,415.12</u>	<u>165,710.38</u>		<u>60,755.37</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Subtotal General Appropriations	\$ 23,493,917.59	\$ 23,561,675.08	\$ 22,369,788.10	\$ 1,131,131.61	\$ 60,755.37
Reserve for Uncollected Taxes	600,000.00	600,000.00	600,000.00		
Total General Appropriations	\$ 24,093,917.59	\$ 24,161,675.08	\$ 22,969,788.10	\$ 1,131,131.61	\$ 60,755.37
		A-1,3	A-3	A	A-1
Adopted Budget					
Appropriated by 40A.4-87		\$ 24,093,917.59			
		67,757.49			
Disbursements		\$ 24,161,675.08			
Deferred Charges Raised:			\$ 21,965,085.11		
Overexpenditure of Appropriation Reserves			12,032.16		
Reserve for:					
Encumbrances			238,235.14		
Uncollected Taxes			600,000.00		
Interfund - Grant Fund			154,435.69		
			\$ 22,969,788.10		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
<u>Assessment Trust Fund</u>			
Cash	B-2	\$ 184,716.08	\$ 137,574.27
Assessments Receivable	B-4	97,826.43	147,257.49
Amount to be Raised for Cancelled Assessments	B-10	954.94	792.25
Interfunds:			
General Capital Fund	B-2		2,338.20
Current Fund	B-2	116.72	
		<u>283,614.17</u>	<u>287,962.21</u>
<u>Animal Control Trust Fund</u>			
Interfund - Trust Other Fund	B-8	<u>5,557.12</u>	<u>5,884.10</u>
<u>Trust - Other Fund</u>			
Cash	B-2	1,872,527.02	2,763,178.34
Interfund - Current Fund	B-12	96,811.42	2,833.86
		<u>1,969,338.44</u>	<u>2,766,012.20</u>
		<u>\$ 2,258,509.73</u>	<u>\$ 3,059,858.51</u>
<u>Liabilities and Reserves</u>			
<u>Assessment Trust Fund</u>			
Interfund - Current Fund	B-2	\$	\$ 48.04
Prepaid Assessments		3,115.20	3,115.20
Reserve for Assessments	B-5	56,655.87	85,513.78
Assessment Bond Anticipation Notes	B-6		142,941.36
Assessment Serial Bonds	B-6	142,941.36	
Fund Balance	B-1	80,901.74	56,343.83
		<u>283,614.17</u>	<u>287,962.21</u>
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund	B-7	4,016.00	4,429.00
Interfund - Current Fund	B-7,8	1,541.12	1,455.10
		<u>5,557.12</u>	<u>5,884.10</u>
<u>Trust - Other Fund</u>			
Interfund:			
Dog Trust Fund	B-8	5,557.12	5,884.10
Reserve for:			
Miscellaneous Reserves	B-9	1,850,873.77	2,655,772.11
Open Space	B-11	112,907.55	104,355.99
		<u>1,969,338.44</u>	<u>2,766,012.20</u>
		<u>\$ 2,258,509.73</u>	<u>\$ 3,059,858.51</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

ASSESSMENT TRUST FUND

Balance December 31, 2006	<u>Ref.</u> B	\$ 56,343.83
Increased by:		
Collection of Unpledged Assessments	B-3	<u>28,857.91</u>
Decreased by:		
Utilized as Current Fund Revenue	B-2	<u>4,300.00</u>
Balance December 31, 2007	B	<u><u>\$ 80,901.74</u></u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 2,724,268.08	\$ 215,636.37
Deferred Charges to Future Taxation:			
General Improvements:			
Funded	C-4	26,686,697.15	16,487,176.64
Unfunded	C-5	13,168,637.00	23,300,671.64
Interfunds:			
Affordable Housing Utility Capital Fund	C-2	10,716.79	13,484.50
Current Fund	C-6	3,781,457.24	6,889,623.24
Accounts Receivable:			
NJ Environmental Infrastructure Trust Loan	C-11	3,125,501.00	
Due from Township of Princeton	Note 13	3,717,595.22	2,644,959.62
		<u>\$ 53,214,872.48</u>	<u>\$ 49,551,552.01</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfunds:			
Assessment Trust Fund	C-2	\$	\$ 2,338.20
Reserve for:			
Receivable		3,226,161.28	2,153,525.68
Payment of Debt	C-2	84.65	2,784.65
Encumbrances	C-8	3,308,308.49	
Capital Improvement Fund	C-7	18,605.86	4,985.86
Improvement Authorizations:			
Funded	C-8	5,576,548.69	2,817,661.71
Unfunded	C-8	9,879,079.12	16,801,705.52
Serial Bonds Payable	C-9	22,845,058.64	15,732,000.00
Wastewater Treatment Trust Loan	C-10	350,058.88	755,176.64
NJ Environmental Infrastructure Trust Loan Payable	C-11	3,491,579.63	
Bond Anticipation Notes	C-12	4,310,000.00	11,201,224.64
Fund Balance	C-1	209,387.24	80,149.11
		<u>\$ 53,214,872.48</u>	<u>\$ 49,551,552.01</u>

There were bonds and notes authorized but not issued on December 31, 2007 of in the amount of \$8,858,637 (See Exhibit C-13).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2006	<u>Ref.</u> C		\$ 80,149.11
Increased by:			
Grant Proceeds from Fully Funded Improvements		\$ 186,750.00	
Premium on Sale of Serial Bonds		16,337.26	
Premium on Sale of Bond Anticipation Notes		<u>6,150.87</u>	
	C-2		<u>209,238.13</u>
			<u>289,387.24</u>
Decreased by:			
Utilized in Current Fund as Anticipated Revenue	C-2		<u>80,000.00</u>
Balance December 31, 2007	C		<u><u>\$ 209,387.24</u></u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - PARKING UTILITY FUND

Exhibit D

REGULATORY BASIS

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-5	\$ 428,789.62	\$ 384,695.58
Interfunds:			
Current Fund	D-10	50,482.84	
Parking Utility Capital Fund	D-10		42,907.75
Total Operating Section		<u>479,272.46</u>	<u>427,603.33</u>
<u>Capital Fund</u>			
Cash	D-5	387,474.13	93,546.44
Accounts Receivable	D-7	207,851.23	207,851.23
Fixed Capital	D-8	200,000.00	200,000.00
Fixed Capital Authorized and Uncompleted	D-9	13,798,876.00	13,759,876.00
Interfund - Parking Operating Fund	D-10	8,381.42	
Total Capital Fund		<u>14,602,582.78</u>	<u>14,261,273.67</u>
		<u>\$ 15,081,855.24</u>	<u>\$ 14,688,877.00</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Encumbrances Payable	D-4,11	\$ 74,712.17	\$ 30,910.35
Appropriation Reserves	D-4,11	34,603.70	18,744.70
Interfund - Parking Capital Fund	D-10	8,381.42	
Accounts Payable	D-11	512.66	
Accrued Interest on Bonds and Notes	D-12	224,061.11	225,946.88
Reserve for Security Deposit Hinkson		4,166.66	4,166.66
		<u>346,437.72</u>	<u>279,768.59</u>
Fund Balance	D-1	132,834.74	147,834.74
Total Operating Fund		<u>479,272.46</u>	<u>427,603.33</u>
<u>Capital Fund</u>			
Interfund - Parking Operating Fund	D-10		42,907.75
Improvement Authorizations:			
Funded	D-13	413,228.46	443,387.60
Unfunded	D-13	87,174.90	62,798.90
Reserve for:			
Debt Service	D-6	375,000.00	
Deferred Amortization	D-14	540,000.00	350,000.00
Serial Bonds Payable	D-15	13,175,000.00	13,350,000.00
Fund Balance	D-2	12,179.42	12,179.42
Total Capital Fund		<u>14,602,582.78</u>	<u>14,261,273.67</u>
		<u>\$ 15,081,855.24</u>	<u>\$ 14,688,877.00</u>

There were bonds and notes authorized but not issued on December 31, 2007 of \$ 283,876.00 (Schedule D-16).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	D-3	\$ 15,000.00	\$
Parking Fees	D-3	2,636,903.28	2,731,067.75
Interest on Investments	D-3	19,834.61	27,366.12
Non-Budget Revenue	D-5	239,797.27	7,287.43
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves			11,514.75
Total Income		<u>2,911,535.16</u>	<u>2,777,236.05</u>
<u>Expenditures</u>			
Operating		1,121,379.00	929,562.00
Debt Service		775,639.00	780,368.29
Deferred Charges and Statutory Expenditures		15,000.00	
Surplus (General Budget)		999,517.16	950,000.00
Total Expenditures	D-4	<u>2,911,535.16</u>	<u>2,659,930.29</u>
Statutory Excess to Fund Balance			117,305.76
Fund Balance January 1	D	<u>147,834.74</u>	<u>30,528.98</u>
		147,834.74	147,834.74
Less: Fund Balance Anticipated	D-1	<u>15,000.00</u>	
Fund Balance December 31	D	<u>\$ 132,834.74</u>	<u>\$ 147,834.74</u>

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

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

	<u>Ref.</u>	
Balance December 31, 2007 and 2006	D	\$ <u>12,179.42</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	<u>D-1</u>	\$ <u>15,000.00</u>	\$ <u>15,000.00</u>	\$ <u> </u>
Parking Fees	D-1	2,730,000.00	2,636,903.28	(93,096.72)
Increased Parking Fees		195,418.00		(195,418.00)
Interest on Investments	D-1	21,600.00	19,834.61	(1,765.39)
		<u>2,947,018.00</u>	<u>2,656,737.89</u>	<u>(290,280.11)</u>
	D-3	\$ <u>2,962,018.00</u>	\$ <u>2,671,737.89</u>	\$ <u>(290,280.11)</u>
	<u>Ref.</u>	D-4		
Fund Balance Utilized	D-1		\$ 15,000.00	
Receipts	D-5		2,650,119.31	
Interfund - Parking Capital Fund	D-10		<u>6,618.58</u>	
	D-3		\$ <u>2,671,737.89</u>	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - STATUTORY BASIS

	<u>Appropriated</u>		<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>			
Operating					
Salaries and Wages	\$ 522,529.00	\$ 552,529.00	\$ 551,707.31	\$ 821.69	\$
Other Expenses	598,850.00	568,850.00	535,067.99	33,782.01	
Debt Service					
Payment of Bond Principal	175,000.00	175,000.00	175,000.00		
Interest on Bonds	600,639.00	600,639.00	600,639.00		
Deferred Charges					
Ordinance 06-14	15,000.00	15,000.00	15,000.00		
Surplus (General Budget)	<u>1,050,000.00</u>	<u>1,050,000.00</u>	<u>999,517.16</u>		<u>50,482.84</u>
Total Parking Utility Appropriations	<u>\$ 2,962,018.00</u>	<u>\$ 2,962,018.00</u>	<u>\$ 2,876,931.46</u>	<u>\$ 34,603.70</u>	<u>\$ 50,482.84</u>
	<u>Ref.</u>	<u>D-1,3</u>		<u>D</u>	<u>D-1</u>
Encumbrances Payable	D		\$ 74,712.17		
Cash Disbursed	D-5		2,186,580.29		
Accrued Interest on Bonds	D-12		600,639.00		
Deferred Charges Raised					
Ordinance #06-14	D-16		<u>15,000.00</u>		
			<u>\$ 2,876,931.46</u>		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER
BALANCE SHEET - PUBLIC ASSISTANCE TRUST FUND

REGULATORY BASIS

Exhibit E

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Cash:			
Treasurer	E-1	\$ 89,910.78	\$ 115,933.40
Petty Cash	E-1	<u>13,426.47</u>	<u>523.31</u>
		<u>\$ 103,337.25</u>	<u>\$ 116,456.71</u>
<u>Liabilities and Reserves</u>			
Prepaid State Aid	E-2	\$ 72,055.52	\$ 88,622.36
Reserve for:			
Public Assistance	E-3	<u>31,281.73</u>	<u>27,834.35</u>
		<u>\$ 103,337.25</u>	<u>\$ 116,456.71</u>

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

BOROUGH OF -PRINCETON - COUNTY OF MERCER

BALANCE SHEET - PAYROLL FUND

Exhibit G

STATUTORY BASIS

DECEMBER 31, 2007

	<u>2007</u>
<u>Assets</u>	
Cash	\$ <u>600,000.00</u>
<u>Liabilities</u>	
Interfund - Current Fund	\$ <u>600,000.00</u>

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

BOROUGH OF -PRINCETON - COUNTY OF MERCER

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 12,298,100.00	\$ 12,298,100.00
Building	7,023,480.00	7,023,480.00
Furniture, Fixtures and Equipment	<u>10,520,166.00</u>	<u>10,195,258.00</u>
	<u>\$ 29,841,746.00</u>	<u>\$ 29,516,838.00</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 29,841,746.00</u>	<u>\$ 29,516,838.00</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - AFFORDABLE HOUSING UTILITY FUND

