

**TOWNSHIP OF PRINCETON
MERCER COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEAR
ENDED DECEMBER 31, 2009**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2009

	<u>PAGE(S)</u>
<u>INTRODUCTION SECTION</u>	1
Letter of Transmittal	2 - 7
<u>FINANCIAL SECTION</u>	8
Independent Auditor's Report	9 - 10
FINANCIAL STATEMENTS	11
Combined Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	12 - 13
Combined Statements of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis - Budget and Actual – Current Fund	14
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis - Utility Operating Fund	15
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis – Current and Utility Operating Funds	16 - 17
Notes to Financial Statements	18 - 39
<u>FUND FINANCIAL STATEMENTS</u>	40
A Comparative Balance Sheet - Regulatory Basis - December 31, 2009	41
A- 1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis - Year Ended December 31, 2009	42 - 43
A- 2 Statement of Revenues - Regulatory Basis - Year Ended December 31, 2009	44 - 46
A- 3 Statement of Expenditures - Year Ended December 31, 2009	47 - 54
B Comparative Balance Sheet - Trust Fund - Regulatory Basis - December 31, 2009 and 2008	55 - 56
C Comparative Balance Sheet - General Capital Fund - Regulatory Basis - December 31, 2009 and 2008	57
C- 1 Statement of Change in Fund Balance - Regulatory Basis	58
D Comparative Balance Sheet - Affordable Housing Utility Fund - Regulatory Basis - December 31, 2009 and 2008	59
D- 1 Comparative Statement of Operations and Change in Fund Balance - Affordable Housing Utility Operating Fund - Regulatory Basis Year Ended December 31, 2009 and 2008	60
D- 2 Statement of Revenues - Affordable Housing Utility Operating Fund - Regulatory Basis - December 31, 2009	61
D- 3 Statement of Expenditures - Affordable Housing Utility Operating Fund - Regulatory Basis - December 31, 2009	62
E Comparative Balance Sheet - Public Assistance Fund - Regulatory Basis - For the Years Ended December 31, 2009 and 2008	63
E- 1 Schedule of Reserve for Public Assistance	64

TOWNSHIP OF PRINCETON
TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2009

	<u>PAGE(S)</u>
<u>SINGLE AUDIT SECTION</u>	65
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	66 - 67
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04	68 - 69
Sch. A Schedule of Expenditures of Federal Awards	70
Sch. B Schedule of Expenditures of State Awards	71
Notes to Schedules of Expenditures of Federal and State Financial Assistance	72
Sch. C Schedule of Findings and Questioned Costs	73 - 76
Sch. D Schedule of Prior Findings	77
<u>SUPPLEMENTAL SCHEDULES</u>	78
Current Fund:	
A- 4 Schedule of Taxes Receivable and Analysis of Property Levy	79
A- 5 Schedule of Due to State of New Jersey Senior Citizens and Veterans Deductions Per Chapter 73, P.L. 1976	80
A- 6 Schedule of Tax Title Liens	81
A- 7 Schedule of Sewer Charges Receivable	82
A- 8 Schedule of Taxes Payable	83
A- 9 Schedule of 2008 Appropriation Reserves	84 - 86
A-10 Schedule of Federal and State Grants Accounts Receivable	87
A-11 Schedule of Reserve for State and Federal Grants Appropriated	88
A-12 Schedule of Reserve for State and Federal Grants - Unappropriated Grant Fund	89
Trust Fund:	
B- 1 Schedule of Assessments Receivable	90
B- 2 Schedule of Reserve for Assessments and Liens	91 - 92
B- 3 Schedule of Reserve for Animal Control Expenditures	93
B- 4 Schedule of Reserve for Open Space Trust Fund	94
B- 5 Schedule of Other Reserves and Special Deposits	95
General Capital Fund:	
C- 2 Analysis of General Capital Cash and Investments	96 - 97
C- 3 Schedule of Deferred Charges to Future Taxation - Unfunded	98 - 99
C- 4 Schedule of Developers Contribution Receivable	100
C- 5 Schedule of State Aid Receivable	100
C- 6 Schedule of Improvement Authorizations	101 - 102
C- 7 Schedule of General Serial Bonds	103 - 104

TOWNSHIP OF PRINCETON
TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2009

	<u>PAGE(S)</u>
<u>SUPPLEMENTAL SCHEDULES (Cont'd.)</u>	
General Capital Fund (Cont'd.):	
C- 8 Schedule of Loan Payable - New Jersey Environmental Infrastructure Trust	105 - 107
C- 9 Schedule of Project Loans Payable - New Jersey Department Of Environmental Protection - Green Trust Program	108
C-10 Schedule of Capital Improvement Fund	108
C-11 Schedule of Bond Anticipation Notes	109
C-12 Schedule of Bonds and Notes Authorized but not Issued	110 - 111
Affordable Housing Fund:	
D- 4 Schedule of Affordable Housing Utility Capital Serial Bonds	112
D- 5 Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	113
Public Assistance Fund:	
E- 2 Schedule of Public Assistance Cash - Treasurer	114
E- 3 Schedule of Public Assistance Cash and Reconciliation	115
E- 4 Schedule of Public Assistance Revenues	116
E- 5 Schedule of Public Assistance Expenditures	116
<u>SUPPLEMENTARY INFORMATION</u>	117
Comparative Schedule of Tax Rate Information	118
Comparison of Tax Levies and Collection Currently	118
Delinquent Taxes and Tax Title Liens	118
Property Acquired by Tax Title Lien Liquidation	118
Officials in Office and Surety Bonds	119
<u>STATISTICAL SECTION</u>	120
<u>Table</u>	
1 Current Fund Expenditures by Function	121
2 Current Fund Revenues by Source	122
3 Assessed Value and Estimate of Total Value	123
4 Schedule of Ten Largest Taxpayers	124
5 Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt per Capita	125
6 Ratio of Annual Debt Service Expenditures – Current Fund	126
7 Demographic Statistics	127
8 Labor Statistics - Unaudited	128
9 Net Assessed Valuation of Real Property by Class - Percentage of Line Item (2009) - Unaudited	129
General Comments	130 - 136
Recommendations	137

INTRODUCTION SECTION

TOWNSHIP OF PRINCETON

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KATHRYN MONZO

CHIEF FINANCIAL OFFICER
TAX COLLECTOR

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

The Comprehensive Annual Financial Report of the Township of Princeton for the year ended December 31, 2009 is hereby submitted as mandated by state statute. New Jersey State statutes require that Princeton Township annually issue a report on its financial position and activity and that this report be audited by an independent Registered Municipal Accountant. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Princeton Township. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Township of Princeton's financial activities have been included.

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

General Information

Princeton Township ("the Township"), incorporated in 1838, is a suburban community with a population of 16,027 (2000 census) covering an area of 16.5 square miles in the heart of central New Jersey. It surrounds the 1.85 square mile area of the

Borough of Princeton and is bounded on the southeast by West Windsor Township, on the southwest by Lawrence Township, on the northwest by Hopewell Township, on the north by Montgomery Township (Somerset County), on the northeast by Franklin Township (Somerset county) and South Brunswick Township (Middlesex County) and on the east by Plainsboro Township (Middlesex County).

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

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

Planning Board

In 1970, the planning boards of the Township and the Borough of Princeton were merged to form the Regional Planning Board of Princeton. The action was taken to recognize the fact that each municipality has a joint and common interest in a master plan for the development of the region and to formalize and to strengthen their cooperative endeavors in municipal planning. After a thorough review of the existing master plans of the Township and the Borough of Princeton, a single comprehensive Master Plan for the Princeton Community was developed and adopted by the Regional Planning Board in 1980. The Master Plan includes elements on land use, housing, circulation, utility, service, community facilities, open space and recreation and conservation. Since May, 1980, both the Township and the Borough of Princeton have implemented the Master Plan in part by passage of appropriate ordinances. A new Master Plan was adopted on December 12, 1996. The Master Plan is constantly undergoing revision, with the latest revision being adopted on December 4, 2008 which included an update to the housing element and Fair Share plan.

Open Space

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

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

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

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

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

Gulick Farm

In 2001 the township authorized the amount of \$2,775,000 for the purchase of a portion of the Gulick Farm. \$138,750 in down payment money was paid from the township's Open Space Fund. In 2002, \$2,600,000 in short-term Bond anticipation Notes were issued. The purchase was completed in April, 2002. It is anticipated that the township will receive grants and loans from the State of New Jersey for this purchase. The proceeds of such grants and loans will be used to pay down the debt service associated with this open space purchase.

As of December 31, 2009 the balance in the Open Space Fund is \$281,495.

Princeton Public Library

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

Township of Princeton share	(68%)	\$4,080,000	
Borough of Princeton share	(32%)	<u>1,920,000</u>	
Total Municipal share			\$6,000,000

Contributions to be raised from a Private fund raising campaign		<u>12,000,000</u>	
Total cost of a new library facility			<u>\$18,000,000</u>

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

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

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

Interlocal Service Agreements

With the Borough of Princeton:

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

Host Municipality:

Township of Princeton	Drug Treatment Program (Corner House) Joint Environmental Commission Joint Human Services Commission Joint Regional Planning Board Joint Recreation Board
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Borough of Princeton	Small Animal Control Fire Department (Volunteer) Fire Facilities Health Sewer Operating Committee Solid Waste Suzanne Paterson Center (Senior Citizen)
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In addition the two municipalities jointly fund the following:

Princeton Public Library
Princeton First Aid & Rescue Squad

With the Princeton Regional School District:

Joint fueling facility

With Mercer County Improvement Authority

Curbside Recycling Program

With Stony Brook Regional Sewerage Authority

Wastewater collection and treatment

Water

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

Sewer

A majority of the Township is serviced by municipal sewers.

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

Bond Rating

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

	<u>2001 Rating</u>
Moody's Investors Service	Aaa
Standard & Poor's	AAA

The Aaa rating was reaffirmed again in March, 2006 by both Moody's Investors Service and Standard and Poor's in conjunction with the Township's \$23,775,000 Bond Issue, then again in 2008 with the Township's 8,000,000 Bond Issue, and most recently with its 2009 General Improvement Refunding Bond issue.

Tax Collection Rate

In 2009 the Township's tax collection rate was above 99%, and has been above 99% for six consecutive years.

Respectfully submitted,



Kathryn Monzo, CMFO/CTC
Chief Financial Officer/Tax Collector

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined statement of assets, liabilities, reserves and fund balance – all funds and account group– regulatory basis, the combined statement of revenues, expenses and changes in fund balance – regulatory basis- current and affordable housing utility operating fund, the schedules of assets, liabilities and fund balance – regulatory basis and the related schedules of revenues - regulatory basis and schedules of expenditures - regulatory basis of the various funds of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2009, which collectively comprise the Township's financial statements – regulatory basis, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements-regulatory basis were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Township of Princeton, County of Mercer, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2009 or the results of its operations, or cash flows of its proprietary fund type for the years then ended.