Exhibit S

REGULATORY BASIS

DECEMBER 31, 2007 AND 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	S-5	\$ 1,165,017.40	\$ 783,219.29
Due from Small Cities C.D.B.G.		43,490.00	43,490.00
Total Operating Fund		<u>1,208,507.40</u>	<u>826,709.29</u>
<u>Capital Fund</u>			
Fixed Capital			1,485,000.00
Interfund - Affordable Housing Operating Fund	S-9	121,334.33	21,281.88
Fixed Capital Authorized and Uncompleted		211,150.00	324,686.95
Total Capital Fund		<u>332,484.33</u>	<u>1,830,968.83</u>
		<u>\$ 1,540,991.73</u>	<u>\$ 2,657,678.12</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Reserve for:			
Payment of Debt		\$ 3,819.95	\$ 3,819.95
Housing Trust	S-6	108,882.92	22,931.90
Developer Fees	S-6	537,646.12	495,154.99
Growth Share	S-6	436,824.08	283,520.57
Interfund - Affordable Housing Utility Capital Fund	S-9	121,334.33	21,281.88
Total Operating Fund		<u>1,208,507.40</u>	<u>826,709.29</u>
<u>Capital Fund</u>			
Interfund - General Capital Fund	S-9	10,716.79	13,484.50
Improvement Authorizations:			
Funded	S-10	67,702.05	67,702.05
Unfunded	S-10	186,871.65	197,588.44
Reserve for Deferred Amortization			1,485,000.00
Fund Balance	S-2	67,193.84	67,193.84
Total Capital Fund		<u>332,484.33</u>	<u>1,830,968.83</u>
		<u>\$ 1,540,991.73</u>	<u>\$ 2,657,678.12</u>

There were bonds and notes authorized but not issued on December 31, 2007 of \$ 211,150.00 (Schedule S-11).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income Realized</u>			
Developer Revenue Reserves:			
Prior Revenues Reserved		\$	\$ 13,880.00
Developer Fees	S-3	124,245.00	368,807.99
Housing Trust Reserves:			
Prior Revenues Reserved	S-3	48,915.22	
Rents	S-3	9,612.31	15,127.33
Interest Received	S-3	362.64	21,446.84
Total Income		<u>183,135.17</u>	<u>419,262.16</u>
<u>Expenditures</u>			
Operating	S-4	48,246.08	27,997.19
Capital Outlay			7,085.25
Total Expenditures		<u>48,246.08</u>	<u>35,082.44</u>
Excess in Revenues		<u>134,889.09</u>	<u>384,179.72</u>
Less: Transfers to Revenue Reserves:			
Developer Fees	S-6	105,860.32	78,693.13
Growth Share			283,520.57
Housing	S-6	29,028.77	21,966.02
		<u>\$ 134,889.09</u>	<u>\$ 384,179.72</u>

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

BOROUGH OF PRINCETON - COUNTY OF MERCER
AFFORDABLE HOUSING UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit S-2

Balance December 31, 2007 and 2006	<u>Ref.</u>		\$ <u>67,193.84</u>
	S		

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

AFFORDABLE HOUSING UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Exhibit S-3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Developer Escrow Reserves				
Developer Fees	S-1	\$ 33,514.00	\$ 124,245.00	\$ 90,731.00
Housing Trust Reserves				
Prior Revenues Reserved	S-1	48,915.22	48,915.22	
Rents	S-1	5,127.33	9,612.31	4,484.98
Interest	S-1	10,256.45	362.64	(9,893.81)
		<u>\$ 97,813.00</u>	<u>\$ 183,135.17</u>	<u>\$ 85,322.17</u>
	<u>Ref.</u>	S-4		
Housing Trust Reserve	S-1		\$ 48,915.22	
Cash Received	S-5		<u>134,219.95</u>	
			<u>\$ 183,135.17</u>	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-4

STATEMENT OF EXPENDITURES - STATUTORY BASIS

	<u>Appropriated</u>		<u>Expended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
Operating				
Salaries and Wages	\$ 23,514.00	\$ 23,514.00	\$ 18,384.68	\$ 5,129.32
Other Expenses	<u>74,299.00</u>	<u>74,299.00</u>	<u>29,861.40</u>	<u>44,437.60</u>
	<u>\$ 97,813.00</u>	<u>\$ 97,813.00</u>	<u>\$ 48,246.08</u>	<u>\$ 49,566.92</u>
Ref.	S-1,3		S-5	S-1

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Princeton, County of Mercer, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units in 2007.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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 Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

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.

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. **Description of Funds (Continued)**

Affordable Housing Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned affordable housing utility.

Affordable Housing Utility Capital Fund - resources, including federal and state grants in aid of construction, and expenditures for the acquisition of affordable housing capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Parking Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned parking utility from user fees.

Parking Utility Capital Fund - resources, including federal and state grants in aid of construction, and expenditures for the acquisition of parking utility capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

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

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. **Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Borough 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, overexpenditures and emergency appropriations. Overexpenditures 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. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures 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. The status of deferred charges at December 31, 2007 is set forth in Note 8.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2007 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such 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 sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - In accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. The utilization of the General Fixed Assets Account Group is not required under GAAP.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

Utility Fixed Assets - Accounting for utility funds "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Affordable Housing and Parking Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Affordable Housing and Parking Utility Funds are not depreciated. Principal payments for utility debt are recorded as expenditures in the Affordable Housing and Parking Utility Funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

During 2007 the following changes occurred in the fixed assets of the Borough:

	<u>Balance</u> <u>Jan. 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
General Fixed Assets Account Group:				
Land	\$ 12,298,100	\$	\$	\$ 12,298,100
Buildings	7,023,480			7,023,480
Furniture, Fixtures and Equipment	10,195,258	993,153	668,245	10,520,166
Affordable Housing Utility Fund:				
Fixed Capital	1,485,000		1,485,000	
Fixed Capital Authorized and Uncompleted	324,687		113,537	211,150
Parking Utility Fund:				
Fixed Capital	200,000			200,000
Fixed Capital Authorized and Uncompleted	<u>13,759,876</u>	<u>39,000</u>	<u> </u>	<u>13,798,876</u>
	<u>\$ 45,286,401</u>	<u>\$ 1,032,153</u>	<u>\$ 2,266,782</u>	<u>\$ 44,051,772</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with an other comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The market value of the collateral must equal five percent of the average daily balance of public funds; or

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

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.

At year-end the carrying amount of the Borough's deposits was \$8,938,470 and the bank balance amount was \$10,092,901. Of this amount \$400,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$9,692,901.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States 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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At year-end, the carrying value of the Borough's investment and the investment balance was \$7,054,510.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2007</u>	<u>2006</u>
Insured:		
FDIC	\$ 400,000	\$ 400,000
GUDPA	9,692,901	13,795,265
Uninsured	<u>7,054,510</u>	<u>2,053,110</u>
	\$ <u>17,147,411</u>	\$ <u>16,248,375</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

3.90% to 4.10% General Improvement Bonds issued November 1, 1998 for \$7,055,000, installment maturities to November 1, 2010	\$ 2,275,000
2.875% to 4.50% General Improvement Bonds, Series A issued August 15, 2003 for \$5,553,000, installment maturities to August 15, 2018	4,218,000
2.875% to 4.50% General Improvement Bonds, Series B issued August 15, 2003 for \$8,214,000, installment maturities to August 15, 2018	6,219,000
4% General Improvement Bonds issued June 1, 2007 for \$9,833,059, installment maturities to June 1, 2019	<u>9,833,059</u>
	\$ <u>22,845,059</u>

The bonds mature serially in installments to the year 2019. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,352,119	\$ 926,877
2009	2,352,119	831,925
2010	2,445,686	738,244
2011	1,590,686	637,186
2012	1,689,254	569,213
2013-17	9,412,656	1,719,235
2018-19	<u>3,002,539</u>	<u>125,149</u>
	\$ <u>22,845,059</u>	\$ <u>5,547,829</u>

Assessment Trust Fund

4% General Improvement Bonds issued June 1, 2007 for \$142,941, installment maturities to June 1, 2019	\$ <u>142,941</u>
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<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,881	\$ 5,718
2009	7,881	5,245
2010	9,314	4,901
2011	9,314	4,529
2012	10,746	4,127
2013-17	67,344	13,085
2018-19	<u>30,461</u>	<u>1,226</u>
	\$ <u>142,941</u>	\$ <u>38,831</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Parking Utility

2.875% to 4.75% Construction of Parking Garage issued August 15, 2003 for \$13,700,000, installment maturities to August 15, 2028

\$ 13,175,000

The bonds mature serially in installments to the year 2028. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 195,000	\$ 597,494
2009	375,000	591,644
2010	400,000	575,706
2011	425,000	558,706
2012	450,000	540,644
2013-17	2,625,000	2,394,819
2018-22	3,450,000	1,751,656
2023-27	4,355,000	841,462
2028	<u>900,000</u>	<u>42,750</u>
	<u>\$ 13,175,000</u>	<u>\$ 7,894,881</u>

General Capital Fund - Loans

The Borough, during 1988, entered into a loan agreement with the State of New Jersey, Department of Environmental Protection, pursuant to the 1988 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$2,935,000 to be repaid over a twenty year period at a remaining interest rate of 7.25% and a Fund Loan Agreement at \$2,702,120 to be repaid over a twenty year period at no interest.

The proceeds of this loan were to fund the refurbishment of the sewer system.

Wastewater Treatment Trust Loan - Trust

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ <u>275,000</u>	\$ <u>9,969</u>

Wastewater Treatment Trust Loan - State

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ <u>75,059</u>	\$ <u>-0-</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Wastewater Treatment Trust Loan - State (Continued)

In addition, the Borough, during 2007 entered into a loan agreement with the State of New Jersey, Department of Environmental Protection, pursuant to the 2006 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$905,000 to be repaid over a twenty year period at interest rates ranging from 4.00% to 5.00%, and a Fund Loan Agreement at \$889,142 to be repaid over a twenty year period at no interest.

The proceeds of this loan, which are in the process of being claimed, are to fund the refurbishment of the sewer system jointly between the Township of Princeton and the Borough.

2006 Wastewater Treatment Trust Loan Schedule

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 30,000	\$ 69,825
2009	35,000	73,625
2010	35,000	72,225
2011	35,000	70,825
2012	35,000	69,075
2013-2017	215,000	355,875
2018-2022	265,000	354,456
2023-2026	<u>255,000</u>	<u>283,738</u>
	\$ <u>905,000</u>	\$ <u>1,349,644</u>

2006 Wastewater Treatment Fund Loan Schedule

<u>Year</u>	<u>Principal</u>
2008	\$ 44,925
2009	47,370
2010	46,469
2011	45,569
2012	44,443
2013-2017	228,969
2018-2022	228,057
2023-2026	<u>182,557</u>
	\$ <u>868,359</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

In addition, the Borough, during 2007 entered into another loan agreement with the State of New Jersey, Department of Environmental Protection, pursuant to the 2007 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$870,000 to be repaid over a twenty year period at interest rates ranging from 3.40% to 5.00%, and a zero interest Fund Loan Agreement at \$848,221 to be repaid over a twenty year period.

The proceeds of this loan, which are in the process of being claimed, are to fund the refurbishment of the sewer system jointly between the Township of Princeton and the Borough.

2007 Wastewater Treatment Trust Loan Schedule

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 31,864
2009	30,000	69,150
2010	30,000	67,650
2011	35,000	71,150
2012	35,000	69,400
2013-2017	190,000	341,370
2018-2022	245,000	347,725
2023-2027	<u>305,000</u>	<u>346,350</u>
	\$ <u>870,000</u>	\$ <u>1,344,659</u>

2007 Wastewater Treatment Fund Loan Schedule

<u>Year</u>	<u>Principal</u>
2008	\$ 20,100
2009	43,620
2010	42,675
2011	44,882
2012	43,778
2013-2017	215,339
2018-2022	219,347
2023-2026	<u>218,480</u>
	\$ <u>848,221</u>

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt

On December 31, 2007 the Borough's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
05-14	Rehabilitation of Sewer System	\$ 1,000,000	3.70%
05-19	Improvements to Sewer System	367,000	3.70%
06-15	Various Capital Improvements	1,657,000	4.00%
06-16	Various Capital Improvements	<u>1,286,000</u>	4.00%
		<u>\$ 4,310,000</u>	

C. Bonds and Notes Authorized but not Issued

At December 31, 2007, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$ 8,858,637
Affordable Housing Utility Capital Fund	211,150
Parking Utility Capital Fund	283,876

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2007 was 1.79%. The Borough's remaining borrowing power is 1.71%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Service

During 2007 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance Jan. 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2007</u>
General Capital:				
Serial Bonds	\$ 15,732,000	\$ 9,833,059	\$ 2,720,000	\$ 22,845,059
Bond Anticipation Notes	11,201,225	2,943,000	9,834,225	4,310,000
Loans Payable	755,177	3,512,363	425,901	3,841,639
Assessment Trust Fund:				
Bond Anticipation Notes	142,941		142,941	
Serial Bonds		142,941		142,941
Parking Utility Capital Fund:				
Serial Bonds	<u>13,350,000</u>		<u>175,000</u>	<u>13,175,000</u>
	<u>\$ 41,181,343</u>	<u>\$ 16,431,363</u>	<u>\$ 13,298,067</u>	<u>\$ 44,314,639</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$825,849 and \$750,609 at December 31, 2007 and 2006, respectively. A reserve is maintained in the Other Trust Fund and has a balance of \$66,937 at December 31, 2007. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The proposed fund balances at December 31, 2007 which are intended to be appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2008 are as follows:

Current Fund	\$ 1,850,206
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NOTE 6. TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2007</u>	<u>2006</u>
Prepaid Taxes	\$ 477,461	\$ 254,428

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, 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 Borough Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st 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 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st 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 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. PENSION PLANS

The Borough contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5% of their annual covered salary. Plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. The Borough's contributions to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2007	\$ 179,513	\$ 454,748
2006	95,317	263,161
2005	34,892	140,462

NOTE 10. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Mid-Jersey Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Mid-Jersey Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2007, the Borough estimates that no material liabilities will result from such audits.