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Township of Princeton, County of Mercer, New Jersey as of December 31, 2009 and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2009, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated August 30, 2010 on our consideration of the Township of Princeton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township of Princeton, County of Mercer, New Jersey taken as a whole. The accompanying schedules of expenditures of federal and state agency awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04 and are not a required part of the financial statements. Additionally, the information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Princeton, County of Mercer, New Jersey. Such information as identified herein, except for the completeness and the categorization of federal and state funding sources for certain grants, along with the reporting of various CFDA and account numbers included within the aforementioned schedules of financial assistance, on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



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



Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
August 30, 2010

FINANCIAL STATEMENTS

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
DECEMBER 31, 2009

ASSETS	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	PUBLIC ASSISTANCE FUND	GOVERNMENTAL FIXED ASSETS	TOTAL DEC. 31, 2008
Cash and Investments	\$ 11,643,124.70	\$ 163,753.94	\$ 7,636,386.09	\$ 1,327,660.72	\$ 11,094.57	\$ 54,212.25	\$	20,836,232.27
Federal and State Grants Receivable	1,226,415.24	1,024,692.00						2,251,107.24
Receivables and Other Assets:								
Delinquent Property Taxes	1,018,923.49							1,018,923.49
Other Receivables	87,742.00	3,752,149.34	627,972.62	552,077.84				4,391,969.18
Assessments Receivable								627,972.62
Tax Title and Assessment Liens Rec.								
Other Accounts Receivable		1,047,158.80						1,047,158.80
Interfunds Receivable	2,590,397.14	602,000.00	161,906.25					3,354,303.39
Property Acquired for Taxes	137,000.00							137,000.00
Prospective Assessments Funded		8,325.00	8,325.00					16,650.00
Expenditure without Appropriation Grant Fund	2,040.93							2,040.93
Deferred Charge to Future Taxation:								
Emergency Appropriation	440,000.00							440,000.00
Deferred Charge to Future Taxation:								
Funded		60,461,739.22			770,000.00			61,231,739.22
Unfunded		25,840,464.75					55,616,337.79	25,840,464.75
Fixed Assets								55,616,337.79
	<u>\$ 17,145,643.50</u>	<u>\$ 92,900,283.05</u>	<u>\$ 8,434,589.96</u>	<u>\$ 1,879,738.56</u>	<u>\$ 781,094.57</u>	<u>\$ 54,212.25</u>	<u>\$ 55,616,337.79</u>	<u>\$ 176,811,899.68</u>

See Notes to Financial Statements

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget as <u>Modified</u>	2009 <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 3,200,000.00	\$ 3,200,000.00	\$
Miscellaneous Revenue	11,278,388.24	10,933,265.24	(345,123.00)
Receipts from Delinquent Taxes	815,189.00	774,422.89	(40,766.11)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>21,787,385.96</u>	<u>23,628,374.26</u>	<u>1,840,988.30</u>
Total Budget Revenue	<u>37,080,963.20</u>	<u>38,536,062.39</u>	<u>1,455,099.19</u>
Other Credits to Income		<u>2,151,325.24</u>	<u>2,151,325.24</u>
Total Revenues	<u>37,080,963.20</u>	<u>40,687,387.63</u>	<u>3,606,424.43</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	4,646,250.14	4,646,250.14	
Land Use Administration	435,008.00	435,008.00	
Public Safety	5,239,384.00	5,239,384.00	
Public Works	2,181,530.25	2,181,530.25	
Health & Human Services	741,779.50	741,779.50	
Parks and Recreation	807,610.00	807,610.00	
Unclassified Purposes	4,414,319.00	4,414,319.00	
Deferred Charges and statutory Expenditures	1,724,503.00	1,724,503.00	
Current Fund Excluded From CAPS:			
General Government	6,023,737.91	6,023,737.91	
Public and Private Programs	2,147,633.49	2,147,633.49	
Capital Improvements	300,000.00	300,000.00	
Debt Service	5,834,203.00	5,834,048.82	154.18
Deferred Charges and statutory Expenditures	110,000.00	110,000.00	
Reserve for Uncollected Taxes	<u>2,475,004.91</u>	<u>2,475,004.91</u>	
Total Budget Expenditures	37,080,963.20	37,080,809.02	154.18
Other Charges		<u>2,565,767.76</u>	<u>(2,565,767.76)</u>
Total Expenditures	<u>37,080,963.20</u>	<u>39,646,576.78</u>	<u>(2,565,613.58)</u>
Statutory Excess to Fund Balance		1,040,810.85	
Fund Balance January 1, 2009		<u>6,682,407.21</u>	
Decreased by: Utilized in Budget		<u>3,200,000.00</u>	
Fund Balance December 31, 2009		<u>\$ 4,523,218.06</u>	
See Notes to Financial Statements			

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
BUDGET AND ACTUAL - UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget as Modified</u>	<u>2009 Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 140,000.00	\$ 140,000.00	
Affordable Housing Fees	332,563.00	320,000.00	(12,563.00)
Township Contribution	200,000.00	200,000.00	
Miscellaneous	<u>70,000.00</u>	<u>70,000.00</u>	
Total Budget Revenue	<u>742,563.00</u>	<u>730,000.00</u>	<u>(12,563.00)</u>
Other Credits to Income		<u>75,189.67</u>	<u>75,189.67</u>
Total Revenues	<u>742,563.00</u>	<u>805,189.67</u>	<u>62,626.67</u>
Expenditures:			
Operating Expenses	298,443.00	262,394.86	36,048.14
Debt Service	444,120.00	439,900.00	4,220.00
Other Expenses			
Total Expenditures	<u>742,563.00</u>	<u>702,294.86</u>	<u>40,268.14</u>
Excess (Deficit) in Revenues		<u>102,894.81</u>	<u>102,894.81</u>
Statutory Excess to Fund Balance		<u>102,894.81</u>	<u>102,894.81</u>
Fund Balance January 1, 2009		<u>189,097.85</u>	
Decreased by: Utilized in Budget	<u>140,000.00</u>	<u>140,000.00</u>	
Fund Balance December 31, 2009		<u><u>\$ 151,992.66</u></u>	

See Notes to Financial Statements

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DEC. 31, 2009

Page 1 of 2

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>
Revenues:		
Fund Balance Appropriated	\$ 3,200,000.00	\$ 140,000.00
Miscellaneous Revenue	10,933,265.24	590,000.00
Receipts from Delinquent Taxes	774,422.89	
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	<u>23,628,374.26</u>	
Total Budget Revenue	<u>38,536,062.39</u>	<u>730,000.00</u>
Other Credits to Income	<u>2,151,325.24</u>	<u>75,189.67</u>
Total Revenues	<u>40,687,387.63</u>	<u>805,189.67</u>
Expenditures:		
Current Fund Within CAPS:		
General Government	4,646,250.14	262,394.86
Land Use Administration	435,008.00	
Public Safety	5,239,384.00	
Public Works	2,181,530.25	
Health & Human Services	741,779.50	
Parks and Recreation	807,610.00	
Unclassified	4,414,319.00	
Deferred Charges and Statutory Expenditures	1,724,503.00	
Current Fund Excluded From CAPS:		
General Government	6,023,737.91	
Public and Private Programs	2,147,633.49	
Capital Improvements	300,000.00	
Debt Service	5,834,048.82	439,900.00
Deferred Charges	110,000.00	
Reserve for Uncollected Taxes	<u>2,475,004.91</u>	
Total Budget Expenditures	<u>37,080,809.02</u>	<u>702,294.86</u>
Other Charges	<u>2,565,767.76</u>	
Total Expenditures	<u>39,646,576.78</u>	<u>702,294.86</u>

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DEC. 31, 2009

Page 2 of 2

	CURRENT <u>FUND</u>	UTILITY OPERATING <u>FUNDS</u>
Statutory Excess to Fund Balance	1,040,810.85	102,894.81
Fund Balance Jan. 1, 2009	<u>6,682,407.21</u>	<u>189,097.85</u>
	7,723,218.06	291,992.66
Decreased by: Utilized in Budget	<u>3,200,000.00</u>	<u>140,000.00</u>
Fund Balance Dec. 31, 2009	<u><u>\$ 4,523,218.06</u></u>	<u><u>\$ 151,992.66</u></u>

See Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
THE YEAR ENDED DECEMBER 31, 2009 and 2008

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

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

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

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

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

NOTES TO FINANCIAL STATEMENTS

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

B. Description of Funds (Cont'd.)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting and Measurement Focus

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

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

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for un-liquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for the costs of post-employment benefits other than pensions (other post-employment benefits or "OPEB") are recorded in the accounting period in which the payments are made. GAAP requires recognition of the actuarially determined estimated OPEB cost during the employment period of each employee, during which any OPEB benefit is earned. See Note 9 for OPEB disclosure required by GASB 45.

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

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

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

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, transfers of anticipated operating surpluses among the Current Fund and Affordable Housing Utility, transfers from utility operating funds to capital funds (to finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in the Township's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

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

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

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

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

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

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

Governmental Fixed Assets - New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. All governmental fixed assets acquired by the Township are recorded at cost. The general fixed asset records were updated during fiscal year 2009.

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

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

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

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

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

Recent Accounting Standards

GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" in June 2008. This Statement requires that the fair value of financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments.

GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The objective of the Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in March 2009. The objective of the Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standard Board's (GASB) authoritative literature.

GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" in March 2009. The objective of this Statement is to incorporate in the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants Statements on Auditing Standards.

GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" in December 2009. The statement establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate.

GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies" in December 2009. This Statement establishes accounting and financial reporting standards for all governments that have petitioned for relief under Chapter 9 of the U.S. Bankruptcy Code or have been granted relief under the provisions of Chapter 9 including governments that enter into bankruptcy and not expected to emerge as a going concern.

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

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

A. Summary of Municipal Debt for Capital Projects

	<u>2009</u>	<u>2008</u>
<u>Issued:</u>		
General:		
Bonds and Notes	\$51,925,000.00	\$53,615,000.00
Green Trust Program Loans	3,253,578.75	3,646,117.26
Infrastructure Loan	5,283,160.47	5,465,781.45
Affordable Housing Utility:		
Bonds and Notes	<u>770,000.00</u>	<u>1,175,000.00</u>
Total Issued	<u>61,231,739.22</u>	<u>63,901,898.71</u>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	<u>25,840,464.75</u>	<u>21,326,572.75</u>
Total Authorized But Not Issued	<u>25,840,464.75</u>	<u>21,326,572.75</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>87,072,203.97</u>	<u>85,228,471.46</u>

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

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

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2009:

	<u>2009</u>	<u>2008</u>
<u>General Debt:</u>		
\$9,150,000, General Improvement Bonds Series 1999, due in annual installments of \$1,000,000 to \$1,555,000 through July 1, 2010, interest at 4.60%.	\$	\$2,000,000.00
\$10,700,000, General Improvement Bonds Series 2001, due in annual installments of \$500,000 to \$800,000 through September 1, 2019, interest at 4.10% to 4.625%		7,450,000.00
\$10,685,000, General Improvement Bonds Series 2002, due in annual installments of \$500,000 to \$1,000,000 through September 1, 2017, interest at 3.125% to 3.750%	7,085,000.00	7,685,000.00
\$9,250,000, General Improvement Bonds Series 2004, due in annual installments of \$400,000 to \$800,000 through May 1, 2019, interest at 4.125% to 4.500%	7,000,000.00	7,550,000.00
\$23,775,000, General Improvement Bonds Series 2006, due in annual installments of \$270,000 to \$1,820,000 through January 1, 2026, interest at 4.125% to 4.500%	22,350,000.00	22,930,000.00
\$6,000,000.00 Bond Anticipation Notes - issued Dec. 28, 2007, due Jan. 10, 2009 interest rate 3.35%.		6,000,000.00
\$8,000,000, General Improvement Bonds Series 2009, due in annual installments of \$300,000 to \$600,000 through January 1, 2024, interest at 2.50% to 4.555%	8,000,000.00	
\$8,500,000, General Improvement Refunding Bonds Series 2009, due in annual installments of \$750,000 to \$1,495,000 through September 1 2019, interest at 4.00%	7,490,000.00	
<u>Program Loans:</u>		
\$145,000.00, Larson Tract, due in semi-annual installments of \$4,508.28 through Apr. 12, 2009, interest at 2.00%		4,232.76
\$631,500, Poe Property, due in semi-annual installments of \$19,620.35 through Oct. 24, 2016, interest at 2.00%	255,137.24	288,769.86