Major Tax Assessments

Taxpayers in 2007 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Value</u>
Trustees of Princeton University	\$ 84,759,700	8.48%
Palmer Sq Ltd. Properties	18,830,000	1.88%
PSN Partners	16,610,000	1.66%
Nassau Inn Ltd. Partnership	13,552,000	1.36%

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2007:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 601,541	\$ 4,015,533
Grant Fund	86,665	
Animal Control Trust Fund	5,557	1,541
Other Trust Fund	96,812	5,557
General Capital Fund	3,792,174	
Affordable Housing Utility Capital Fund	121,334	10,717
Affordable Housing Utility Operating Fund		121,334
Assessment Trust Fund	117	
Parking Utility Operating Fund	50,483	8,382
Parking Utility Capital Fund	8,381	
Payroll Fund	<u> </u>	<u>600,000</u>
	<u>\$ 4,763,064</u>	<u>\$ 4,763,064</u>

NOTE 13. GENERAL CAPITAL FUND - ACCOUNTS RECEIVABLE

In 2007 the Borough and Princeton Township (the "Township") continued to jointly participate in several capital projects. At December 31, 2007 the Borough has established that the Township's share of unreimbursed costs is \$3,717,596 exclusive of 2007 amounts which are being finalized by the Borough's management (estimated at 1.66 million).

The Borough's share of estimated costs due to the Township has not been finalized, however, a partial settlement of \$258,107 was paid in 2008.

BOROUGH OF PRINCETON

COUNTY OF MERCER

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2007

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$ <u>3.92</u>	\$ <u>3.69</u>	\$ <u>3.63</u>
Apportionment of Tax Rate			
Municipal	.99	.95	.90
County	1.06	1.01	1.04
Regional School District	1.87	1.73	1.69
Assessed Valuation			
2007	\$ 999,506,688		
2006		\$ 1,002,656,507	
2005			\$ 1,000,992,410

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 levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2007	\$ 39,434,302	\$ 38,895,640	98.63%
2006	37,205,934	36,776,306	98.85%
2005	36,519,530	35,979,353	98.52%

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 Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	\$ -0-	\$ 518,063	\$ 518,063	1.31%
2006	-0-	428,703	428,703	1.15%
2005	-0-	538,935	538,935	1.48%

COMPARISON OF SEWER RENTS

<u>Year</u>	<u>Levy</u>	<u>Delinquent</u>	<u>Cash Collection</u>
2007	\$ 3,551,053	\$ 37,430	\$ 3,540,172
2006	3,549,871	43,054	3,555,495
2005	2,913,624	66,745	2,937,315

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance</u>	<u>Utilized in</u>
<u>Current Fund</u>	<u>December 31</u>	<u>Budget of</u>
		<u>Succeeding Year</u>
2007	\$ 1,987,969	\$ 1,850,206
2006	3,137,521	1,784,980
2005	1,921,353	1,213,578
2004	1,869,436	1,213,578
2003	1,460,645	1,020,705

Parking Utility Operating Fund

2007	\$ 132,835	\$ -0-
2006	147,835	15,000
2005	30,529	-0-

SUMMARY OF MUNICIPAL DEBT

<u>Issued</u>	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
General:			
Bonds, Notes and Loans	\$ 30,996,698	\$ 27,688,402	\$ 26,351,494
Affordable Housing Utility:			
Bonds, Notes and Loans		142,941	13,525,000
Parking Utility:			
Bonds, Notes and Loans	<u>13,175,000</u>	<u>13,350,000</u>	<u>115,000</u>
Total Issued	<u>44,171,698</u>	<u>41,181,343</u>	<u>39,991,494</u>
Less:			
Funds on Hand to Pay Bonds and Notes:			
General Capital		2,785	362,785
Parking Utility	<u>375,000</u>	<u>80,405</u>	<u>13,769,500</u>
Total Deductions	<u>375,000</u>	<u>83,190</u>	<u>14,132,285</u>
Net Debt Issued	<u>43,796,698</u>	<u>41,098,153</u>	<u>25,859,209</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	8,858,637	12,099,447	13,861,966
Affordable Housing Utility:			
Bonds, Notes and Loans	211,150	211,150	
Parking Utility:			
Bonds, Notes and Loans	<u>283,876</u>	<u>259,876</u>	<u>244,500</u>
Total Authorized but not Issued	<u>9,353,663</u>	<u>12,570,473</u>	<u>14,106,466</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 53,150,361</u>	<u>\$ 53,668,626</u>	<u>\$ 39,965,675</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.79%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 16,566,710	\$ 16,566,710	\$ -0-
Parking Utility Debt	13,458,876	13,458,876	-0-
General Debt	39,855,335	-0-	39,855,335
Affordable Housing Utility	<u>211,150</u>	<u>211,150</u>	<u>-0-</u>
	<u>\$ 70,092,071</u>	<u>\$ 30,236,736</u>	<u>\$ 39,855,335</u>

Net Debt \$39,855,335 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$2,226,092,832 = 1.79%.

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

3.5% of Equalized Valuation Basis	\$ 77,913,249
Net Debt	<u>39,855,335</u>
Remaining Borrowing Power	\$ <u>38,057,914</u>

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

Cash Receipts from Fees or Other Charges for Year	\$ 2,911,535
Deductions:	
Operating and Maintenance Cost	\$ 1,121,379
Debt Service	<u>775,639</u>
Total Deductions	<u>1,897,018</u>
Excess in Revenue	\$ <u>1,014,517</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" AFFORDABLE HOUSING UTILITY OPERATING FUND PER N.J.S. 40A:2-45

Cash Receipts from Fees or Other Charges for Year	\$ 183,135
Deductions:	
Operating and Maintenance Cost	<u>48,246</u>
Excess in Revenue	\$ <u>134,889</u>

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

BOROUGH OF PRINCETON

COUNTY OF MERCER

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2007:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Mildred T. Trotman	Mayor	*	
Margaret Karcher	Council President	*	
Wendy W. Benchley	Member of Common Council	*	
David A. Goldfarb	Member of Common Council	*	
Andrew Koontz	Member of Common Council	*	
Roger C. Martindell	Member of Common Council	*	
Barbara Trelstad	Member of Common Council	*	
Michael J. Herbert	Attorney	*	
Robert W. Bruschi	Administrator	*	
Sandra Webb	Assistant Administrator	*	
Decimus Marsh	Chief Financial Officer and Tax Collector	\$ 1,000,000	Mid-Jersey Municipal Joint Insurance Fund
Carol Coe	Deputy Finance Officer	*	
Andrea Lea Quinty	Borough Clerk		
Russell W. Annich, Jr.	Municipal Court Judge	**	
Susan F. Shapiro	Court Administrator, Deputy Violations Clerk	**	
Janice Mooney	Deputy Court Administrator, Deputy Violations Clerk	**	
Christopher Budzinski	Plumbing Subcode Official, Engineer, Construction Code Official (to 9/30/07)	*	
Carl E. Peters	Plumbing Subcode Official, Engineer, Construction Code Official (from 10/01/07)	*	
Neal Snyder	Assessor		
William Drake	Fire Official	*	
Donald Mayer-Brown	Manager of Sewer Operating Committee	*	
Martin Vogt	Building Subcode Official/Fire Subcode Official		
Edward J. Bergman	Public Defender	*	

* \$2,000,000 Faithful Performance Blanket Position Bond coverage with Mercer County Joint Insurance Fund.

** \$65,000 Municipal Court Blanket Position Bond coverage.

All of the bonds were examined and appear to be properly executed.

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2006	\$ 11,687,513.63	\$ 109,330.62
Increased by Receipts:		
Collector		
Revenue Accounts Receivable	\$ 43,177,193.42	
State of New Jersey (P.L. 1971, C. 20)	8,384,485.90	
Township of Princeton Share of Revenue	38,932.00	
Miscellaneous Revenue not Anticipated	203,959.56	
Interfund - Other Funds	229,606.97	
Reserve For Payroll Deductions	14,340,602.70	1,773.78
Reserve For Sale of Municipal Assets	399.73	
Grants Receivable	9,733.28	124,537.71
Unappropriated Reserves		<u>15,871.01</u>
	<u>66,384,913.56</u>	<u>142,182.50</u>
	78,072,427.19	<u>251,513.12</u>
Decreased by Disbursements:		
Appropriations	21,965,085.11	
Appropriation Reserves	522,027.40	
County Taxes	10,571,834.43	
Regional School District Taxes	18,708,413.54	
Reserve for Hillier Group	2,500.00	
Reserve for Sale of Municipal Assets	16,500.00	
Township of Princeton Share of Revenue	133,503.59	
Interfund - Other Funds	17,999,499.86	
Appropriated Reserves		<u>139,454.39</u>
	<u>69,919,363.93</u>	<u>139,454.39</u>
Balance December 31, 2007	\$ 8,153,063.26	\$ 112,058.73

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:

Taxes:

Receivable

\$ 39,030,625.23

Prepaid

477,461.39

Overpayments

1,054.10

Interest and Costs

150,197.27

Sewer Charges:

Receivable

3,517,855.43

\$ 43,177,193.42

Decreased by:

Payment to Treasurer

\$ 43,177,193.42

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		2007 Levy		Collected		Apply Overpaid	Due From State of New Jersey	Cancelled	Balance Dec. 31, 2007
	Dec. 31, 2006		2006	2007	2006	2007				
2006	\$ 428,703.12		\$	\$ 427,913.15	\$	\$ 1,164.97	\$	\$ (375.00)	\$	\$
2007			254,428.30	38,602,712.08	20,598.31			38,500.00	20,598.31	518,063.10
	\$ 428,703.12		\$ 254,428.30	\$ 39,030,625.23	\$ 20,598.31	\$ 1,164.97	\$ 38,125.00	\$ 20,598.31	\$	\$ 518,063.10

Analysis of 2007 Property Tax Levy

Tax Yield:

General Purpose Tax
Added and Omitted Taxes

\$ 39,180,662.17
253,639.62

\$ 39,434,301.79

Tax Levy:

Regional School Tax (Abstract)
Municipal Open Space Tax
County Taxes:
County Tax (Abstract)
County Open Space Tax (Abstract)
Amount Due County for Added and Omitted Taxes

\$ 18,708,413.54
99,950.67

\$ 9,893,383.06
678,451.37
64,068.77

10,635,903.20

Local Tax for Municipal Purposes
Add: Additional Tax Levied

9,990,034.38

\$ 39,434,301.79

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-7

SCHEDULE OF SEWER CHARGES RECEIVABLE

Balance December 31, 2006		\$ 37,430.49
Increased by:		
2007 Charges (Net)		<u>3,551,052.84</u>
		3,588,483.33
Decreased by:		
Collections	\$ 3,517,855.43	
Overpayments Applied	101.71	
Prepaid Sewer Charges Applied	<u>22,214.41</u>	
		<u>3,540,171.55</u>
Balance December 31, 2007		<u><u>\$ 48,311.78</u></u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 1 of 2

	<u>Accrued in 2007</u>	<u>Collector</u>	<u>Collected by Treasurer</u>
Licenses:			
Alcoholic Beverages	\$ 47,878.00		\$ 47,878.00
Other	24,115.82		24,115.82
Fees and Permits	109,080.65		109,080.65
Municipal Court			
Fines and Costs	1,072,707.02		1,072,707.02
Interest and Costs on Taxes	150,197.27	150,197.27	
Sewer Service Charges	3,540,171.55	3,540,171.55	
Street Opening Inspection Fees	4,450.00		4,450.00
Life Hazard Use Fees	41,167.96		41,167.96
Fire and Housing Inspection Fees	133,437.00		133,437.00
Passport Fees	21,060.00		21,060.00
State of New Jersey:			
Consolidated Municipal Property Tax Relief	346,841.00		346,841.00
Energy Receipts Taxes	926,878.00		926,878.00
Garden State Trust Fund	3.40		3.40
Municipal Property Tax Assistance	26,432.00		26,432.00
Legislative Initiative Municipal Block Grant	55,690.00		55,690.00
Municipal Homeland Security Assistance	70,000.00		70,000.00
Supplemental Energy Receipts Taxes	42,974.00		42,974.00
Other Revenue:			
Uniform Construction Code Fees	441,768.00		441,768.00
Interest on Investments and Deposits	465,288.99		465,288.99
Parking Utility Operating Surplus	999,517.16		999,517.16
Princeton University Donation	1,092,600.00		1,092,600.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 2 of 2

	<u>Accrued in 2007</u>	<u>Collector</u>	<u>Collected by Treasurer</u>
Other Revenue (Continued):			
Interlocal Service Agreement:			
Princeton Township Joint Services:			
Solid Waste Management	\$ 138,144.00		\$ 138,144.00
Maintenance of Sewer Facilities	772,621.00		772,621.00
Animal Control	54,122.00		54,122.00
Health Services	287,887.00		287,887.00
Fire Services	108,227.00		108,227.00
Fire Facilities	53,471.00		53,471.00
Senior Citizen Program	55,780.00		55,780.00
Princeton Theological Seminary	211,766.44		211,766.44
Reserve for Payment of Debt Service	2,700.00		2,700.00
Payment in Lieu of Taxes:			
Elm Court PILOT	69,729.00		69,729.00
Sale of Municipal Assets	16,500.00		16,500.00
Chamber Street Land Lease	73,350.00		73,350.00
Stony Brook Sewer Industrial User Fees	35,493.56		35,493.56
Assessment Trust Fund-Fund Balance	4,300.00		4,300.00
Engineering Developer Fees	23,000.00		23,000.00
Open Space Trust	104,000.00		104,000.00
Hotel/Motel Tax	376,418.93		376,418.93
General Capital Fund - Fund Balance	80,000.00		80,000.00
	<u>\$ 12,079,767.75</u>	<u>\$ 3,690,368.82</u>	<u>\$ 8,389,398.93</u>
Receipts			
Interfunds:			
Grant Fund			1,773.78
Other Funds			3,139.25
			<u>\$ 8,384,485.90</u>
			<u>\$ 8,389,398.93</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2006</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
<u>APPROPRIATIONS INCLUDED WITHIN CAPS</u>					
Mayor and Council	\$ 8.67	\$ 81.60	\$ 90.27	\$ 81.60	\$ 8.67
Other Expenses					
Administrative and Executive					
Salaries and Wages	7,129.24		7,129.24		7,129.24
Other Expenses	11,851.18	4,802.91	16,654.09	15,065.01	1,589.08
Municipal Clerk					
Salaries and Wages	1,289.40		1,289.40		1,289.40
Other Expenses	11,155.37	706.36	11,861.73	7,480.18	4,381.55
Elections					
Salaries and Wages	900.79		900.79		900.79
Other Expenses	85.99	163.65	249.64		249.64
Financial Administration					
Salaries and Wages	830.11		830.11		830.11
Miscellaneous Other Expenses	4,332.23	13.24	4,345.47	308.81	4,036.66
Annual Audit	725.00		725.00		725.00
Collection of Taxes					
Salaries and Wages	3,209.86		3,209.86		3,209.86
Other Expenses	3,281.91	40.00	3,321.91	423.29	2,898.62
Assessment of Taxes					
Other Expenses	2,118.60	361.92	2,480.52	814.07	1,666.45
Legal Services and Costs					
Other Expenses	3,095.55	1,130.77	4,226.32	4,226.32	
Defense of Tax Appeals		5,411.00	5,411.00	2,339.00	3,072.00
Engineering Services and Costs					
Other Expenses	7,008.68	3,729.08	10,737.76	6,904.87	3,832.89
Municipal Court					
Salaries and Wages	4,391.12		4,391.12		4,391.12
Other Expenses	7,588.20	5,402.06	12,990.26	12,505.73	484.53

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

	Balance Dec. 31, 2006	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Public Buildings and Ground	\$ 12,462.04	\$ 5,214.55	\$ 17,676.59	\$ 16,957.16	\$ 719.43
Other Expenses					
Shade Tree Commission	2,640.55		2,640.55	2,640.55	
Salaries and Wages	6,982.26	1,592.50	8,574.76	7,612.26	962.50
Other Expenses					
Fire					
Salaries and Wages	1.00		1.00		1.00
Fire Hydrant Services	20,241.20		20,241.20	20,241.20	
Miscellaneous Other Expenses	3,080.42	5,168.99	8,249.41	6,751.20	1,498.21
Fire Facilities	1,290.41	2,296.36	3,586.77	1,736.77	1,850.00
Police					
Salaries and Wages	14,472.04		14,472.04		14,472.04
Other Expenses	6,703.10	22,592.84	29,295.94	27,523.89	1,772.05
Purchase of Police Cars	511.20	1,572.81	2,084.01	1,572.81	511.20
Fire Inspectors					
Salaries and Wages	304.46		304.46		304.46
Other Expenses	5,000.00		5,000.00	852.60	4,147.40
Emergency Management Services					
Other Expenses	1,500.94	5,414.06	6,915.00	6,725.14	189.86
Road Repair and Maintenance					
Other Expenses	23,678.05	3,287.50	26,965.55	18,656.56	8,308.99
Park Maintenance					
Other Expenses		15,000.00	15,000.00	15,000.00	
Street Lighting					
Other Expenses	12,344.12		12,344.12	8,787.51	3,556.61
Mechanics					
Salaries and Wages	562.02		562.02		562.02
Other Expenses	7,123.62	4,586.94	11,710.56	5,809.12	5,901.44

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2006</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Maintenance of Sewerage Facilities					
Salaries and Wages	1.00	\$	1.00		\$ 1.00
Other Expenses	1,093.74	11,249.71	12,343.45	11,959.13	384.32
Garbage and Trash Removal					
Other Expenses	48,701.05	136,977.00	185,678.05	142,943.17	42,734.88
Solid Waste Disposal					
Salaries and Wages	1.00		1.00		1.00
Other Expenses	78,579.19	10,961.66	89,540.85	10,984.78	78,556.07
NJ PEOSHA					
Other Expenses	2,025.00	625.00	2,650.00	2,650.00	
Board of Health					
Salaries and Wages	1.00		1.00		1.00
Other Expenses		6,939.34	6,939.34	5,044.34	1,895.00
Animal Control					
Salaries and Wages	1.00		1.00		1.00
Other Expenses	16.65	302.77	319.42	274.42	45.00
Save Boarding Cost and Animal Care					
Other Expenses		2,735.00	2,735.00	780.00	1,955.00
Drug Abuse Program (Comer House)					
Other Expenses	22,501.00		22,501.00		22,501.00
Joint Recreation Board - Borough's Share					
Other Expenses	1.00		1.00		1.00
Department of Human Services					
Other Expenses	1.00		1.00		1.00
Celebration of Public Events					
Other Expenses	6,106.74		6,106.74	704.00	5,402.74
Construction Official					
Salaries and Wages	829.73		829.73		829.73
Other Expenses	5,942.67	2,780.19	8,722.86	5,357.21	3,365.65

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

	<u>Balance Dec. 31, 2006</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salary and Wage Adjustment	\$ 2,000.00		\$ 2,000.00		\$ 2,000.00
Condo Service Reimbursement					
Utilities					
Gasoline	8,701.32		8,701.32	8,692.83	8.49
Telephone	13,602.17	221.04	13,823.21	9,808.73	4,014.48
Electricity and Natural Gas	31,038.65		31,038.65	12,204.63	18,834.02
Water	3,013.30		3,013.30		3,013.30
Accumulated Leave Compensation	16,731.20		16,731.20	16,731.20	
Contribution to:					
Social Security System (O.A.S.I.)	309.73		309.73		309.73
Consolidated Police and Firemen's Fund	258.96		258.96		258.96
Total Appropriations within Caps	<u>429,356.43</u>	<u>261,360.85</u>	<u>690,717.28</u>	<u>419,150.09</u>	<u>271,567.19</u>
<u>APPROPRIATIONS EXCLUDED FROM CAPS</u>					
Insurance					
Liability Insurance	13,572.11		13,572.11	13,572.11	
Workers Compensation Insurance	20,728.00		20,728.00		20,728.00
Employee Group Insurance	142,639.26	429.00	143,068.26	2,557.65	140,510.61
Reserve for Tax Appeals	5,000.00		5,000.00		5,000.00
Stony Brook Regional Sewerage Authority					
Share of Costs	81,519.48		81,519.48	81,519.48	
Stony Brood Sewer Industrial User Free	19,730.49		19,730.49	5,228.07	14,502.42
Implementation and Maintenance of 911					
Communication System					
Police					
Salaries and Wages	24,684.68		24,684.68		24,684.68
Princeton Township Joint Services					
Solid Waste					
Salaries and Wages	7,963.61		7,963.61		7,963.61
Maintenance of Sewer Facilities					
Salaries and Wages	67,024.88		67,024.88		67,024.88

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

	<u>Balance Dec. 31, 2006</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Princeton Township Joint Services					
Fire	\$ 289.44	\$	\$ 289.44	\$	\$ 289.44
Salaries and Wages	25,200.00		25,200.00		25,200.00
LOSAP Alternative					
Health					
Salaries and Wages	26,164.38		26,164.38		26,164.38
Animal Control					
Salaries and Wages	625.10		625.10		625.10
Total General Appropriations excluded from Caps	<u>435,141.43</u>	<u>429.00</u>	<u>435,570.43</u>	<u>102,877.31</u>	<u>332,693.12</u>
Total General Appropriations	<u>\$ 864,497.86</u>	<u>\$ 261,789.85</u>	<u>\$ 1,126,287.71</u>	<u>\$ 522,027.40</u>	<u>\$ 604,260.31</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-10

SCHEDULE OF COUNTY TAXES PAYABLE

Increased by:			
2007 Tax Levy:			
County Tax	\$ 9,893,383.06		
County Open Space Tax	678,451.37		
County Share of Added and Omitted Taxes	<u>64,068.77</u>		
		\$ 10,635,903.20	
Decreased by:			
Payments		<u>10,571,834.43</u>	
Balance December 31, 2007		\$ <u><u>64,068.77</u></u>	

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX

Exhibit A-11

Increased by:			
Levy - Calendar Year 2007		\$ 18,708,413.54	
Decreased by:			
Payments		\$ <u><u>18,708,413.54</u></u>	

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-12

Increased by:			
Levy - Calendar Year 2007		\$ 99,950.67	
Decreased by:			
Interfund - Other Trust Fund		\$ <u><u>99,950.67</u></u>	

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Assessment Trust Fund	Animal Control Trust Fund	Payroll Fund	Other Trust Fund	General Capital Fund	Parking Operating Utility Fund
Balance December 31, 2006 - (Due From)/Due To	\$ 6,890,953.96	\$ (48.04)	\$ (1,455.10)		\$ 2,833.86	\$ 6,889,623.24	\$
Increased by:							
Receipts:							
Proceeds From Bond Sale	9,976,000.00	142,941.36				9,833,058.64	
Proceeds From Note Sale	4,310,000.00					4,310,000.00	
Miscellaneous	54,602.70	164.76	1,455.10		2,500.00		50,482.84
2007 Municipal Open Space Tax Levy	99,950.67				99,950.67		
Total Increases	<u>14,440,553.37</u>	<u>143,106.12</u>	<u>1,455.10</u>		<u>102,450.67</u>	<u>14,143,058.64</u>	<u>50,482.84</u>
Total Increases and Balances	<u>21,331,507.33</u>	<u>143,058.08</u>			<u>105,284.53</u>	<u>21,032,681.88</u>	<u>50,482.84</u>
Decreased by:							
Disbursements:							
Notes Paid In Current Fund	11,344,166.00	142,941.36				11,201,224.64	
Miscellaneous	6,655,333.86			600,000.00	5,333.86	6,050,000.00	
Statutory Excess	1,541.12		1,541.12				
Revenue Accounts Receivable	3,139.25				3,139.25		
Total Decreases	<u>18,004,180.23</u>	<u>142,941.36</u>	<u>1,541.12</u>	<u>600,000.00</u>	<u>8,473.11</u>	<u>17,251,224.64</u>	
Balance December 31, 2007 - (Due From)/Due To	\$ 3,327,327.10	\$ 116.72	\$ (1,541.12)	\$ (600,000.00)	\$ 96,811.42	\$ 3,781,457.24	\$ 50,482.84

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUND

FEDERAL AND STATE GRANT FUND

Balance December 31, 2006 - Due To		\$ 88,439.05
Increased by:		
2007 Budget Appropriations		<u>154,435.69</u>
		242,874.74
Decreased by:		
Anticipated as 2007 Revenue	\$ 154,435.69	
Interest on Deposits	<u>1,773.78</u>	
		<u>156,209.47</u>
Balance December 31, 2007 - Due To		\$ <u><u>86,665.27</u></u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-15

SCHEDULE OF GRANTS RECEIVABLE

FEDERAL AND STATE GRANT FUND

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>2007</u> <u>Budget</u> <u>Revenue</u>	<u>Realized</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Current Year Grants:				
Alcohol Education and Rehabilitation Fund	\$	6,991.18	\$ 6,991.18	
Body Armor Fund		3,197.46	3,197.46	
Bonner Foundation		21,500.00	21,500.00	
Clean Communities Grant		11,493.53	11,493.53	
Click It or Ticket		4,000.00	4,000.00	
Comprehensive Tobacco Control		780.00		780.00
Drunk Driving Enforcement Fund		16,994.79	16,994.79	
Infrastructure Preparedness		1,500.00	550.00	950.00
Over the Limit, Under Arrest		5,000.00	5,000.00	
Pandemic Influenza Preparedness	6,721.00	7,958.00	14,679.00	
Princeton Gas Works Redevelopment	270,000.00			270,000.00
Princeton University Fire Equipment		20,000.00	20,000.00	
Princeton University Prospect Avenue Lighting	7,654.00	7,654.00		15,308.00
Public Health Priority Funding		6,826.00	6,826.00	
Recycling Tonnage Grant		6,752.73	6,752.73	
Safe and Secure Communities Program		33,068.00	20,000.00	13,068.00
Stormwater Management	2,552.00			2,552.00
Stormwater Management - Prior Year	2,552.00			2,552.00
Tobacco Age of Sale		720.00	720.00	
	<u>\$ 289,479.00</u>	<u>\$ 154,435.69</u>	<u>\$ 138,704.69</u>	<u>\$ 305,210.00</u>
Deposits			\$ 124,537.71	
Unappropriated Reserves			14,166.98	
			<u>\$ 138,704.69</u>	