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

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

	<u>2009</u>	<u>2008</u>
<u>General Debt (cont'd.):</u>		
\$1,125,000, Weller Property, due in semi-annual installments of \$34,978.05 through July 16, 2018, interest at 2.00%	573,579.37	631,198.16
\$5,625,000.00, Institute Woods, due in semi-annual installments of \$174,890.21 through Jan. 8, 2017, interest at 2.00%	2,424,862.14	2,721,916.48
\$905,000, Infrastructure Water Loan, due in annual installments of \$30,000 to \$70,000 through Nov. 1, 2027, interest at 4.25% to 5.00%	840,000.00	875,000.00
\$889,142, Infrastructure Water Loan - Principal Only, due in semi-annual installments of \$20,783.37 to 45,995.14 through Oct. 23, 2026	776,063.14	823,433.34
\$870,000, Infrastructure Water Loan, due in annual installments of \$30,000 to \$65,000 through Aug. 1, 2027, interest at 4.25% to 5.00%	840,000.00	870,000.00
\$848,221, Infrastructure Water Loan - Principal Only, due in semi-annual installments of \$20,099.89 to 41,874.02 through Aug. 1, 2027	784,500.78	828,121.11
\$1,035,000, Infrastructure Water Loan, due in annual installments of \$35,000 to \$80,000 through Aug. 1, 2028, interest at 5.00%	1,035,000.00	1,035,000.00
\$1,034,227, Infrastructure Water Loan - Principal Only, due in semi-annual installments of \$16,249.08 to 50,209.20 through Aug. 1, 2028	<u>1,007,596.55</u>	<u>1,034,227.00</u>
Total General Debt	<u>60,461,739.22</u>	<u>62,726,898.71</u>
<u>Utility Debt:</u>		
\$2,990,000, Refunding Bonds Series 2004, due in annual installments of \$380,000 to \$450,000 through Sept. 1, 2011, interest at 4.60%.	<u>770,000.00</u>	<u>1,175,000.00</u>
Total Utility Debt	<u>770,000.00</u>	<u>1,175,000.00</u>
Total Debt Issued and Outstanding	<u>\$61,231,739.22</u>	<u>\$63,901,898.71</u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

<u>2009</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$30,507,723.12	\$30,507,723.12	
Affordable Housing Utility Debt	770,000.00	770,000.00	
General Debt	<u>86,302,203.97</u>	<u>25,176.70</u>	<u>86,277,027.27</u>
	<u>\$117,579,927.09</u>	<u>\$31,302,899.82</u>	<u>\$86,277,027.27</u>

Net Debt \$86,277,027.27 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$5,079,127,967.00 = 1.70\%$

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

	<u>2009</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$177,769,478.85</u> <u>86,277,027.27</u>
Remaining Borrowing Power	<u>\$91,492,451.58</u>

<u>2008</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$32,949,408.56	\$32,949,408.56	
Affordable Housing Utility Debt	1,175,000.00	1,175,000.00	
General Debt	<u>84,058,471.46</u>	<u>138,992.15</u>	<u>83,919,479.31</u>
	<u>\$118,182,880.02</u>	<u>\$34,263,400.71</u>	<u>\$83,919,479.31</u>

Net Debt \$83,919,479.31 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$4,991,013,241.00 = 1.68\%$

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

	<u>2008</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$174,685,463.44</u> <u>83,919,479.31</u>
Remaining Borrowing Power	<u>\$90,765,984.13</u>

NOTES TO FINANCIAL STATEMENTS

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

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

SFY Year	GENERAL		AFFORDABLE HOUSING UTILITY		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010	\$4,188,948.47	\$2,312,174.25	\$390,000.00	\$26,462.50	\$4,578,948.47	\$2,338,636.75
2011	4,162,140.99	2,150,885.00	380,000.00	13,300.00	4,542,140.99	2,164,185.00
2012	4,356,956.61	2,003,699.25			4,356,956.61	2,003,699.25
2013	4,478,566.97	1,848,366.75			4,478,566.97	1,848,366.75
2014	4,603,729.83	1,684,033.25			4,603,729.83	1,684,033.25
2015	4,783,472.16	1,514,131.25			4,783,472.16	1,514,131.25
2016	4,868,175.21	1,332,032.88			4,868,175.21	1,332,032.88
2017	4,758,727.27	1,143,397.25			4,758,727.27	1,143,397.25
2018	3,757,554.66	957,091.63			3,757,554.66	957,091.63
2019	3,739,403.53	803,324.38			3,739,403.53	803,324.38
2020	2,279,806.52	665,458.75			2,279,806.52	665,458.75
2021	2,348,338.74	570,190.00			2,348,338.74	570,190.00
2022	2,416,435.43	469,908.76			2,416,435.43	469,908.76
2023	2,502,499.05	365,382.50			2,502,499.05	365,382.50
2024	2,593,410.32	255,945.00			2,593,410.32	255,945.00
2025	2,075,850.85	154,460.00			2,075,850.85	154,460.00
2026	2,174,659.99	62,727.50			2,174,659.99	62,727.50
2027	241,628.30	10,762.50			241,628.30	10,762.50
2028	131,434.32	4,000.00			131,434.32	4,000.00
TOTAL	<u>\$60,461,739.22</u>	<u>\$18,307,970.90</u>	<u>\$770,000.00</u>	<u>\$39,762.50</u>	<u>\$61,231,739.22</u>	<u>\$18,347,733.40</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

Calculation of "Self-Liquidating Purpose"

Affordable Housing Utility Per N.J.S.A. 40A: 2-45

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

	<u>2009</u>	<u>2008</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$805,189.67	\$ 897,084.84
Deductions:		
Operating and Maintenance Costs	262,394.86	215,848.99
Debt Service	<u>439,900.00</u>	<u>467,518.76</u>
Total Deductions	<u>702,294.86</u>	<u>683,367.75</u>
Excess in Revenues	<u>\$102,894.81</u>	<u>\$213,717.09</u>

Deduction of Self-Liquidating Utility Debt for

Statutory Net Debt – Affordable Housing Utility per N.J.S.A. 40A: 2-45

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

	<u>2009</u>	<u>2008</u>
Excess in Revenues - Cash Basis (D-1)	\$102,894.81	\$138,639.52
Add: Other Deductions to Operations	<u>0.00</u>	<u>75,077.57</u>
Excess in Revenue	<u>\$102,894.81</u>	<u>\$213,717.09</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

D. Loan Agreements

1. Department of Environmental Protection Green Trust Program Loans

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

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

2. Department of Environmental Protection Environmental Infrastructure Loans

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

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

NOTES TO FINANCIAL STATEMENTS

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

2. Department of Environmental Protection Environmental Infrastructure Loans (cont'd):

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

	<u>Loan #3</u>	<u>Loan #4</u>
Drawn down Date	11/8/07	11/8/07
Loan Amount	\$870,000.00	\$848,221.00
Interest Rates	Various	Various
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	20	20
Final Payment Date	August 1, 2027	August 1, 2027

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

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

	<u>Loan #5</u>	<u>Loan #6</u>
Drawn down Date	8/1/08	8/1/08
Loan Amount	\$1,035,000.00	\$1,034,227.00
Interest Rates	Various	Various
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	20	20
Final Payment Date	August 1, 2028	August 1, 2028

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

Note 4: FUND BALANCES APPROPRIATED

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

	<u>Balance December 31, 2009</u>	<u>Utilized in 2010 Budget</u>	<u>Balance December 31, 2008</u>	<u>Utilized in 2009 Budget</u>
Current Fund Affordable Housing Operating Fund	\$4,523,218.06	\$4,125,000.00	\$6,682,407.21	\$3,200,000.00
	151,992.66	124,759.50	189,097.85	140,000.00

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2008</u>	<u>Raised in 2009 Budget</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance to Succeeding Budgets</u>
Current Fund: Emergency Apprpr.	\$550,000.00	\$110,000.00	\$440,000.00	\$440,000.00
Grant Fund: Expend. W/O Approp.	<u>2,040.93</u>		<u>2,040.93</u>	<u>2,040.93</u>
Total	<u>\$552,040.93</u>	<u>\$110,000.00</u>	<u>\$442,040.93</u>	<u>\$442,040.93</u>

Note 6: DEPOSITS AND INVESTMENTS

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

Deposits

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2009 and 2008, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2009</u>	<u>2008</u>
Cash (Demand Accts.)	\$20,575,282.60	\$24,080,320.17
Certificates of Deposit		2,500,000.00
Cash Management Fund	217,068.69	215,690.48
Petty Cash (On-Hand)	<u>575.00</u>	<u>575.00</u>
	<u>\$20,792,926.29</u>	<u>\$26,796,585.65</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$20,604,628.08 and the bank balance was \$20,792,351.29. Of the bank balance, \$1,408,260.96 was covered by Federal depository insurance and \$19,167,596.64 was covered under the provisions of NJGUDPA.

At December 31, 2009, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

NOTES TO FINANCIAL STATEMENTS

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

- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy. The New Jersey Cash Management Fund is not rated.
- (d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2009, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township's bank balance was considered exposed to custodial credit risk.

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

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

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2009, the Township had \$217,068.69 on deposit with the New Jersey Cash Management Fund. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bills contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 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 New Jersey statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 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 dues is not known.

Note 8: PENSION AND RETIREMENT PLANS

Employees of the Township of Princeton are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plans are not available. The contributions for the years ended December 31, 2009 and 2008, exclusive of contributions from employees were \$511,272.00 and \$366,988.00, respectively for PERS and \$822,231.00 and \$758,520.00 respectively for PFRS. The contributions for PERS and PFRS for 2010 are 533,365.00 and \$775,211.00 respectively.

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

Note 9: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS

The Township provides health benefits through its group insurance plan to certain retirees and their dependents, as follows:

The former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if:

1. he or she has 25 or more years of continuous service with the Township of Princeton; or
2. Township Police Officers qualify with 20 years of Township service if he or she has 25 years or more in PFRS.

At December 31, 2009, approximately 29 retirees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of approximately \$740,000.

This is the initial year (transition year) the Township is disclosing its postemployment healthcare plan benefit costs based upon the implementation requirements of GASB Statement 45.

The contribution requirements of plan members and the participating agencies are established and may be amended by the through the collective bargaining process or by action of the Mayor and/or Township Council. The Township's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the plan and the Township's net OPEB obligation. For 2009, the Township's annual OPEB cost (expense) (GAAP Basis) of \$740,000 was equal to the ARC.

	<u>Total</u>
Annual required contribution (ARC)	\$740,000
Less: Contributions	<u>160,000</u>
Net OPEB obligation – end of year	<u>\$580,000</u>

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2009.

NOTES TO FINANCIAL STATEMENTS

Note 9: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS (CONT'D.)

The funded status of the plan for the Township as of December 31, 2009, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$6,470,000
Actuarial value of plan assets	<u>- 0 -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$6,470,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$9,110,000
UAAL as a percentage of covered payroll	71%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

Note 10: ACCRUED SICK AND VACATION BENEFITS

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

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

Note 10: ACCRUED SICK AND VACATION BENEFITS (CONT'D):

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

The total balance of unused vacation and terminal leave time benefits for 2009 and 2008 was \$1,107,555.75 and \$1,136,981.25 respectively. On those dates, the Township had funded \$387,519.30 and \$361,214.29 of those amounts, respectively.

Note 11: LEASES

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

Note 12: RISK MANAGEMENT

The Township, together with other governmental units, is a member of the Mid Jersey Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Department of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. Payments to the Fund are calculated by the Fund's governing board based upon actuarial and budgetary requirements. Each participant in the Fund is jointly and severally obligated for any deficiency in the amount available to pay all claims. The Joint Insurance Fund insures against property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and workers compensation. While additional assessments or premiums can be levied by the Fund to assure payment of the Fund's obligations, no such additional premiums have been necessary as of December 31, 2008. The Fund will be self-sustaining through member premiums, reported as an expenditure in the Township's financial statements. The Fund contracts for excess liability insurance for property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and worker's compensation. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

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

<u>Year</u>	<u>Employee Contribution</u>	<u>Interest Earnings</u>	<u>Amounts Reimbursed</u>	<u>Ending Balance</u>
2009	\$2,476.90	\$302.01	\$59,786.06	\$51,295.72
2008	2,161.85	2,324.57	14,176.00	83,261.63
2007	2,021.88	506.69	12,962.13	67,951.21

NOTES TO FINANCIAL STATEMENTS

Note 13: COMMITMENTS AND CONTINGENCIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2009, the Township does not believe that any material liabilities will result from such audits.

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

Note 14: DEFERRED COMPENSATION

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 15: INTERFUNDS

The following interfund balances remained on the balance sheet at December 31, 2009:

Fund:	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$2,590,397.14	\$161,906.25
Grant Fund		367,000.00
General Capital Fund	602,000.00	2,565,397.14
Trust Other Fund		235,000.00
Open Space Fund	161,906.25	
Payroll Trust	<u>0.00</u>	<u>25,000.00</u>
Total	<u>\$3,354,303.39</u>	<u>\$3,354,303.39</u>

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

Note 16: SUBSEQUENT EVENTS

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

<u>Project</u>	<u>Bonds/ Notes Authorized</u>
Sewer Lateral Repairs	\$285,000
Various Capital Improvements	2,660,000
Roof Construction Mountain Lake House	104,500
Curbing on Olden Lane and Springdale Road	34,200
Various Capital Improvements	1,202,130

The Township of Princeton issued General Improvement Refunding Bonds dated March 9, 2010 in the amount of \$6,185,000.00. The bonds are due annually on September 15 for years 2011 thru 2017 at various interest rates.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2009 AND 2008

ASSETS	BALANCE JUNE 30, 2009	BALANCE JUNE 30, 2008	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE JUNE 30, 2009	BALANCE JUNE 30, 2008
Cash and Investments - Treasurer Change Fund	\$ 11,283,536.22	\$ 11,825,055.73	Liabilities:	\$ 264,210.08	\$ 299.23
	575.00	575.00	Due to Joint Recreation Board	2,518,635.52	2,350,165.56
			Appropriation Reserves	206,926.56	144,374.32
	11,284,111.22	11,825,630.73	Reserve for Encumbrances	161,906.25	
			Due to Open Space Fund		
Receivables and Other Assets With			Due from State of N.J. Per Chap. 73, P.L. 1976	5,041.04	5,507.48
Full Reserves:			School Tax Payable		0.45
Taxes Receivable	869,356.57	829,908.99	Due to Claims		202.92
Tax Title Liens Receivable	107,976.29	69,666.10	Accounts Payable	528,339.13	410,541.78
Sewer Charges Receivable	41,590.63	42,233.21	Due to State of NJ BOCA Fees	16,409.00	7,301.00
Delinquent Interest & Penalty	29,912.79		Due to County	122,257.33	140,054.56
Property Acquired for Taxes at			Prepaid Taxes	881,301.10	956,409.35
Assessed Value	137,000.00	70,000.00	Prepaid Sewer	17,922.30	26,779.58
Revenue Accounts Receivable	57,829.21	57,829.21	Premium on Tax Sale Certificates	155,000.00	125,148.16
Interfunds Receivable	2,565,397.14		Miscellaneous Reserves	75,950.47	1,268,359.13
DTT: Payroll Fund	25,000.00	25,000.00	Reserve for Debt Service - Green Trust	2,246,994.38	258,080.00
	3,834,062.63	1,094,657.51		7,200,893.16	5,693,223.52
Deferred Charges:			Reserve for Receivables	3,834,062.63	1,094,657.51
Emergency Appropriation	440,000.00	550,000.00	Fund Balance	4,523,218.06	6,682,407.21
	440,000.00	550,000.00	Total Current Fund	15,558,173.85	13,470,288.24
Total Current Fund	15,558,173.85	13,470,288.24			
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	359,013.48	301,773.24	Reserve for Encumbrances	4,542.98	41,244.44
Deferred Charge:			Due to General Capital	367,000.00	377,500.00
Expenditure without Appropriation	2,040.93	2,040.93	Reserve for State & Federal Grants:		
State & Federal Grants Receivable	1,226,415.24	750,121.54	Appropriated	1,190,661.29	624,294.58
			Unappropriated	25,265.38	10,896.69
Total Grant Fund	1,587,469.65	1,053,935.71	Total Grant Fund	1,587,469.65	1,053,935.71
	17,145,643.50	14,524,223.95		17,145,643.50	14,524,223.95
	\$	\$		\$	\$

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2009</u>	<u>YEAR 2008</u>
Fund Balance Utilized	\$ 3,200,000.00	\$ 3,000,000.00
Miscellaneous Revenues Anticipated	10,933,265.24	11,089,779.71
Receipts from Delinquent Taxes	774,422.89	670,396.48
Receipts from Current Taxes	87,957,918.83	86,254,303.90
Non-Budget Revenue	674,824.19	474,339.27
Other Credits to Income:		
Reserves Lapsed	1,472,905.62	1,335,525.30
Refund of Prior Years Expenditures	3,595.43	
Interfund Loans Returned (Net)		378.00
	<u>105,016,932.20</u>	<u>102,824,722.66</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	9,715,497.33	9,403,383.32
Other Expenses	16,921,754.96	17,695,300.70
Deferred Charges and Statutory		
Expenditures	1,834,503.00	390,890.08
Capital Improvements	300,000.00	300,000.00
Municipal Debt Service	5,834,048.82	5,577,121.58
County Taxes	24,759,907.59	24,049,292.76
Local District School Taxes	41,556,916.89	41,211,018.48
Municipal Open Space Tax	487,725.00	485,230.00
Refund of Prior Years Revenues:		
Disbursed		1,651.19
Small Tax Balances Cancelled	263.20	211.96
Cancel Escrow Balances	107.42	2,219.95
Interfund Loans Advanced (Net)	<u>2,565,397.14</u>	
Total Expenditures	<u>103,976,121.35</u>	<u>99,116,320.02</u>

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 1 of 3

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2009 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	\$ 3,200,000.00	\$	\$ 3,200,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	15,800.00		15,340.00	(460.00)
Other	1,690.00		1,139.50	(550.50)
Fees and Permits:				
Other	77,900.00		82,909.80	5,009.80
Fines and Costs:				
Municipal Court	350,000.00		372,148.11	22,148.11
Interest and Costs on Taxes	225,000.00		302,764.94	77,764.94
Interest on Investments and Deposits	295,400.00		124,937.58	(170,462.42)
Sewer Rentals	3,542,500.00		3,289,592.53	(252,907.47)
Reserve for Wastewater Treatment Fund	120,773.75		120,773.75	
Capital Surplus	100,000.00		100,000.00	
Reserve for Debt Service-Institute Woods	400,000.00		400,000.00	
Reserve for Fire Protection Fund	129,000.00		120,000.00	(9,000.00)
Trust Surplus - Improvement Assessments	230,000.00		230,000.00	
CMPTRA	112,782.00		112,782.00	
Energy Receipts Tax	1,798,996.00		1,798,996.00	
Garden State Trust Fund	6,000.00		7,282.09	1,282.09
Pilot- Institute for Advanced Study	230,000.00		230,000.00	
Pilot-Princeton Community Village	248,000.00		234,618.00	(13,382.00)
Pilot-Tenacre Foundation	477,700.00		494,444.45	16,744.45
Special Items:				
Recycling Tonnage Grant		41,210.77	41,210.77	
Body Armor Replacement Fund	5,166.79		5,166.79	
Over the Limit Under Arrest		10,600.00	10,600.00	

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 2 of 3

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2009 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues (Cont'd.):				
Motivation 180	49,304.00		49,304.00	
State of NJ National Inst. Drug	144,160.00		144,160.00	
Mercer County PYP	20,000.00		20,000.00	
Mercer County Regional Drug Treatment Program	25,198.00		25,198.00	
Princeton Regional - NJMSPLJ	1,000.00		1,000.00	
Princeton Regional Star Program	6,500.00		6,500.00	
Princeton Regional Academic Success	10,000.00		10,000.00	
Princeton HS Intervention Program Title IV	5,360.00		5,360.00	
Cranbury Drug Intervention Program	10,080.00		10,080.00	
Livable Communities - Sustainability, and Pilot program Grants	93,000.00		93,000.00	
State of NJ Vicinage Program	40,000.00		40,000.00	
NJ Transportation Road Grants	690,000.00	150,000.00	840,000.00	
Garden State Preservation Trust Grant	500,000.00		500,000.00	
Alcohol Education & Rehab	2,567.66		2,567.66	
Corner House Foundation	281,310.00		260,000.00	
Green Communities	3,000.00		3,000.00	
Clean Communities	26,117.00		26,117.00	
Municipal Alliance on Alcoholism and Drug Abuse	28,556.00		28,556.00	
Unappropriated Reserves	4,503.27		4,503.27	
Princeton Boro:				
Regional Planning	117,332.00		117,332.00	
Joint Drug Abuse	149,287.00		149,287.00	
Joint Environmental	2,274.00		2,274.00	
Human Services Commission	85,796.00		85,796.00	
Joint Recreation Board	414,524.00		414,524.00	
Total Miscellaneous Revenues	11,076,577.47	201,810.77	10,933,265.24	(323,813.00)
Receipts from Delinquent Taxes	815,189.00		774,422.89	(40,766.11)
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	21,787,385.96		23,628,374.26	1,840,988.30
Budget Totals	36,879,152.43	201,810.77	38,536,062.39	1,476,409.19
Non-Budget Revenues			674,824.19	
	36,879,152.43	201,810.77	39,210,886.58	

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2009

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

SFY Year 2009	86,911,509.48
SFY Year 2008	956,409.35
Sr. Cit. & Vet. Deduction	
Reimbursement	<u>90,000.00</u>

\$ 87,957,918.83

Allocated to:

School, County and Special

District Taxes

66,316,824.48

Municipal Open Space Tax

487,725.00

21,153,369.35

Add: Reserve for Uncollected Taxes

2,475,004.91

\$ 23,628,374.26

Receipts from Delinquent Taxes:

Delinquent Tax Collection

\$ 774,422.89

\$ 774,422.89

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 264,526.00	264,526.00	\$ 243,093.47	\$	\$ 21,432.53	\$
Other Expenses	2,995.00	2,995.00	2,783.86	77.00	134.14	
Information Technology						
Salaries and Wages	81,159.00	81,159.00	81,159.00			
Other Expenses	284,812.00	284,812.00	261,013.49	10,502.59	13,295.92	
Human Resources (Personnel)						
Other Expenses	131,350.00	131,350.00	106,730.49	5,691.48	18,928.03	
Township Committee						
Salaries and Wages	52,616.00	52,617.00	52,616.02		0.98	
Other Expenses	1,769,168.06	1,611,492.06	151,832.80		1,459,659.26	
Municipal Clerk						
Salaries and Wages	158,870.00	160,245.00	160,235.46		9.54	
Other Expenses	18,475.00	18,475.00	12,428.21	37.73	6,009.06	
Elections						
Other Expenses	8,450.00	8,450.00	7,352.68		1,097.32	
Financial Administration (Treasury)						
Salaries and Wages	343,418.00	343,418.00	320,818.06		22,599.94	
Other Expenses	16,250.00	16,250.00	9,448.42	375.00	6,426.58	
Audit Services						
Other Expenses	33,000.00	33,000.00	33,000.00			
Revenue Administration (Tax Collection)						
Salaries and Wages	150,593.00	150,593.00	148,227.68		2,365.32	
Other Expenses	9,950.00	9,950.00	6,245.49		3,704.51	
Tax Assessment Administration						
Salaries and Wages	128,829.08	128,829.08	128,788.91		40.17	
Other Expenses	17,000.00	19,000.00	17,341.28	7.33	1,651.39	
Legal Services						
Other Expenses	474,500.00	474,500.00	314,596.30	963.60	158,940.10	
Engineering Services						
Salaries and Wages	794,428.00	794,428.00	787,201.61		7,226.39	
Other Expenses	41,500.00	41,500.00	37,020.58	3,767.50	711.92	
Historical Site Office						
Salaries and Wages	881.00	881.00	143.56		737.44	
Other Expenses	17,780.00	17,780.00	7,167.92	8,731.61	1,880.47	