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES

FEDERAL AND STATE GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2006</u>	<u>Transfer from 2007 Budget Appropriations</u>	<u>Prior Year Encumbrances</u>	<u>Expended</u>	<u>Balance Dec. 31, 2007</u>
Current Year Grants:					
Alcohol Education and Rehabilitation Fund	\$ 1,349.51	\$ 6,991.18	\$	\$ 2,099.51	\$ 6,241.18
Body Armor Fund	494.98	3,197.46	1,797.00	5,146.80	342.64
Bonner Foundation	15,061.47	21,500.00	1,265.00	22,010.40	15,816.07
Clean Communities Grant	884.47	11,493.53	125.49	1,582.22	10,921.27
Click It or Ticket		4,000.00			4,000.00
Comprehensive Tobacco Control		780.00			780.00
Cops in Shops	5,252.38			2,474.79	2,777.59
Drunk Driving Enforcement Fund	18,202.39	16,994.79		19,155.39	16,041.79
Infrastructure Preparedness		1,500.00		1,500.00	
Over the Limit, Under Arrest		5,000.00			
Pandemic Influenza Preparedness	380.15	7,958.00		8,338.15	5,000.00
Princeton Gas Works Redevelopment	270,000.00				270,000.00
Princeton University Fire Equipment	16,988.41	20,000.00	4,321.40	11,160.59	30,149.22
Princeton University Prospect Avenue Lighting		7,654.00			7,654.00
Public Health Priority Funding	6,542.00	6,826.00		5,200.00	8,168.00
Recycling Tonnage Grant	7,533.59	6,752.73			14,286.32
Robert Wood Johnson Foundation	5,000.00				5,000.00
Safe and Secure Communities Program	33,068.00	33,068.00		66,136.00	
State and Local All. Hazard Emergency Planning	2,405.72				2,405.72
State Contingency Fund - Special Purpose	65,000.00			43,686.43	21,313.57
State Park Services Grant	2,190.00				2,190.00
Stormwater Management	14,056.62				14,056.62
Tobacco Age of Sale	1,163.11	720.00		130.00	1,753.11
	<u>\$ 465,572.80</u>	<u>\$ 154,435.69</u>	<u>\$ 7,508.89</u>	<u>\$ 188,620.28</u>	<u>\$ 438,897.10</u>
Disbursements				\$ 139,454.39	
Reserve for Encumbrances				49,165.89	
				<u>\$ 188,620.28</u>	

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-17

SCHEDULE OF UNAPPROPRIATED RESERVES

FEDERAL AND STATE GRANT FUND

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Receipts</u>	<u>Realized as</u> <u>Anticipated</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Body Armor Fund	\$ 3,197.46	\$ 3,655.40	\$ 3,197.46	\$ 3,655.40
Bonner Foundation	10,070.78	7,385.61	10,070.78	7,385.61
Clean Communities Program	538.74		538.74	
Cops in Shops		2,400.00		2,400.00
Pandemic Influenza Preparedness		950.00		950.00
Princeton University Board of Health Donation		700.00		700.00
Public Health Priority Funding		780.00		780.00
Tobacco Age of Sale	<u>360.00</u>		<u>360.00</u>	
	<u>\$ 14,166.98</u>	<u>\$ 15,871.01</u>	<u>\$ 14,166.98</u>	<u>\$ 15,871.01</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-2

SCHEDULE OF CASH - TREASURER

	<u>Assessment Trust Fund</u>	<u>Trust - Other Fund</u>
Balance December 31, 2006	\$ 137,574.27	\$ 2,763,178.34
Increased by Receipts:		
Assessment Collections	\$ 49,268.37	
Assessment Interest and Costs	11,016.99	
Miscellaneous Reserves		1,045,547.31
Reserve For Open Space		12,600.89
Interfunds:		
General Capital Fund	2,338.20	
Current Fund		5,973.11
Dog Trust Fund		1,800.00
	<u>62,623.56</u>	<u>1,065,921.31</u>
	200,197.83	3,829,099.65
Decreased by Disbursements:		
Utilized as Current Fund Revenue	4,300.00	
Miscellaneous Reserves		1,850,445.65
Reserve For Open Space		104,000.00
Interfunds:		
Dog Trust Fund		2,126.98
Current Fund	<u>11,181.75</u>	
	15,481.75	1,956,572.63
Balance December 31, 2007	<u>\$ 184,716.08</u>	<u>\$ 1,872,527.02</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

ASSESSMENT TRUST FUND

Exhibit B-3

ANALYSIS OF CASH

	Balance Dec. 31, 2006	Receipts		Disbursements		Transfers From To	Balance Dec. 31, 2007
		Assessments	Miscellaneous	Utilized as Current Fund Revenue	Miscellaneous		
Fund Balance	\$ 56,343.83	\$ 28,857.91	\$	\$ 4,300.00	\$	\$	\$ 80,901.74
Assessment Serial Bonds							
Ordinance Number:							
03-10 - Sidewalk Improvements	1,708.04						
03-16 - Sidewalk Improvements	18,702.42						
Bond Anticipation Notes:							
Ordinance Number:							
03-10 - Sidewalk Improvements	32,668.05						34,376.09
03-16 - Sidewalk Improvements	47,737.35						66,439.77
Prepaid Assessments	3,115.20						
Interfunds:							
Current Fund	48.04		11,133.71		11,298.47		3,115.20
	\$ 137,574.27	\$ 49,268.37	\$ 13,471.91	\$ 4,300.00	\$ 11,298.47	\$ 80,405.40	\$ 184,716.08

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-4

SCHEDULE OF ASSESSMENTS RECEIVABLE

ASSESSMENT TRUST FUND

Ordinance Number	Improvement Description	Balance Dec. 31, 2006	Collected	Cancelled	Balance Dec. 31, 2007	Assessment Bonds	Balance Pledged To Reserve for Assessments
		\$	\$	\$	\$	\$	\$
91-06, 91-07	Palmer Square Sidewalks	43.51	43.51				
92-15	Improvements to Clay, Maple and Spruce Streets	599.26	350.28		248.98		248.98
03-12	Installation of Lighting and Drainage Improvements	43,587.96	14,997.28		28,590.68		28,590.68
94-06	Road, Curb Sidewalk and Drainage Improvements	2,637.03	1,015.35		1,621.68		1,621.68
94-08	Road, Curb Sidewalk and Drainage Improvements	1,569.69	342.31		1,227.38		1,227.38
95-08	Various Sidewalk Improvements	2,010.44	1,084.54		925.90		925.90
95-08B	Road, Curb Sidewalk and Drainage Improvements	3,733.35	933.34		2,800.01		2,800.01
95-08C	Road, Curb Sidewalk and Drainage Improvements	2,270.88	567.72		1,703.16		1,703.16
96-25, 96-27,							
99-10	Various Sidewalk Improvements	2,614.85	753.72		1,861.13		1,861.13
95-22	Sewer and Water Improvements on John Street	16,725.81	6,028.09		10,697.72		10,697.72
00-19	Various Sidewalk Improvements	5,818.20	1,702.71		4,115.49		4,115.49
02-16	Sidewalk Improvements	1,564.60	1,039.06		525.54		525.54
03-10	Sidewalk Improvements	8,831.86	1,708.04		7,123.82	7,123.82	
03-16	Water, Sewer and Sidewalk Improvements	55,250.05	18,702.42	162.69	36,384.94	36,384.94	
		\$ 147,257.49	\$ 49,268.37	\$ 162.69	\$ 97,826.43	\$ 43,508.76	\$ 54,317.67

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR ASSESSMENTS

ASSESSMENT TRUST FUND

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2006</u>	<u>Collections to Surplus</u>	<u>Balance Dec. 31, 2007</u>
	Assessments Receivable:			
91-06, 91-07	Palmer Square Sidewalks	\$ 43.51	\$ 43.51	\$ 248.98
92-15	Improvements to Clay, Maple and Spruce Streets	599.26	350.28	
93-20, 93-21,				
03-12	Installation of Lighting and Drainage Improvements	43,587.96	14,997.28	28,590.68
94-06	Road, Curb Sidewalk and Drainage Improvements	2,637.03	1,015.35	1,621.68
94-08	Road, Curb Sidewalk and Drainage Improvements	1,569.69	342.31	1,227.38
95-08	Various Sidewalk Improvements	2,010.44	1,084.54	925.90
95-08B	Road, Curb Sidewalk and Drainage Improvements	3,733.35	933.34	2,800.01
95-08C	Road, Curb Sidewalk and Drainage Improvements	2,270.88	567.72	1,703.16
96-25, 96-27,				
99-10	Various Sidewalk Improvements	2,614.85	753.72	1,861.13
95-22	Sewer and Water Improvements on John Street	16,725.81	6,028.09	10,697.72
00-19	Various Sidewalk Improvements	5,818.20	1,702.71	4,115.49
02-16	Sidewalk Improvements	1,564.60	1,039.06	525.54
03-16	Water, Sewer and Sidewalk Improvements	2,338.20		2,338.20
		<u>\$ 85,513.78</u>	<u>\$ 28,857.91</u>	<u>\$ 56,655.87</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-6

SCHEDULE OF SERIAL BONDS PAYABLE

ASSESSMENT TRUST FUND

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2007</u>		<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2007</u>
			<u>Date</u>	<u>Amount</u>			
General Improvement Bonds	6/01/07	\$ 142,941.36	6/01/08/09	\$ 7,880.69	4.00%	\$ 142,941.36	\$ 142,941.36
			6/01/10/11	9,313.54	4.00%		
			6/01/12	10,746.39	4.00%		
			6/01/13	11,462.82	4.00%		
			6/01/14-15	13,612.10	4.00%		
			6/01/16-17	14,328.52	4.00%		
			6/01/18	15,044.95	4.00%		
			6/01/19	15,417.49	4.00%		
						\$ 142,941.36	\$ 142,941.36

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-7

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

ANIMAL CONTROL TRUST FUND

Balance December 31, 2006		\$ 4,429.00
Increased by:		
Interfund - Trust-Other Fund:		
Animal Control License Fees Collected		<u>1,800.00</u>
		6,229.00
Decreased by:		
Interfund - Trust-Other Fund:		
Expenditures Under R.S. 4:19-15.11	\$ 671.88	
Statutory Excess Due to Current Fund	<u>1,541.12</u>	
		<u>2,213.00</u>
Balance December 31, 2007		<u>\$ 4,016.00</u>

License and Penalty Fees Collected

<u>Year</u>	<u>Amount</u>
2005	\$ <u>2,101.00</u>
2006	<u>1,915.00</u>
	<u>\$ 4,016.00</u>

SCHEDULE OF INTERFUND - TRUST-OTHER FUND

ANIMAL CONTROL TRUST FUND

Exhibit B-8

Balance December 31, 2006 - (Due From)		\$ 5,884.10
Increased by:		
Fees Deposited in Trust-Other Fund		<u>1,800.00</u>
		7,684.10
Decreased by:		
Expenditures Under R.S. 4:19-15.11	\$ 671.88	
Interfund - Current Fund	<u>1,455.10</u>	
		<u>2,126.98</u>
Balance December 31, 2007 - (Due From)		<u>\$ 5,557.12</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-9

SCHEDULE OF MISCELLANEOUS RESERVES

Balance December 31, 2006	\$ 2,655,772.11
Increased by:	
Receipts	<u>1,045,547.31</u>
	<u>3,701,319.42</u>
Decreased by:	
Disbursements	<u>1,850,445.65</u>
Balance December 31, 2007	<u>\$ 1,850,873.77</u>

Analysis of Balance

Reserve for:	
Accumulated Sick Leave	\$ 16,857.00
Adopt A Park Program	2,940.00
Apparel	99.10
Builders Escrow	1,000.00
Fire Equipment Donation	13,296.75
Fire Protection Trust	4,814.68
Flex Spending	38,650.61
Graffiti Removal Trust	1,535.50
Homeless Trust	2,793.00
Landfill Closure Escrow	22,673.06
Latin American Task Force	1,846.29
Law Enforcement Trust	5,812.92
Miscellaneous	1,874.46
Nassau HKT Performance Bond	560,981.75
Off Duty Police	14,419.52
POAA	4,806.57
Police Athletic Fund	1,514.06
Postage Trust Fund	15,740.43
Princeton University Park Donation	40,000.00
Public Defender Fees	20,036.90
Sewer Escrow	746,140.81
Shade Trees	13,543.11
Sister City Fund	4.77
Tax Sale Premiums	120,500.00
Unemployment Benefits	101,730.63
Zoning Escrow Fees	<u>97,261.85</u>
	<u>\$ 1,850,873.77</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-10

SCHEDULE OF AMOUNT TO BE RAISED FOR CANCELLED ASSESSMENTS

ASSESSMENT TRUST FUND

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2006</u>	<u>Assessments Receivable Cancelled</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Pledged to Assessment Bonds</u>
03-10	Sidewalk Improvements	\$ 341.25		\$ 341.25	341.25
03-16	Water, Sewer and Sidewalk Improvements	451.00	162.69	613.69	613.69
		<u>\$ 792.25</u>	<u>\$ 162.69</u>	<u>\$ 954.94</u>	<u>\$ 954.94</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-11

SCHEDULE OF RESERVE FOR OPEN SPACE

Balance December 31, 2006		\$ 104,355.99
Increased by:		
2007 Tax Levy - Open Space	\$ 99,950.67	
Interest on Deposits	<u>12,600.89</u>	
		112,551.56
		<u>216,907.55</u>
Decreased by:		
Utilized as Anticipated Revenue		<u>104,000.00</u>
Balance December 31, 2007		<u>\$ 112,907.55</u>

SCHEDULE OF INTERFUND - CURRENT FUND

Exhibit B-12

Balance December 31, 2006 - Due From		\$ 2,833.86
Increased by:		
2007 Tax Levy-Open Space		<u>99,950.67</u>
		102,784.53
Decreased by:		
Settlement	\$ 2,833.86	
Interest on Deposits	<u>3,139.25</u>	
		<u>5,973.11</u>
Balance December 31, 2007 - Due From		<u>\$ 96,811.42</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2006		\$ 215,636.37
Increased by Receipts:		
Deferred Charges to Future Taxation - Unfunded:		
Construction of Public Library Reimbursements	\$ 48,750.00	
Budget Appropriation	697.00	
Interfund - Current Fund (Net)	6,051,166.00	
Sewer Connection Fees Trust Reserve	534,928.00	
Capital Improvement Fund:		
Budget Appropriation	150,000.00	
Capital Fund Balance:		
Premiums from Issuance of Debt	22,488.13	
Grant Proceeds from Fully Funded Improvements	186,750.00	
Interfund-Affordable Housing Utility Capital Fund	13,484.50	
Loan Proceeds	386,862.00	
		<u>7,395,125.63</u>
		<u>7,610,762.00</u>
Decreased by Disbursements:		
Interfunds:		
Affordable Housing Utility Capital Fund	10,716.79	
Assessment Trust Fund	2,338.20	
Improvement Authorizations	4,790,738.93	
Anticipated as Current Fund Revenue:		
Capital Surplus	80,000.00	
Reserve for Payment of Debt Service	2,700.00	
		<u>4,886,493.92</u>
Balance December 31, 2007		<u>\$ 2,724,268.08</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL CASH