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
<u>LAND USE ADMINISTRATION:</u>					
Regional Planning Board					
Salaries and Wages	\$ 144,180.00	144,180.00	\$ 143,740.00	\$	\$ 440.00
Other Expenses	94,041.00	94,041.00	62,479.98	22,180.52	9,380.50
Zoning Board of Adjustment					
Salaries and Wages	172,922.00	172,922.00	147,645.75		25,276.25
Other Expenses	23,865.00	23,865.00	9,910.60	4,786.00	9,168.40
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Police					
Salaries and Wages	3,526,667.00	3,601,667.00	3,594,234.03		7,432.97
Other Expenses	289,910.00	289,910.00	140,547.03	50,925.68	98,437.29
Police Dispatch/911					
Salaries and Wages	402,096.00	422,396.00	422,304.63		91.37
Other Expenses	3,950.00	3,950.00	1,612.02	2,082.50	255.48
Office of Emergency Management					
Other Expenses	2,000.00	2,000.00	12.33	5.13	1,982.54
Princeton Borough-Contractual: Fire Companies					
Other Expenses	102,139.00	102,139.00	102,139.00		
Princeton Borough-Contractual: Fire Facilities					
Other Expenses	48,124.00	48,124.00	48,124.00		
Aid to First Aid Org.-Contribution	107,978.00	107,978.00	107,978.00		
Fire Prevention					
Salaries and Wages	91,320.00	90,320.00	89,007.41		1,312.59
Other Expenses	6,400.00	7,400.00	7,396.30		3.70
Fire Hydrant Service	525,000.00	525,000.00	456,332.56		68,667.44
Municipal Prosecutor's Office					
Other Expenses	38,500.00	38,500.00	22,500.00	7,500.00	8,500.00

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
PUBLIC WORKS FUNCTIONS:						
Streets and Roads Maintenance	\$ 1,226,682.25	1,226,682.25	\$ 1,128,422.98	\$ 27,466.19	\$ 98,259.27	\$ 7,419.70
Salaries and Wages	147,070.00	157,070.00	122,184.11			
Other Expenses						
Shade Tree Commission						
Salaries and Wages	51,929.00	55,929.00	54,866.08		1,062.92	
Other Expenses	15,675.00	15,675.00	11,601.90	3,838.55	234.55	
Buildings and Grounds						
Salaries and Wages	66,763.00	66,763.00	44,515.39		22,247.61	
Other Expenses	284,950.00	284,950.00	250,016.60	17,458.22	17,475.18	
Vehicle Maintenance (Including Police Vehicles)						
Salaries and Wages	165,961.00	165,961.00	162,210.66		3,750.34	
Other Expenses	133,500.00	178,500.00	155,088.37	7,975.14	15,436.49	
Community Service Act						
(Condominium Community Costs)						
Other Expenses	30,000.00	30,000.00	4,128.20		25,871.80	
HEALTH & HUMAN SERVICES FUNCTIONS:						
Regional Health Commission-Proportionate Share						
Other Expenses	288,202.00	288,202.00	288,202.00		1,000.00	
Worker and Community Right to Know Act	1,000.00	1,000.00				
Joint Environmental Commission						
Salaries and Wages	2,412.00	2,412.00	2,123.50		288.50	
Other Expenses	2,204.00	2,204.00	(246.90)	2,054.47	396.43	
Animal Control-Proportionate Share	56,949.00	56,949.00	56,949.00			
Deer Management Program						
Salaries and Wages	20,000.00	20,000.00	12,654.90		7,345.10	
Other Expenses	70,000.00	70,000.00	62,772.09		7,227.91	
Human Services Commission						
Salaries and Wages	50,674.00	50,674.00	49,638.92		1,035.08	
Other Expenses	35,122.00	35,122.00	18,866.33	188.76	16,066.91	
Joint Drug Abuse Prevention Program						
Salaries and Wages	80,826.50	55,826.50	54,309.73		1,516.77	
Other Expenses	68,460.00	93,460.00	88,032.09	450.00	4,977.91	
Contribution to Senior Resource Center						
Other Expenses	65,930.00	65,930.00	65,930.00			

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
PARKS & RECREATION FUNCTIONS:						
Joint Recreation Board						
Salaries and Wages	\$ 506,926.00	506,926.00	\$ 502,870.48	\$ 15,346.50	\$ 4,055.52	\$ 8,497.35
Other Expenses	259,684.00	259,684.00	235,840.15			
Maintenance of Parks and Playgrounds						
Salaries and Wages	20,000.00	20,000.00	20,000.00			
Other Expenses	21,000.00	21,000.00	6,611.12	5,857.70	8,531.18	
UTILITY EXPENSES & BULK PURCHASES:						
Electricity	215,000.00	215,000.00	214,438.34		561.66	
Street Lighting	137,500.00	137,500.00	131,503.74		5,996.26	
Telephone	50,000.00	50,000.00	26,534.87		23,465.13	
Water	12,500.00	12,500.00	8,360.28		4,139.72	
Gas	65,000.00	65,000.00	37,110.66		27,889.34	
Fuel Oil	158,500.00	158,500.00	100,710.56	6,115.65	51,673.79	
Sewer System						
Proportionate Share of Costs-Borough	780,208.00	780,208.00	780,208.00		4,818.05	
Township Sewer Other Expenses	19,100.00	19,100.00	14,281.95			
Landfill/Solid Waste Disposal Costs						
Other Expenses	159,568.00	159,568.00	159,567.71		0.29	
Municipal Court						
Salaries and Wages	173,304.00	173,304.00	170,463.72		2,840.28	
Other Expenses	18,175.00	18,175.00	7,913.42	813.71	9,447.87	
Public Defender						
Other Expenses	23,000.00	23,000.00	18,333.26		4,666.74	
Matching Funds for Grants						
Other Expenses	10,000.00	10,000.00			10,000.00	
Accumulated Leave Compensation	75,000.00	75,000.00	75,000.00			
Liability Insurance	247,000.00	247,000.00	231,159.12		15,840.88	
Workers Compensation Insurance	178,000.00	178,000.00	177,976.00		24.00	
Group Insurance	1,953,464.00	1,953,464.00	1,841,013.25		112,450.75	
Transportation of Local Pupils by Board of Education (NJSA18A:39-1.2)						
Other Expenses	139,000.00	139,000.00	137,995.26		1,004.74	
Total Operations Within "CAPS"	18,465,880.89	18,465,880.89	15,775,366.77	205,198.56	2,485,315.56	
DETAIL:						
Salaries and Wages	8,752,982.83	8,760,895.83	8,470,617.56		209,119.27	
Other Expenses (Including Contingent)	9,712,898.06	9,704,985.06	7,304,749.21	205,198.56	2,276,196.29	

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
\$	511,272.00	511,272.00	\$ 511,272.00	\$	\$	\$
Public Employees' Retirement System	390,000.00	390,000.00	389,509.15		490.85	
Social Security System (O.A.S.I.)	1,000.00	1,000.00	598.42		401.58	
Defined Contribution Retirement Program						
Police and Firemen's Retirement System	822,231.00	822,231.00	822,231.00			
of N.J.						
Total Deferred Charges and Statutory						
Expend. Municipal Within "CAPS"	1,724,503.00	1,724,503.00	1,723,610.57		892.43	
Total General Appropriations for						
Municipal Purposes Within "CAPS"	20,190,383.89	20,190,383.89	17,498,977.34	205,198.56	2,486,207.99	

Operations Excluded from "CAPS"

Affordable Housing Agency
Other Expenses
Maintenance of Joint Public Library
Proportionate Share
Other Expenses

INTERLOCAL SERVICE AGREEMENTS:

Mercer County Improvement Authority
Curbside Recycling Program
Other Expenses
Stonybrook Regional Sewerage Authority
Proportionate Share of Costs
Borough of Princeton:
Regional Planning Board
Salaries and Wages
Other Expenses
Joint Recreation Board
Salaries and Wages
Other Expenses
Joint Environmental Commission
Salaries and Wages
Other Expenses
Joint Drug Abuse Prevention Program
Salaries and Wages
Other Expenses
Human Services Commission
Salaries and Wages
Other Expenses

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Corner House Foundation-Mercer Reg. Drug Treatment Program	\$ 194,580.00	194,580.00	194,580.00	\$	\$	\$
Salaries and Wages	86,730.00	86,730.00	85,001.61	1,728.00	0.39	
Other Expenses						
Drug Program-Cranbury Intervention Program	10,080.00	10,080.00	10,080.00			
Salaries and Wages						
Clean Communities Program	26,117.00	26,117.00	26,117.00			
Other Expenses						
Regional Municipal Alliance Program	17,556.00	17,556.00	17,556.00			
Salaries and Wages	11,000.00	11,000.00	11,000.00			
Other Expenses						
Drug Program-State of NJ Grant	144,160.00	144,160.00	144,160.00			
Salaries and Wages						
Drug Program-Mercer County	25,198.00	25,198.00	25,198.00			
Salaries and Wages						
Mercer Cty. Motivation 180	39,285.00	39,285.00	39,285.00			
Salaries and Wages	10,019.00	10,019.00	10,019.00			
Other Expenses						
Academic Success Today	5,000.00	5,000.00	5,000.00			
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses						
Mercer County PYP Program	20,000.00	20,000.00	20,000.00			
Salaries and Wages	3,000.00	3,000.00	3,000.00			
NJ DEP Grant						
Drug Program-NUMSPLI	1,000.00	1,000.00	1,000.00			
Other Expenses						
Drug Program-STAR	6,500.00	6,500.00	6,500.00			
Other Expenses						
Drug Program-St. of NJ-Vicinage Program	40,000.00	40,000.00	40,000.00			
Salaries and Wages						
Over the Limit Under Arrest		10,600.00	10,600.00			

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (Cont'd.):						
Drug Program-Regional School Dist.-Title IV Salaries and Wages	\$ 5,360.00	\$ 5,360.00	\$ 5,360.00			
Garden State Preservation Trust	500,000.00	500,000.00	500,000.00			
Recycling Tonnage Grant		41,210.77	41,210.77			
NJDOT Road Grants	690,000.00	840,000.00	840,000.00			
Livable Communities Grants	93,000.00	93,000.00	93,000.00			
Unappropriated Reserves:						
Drunk Driving Enforcement	3,381.96	3,381.96	3,381.96			
Bullet Proof Vests	2,087.81	2,087.81	2,087.81			
Body Armor Replacement	3,078.98	3,078.98	3,078.98			
DWI Court	2,567.66	2,567.66	2,567.66			
Drunk Driving Enforcement	1,121.31	1,121.31	1,121.31			
Total Operations - Excluded from "CAPS"	7,969,560.63	8,171,371.40	8,137,215.87	1,728.00	32,427.53	
DETAIL:						
Salaries and Wages	954,601.50	954,601.50	954,601.50			
Other Expenses	7,014,959.13	7,216,769.90	7,182,614.37	1,728.00	32,427.53	
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	300,000.00	300,000.00	300,000.00			
Total Capital Improvements - Excluded from "CAPS"	300,000.00	300,000.00	300,000.00			
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	\$ 2,919,000.00	\$ 2,919,000.00	\$ 2,919,000.00	\$	\$	1.71
Interest on Bonds	1,908,493.00	1,908,493.00	1,908,491.29			
Interest on Notes	239,334.00	239,334.00	239,334.00			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	463,487.00	463,487.00	463,485.52			1.48
NJ Environmental Infrastructure Loan	303,889.00	303,889.00	303,738.01			150.99
Wastewater Treatment Trust Loan Program						
Total Municipal Debt Service - Excluded from "CAPS"	5,834,203.00	5,834,203.00	5,834,048.82			154.18

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Deferred Charges - Municipal - Excluded from "CAPS"						
Deferred Charges: Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	110,000.00	110,000.00	110,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	110,000.00	110,000.00	110,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	14,213,763.63	14,415,574.40	14,381,264.69	1,728.00	32,427.53	154.18
Subtotal General Appropriations	34,404,147.52	34,605,958.29	31,880,242.03	206,926.56	2,518,635.52	154.18
Reserve for Uncollected Taxes	2,475,004.91	2,475,004.91	2,475,004.91			
Total General Appropriations	\$ 36,879,152.43	\$ 37,080,963.20	\$ 34,355,246.94	\$ 206,926.56	\$ 2,518,635.52	\$ 154.18

Adopted Budget
Approp. by N.J.S.A. 40A:4-87

36,879,152.43
201,810.77
37,080,963.20

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

Exhibit - B
Page 1 of 2

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR YEARS ENDED DECEMBER 31, 2009 AND 2008

ASSETS	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008
Assessment Fund:			Assessment Fund:		
Cash and Investments	\$ 277,808.70	\$ 235,757.20	Prospective Assessments Funded	\$ 8,325.00	8,325.00
Prospective Assessments Funded	8,325.00	8,325.00	Res. for Assessments, Liens and	627,972.62	831,021.68
Assessments & Assmt. Liens Receivable	627,972.62	831,021.68	Interest and Costs	277,808.70	235,757.20
Total Assessment Fund	914,106.32	1,075,103.88	Fund Balance	914,106.32	1,075,103.88
			Total Assessment Fund		
Animal Control Fund:			Animal Control Fund:		
Cash and Investments	16,327.00	12,698.00	Reserve for Animal Control	16,327.00	12,698.00
Total Animal Control Fund	16,327.00	12,698.00	Total Animal Control Fund	16,327.00	12,698.00
Open Space Trust Fund:			Open Space Trust Fund:		
Cash and Investments	119,589.53	335,806.48	Reserve for Open Space	281,498.78	335,806.48
Due from Current Fund	161,906.25		Total Trust-Other Fund	281,498.78	335,806.48
Total Trust-Other Fund	281,495.78	335,806.48			
Unemployment Fund:			Unemployment Fund:		
Cash and Investments	51,295.72	83,261.63	Reserve for Expenditures	51,295.72	83,261.63
Total Unemployment Fund	51,295.72	83,261.63	Total Unemployment Fund	51,295.72	83,261.63

**TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY**

TRUST FUND					
COMPARATIVE BALANCE SHEET - REGULATORY BASIS FOR YEARS ENDED DECEMBER 31, 2009 AND 2008					
	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008
ASSETS					
Escrow Trust Fund:					
Cash and Investments	\$ 4,585,479.33	\$ 6,196,654.15	Escrow Trust Fund: Reserve for Encumbrances	\$ 163,702.40	\$ 287,020.55
			GHP Thanet	495,344.76	
			Professional Fees	255,827.78	435,556.48
			C.O.	345,483.15	280,894.36
			Performance Bonds	2,269,655.04	3,778,373.33
			Inspection Fees	1,055,466.20	1,414,809.43
Total Escrow Trust Fund	4,585,479.33	6,196,654.15	Total Escrow Trust Fund	4,585,479.33	6,196,654.15
Payroll Fund:					
Cash and Investments	122,958.62	112,398.01	Payroll Fund: Interfunds Payable	25,000.00	25,000.00
			Payroll Expenditures	97,958.62	74,274.71
			Miscellaneous Deposits		13,123.30
Total Payroll Fund	122,958.62	112,398.01	Total Payroll Fund	122,958.62	112,398.01
Other Trust Funds:					
Cash and Investments	2,462,927.19	2,640,725.90	Other Trust Funds: Reserve for Encumbrances	6,507.02	139,969.45
			Interfund Payable	235,000.00	235,000.00
			Various Reserves and Deposits	2,221,420.17	2,265,756.45
Total Other Trust Funds	2,462,927.19	2,640,725.90	Total Other Trust Funds	2,462,927.19	2,640,725.90
Grand Total All Trust Funds	\$ 8,434,589.96	\$ 10,456,648.05		\$ 8,434,592.96	\$ 10,456,648.05

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>BALANCE</u> <u>DECEMBER 31, 2009</u>	<u>BALANCE</u> <u>DECEMBER 31, 2008</u>
Cash and Investments - Treasurer	\$ 163,753.94	\$ 534,672.01
Prospective Assessments	8,325.00	8,325.00
State Aid Receivable	1,024,692.00	121,250.00
Infrastructure Loan Receivable	2,634,818.00	5,194,728.00
Developers Contribution Receivable	642,331.34	642,331.34
Due from Grant Fund	367,000.00	377,500.00
Due From Trust Other Fund	235,000.00	235,000.00
Due from Mercer County	1,038,327.00	1,038,327.00
Due from Princeton Borough	8,831.80	8,831.80
Other Receivables - Recreation Commission	475,000.00	275,000.00
Deferred Charges to Future Taxation:		
Funded	60,461,739.22	56,726,898.71
Unfunded	25,840,464.75	27,326,572.75
	<u>\$ 92,900,283.05</u>	<u>\$ 92,489,436.61</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 51,925,000.00	\$ 47,615,000.00
Infrastructure Loan Payable	5,283,160.47	5,465,781.45
Green Trust Project Loan Payable	3,253,578.75	3,646,117.26
Bond Anticipation Notes Payable		6,000,000.00
Reserve for Miscellaneous	2,795,604.42	2,760,000.00
Due to Current Fund	2,565,018.31	
Reserve for Encumbrances	1,893,788.53	1,403,137.90
Improvement Authorizations:		
Funded	4,304,113.81	7,561,005.01
Unfunded	19,498,954.95	16,402,078.64
Reserve For:		
Capital Improvement Fund	504,570.18	364,422.18
Future Debt Service Costs	618,879.47	800,464.56
Preliminary Costs - Flood Mitigation	1,385.31	1,385.31
Cul De Sac White Oak		30,000.00
Infrastructure Trust Loans	23,362.96	18,218.40
Wastewater Trust Loan	1,813.74	120,773.75
Poor Farm Road		15,000.00
Reserve for Roads	95,000.00	50,000.00
Prospective Assessments	8,325.00	8,325.00
Fund Balance	<u>127,727.15</u>	<u>227,727.15</u>
	<u>\$ 92,900,283.05</u>	<u>\$ 92,489,436.61</u>

There were Bonds and Notes Authorized but not Issued
in the amount of \$25,840,464.75.

Note: See Accompanying Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Balance - Dec. 31, 2008	\$ 227,727.15
Decreased by:	
Utilized as Current Fund Revenue	<u>100,000.00</u>
Balance - Dec. 31, 2009	\$ <u><u>127,727.15</u></u>

Note: See Accompanying Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

<u>REVENUE AND OTHER INCOME</u>	<u>2009</u>	<u>2008</u>
Operating Fund Balance	\$ 140,000.00	\$ 200,000.00
Miscellaneous Revenues Anticipated	590,000.00	595,118.51
Non-Budget Revenue	<u>75,189.67</u>	<u>101,966.33</u>
Total Revenues	<u>805,189.67</u>	<u>897,084.84</u>
<u>EXPENDITURES</u>		
Budget Expenditures:		
Salaries and Wages	80,438.38	80,098.38
Other Expenses	621,856.48	603,269.37
Miscellaneous Non-Budget Expenditure	<u></u>	<u>75,077.57</u>
Total Expenditures	<u>702,294.86</u>	<u>758,445.32</u>
Excess in Revenues	102,894.81	138,639.52
<u>FUND BALANCE</u>		
Balance - January 1	<u>189,097.85</u>	<u>250,458.33</u>
	291,992.66	389,097.85
Decreased by:		
Utilized as Anticipated Revenue	<u>140,000.00</u>	<u>200,000.00</u>
Balance -December 31	<u>\$ 151,992.66</u>	<u>\$ 189,097.85</u>

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Fund Balance Utilized	140,000.00	140,000.00	-
Affordable Housing Fees	332,563.00	320,000.00	(12,563.00)
Township Contribution	200,000.00	200,000.00	-
Miscellaneous	<u>70,000.00</u>	<u>70,000.00</u>	<u>-</u>
	<u><u>742,563.00</u></u>	<u><u>730,000.00</u></u>	<u><u>(12,563.00)</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Operating:						
Salaries and Wages	\$ 90,643.00	\$ 90,643.00	\$ 80,438.38	\$	\$	\$ 10,204.62
Other Expenses	137,800.00	137,800.00	106,880.49	5,075.99		25,843.52
Rehab Program	70,000.00	70,000.00	70,000.00			
Debt Service:						
Payment of Bond Principal	405,000.00	405,000.00	405,000.00			
Interest on Bonds	39,120.00	39,120.00	34,900.00			4,220.00
	<u>\$ 742,563.00</u>	<u>\$ 742,563.00</u>	<u>\$ 697,218.87</u>	<u>\$ 5,075.99</u>	<u>\$</u>	<u>\$ 40,268.14</u>

Note: See Notes to Financial Statements

TOWNSHIP OF PRINCETON
MERCER COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND
 COMPARATIVE BALANCE SHEET - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>BALANCE</u> <u>DEC 31, 2009</u>	<u>BALANCE</u> <u>DEC 31, 2008</u>
<u>ASSETS</u>		
Cash - Treasurer	\$ <u>54,212.25</u>	\$ <u>13,815.64</u>
 <u>LIABILITIES AND RESERVES</u>		
Reserve for Public Assistance	\$ <u>54,212.25</u>	\$ <u>13,815.64</u>
	\$ <u>54,212.25</u>	\$ <u>13,815.64</u>

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance - December 31, 2008

Advanced State Aid

\$ 13,815.64

13,815.64

Increased by:

State Aid for Public Assistance

156,800.00

S.S.I. Reimbursements

10,282.75

Miscellaneous

132.00167,214.75

181,030.39

Reserve for Public Assistance

Decreased by:

Payments for Public Assistance

Disbursed to Clients

126,818.14126,818.14

Balance - December 31, 2009

\$ 54,212.25Analysis of Balance - December 31, 2009:

Advanced State Aid

\$ 54,212.25\$ 54,212.25

SINGLE AUDIT SECTION

HODULIK & MORRISON, P.A.
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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 Township Committee
Township of Princeton
County of Mercer, New Jersey

We have audited the financial statements of the Township of Princeton as of and for the year ended December 31, 2009, and have issued our report thereon dated August 30, 2010. The Township of Princeton prepares its financial statements in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our report expressed an unqualified opinion on the conformity of the financial statements with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our report also expressed a modified opinion on the conformity of the financial statements to accounting principles generally accepted in the United States of America, due to differences between those principles and the prescribed regulatory basis, which is more fully described in Note 2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters, including matters of control deficiencies, which we reported to the Borough in the General Comments section of this report.

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

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
August 30, 2010

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

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

Compliance

We have audited the compliance of the Township of Princeton, New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2009. The Township of Princeton's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Township of Princeton's management. Our responsibility is to express an opinion on the Township of Princeton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Princeton's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Princeton's compliance with those requirements.

In our opinion, the Township of Princeton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Township of Princeton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township of Princeton's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Princeton's internal control over compliance.