Exhibit C-3

ANALYSIS OF CASH

Sheet 1 of 2

	Balance Dec. 31, 2006	Receipts		Disbursements		Transfers		Balance Dec. 31, 2007
		Bonds, Notes and Loans	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 80,149.11	\$ 209,238.13	\$ 80,000.00					\$ 209,387.24
Capital Improvement Fund	4,985.86	150,000.00			136,380.00			18,605.86
Due From Township of Princeton	(491,433.94)							(491,433.94)
NJ Environmental Infrastructure Trust Loan Receivable		386,862.00						(3,125,501.00)
Interfunds:								
Current Fund	(6,889,623.24)							(3,781,457.24)
Affordable Housing Utility Capital Fund	(13,484.50)	6,051,166.00		10,716.79				(10,716.79)
Assessment Trust Fund	2,338.20	13,484.50		2,338.20				
Reserve for:								
Payment of Debt Service	2,784.65			2,700.00				84.65
Encumbrances							3,308,308.49	3,308,308.49
<u>Improvement Authorizations</u>								
General Improvements:								
Various Improvements Pertaining to Closure of the Landfill	4,972.74					1,362.77		8,230.76
Various Capital Improvements - Public Works	12,345.52			3,609.97				218,420.21
Fire Department Improvements	26,941.93			4,114.76				33,407.00
Acquisition and Construction of Recreational Facilities	218,420.21			26,941.93				16,161.28
1999 Road Improvement Program	33,407.00							4,869.08
Various Capital Improvements	16,161.28							42,088.60
Various Capital Improvements	4,869.08					2,119.00		14.69
Various Capital Improvements	44,207.60							4,175.84
Borough Hall Renovations	1,792.52			1,777.83				4,175.84
Various Capital Improvements	4,175.84							41,777.91
Various Capital Improvements	55,600.41			13,822.50				10,387.60
Various Capital Improvements	74,649.20			42,878.80				8,543.67
Various Capital Improvements	13,343.67			4,800.00		21,382.80		250,152.77
Various Capital Improvements	259,924.66			9,771.89				88,193.60
Various Capital Improvements	162,892.99			20,000.00				251,403.31
New Public Library	202,653.31	48,750.00						485.98
Sewer Rehabilitation	8,022.97			7,536.99				242,027.37
Various Capital Improvements	308,602.26			60,824.89		5,750.00		128,303.04
Various Capital Improvements	155,275.78			15,085.69		11,887.05		339,987.89
Various Capital Improvements	425,070.61			75,873.12		9,209.60		538,270.06
Various Capital Improvements	586,158.94			42,677.69		5,211.19		9,700.98
Sidewalk Improvements	10,618.20			917.22				125,307.13
Sidewalk Improvements	367,694.58			155,360.54		87,026.91		

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL CASH

ANALYSIS OF CASH

Exhibit C-3

Sheet 2 of 2

	Balance Dec. 31, 2006	Receipts		Disbursements		Transfers		Balance Dec. 31, 2007
		Bonds, Notes and Loans	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
General Improvements (Continued):	\$	\$	\$	\$	\$	\$	\$	\$
Water, Sewer and Sidewalk Improvements	15,899.80			1,027.66				14,872.14
Water and Sewer Improvements	3,736.00			659.57				3,076.43
Sewer System Improvements	23,290.31			1,489.37				21,800.94
Reconstruction of Various Streets	81,425.10			4,504.30		8,870.40		68,050.40
Sewer Rehabilitation	188,299.61			37,493.39		5,324.14		145,482.08
Various Capital Improvements	910,894.75			43,964.10		626.13		866,304.52
Various Capital Improvements	788,890.29			492,013.45		8,270.20		288,606.64
Improvements to the Sewer System	6,877.50			159.57				6,717.93
Sewer Rehabilitation	6,057.54			4,727.90				1,329.64
Improvements to the Sewer System at Park Place	235,776.57			8,544.70		32,456.08		194,775.79
Improvements to Intersection at Witherspoon and Wiggins Streets	14,150.00			(26,656.37)				40,806.37
Sewer Improvements at Alexander Street, University Place and Edwards Place	19,037.80			1,291.51				17,746.29
Various Capital Improvements	38,119.14			1,468.09				36,651.05
Various Capital Improvements	313,231.66			103,871.07		63,457.90		145,902.69
Various Capital Improvements	34,687.43			8,972.29				25,715.14
Various Capital Improvements	287,341.50			199,839.50		20,251.48		67,250.52
Construction of Roads and Related Improvements to Sanitary Sewers and Drainage	237,322.41			12,190.52		162.03		224,969.86
Sidewalk Improvements	139,260.63			1,670.24		97,660.63		39,929.76
Rehabilitation of Sewer System	681,114.14			1,934,697.49		890,689.65	3,512,363.00	1,368,090.00
Various Capital Improvements	285,744.25			142,088.58		13,232.19		130,423.48
Sidewalk Improvements	158,816.04			152,077.79				6,738.25
Improvements to Sewer System	242,985.00			1,066.85				241,918.15
Various Capital Improvements	(111,323.59)		50.00	737,087.97		133,696.34	1,657,000.00	674,942.10
Various Capital Improvements	(79,514.95)		647.00	269,660.33		216,835.84	1,286,000.00	720,635.88
Reconstruction of Cleveland Lane and Lafayette Road				114,848.60		1,434,586.60	84,400.00	(1,465,035.20)
Various Sewer Projects			500,000.00	600.00				499,400.00
Various Capital Improvements				8,584.09		124,478.40	37,694.00	(95,368.49)
Various Capital Improvements			34,928.00	46,802.55		59,061.77	14,286.00	(56,650.32)
	\$ 215,636.37	\$ 386,862.00	\$ 7,008,263.63	\$ 4,790,738.93	\$ 95,754.99	\$ 9,900,051.49	\$ 9,900,051.49	\$ 2,724,268.08

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2006		\$ 16,487,176.64
Increased by Issued:		
General Improvement Bonds	\$ 9,833,058.64	
NJ Environmental Infrastructure Trust Loans Payable	<u>3,512,363.00</u>	
		<u>13,345,421.64</u>
Decreased by:		<u>29,832,598.28</u>
2007 Budget Appropriations:		
Serial Bonds	2,720,000.00	
Wastewater Treatment Trust Loans	405,117.76	
Environmental Infrastructure Trust Loan	<u>20,783.37</u>	
		<u>3,145,901.13</u>
Balance December 31, 2007		<u>\$ 26,686,697.15</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER
GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Miscellaneous	Budget Appropriations	Permanent Debt Issued	Balance Dec. 31, 2007	Analysis of Balance December 31, 2007			
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations	
	General Improvements:										
01-13	New Public Library	\$ 3,435,750.00	\$	\$ 48,750.00	\$	\$ 67,158.84	\$ 3,387,000.00	\$	\$	\$ 3,387,000.00	
03-10	Sidewalk Improvements	67,158.84				495,000.00					
03-15	Sidewalk Improvements	495,000.00				15,899.80					
03-16	Water, Sewer and Sidewalk Improvements	15,899.80				24,000.00					
03-17	Water and Sewer Improvements	24,000.00				26,000.00					
03-19	Sewer System Improvements	26,000.00				738,000.00					
03-22	Reconstruction of Various Streets	738,000.00				1,944,000.00					
03-40	Various Capital Improvements	1,944,000.00				884,000.00					
03-42	Various Capital Improvements	884,000.00				15,000.00					
04-01	Sewer System Improvements	15,000.00			200.00	250,000.00					
04-13	Improvements to Sewer System at Park Place	250,000.00				303,000.00					
04-14	Improvements to Intersection at Witherspoon and Wiggins Street	303,000.00				400,000.00					
04-15	Sewer System Improvements	400,000.00				89,000.00					
04-19	Various Capital Improvements	89,000.00				360,000.00					
04-20	Various Capital Improvements	360,000.00				191,166.00					
05-05	Various Capital Improvements	191,166.00			166.00	1,266,800.00					
05-06	Various Capital Improvements	1,266,800.00			800.00	1,655,000.00					
05-11	Construction of Roads and Related Improvements to Sanitary Sew to Sanitary Sewers and Drainage	1,655,000.00				458,000.00					
05-12	Sidewalk Improvements	458,000.00				3,512,363.00					
05-14	Rehabilitation of Sewer System	6,720,000.00				497,000.00	3,207,637.00	1,000,000.00		2,207,637.00	
05-17	Various Capital Improvements	497,000.00				155,000.00					
05-18	Sidewalk Improvements	155,000.00				367,000.00					
05-19	Improvements to Sewer System	367,000.00				1,657,000.00					
06-15	Various Capital Improvements	1,657,050.00				1,286,000.00					
06-16	Various Capital Improvements	1,286,647.00				50.00					
07-14	Reconstruction of Cleveland Lane and Lafayette Road		1,603,000.00			647.00			1,465,035.20	137,964.80	
07-19	Various Capital Improvements		726,000.00						95,368.49	630,631.51	
07-20	Various Capital Improvements		935,000.00						56,650.32	878,349.68	
		<u>\$ 23,300,671.64</u>	<u>\$ 3,264,000.00</u>	<u>\$ 49,447.00</u>	<u>\$ 1,166.00</u>	<u>\$ 13,345,421.64</u>	<u>\$ 13,168,637.00</u>	<u>\$ 4,310,000.00</u>	<u>\$ 1,617,054.01</u>	<u>\$ 7,241,582.99</u>	
	Improvement Authorizations Unfunded									\$ 9,879,079.12	
	Less Unfunded Proceeds of Bond Anticipation Notes										
	Improvements to Sewer System								\$ 1,000,000.00		
05-14	Improvements to Sewer System								241,918.15		
05-19	Various Capital Improvements								674,942.10		
06-15	Various Capital Improvements								<u>720,635.88</u>	<u>2,637,496.13</u>	
06-16	Various Capital Improvements									<u>\$ 7,241,582.99</u>	

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2006 - Due To/(From)	\$ (6,889,623.24)
Increased by:	
Proceeds from Note Sale Deposited in Current Fund	<u>2,943,000.00</u>
	(9,832,623.24)
Decreased by:	
Receipts	<u>6,051,166.00</u>
Balance December 31, 2007 - Due To/(From)	\$ <u><u>(3,781,457.24)</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit C-7

Balance December 31, 2006	\$ 4,985.86
Increased by:	
2007 Budget Appropriations	<u>150,000.00</u>
	154,985.86
Decreased by:	
Utilized to Finance Improvement Authorizations	<u>136,380.00</u>
Balance December 31, 2007	\$ <u><u>18,605.86</u></u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit C-8

Sheet 1 of 2

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2006		2007 Authorizations	Balance Dec. 31, 2007	
				Funded	Unfunded		Funded	Unfunded
87-22	General Improvements Pertaining to Closure of the Landfill	6/23/87	\$ 92,000.00	\$ 4,972.74	\$	\$	\$ 8,230.76	\$
91-21	Various Capital Improvements - Public Works	8/09/91	102,000.00	12,345.52		4,972.74	4,114.76	
94-22	Fire Department Improvements	9/27/94	78,645.00	26,941.93		26,941.93		
96-18	Acquisition and Construction of Recreational Facilities	8/13/96	480,000.00	218,420.21			218,420.21	
96-27	1999 Road Improvement Program	10/22/96	1,277,000.00	33,407.00			33,407.00	
97-10	Various Capital Improvements	5/13/97	160,709.00	16,161.28			16,161.28	
98-02	Various Capital Improvements	2/10/98	185,678.00	4,869.08			4,869.08	
98-07	Various Capital Improvements	4/28/98	1,361,000.00	44,207.60			42,088.60	
99-02	Borough Hall Renovations	2/09/99	150,000.00	1,792.52		2,119.00	14.69	
99-09	Various Capital Improvements	7/06/99	209,500.00	4,175.84		1,777.83	4,175.84	
99-10	Various Capital Improvements	7/13/99	1,450,000.00	55,600.41		13,822.50	41,777.91	
99-17	Various Capital Improvements	10/05/99	459,000.00	74,649.20		64,261.60	10,387.60	
00-16	Various Capital Improvements	8/08/00	421,478.00	13,343.67		4,800.00	8,543.67	
00-17								
00-22	Various Capital Improvements	9/12/00	2,827,413.00	259,924.66		9,771.89	250,152.77	
01-08	Various Capital Improvements	8/14/01	722,947.00	162,892.99		74,699.39	88,193.60	
01-13	New Public Library	10/02/01	5,760,000.00	202,653.31	3,435,750.00		251,403.31	3,387,000.00
01-14	Sewer Rehabilitation	10/23/01	1,500,000.00	8,022.97		7,536.99	485.98	
01-15	Various Capital Improvements	11/30/01	1,674,488.00	308,602.26		66,574.89	242,027.37	
01-16	Various Capital Improvements	11/16/01	268,070.00	155,275.78		26,972.74	128,303.04	
02-14	Various Capital Improvements	8/20/02	2,232,281.00	425,070.61		85,082.72	339,987.89	
02-15	Various Capital Improvements	8/20/02	777,833.00	586,158.94		47,888.88	538,270.06	
03-10	Sidewalk Improvements	4/08/03	114,500.00		10,618.20	917.22	9,700.98	
03-15	Sidewalk Improvements	6/10/03	520,002.00		367,694.58	242,387.45	125,307.13	
03-16	Water, Sewer and Sidewalk Improvements	6/10/03	123,417.00		15,899.80	1,027.66	14,872.14	
03-17	Water and Sewer Improvements	6/10/03	26,057.00		3,736.00	659.57	3,076.43	
03-19	Sewer System Improvements	7/22/03	27,685.00		23,290.31	1,489.37	21,800.94	
03-22	Reconstruction of Various Streets	7/22/03	775,000.00	188,299.61		13,374.70	68,050.40	
03-31	Sewer Rehabilitation	9/09/03	850,000.00		81,425.10	1,489.37	21,800.94	
03-40	Various Capital Improvements	12/02/03	2,046,050.00		910,894.75	42,817.53	145,482.08	
03-42	Various Capital Improvements	12/02/03	930,397.00		788,890.29	44,590.23	866,304.52	
04-01	Improvements to the Sewer System	3/12/04	16,000.00		6,877.50	500,283.65	288,606.64	
04-04	Sewer Rehabilitation	6/01/04	530,000.00	6,057.54		159.57	6,717.93	
04-13	Improvements to the Sewer System at Park Place	8/31/04	262,500.00		235,776.57	4,727.90	1,329.64	
04-14	Improvements to Intersection at Witherspoon and Wiggins Streets	8/31/04	319,000.00		14,150.00	41,000.78	194,775.79	
04-15	Sewer Improvements at Alexander Street, University Place and Edwards Place	8/31/04	420,000.00		19,037.80	(26,656.37)	40,806.37	
04-19	Various Capital Improvements	11/30/04	94,115.00		38,119.14	1,291.51	17,746.29	
04-20	Various Capital Improvements	11/30/04	379,040.00		313,231.66	1,468.09	36,651.05	
05-05	Various Capital Improvements	3/22/05	1,107,573.00		34,687.43	167,328.97	145,902.69	
05-06	Various Capital Improvements	3/22/05	1,333,380.00		287,341.50	8,972.29	25,715.14	
						220,090.98	67,250.52	