A control deficiency is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
August 30, 2010

Township of Princeton
County of Mercer
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Federal Funding Department	CFDA Number	Pass Through Account No.	Grant Period	Expenditures
Indirect Awards:				
Department of Human Services				
Pass Through State of New Jersey				
Substance Abuse Block Grants Cluster				
NJ NIDA Program	93.959	054-7555-100-004-08	2008	\$1,082.96
NJ NIDA Program	93.959	054-7555-100-004-09	2009	143,117.89
NJ Viciuage Program	93.959	054-7550-100-012-09	2009	40,000.00
Total Substance Abuse Block Grants Cluster				<u>184,200.85</u>
Department of Education:				
Title IV	84.186	N/A	2009	<u>5,360.00</u>
Total Department of Education				<u>5,360.00</u>
Department of Environmental Protection				
Environmental Infrastructure Loan	66.458	042-4860-510-046-2009	2009	<u>402,332.46</u>
Total Department of Environmental Protection				<u>402,332.46</u>
Department of Transportation				
Pass Through State of New Jersey				
Highway Planning & Construction Cluster				
Highway Planning & Construction - Stony Brook Bridge	20.205	078-6320-480-AJP-09	2009	14,522.28
Highway Planning & Construction - Hilltop Drive	20.205	078-6320-480-AJP-09	2009	6,671.49
Highway Planning & Construction - Sycamore Rd.	20.205	078-6320-480-AJP-07	2007	853.11
Total Department of Transportation Cluster				<u>22,046.88</u>
Division of Highway Safety Cluster				
Over the Limit Under Arrest	20.601	066-1160-100-057-09	2009	<u>4,134.57</u>
Total Highway Safety Cluster				<u>4,134.57</u>
Total Department of Transportation				<u>26,181.45</u>
Total Expenditures of Federal Awards				<u>\$618,074.76</u>

Footnotes:

Grant Award/A mount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Federal Awards. Also, see paragraph on the accompanying schedules of federal awards and state financial assistance with respect to a partial disclaimer, included within the independent auditor's report.

The Township's federal grants are presented within the Township's overall financial statements on the modified accrual basis of accounting in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Township of Princeton
County of Mercer
Schedule of Expenditures of State Awards
Year ended December 31, 2009

State Funding Department or Division	Program	Total Award	State Account No.	Grant Year	Cash Receipts	2009 Expenditures	Cumulative Expenditures/ Cancellations
Department of Environmental Protection							
	Recycling Tonnage Grant	\$ 67,522.21	4900-752-002-006	2006		13,039.40	51,898.95
	Environmental Infrastructure Loan	1,775,000.00	042-4860-510-030-07	2007		829,907.76	1,775,000.00
	Environmental Infrastructure Loan	1,220,000.00	042-4860-510-030-08	2008		1,210,492.55	1,210,492.55
	Stormwater Regulation Grant	12,029.00	042-4855-100-118-08	2008			4,045.00
	DEP Stony Brook Grant	28,000.00	042-4855-100-118-07	2007		10,500.00	10,500.00
	Clean Community Grant	25,531.65	042-4900-765-004-08	2008			
	Clean Community Grant	26,117.00	042-4900-765-004-09	2009	26,117.00	6,202.90	18,177.17
	Clean Community Grant	22,610.48	042-4900-765-004-07	2007			10,646.85
	Total Department of Environmental Protection				26,117.00	2,070,142.61	3,080,760.52
Department of Human Services							
	Mercer Regional Drug Program	25,198.00	N/A	2008	11,363.19		24,947.02
	Mercer Regional Drug Program	25,198.00	N/A	2009	7,982.81		
	Drug Program - NIMSPLI	1,000.00	N/A	2009	1,000.00	1,000.00	1,000.00
	Drug Program - STAR	6,500.00	N/A	2009		5,595.00	5,595.00
	Garden State Historic Trust	50,000.00	N/A	2009		4,185.72	4,185.72
	Mercer County Motivation 180	49,304.00	N/A	2008	32,153.00	2,075.95	49,304.00
	Mercer County Motivation 180	49,304.00	N/A	2009		43,823.89	43,823.89
	Mercer County Princeton Youth	20,000.00	N/A	2009	11,198.00	20,000.00	20,000.00
	Cranbury Schools	10,080.00	N/A	2009	1,960.00	10,080.00	10,080.00
	Cranbury Schools	10,080.00	N/A	2008	7,440.00		10,080.00
	Total Department of Human Services				73,097.00	86,760.56	169,015.63
Department of Community Affairs							
	Fire Prevention and Safety	21,820.00	022-8017-100-040-08	2007		2,275.30	21,820.00
	Academic Success Today	10,000.00	022-8049-542-002-09	2009	10,000.00	9,350.00	9,350.00
	Municipal Alliance	28,556.00	082-2000-100-044-08	2008	12,321.00	1,613.86	28,556.00
	Municipal Alliance	28,556.00	082-2000-100-044-09	2009	20,987.00	23,651.81	23,651.81
	Sustainable Communities	45,555.05	042-4875-353-VVVV-6020	2007	7,564.30	29,644.14	45,555.05
	Sustainable Communities	15,000.00	042-4875-353-VVVV-6020	2009	15,000.00	3,772.58	3,772.58
	Total Department of Community Affairs				65,872.30	70,307.69	70,307.69
Department of Law and Public Safety							
	Drunk Driving Enforcement Grant	4,503.27	066-6400-100-078-09	2009	4,503.27	1,567.36	1,567.36
	Total Department of Law and Public Safety				4,503.27	1,567.36	1,567.36
Grand Total					169,589.57	2,228,778.22	3,321,651.20

Footnotes:

Grant Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Federal Awards and State Financial Assistance. Also, see paragraph on the accompanying schedules for federal awards and state state financial assistance with respect to a partial disclaimer, included within the independent auditor's report.

The Township's state grants are presented within the Township's overall financial statements on the modified accrual basis of accounting in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

N/A - Not Available or Not Applicable

TOWNSHIP OF PRINCETON
COUNTY OF MERCER, NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2009

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Unless specifically noted, the amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements.

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Unless specifically required, the amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports, where required.

TOWNSHIP OF PRINCETON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Sch. C

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified (OCBOA)

Internal Control over financial reporting:

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

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

Noncompliance material to basic financial
statements noted? Yes X No

Federal Awards

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

Auditee qualified as low-risk auditee? Yes X No

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

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>
<u>66.458</u>
<u>93.959</u>
<u> </u>
<u> </u>

<u>Name of Federal Program</u>
<u>Environmental Infrastructure Loan</u>
<u>Substance Abuse Block Grant Cluster</u>
<u> </u>
<u> </u>

Sch. C

TOWNSHIP OF PRINCETON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Sch. C

Section II - Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Government Auditing Standards*.

Significant Deficiency(ies)/Material Weaknesses

None noted.

Noncompliances

None noted.

Section III - Federal and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's circular 04-04.

Federal and State Award Programs:

Significant Deficiency(ies)/Material Weaknesses:

None noted.

Noncompliance:

None noted.

TOWNSHIP OF PRINCETON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Sch. C

Section II - Financial Statement Findings

Noncompliance

There were no instances noted of non-compliance.

Significant Deficiencies

None

Section III - Federal and State Financial Assistance Findings and Questioned Costs

None

TOWNSHIP OF PRINCETON
COUNTY OF MERCER, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section 1 – Summary of Prior Year Federal and State Findings

SUMMARY OF PRIOR YEAR FINDINGS

None

SUPPLEMENTAL SCHEDULES

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

YEAR	BALANCE DEC. 31, 2008	2009 LEVY	COLLECTIONS 2008	BY CASH 2009	SR. CITIZENS AND VETERANS DEDUCTION REIMBURSEMENT	TRANSFER TO TAX TITLE LIEN	REMITTED AND CANCELLED	BALANCE DEC. 31, 2009
2008	829,908.99			774,422.89		26,375.60	6,175.94	22,934.56
	829,908.99			774,422.89		26,375.60	6,175.94	22,934.56
2009		88,824,374.11	956,409.35	86,911,509.48	90,000.00	11,934.59	8,098.68	846,422.01
	829,908.99	88,824,374.11	956,409.35	87,685,932.37	90,000.00	38,310.19	14,274.62	869,356.57
Analysis of 2009 Property Tax Levy								
Ref								
Tax Yield:								
General Purpose								
Omitted/Added Taxes (N.J.S.A. 54:4-63.1 et seq.)								
Tax Levy								
Local District School Tax								
(Abstract)								
County Tax (Abstract)								
Local Tax for Municipal Purposes								
Local Open Space Tax								
Add: Additional Tax for Mun. Purposes								

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

Balance - Dec. 31, 2008		\$5,507.48
Increased by:		
Payment Received from State of NJ	89,283.56	
2009 Deductions Disallowed by Collector	500.00	
SFY 2008 Deductions Disallowed by Collector	<u>250.00</u>	
		<u>90,033.56</u>
		95,541.04
Decreased by:		
Deductions Allowed Per Tax Billings	88,250.00	
2009 Deductions Allowed by Collector	<u>2,250.00</u>	
		<u>90,500.00</u>
Balance - December 31, 2009		<u><u>\$5,041.04</u></u>
Analysis of Senior Cit., Vets. and Disability <u>Deductions Allowed by Collector</u>		
Deductions Allowed Per Tax Billings		\$88,250.00
2009 Deductions Allowed by Collector		<u>2,250.00</u>
		90,500.00
2009 Deductions Disallowed by Collector		<u>500.00</u>
Realized as Revenue - 2009		<u><u>\$90,000.00</u></u>

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

Balance - December 31, 2008	\$69,666.10
Increased by:	
Transfer from Taxes Receivable	<u>38,310.19</u>
Balance - December 31, 2009	<u><u>\$107,976.29</u></u>

SCHEDULE OF SEWER CHARGES RECEIVABLE
CURRENT FUND

Balance - December 31, 2008	\$42,253.21
Increased by:	
2009 Billings	<u>3,542,500.02</u>
	3,584,753.23
Decreased by:	
Collections	<u>3,543,162.60</u>
Balance - December 31, 2009	<u><u>\$41,590.63</u></u>

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	01/01/09	Taxes Levied	Cash Disbursements	12/31/09
County - General	\$ -	\$ 23,099,992.27	\$ (23,099,992.27)	\$ -
County - Open Space	-	1,537,658.29	(1,537,658.29)	-
County - Added & Omitted	140,054.56	122,257.03	(140,054.26)	122,257.33
Local School District Taxes	0.45	41,556,916.89	(41,556,917.34)	-
Total	<u>\$ 140,055.01</u>	<u>\$ 66,316,824.48</u>	<u>\$ (66,334,622.16)</u>	<u>\$ 122,257.33</u>