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Sheet 2 of 2

Ordinance Number	Improvement Description	Ordinance Amount		Balance Dec. 31, 2006		2007 Authorizations	Decreases	Balance Dec. 31, 2007	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
05-11	General Improvements (Continued):								
	Construction of Roads and Related Improvements								
	to Sanitary Sewers and Drainage								
05-12	Sidewalk Improvements	5/03/05	\$ 1,738,000.00	\$	\$ 237,322.41	\$	\$ 12,352.55	\$ 224,969.86	\$
05-14	Rehabilitation of Sewer System	5/03/05	481,000.00		139,260.63		99,330.87	39,929.76	
05-17	Various Capital Improvements	6/14/05	6,720,000.00		6,401,114.14		2,825,387.14	368,090.00	3,207,637.00
05-18	Sidewalk Improvements	8/09/05	523,300.00		285,744.25		155,320.77	130,423.48	
05-19	Improvements to Sewer System	8/09/05	162,955.00	3,816.04	155,000.00		152,077.79	6,738.25	
06-15	Various Capital Improvements	8/09/05	38,700.00		242,985.00		1,066.85		241,918.15
07-09, 06-16	Various Capital Improvements	7/25/06	1,744,263.00		1,545,726.41		870,784.31		674,942.10
07-14	Reconstruction of Cleveland Lane and Lafayette Road	7/25/06	1,354,366.00		1,207,132.05		486,496.17		720,635.88
07-18	Various Sewer Projects	7/10/07	1,687,400.00			1,687,400.00	1,549,435.20	499,400.00	137,964.80
07-19	Various Capital Improvements	9/11/07	500,000.00			500,000.00	600.00		630,631.51
07-20	Various Capital Improvements	9/11/07	763,694.00			763,694.00	133,062.49		878,349.68
		9/11/07	984,214.00			984,214.00	105,864.32		
	Total General Improvements				\$ 2,817,661.71	\$ 3,935,308.00	\$ 8,099,047.42	\$ 5,576,548.69	\$ 9,879,079.12
	Disbursed						\$ 4,790,738.93		
	Reserve for Encumbrances						3,308,308.49		
	Deferred Charges - Unfunded					\$ 3,264,000.00			
	Trust Other Fund-Reserve For Sewer Connections					534,928.00			
	Capital Improvement Fund					136,380.00			
						\$ 3,935,308.00	\$ 8,099,047.42		

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2006	Issued for Cash	Decreased	Balance Dec. 31, 2007
			Outstanding Dec. 31, 2007	Amount					
General Improvement Bonds	3/15/96	\$ 8,500,000		\$	4.00%	\$ 910,000.00		\$	
General Improvement Bonds	11/01/98	7,055,000	11/01/08-09	860,000	4.00%	910,000.00		910,000.00	
			11/01/10	855,000	4.10%				
			8/15/08	380,000	3.00%	3,435,000.00		860,000.00	2,575,000.00
General Improvement Bonds - Series A	8/15/03	5,553,000	8/15/09-14	380,000	4.25%				
			8/15/15	390,000	4.25%				
			8/15/16-17	390,000	4.30%				
			8/15/18	388,000	4.50%	4,598,000.00		380,000.00	4,218,000.00
General Improvement Bonds - Series B	8/15/03	8,214,000	8/15/08	570,000	3.00%				
			8/15/09-15	570,000	4.25%				
			8/15/16-17	570,000	4.30%				
			8/15/18	519,000	4.50%	6,789,000.00		570,000.00	6,219,000.00
General Improvement Bonds	6/01/07	9,833,059	6/01/08-09	542,119.31	4.00%				
			6/01/10-11	640,686.46	4.00%				
			6/01/12	739,253.61	4.00%				
			6/01/13	788,537.18	4.00%				
			6/01/14-15	936,387.90	4.00%				
			6/01/16-17	985,671.48	4.00%				
			6/01/18	1,034,955.05	4.00%				
			6/01/19	1,060,582.50	4.00%				
						\$ 15,732,000.00	\$ 9,833,058.64	\$ 2,720,000.00	\$ 22,845,058.64
							9,833,058.64		9,833,058.64

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS PAYABLE

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2007</u>
			<u>Outstanding Date</u>	<u>Amount</u>				
Wastewater Treatment Trust Loan - Trust	11/01/88	\$ 2,935,000.00	04/15/08	\$ 275,000.00	7.25%	\$ 530,000.00	\$ 255,000.00	\$ 275,000.00
Wastewater Treatment Trust Loan - State	11/01/88	2,702,120.00	08/15/08	75,058.88	0.00%	225,176.64	150,117.76	75,058.88
						\$ 755,176.64	\$ 405,117.76	\$ 350,058.88

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

Issue	Date of Issue	Original Issue	Interest Rate	Increase	Decrease	Balance Dec. 31, 2007
Wastewater Treatment Trust Loan - Trust	11/09/06	\$ 905,000.00	4.00% to 5.00%	\$ 905,000.00	\$	\$ 905,000.00
Wastewater Treatment Trust Loan - State	11/09/06	889,142.00	0.00%	889,142.00	20,783.37	868,358.63
Wastewater Treatment Trust Loan - Trust	11/08/07	870,000.00	3.40% To 5.00%	870,000.00		870,000.00
Wastewater Treatment Trust Loan - State	11/08/07	848,221.00	0.00%	848,221.00		848,221.00
				<u>\$ 3,512,363.00</u>	<u>\$ 20,783.37</u>	<u>\$ 3,491,579.63</u>
Loans Receivable				\$ 3,125,501.00		
Receipts				<u>386,862.00</u>		
				<u>\$ 3,512,363.00</u>		

BOROUGH OF PRINCEJON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2006	Serial Bonds Issued	Issued	Funded By Budget	Balance Dec. 31, 2007
03-10	Sidewalk Improvements	6/30/04			\$ 67,158.84	\$ 67,158.84	\$	\$	\$
03-15	Sidewalk Improvements	6/30/04			495,000.00	495,000.00			
03-16	Water, Sewer and Sidewalk Improvements	6/30/04			15,899.80	15,899.80			
03-22	Reconstruction of Various Streets	6/30/04			738,000.00	738,000.00			
03-40	Various Capital Improvements	6/30/04			1,944,000.00	1,944,000.00			
03-42	Various Capital Improvements	6/30/04			884,000.00	884,000.00			
03-17	Water and Sewer Improvements to Pine Street	7/28/05			24,000.00	24,000.00			
03-19	Sewer System Improvements	7/28/05			26,000.00	26,000.00			
04-01	Sewer System Improvements	7/28/05			15,200.00	15,000.00			
04-13	Sewer System Improvements	7/28/05			250,000.00	250,000.00			
04-14	Improvements at Witherspoon and Wiggins	7/28/05			303,000.00	303,000.00		200.00	
04-15	Sewer System Improvements	7/28/05			400,000.00	400,000.00			
04-19	Various Capital Improvements	7/28/05			89,000.00	89,000.00			
04-20	Various Capital Improvements	7/28/05			360,000.00	360,000.00			
05-14	Rehabilitation of Sewer System	06/28/07	06/28/08	3.70%	1,000,000.00				1,000,000.00
05-05	Various Capital Improvements	12/14/06			191,166.00	191,000.00		166.00	
05-06	Various Capital Improvements	12/14/06			1,266,800.00	1,266,000.00		800.00	
05-11	Construction of Roads and Other Improvements	12/14/06			1,655,000.00	1,655,000.00			
05-12	Sidewalk Improvements	12/14/06			458,000.00	458,000.00			
05-17	Various Capital Improvements	12/14/06			497,000.00	497,000.00			
05-18	Sidewalk Improvements	12/14/06			155,000.00	155,000.00			
05-19	Improvements to Sewer System	06/28/07	06/28/08	3.70%	367,000.00				367,000.00
06-15	Various Capital Improvements	12/07/07	06/13/08	4.00%			1,657,000.00		1,657,000.00
06-16	Various Capital Improvements	12/07/07	06/13/08	4.00%			1,286,000.00		1,286,000.00
					\$ 11,201,224.64	\$ 9,833,058.64	\$ 2,943,000.00	\$ 1,166.00	\$ 4,310,000.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>
	General Improvements:	
01-13	New Public Library	\$ 3,387,000.00
05-14	Rehabilitation of Sewer System	2,207,637.00
07-14	Reconstruction of Cleveland and Lafayette Streets	1,603,000.00
07-19	Various Capital Improvements	726,000.00
07-20	Various Capital Improvements	935,000.00
		<u>\$ 8,858,637.00</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY FUND

Exhibit D-5

SCHEDULE OF PARKING UTILITY FUND - CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2006	\$ 384,695.58	\$ 93,546.44
Increased by Receipts:		
Anticipated Revenues	\$ 2,650,119.31	
Non-Budget Revenue	239,797.27	
Reserve for Debt Service		375,000.00
Interfunds	<u>42,907.75</u>	<u>6,618.58</u>
	2,932,824.33	381,618.58
	<u>3,317,519.91</u>	<u>475,165.02</u>
Decreased by Disbursements:		
Budget Appropriations	2,186,580.29	
Appropriation Reserves	49,142.39	
Improvement Authorization		44,783.14
Interfunds	50,482.84	42,907.75
Accrued Interest Payable	<u>602,524.77</u>	
	2,888,730.29	<u>87,690.89</u>
Balance December 31, 2007	<u>\$ 428,789.62</u>	<u>\$ 387,474.13</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF PARKING UTILITY CAPITAL CASH

	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
Fund Balance	\$ 12,179.42	\$ 12,179.42
Accounts Receivable	(207,851.23)	(207,851.23)
Due to Parking Utility Operating Fund	(8,381.42)	42,907.75
Reserve for Debt Service - County of Mercer Open Space	375,000.00	
Improvement Authorizations:		
Ordinance Number:		
02-22	398,604.46	443,387.60
03-41	(11,311.89)	(11,311.89)
04-12	(185,389.21)	(185,389.21)
06-14	14,624.00	(376.00)
	<u>\$ 387,474.13</u>	<u>\$ 93,546.44</u>

SCHEDULE OF ACCOUNTS RECEIVABLE

Exhibit D-7

Balance December 31, 2006 and 2007	<u>\$ 207,851.23</u>
<u>Analysis of Balance at December 31, 2007</u>	
Troast Reimbursement - Nassau HKT	\$ 62,909.43
Princeton Public Library	<u>144,941.80</u>
	<u>\$ 207,851.23</u>

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

	<u>Balance Dec. 31, 2007 and 2006</u>
Parking Utility 2002	<u>\$ 200,000.00</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance		Balance	
		Date	Amount	Dec. 31, 2006	Dec. 31, 2007
02-22	Development and Construction of a Parking Facility and Related Park Plaza	12/17/02	\$ 13,500,000.00	\$ 13,500,000.00	\$ 13,500,000.00
03-41	Acquisition of Equipment	12/02/03	50,000.00	50,000.00	50,000.00
04-12	Technology Improvements	8/31/04	194,500.00	194,500.00	194,500.00
06-14	Various Capital Improvements	8/08/06	15,376.00	15,376.00	15,376.00
07-21	Acquisition of Equipment	9/11/07	39,000.00	39,000.00	39,000.00
				\$ 13,759,876.00	\$ 13,798,876.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Parking Utility Capital Fund
Balance December 31, 2006 - (Due From)	\$ <u>(42,907.75)</u>	\$ <u> </u>	\$ <u>(42,907.75)</u>
Increased by:			
Cash Disbursed	50,482.84	50,482.84	
Interest Earned	<u>6,618.58</u>		<u>6,618.58</u>
Total Increases	<u>57,101.42</u>	<u>50,482.84</u>	<u>6,618.58</u>
Total Balances and Increases	<u>(100,009.17)</u>	<u>(50,482.84)</u>	<u>(49,526.33)</u>
Decreased by:			
Settlement	42,907.75		42,907.75
Budget Appropriation:			
Ordinance #06-14	<u>15,000.00</u>		<u>15,000.00</u>
Total Decreases	<u>57,907.75</u>	<u> </u>	<u>57,907.75</u>
Balance December 31, 2007 - (Due From)/Due To	\$ <u><u>(42,101.42)</u></u>	\$ <u><u>(50,482.84)</u></u>	\$ <u><u>8,381.42</u></u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance December 31, 2006</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Appropriation Reserves	\$ 18,744.70		
Other Expenses		\$ 49,655.05	\$ 49,655.05
Disbursed Accounts Payable			\$ 49,142.39
			512.66
			<u>\$ 49,655.05</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-12

SCHEDULE OF ACCRUED INTEREST ON BONDS

Balance December 31, 2006	\$ 225,946.88
Increased by:	
Budget Appropriation	<u>600,639.00</u>
	826,585.88
Decreased by:	
Disbursements	<u>602,524.77</u>
Balance December 31, 2007	<u>\$ 224,061.11</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2006		2007 Authorizations	Paid or Charged	Balance Dec. 31, 2007	
				Funded	Unfunded			Funded	Unfunded
02-22	Development and Construction of a Parking Facility and Related Park Plaza	12/17/02	\$ 13,500,000.00	\$ 443,387.60	\$		\$ 44,783.14	\$ 398,604.46	\$
03-41	Acquisition of Equipment	12/2/03	50,000.00		38,688.11				38,688.11
04-12	Technology Improvements	8/31/04	194,500.00		9,110.79			14,624.00	9,110.79
06-14	Various Capital Improvements	8/08/06	15,376.00		15,000.00				376.00
07-21	Acquisition of Equipment	9/11/07	39,000.00			39,000.00			39,000.00
				<u>\$ 443,387.60</u>	<u>\$ 62,798.90</u>	<u>\$ 39,000.00</u>	<u>\$ 44,783.14</u>	<u>\$ 413,228.46</u>	<u>\$ 87,174.90</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance December 31, 2006		\$ 350,000.00
Increased by:		
Paid by Budget Appropriation:		
Serial Bonds Payable	\$ 175,000.00	
Ordinance #06-14	<u>15,000.00</u>	
		<u>190,000.00</u>
Balance December 31, 2007		<u>\$ 540,000.00</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

Exhibit D-15

PARKING UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2007</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2007</u>
Parking Utility Improvement Bonds	8/15/03	\$ 13,700,000.00	\$ 195,000.00	3.00%			
			375,000.00	4.25%			
			400,000.00	4.25%			
			425,000.00	4.25%			
			450,000.00	4.25%			
			475,000.00	4.25%			
			500,000.00	4.25%			
			525,000.00	4.25%			
			550,000.00	4.30%			
			575,000.00	4.30%			
			600,000.00	4.50%			
			625,000.00	4.625%			
			725,000.00	4.625%			
			775,000.00	4.75%			
			825,000.00	4.75%			
			875,000.00	4.75%			
			885,000.00	4.75%			
			895,000.00	4.75%			
			900,000.00	4.75%			
					\$ 13,350,000.00	\$ 175,000.00	\$ 13,175,000.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Ordinance Date	Improvement Description	Balance Dec. 31, 2006	Authorized	Raised in 2007 Budget	Balance Dec. 31, 2007
03-41	12/02/03	Acquisition of Equipment	\$ 50,000.00			\$ 50,000.00
04-12	8/31/04	Technology Improvements	194,500.00			194,500.00
06-14	8/08/06	Various Capital Improvements	15,376.00		15,000.00	376.00
07-21	9/11/07	Acquisition of Equipment		39,000.00		39,000.00
			\$ 259,876.00	\$ 39,000.00	\$ 15,000.00	\$ 283,876.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

PUBLIC ASSISTANCE TRUST FUND

Exhibit E-1

SCHEDULE OF CASH - TREASURER AND PETTY CASH

Balance December 31, 2006		\$ 116,456.71
Increased by Receipts:		
State Aid	\$ 107,600.00	
Interest on Deposits	3,477.38	
Reimbursements:		
SSI	6,930.00	
Other	440.00	
		<u>118,447.38</u>
		234,904.09
Decreased by Disbursements:		
Public Assistance Expenditures		<u>131,566.84</u>
Balance December 31, 2007		<u>\$ 103,337.25</u>

SCHEDULE OF PREPAID STATE AID

Exhibit E-2

Balance December 31, 2006		\$ 88,622.36
Increased by:		
State Aid Payments Received	\$ 107,600.00	
SSI Reimbursement	6,930.00	
Other Reimbursements	440.00	
		<u>114,970.00</u>
		203,592.36
Decreased by:		
Expenditures for Public Assistance - State Eligible Match		<u>131,536.84</u>
Balance December 31, 2007		<u>\$ 72,055.52</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Exhibit E-3

Balance December 31, 2006	\$ 27,834.35
Increased by:	
Interest on Deposits	<u>3,477.38</u>
	31,311.73
Decreased by:	
Expenditures for Public Assistance - Ineligible for State Match	<u>30.00</u>
Balance December 31, 2007	<u>\$ 31,281.73</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER
AFFORDABLE HOUSING OPERATING UTILITY FUND
SCHEDULE OF CASH - COLLECTOR-TREASURER

Exhibit S-5

Balance December 31, 2006		\$ 783,219.29
Increased by Receipts:		
Reserves:		
Housing Trust	\$ 105,837.47	
Developer Fees	50,167.76	
Growth Share	153,303.51	
Anticipated Revenues	<u>134,219.95</u>	
		443,528.69
		<u>1,226,747.98</u>
Decreased by Disbursements:		
Budget Appropriations	48,246.08	
Interfunds	<u>13,484.50</u>	
		<u>61,730.58</u>
Balance December 31, 2007		<u>\$ 1,165,017.40</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-6

SCHEDULE OF RESERVES

	<u>Total (Memo Only)</u>	<u>Housing Trust</u>	<u>Developer Fees</u>	<u>Growth Share</u>
Balance December 31, 2006	\$ 801,607.46	\$ 22,931.90	\$ 495,154.99	\$ 283,520.57
Increased by:				
Transfer from Operations (Net)	134,889.09	29,028.77	105,860.32	
Fees	133,214.00			133,214.00
Proceeds from Sale of Units	105,537.47	105,537.47		
Interest on Deposits	40,257.27		20,167.76	20,089.51
Insurance Reimbursement	30,000.00		30,000.00	
Miscellaneous	300.00	300.00		
Total Increases	<u>444,197.83</u>	<u>134,866.24</u>	<u>156,028.08</u>	<u>153,303.51</u>
Total Balances and Increases	<u>1,245,805.29</u>	<u>157,798.14</u>	<u>651,183.07</u>	<u>436,824.08</u>
Decreased by:				
Anticipated as Utility Operating Revenue	48,915.22	48,915.22		
Funding of Ordinance - Prior Period Sale of Unit	113,536.95		113,536.95	
	<u>162,452.17</u>	<u>48,915.22</u>	<u>113,536.95</u>	
Balance December 31, 2007	\$ 1,083,353.12	\$ 108,882.92	\$ 537,646.12	\$ 436,824.08

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-7

ANALYSIS OF AFFORDABLE HOUSING UTILITY CAPITAL CASH

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
Fund Balance	\$ 67,193.84	\$ 67,193.84
Due (From)/To General Capital Fund	10,716.79	13,484.50
Due (From)/To Operating Fund	(121,334.33)	(21,281.88)
Improvement Authorizations:		
Ordinance Number:		
89-37	67,702.05	67,702.05
02-18		(113,536.95)
06-13	<u>(24,278.35)</u>	<u>(13,561.56)</u>
	<u>\$</u>	<u>\$</u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-8

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2006	Decrease	Balance Dec. 31, 2007
		Date	Amount			
02-18	Acquisition of an Affordable Housing Unit	11/22/02	\$ 120,000.00	\$ 113,536.95	\$ 113,536.95	\$
06-13	Improvements and Renovations to Housing Authority	8/08/06	211,150.00	211,150.00		211,150.00
				\$ 324,686.95	\$ 113,536.95	\$ 211,150.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-9

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Affordable Housing Operating Fund	General Capital Fund
Balance December 31, 2006 - (Due From)/Due To	\$ <u>(7,797.38)</u>	\$ <u>(21,281.88)</u>	\$ <u>13,484.50</u>
Increased by:			
Paid by Affordable Housing Operating Fund	13,484.50		13,484.50
Funding of Ordinance - Prior Sale of Unit	<u>113,536.95</u>	<u>113,536.95</u>	
Total Increases	<u>127,021.45</u>	<u>113,536.95</u>	<u>13,484.50</u>
Total Balances and Increases	<u>134,818.83</u>	<u>134,818.83</u>	
Decreased by:			
Settlement of General Capital Fund - Interfund	13,484.50	13,484.50	
Improvement Authorization Expenditures	<u>10,716.79</u>		<u>10,716.79</u>
Total Decreases	<u>24,201.29</u>	<u>13,484.50</u>	<u>10,716.79</u>
Balance December 31, 2007 - (Due From)/Due To	\$ <u><u>(110,617.54)</u></u>	\$ <u><u>(121,334.33)</u></u>	\$ <u><u>10,716.79</u></u>

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit S-10

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2006</u>		<u>Paid or Charged</u>	<u>Balance Dec. 31, 2007</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
89-37	Financing of Affordable Housing Program	10/04/89	\$ 5,891,938.00	\$ 67,702.05	\$	\$	\$ 67,702.05	\$
06-13	Program Improvements and Renovations to Housing Hous Authority	8/08/06	211,150.00		197,588.44	10,716.79		186,871.65
				\$ 67,702.05	197,588.44	\$ 10,716.79	\$ 67,702.05	\$ 186,871.65

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-11

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Ordinance Date</u>	<u>Improvement Description</u>	<u>Authorized</u>	<u>Balance Dec. 31,2007</u>
06-13	8/08/06	Improvements and Renovations to Housing Authority	\$ <u>211,150.00</u>	\$ <u>211,150.00</u>

William E. Antonides and Company

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Borough Council
Borough of Princeton
County of Mercer
Princeton, New Jersey

We have audited the financial statements of the Borough of Princeton (the "Borough"), as of and for the year ended December 31, 2007, and have issued our report thereon dated August 15, 2008. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough'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 Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

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 Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting prescribed by the Division such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control.

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

Our consideration of internal control over financial reporting was for the limited purposes 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 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 Borough'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. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated August 15, 2008.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

William E. Antonides and Company
Independent Auditors

August 15, 2008

BOROUGH OF PRINCETON

COUNTY OF MERCER

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2007

An audit of the financial accounts and transactions of the Borough of Princeton, in the County of Mercer, for the year ended December 31, 2007, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Treasurer, Tax Collector, the activities of the Mayor and Borough Council, and the records of the various outside departments.

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 balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenues and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

GENERAL COMMENTS

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$21,000 for the period audited.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable.”

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on March 27, 1980 adopted a resolution, pursuant to the provisions of R.S. 54:4-67, fixing the interest rate on 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 incurs a 6% surcharge.

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

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on December 4, 2007 and was not complete.

Assessment loan installment balances incrementally paid beyond the 30 day statutory grace period were not included.

Inspection of tax sale certificates on file revealed that all certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2007	0
2006	0
2005	0

Verification of Delinquent Taxes

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	10

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure where possible.

Public Assistance

The Director of Public Assistance maintains a petty cash bank account used for all General Assistance disbursements.

A separate Public Assistance Trust bank account was maintained by the Borough Treasurer, into which receipts were deposited. Disbursements were made from this account to reimburse the Petty Cash bank account.

An audit of the Public Assistance Fund was performed and the required report was filed with the Department of Human Services, Division of Family Development.

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Animal License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Regional School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2007.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FINDINGS/RECOMMENDATIONS

Deposits

Our examination of department transactions on a test check basis indicated the following:

07-01 **Finding** - Health Department deposits were not made within forty-eight (48) hours as required by N.J.S.A. 40A:5-15.

* **Recommendation** - That the Health Department develop policies and procedures to ensure that deposits are made within forty-eight (48) hours as required by statute.

Dedication by Rider

07-02 **Finding** - There were several instances noted where there was no support available substantiating required state "Dedication by Rider" approvals of certain Trust Fund reserve balances.

* **Recommendation** - That internal controls be enhanced to ensure that all trust fund spending reserves utilized have proper State of New Jersey "Dedication by Rider" approvals.

Interfunds

07-03 **Finding** - There are a number of interfunds on the balance sheets as at December 31.

* **Recommendation** - That an effort be made to liquidate all interfunds prior to December 31.

Borough Tax Collector - Delinquent Assessment Collections

Our examination of special assessment transactions on a test check basis indicated the following:

07-04 **Finding** - Several instances were noted where special assessment loan installments were accepted beyond the statutory 30 day period allowed by statute.

Recommendation - That the Borough Tax Collector only accept the full balance due on the entire special assessment loan after an installment is delinquent past the statutory thirty day period and that such unpaid loan balances be subject to inclusion in the tax sale as required by statute.

* A similar comment and recommendation appeared in the 2006 audit report.

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments and resultant recommendations are not of sufficient materiality whereby 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 contact us at your earliest opportunity.