SCHEDULE OF 2008 APPROPRIATION RESERVES
CURRENT FUND

Exhibit - A-9
Page 1 of 3

	BALANCE DEC. 31 2008	ENCUMBERED DEC. 31, 2008	BALANCE AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED DEC. 31, 2009	BALANCE LAPSED
Operations Within *CAPS*						
Salaries and Wages:						
Township Administrator	\$830.05		830.05			\$830.05
Information Technology	355.06		355.06			\$355.06
Township Committee	1,151.38		1,151.38			1,151.38
Township Clerk	481.76		481.76			481.76
Financial Administration	13,204.48		13,204.48			13,204.48
Tax Collection	6,809.76		6,809.76			6,809.76
Assessment of Taxes	437.63		437.63			437.63
Engineering Services and Costs	57,398.15		57,398.15			57,398.15
Historic Sites Commission	643.59		643.59			643.59
Regional Planning Board	51.67		51.67			51.67
Zoning Board	2,724.79		2,724.79			2,724.79
Municipal Court	464.11		464.11			464.11
Police Department	56,476.25		56,476.25			56,476.25
Police Dispatch/911	576.10		576.10			576.10
Fire Prevention	5,930.13		5,930.13			5,930.13
Municipal Prosecutor	1,827.00	5,000.00	6,827.00	5,000.00		1,827.00
Road Repair & Maintenance	224.91		224.91			224.91
Shade Tree Commission	134.86		134.86			134.86
Vehicle Maintenance	12,431.02		12,431.02			12,431.02
Joint Environmental Commission	60.00		60.00			60.00
Human Services Commission	874.73		874.73			874.73
Deer Management Program	5,579.34		5,579.34			5,579.34
Joint Drug Abuse Prevention Program	10,576.66		10,576.66			10,576.66
Joint Recreation Board	3,393.39		3,393.39			3,393.39
Other Expenses:						
Township Administrator	780.53	20.68	801.21	20.68		780.53
Information Technology	3,407.10	9,681.65	13,088.75	9,097.36		3,991.39
Personnel	1,534.96	2,672.33	4,207.29	2,567.33		1,639.96
Township Committee	1,004,179.20	130.38	937,109.58	22,510.29		914,599.29
Township Clerk	6,996.10	817.30	7,813.40	377.43		7,435.97
Elections	34.70		34.70			34.70
Financial Administration	554,945.33	401.94	555,347.27	385,896.11	125,005.83	44,445.33
Audit	350.00		350.00			350.00
Tax Collection	2,440.16	76.95	2,517.11	76.95		2,440.16
Assessment of Taxes	336.62	727.00	1,063.62	879.00		184.62
Legal Services & Costs	16,101.93	2,618.09	21,920.02	20,082.09		1,837.93

SCHEDULE OF 2008 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31, 2008	ENCUMBERED DEC. 31, 2008	BALANCE AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED DEC. 31, 2009	BALANCE LAPSED
Other Expenses (cont'd.)						
Engineering Services and Costs	\$705.41	\$4,053.26	\$4,758.67	\$357.50	\$	\$4,401.17
Historic Sites Commission	8,314.58	2,242.04	10,556.62	1,822.04		8,734.58
Regional Planning Board	8,623.82	20,215.58	28,839.40	8,003.75		20,835.65
Zoning Board	7,114.54	544.09	7,658.63	(1,934.70)		9,593.33
Municipal Court	8,529.09	1,281.62	9,810.71	1,280.93		8,529.78
Public Defender	12,000.04		12,000.04	9,999.96		2,000.08
Police Department	148,915.50	36,520.10	185,435.60	125,497.67	16,526.52	43,411.41
Police Dispatch(911)	580.63	2,850.50	3,431.13	2,850.50		580.63
Office of Emergency Management	755.45	182.79	938.24	182.79		755.45
Fire Prevention	46.64	471.75	518.39	471.75		46.64
Fire Hydrant Service	52,523.19		74,523.19	74,376.14		147.05
Road Repair and Maintenance	7,050.16	19,686.91	51,737.07	50,954.79		782.28
Shade Tree Commission	5,375.77		5,375.77	5,375.00		0.77
Public Buildings and Grounds	72,357.96	10,816.30	83,174.26	30,727.80		52,446.46
Vehicle Maintenance	973.83	5,871.50	23,845.33	15,036.67		8,808.66
Community Services Act	16,110.76		16,110.76	16,110.76		
Joint Environmental Commission	510.62	2,031.83	2,542.45	1,973.05		569.40
Deer Management Program	6,077.55		6,077.55	400.42		6,077.55
Human Services Commission	158.87	499.90	658.77			258.35
Worker & Comm. Right to Know Act	1,000.00		1,000.00			1,000.00
Joint Drug Abuse Prevention	231.47	398.52	629.99	274.78		355.21
Joint Recreation Board	41,515.01	11,859.63	53,374.64	20,568.18		32,806.46
Parks and Playgrounds	17,554.60		17,554.60	8,655.30		8,899.30
Electricity	9,654.46		9,654.46	7,534.95		2,119.51
Street Lighting	142.48		142.48			142.48
Telecommunications	33,172.72		33,172.72	12,454.70		20,718.02
Water	3,319.66		3,319.66			3,319.66
Gas(Natural or Propane)	6,785.24		6,785.24	1,231.28		5,553.96
Fuel Oil	31,497.42		31,497.42	22,342.68		9,154.74
Sewer System Prop. Share of Costs:						
Township Sewer	3,986.09		3,986.09			3,986.09
Matching Fund For Grants	10,000.00		10,000.00			10,000.00
Liability Insurance	7,301.05	2,700.00	10,001.05	7,044.30		2,956.75
Group Insurance	31,287.36		31,287.36			31,287.36
Workers Compensation Insurance	1,986.00		1,986.00			1,986.00
Transportation of Local Pupils						
by Board of Education						
Social Security	97.76		97.76			97.76
	10.65		10.65			10.65
Total Operations Within "CAPS"	\$2,330,009.83	\$144,372.64	\$2,474,382.47	\$870,100.23	\$141,532.35	\$1,462,749.89

SCHEDULE OF 2008 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31 2008	ENCUMBERED DEC. 31, 2008	BALANCE AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED DEC. 31, 2009	BALANCE LAPSED
Other Expenses:						
Public Employees Retirement System	\$11.20	\$	\$11.20	\$	\$	\$11.20
Police & Fire Retirement System	1.00		1.00			1.00
Corner House Foundation	12,179.68	1.68	12,181.36	10,001.68		2,179.68
Stonybrook Regional Sewerage Authority	70.00		70.00			70.00
MCIA Recycling Program	7,893.85		7,893.85			7,893.85
Total Operations Excluded from "CAPS"	20,155.73	1.68	20,157.41	10,001.68		10,155.73
Total Appropriation Reserves	\$ 2,350,165.56	\$ 144,374.32	\$2,494,539.88	\$ 880,101.91	\$ 141,532.35	\$1,472,905.62

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance</u>	<u>2009</u>	<u>Transferred</u>		<u>Transferred to</u>		<u>Balance</u>
	<u>Dec. 31, 2008</u>	<u>Budget</u> <u>Revenue</u>	<u>Chapter 159's</u>	<u>Receipts</u>	<u>from</u> <u>Unappropriated</u> <u>Grants</u>	<u>General</u> <u>Capital</u>	<u>Dec. 31, 2009</u>
Academic Success Today	\$ 4,500.00	\$ 10,000.00		\$ 10,000.00		\$	4,500.00
County of Mercer - Mercer Regional							
Drug Treatment Program	11,363.19	25,198.00		19,346.00			17,215.19
Cranbury Drug Intervention Program	7,440.00	10,080.00		9,400.00			8,120.00
Domestic Preparedness	30,254.28						30,254.28
Over the Limit Under Arrest			10,600.00	5,600.00			5,000.00
NJ Vicinage Program	61,333.25	40,000.00		44,454.00			56,879.25
Princeton Charter School	11,420.00						11,420.00
Princeton High School Drug Program	36,332.62						36,332.62
Princeton Regional Municipal Alliance Proj	12,321.00	28,556.00		33,308.00			7,569.00
Princeton Regional Schools - NJMSPLI	3,900.00	1,000.00		1,000.00			3,900.00
Princeton Regional Schools - STAR Program		6,500.00		6,500.00			
Mercer County Outpatient Services	13,080.00						13,080.00
DEP Stony Brook Trail	21,692.00					21,692.00	
State of NJ Grant from National Institute of Drug Abuse	41,035.00	144,160.00		148,200.00			36,995.00
State of NJ Stormwater Management							
Mercer County PYP	12,100.00	20,000.00		23,298.00			8,802.00
DEP Smart Growth	6,250.00						6,250.00
Click It or Ticket Grant	23.22						23.22
Adolescent Treatment	54,076.00	49,304.00		36,098.00			67,282.00
Body Armor Replacement	3,328.98	5,166.79			5,166.79		3,328.98
Bullet Proof Vests							
NJ Juvenile Drug Court	25,432.00						25,432.00
Recycling Tonnage Grant			41,210.77	41,210.77			
Clean Communities		26,117.00		26,117.00			
Green Communities		3,000.00					3,000.00
DAS Strengthening Families	34,240.00			11,004.00			23,236.00
Livable Communities	60,000.00	93,000.00		22,564.30			52,435.70
Garden State Preservation Trust	300,000.00	500,000.00					800,000.00
NJ DOT Road Grants (Hilltop, Musgrove&'		690,000.00	150,000.00	3,381.96			
DDEF		4,503.27			1,121.31		
Alcohol Education and Rehab		2,567.66			2,567.66		
Title IV		5,360.00					5,360.00
	<u>\$ 750,121.54</u>	<u>\$ 1,664,512.72</u>	<u>\$ 201,810.77</u>	<u>\$ 441,482.03</u>	<u>\$ 8,855.76</u>	<u>\$ 939,692.00</u>	<u>\$ 1,226,415.24</u>

SCHEDULE OF STATE AND FEDERAL GRANTS APPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>Encumbrances 12/31/08</u>	<u>2009 Budget</u>	<u>Chapter 159</u>	<u>Paid</u>	<u>Encumbrances 12/31/09</u>	<u>Transferred to General Capital</u>	<u>Balance Dec. 31, 2009</u>
Academic Success Today			\$		9,350.00			\$
Body Armor Replacement Fund	32,135.54		10,000.00					650.00
County of Mercer - Mercer Regional Drug			5,166.79					37,302.33
Treatment Program								
Clean Community Grant	250.98		25,198.00		25,198.00			250.98
Drug Program - NJMSPLJ	43,536.73	161.45	26,117.00		6,202.90			63,612.28
Drug Program - STAR			1,000.00		1,000.00			
Drug Program - Motivation 180			6,500.00		5,595.00			905.00
Drunk Driving Enforcement	2,075.95		49,304.00		45,899.84			5,480.11
Drug Program - NJ NIDA			4,503.27		1,567.36			2,935.91
Emergency Services Protective Masks	1,089.03	34.78	144,160.00		144,200.85			1,082.96
Eagleton Program - Drug Program	1,000.00							1,000.00
Mercer County Neighborhood Pres. Grant	31.69	13.91			13.91			31.69
NJ Child Passenger Safety	55.56							55.56
NJ Recycling Tonnage Grant	58,698.80	6,870.00		41,210.77	13,039.40	500.00		93,240.17
Princeton Regional Municipal Alliance		1,613.86	28,556.00		25,265.67	2,300.92		2,603.27
Princeton Regional Schools - Title IV	30.09		5,360.00		5,360.00			30.09
Click It or Ticket Grant	23.22							23.22
NJ Domestic Preparedness Grant	25,262.97							25,262.97
Transportation Trust Fund			690,000.00	150,000.00			840,000.00	
DWI Court								
Stormwater Regulation	2,398.00							2,398.00
Cranbury Schools	7,979.00							7,979.00
Alcohol Education Rehab	6,262.23		10,080.00		10,080.00			
Balance Housing Program	7.31		2,567.66					8,829.89
NJ Viciagne Program			40,000.00		40,000.00			7.31
Garden State Preservation Trust	300,000.00		500,000.00					800,000.00
TCNJ Sustainable Communities			93,000.00		33,416.72	1,292.06	78,000.00	9,935.36
Fire Prevention and Safety		29,644.14			2,275.30			
Garden State Historic Trust	50,000.00	2,275.30			4,185.72			45,814.28
Mercer County Princeton Youth(PYP)			20,000.00	10,600.00	20,000.00			
Over the Limit Under Arrest	51.48				4,134.57			6,516.91
DEP Stony Brook Trail	26,031.00						21,692.00	4,339.00
DEP Green Communities	2,000.00		3,000.00					5,000.00
DEP ANJEC Smarth Growth	8,375.00							8,375.00
	<u>\$ 624,294.58</u>	<u>\$ 40,613.44</u>	<u>\$ 1,664,512.72</u>	<u>\$ 201,810.77</u>	<u>\$ 396,785.24</u>	<u>\$ 4,092.98</u>	<u>\$ 939,692.00</u>	<u>\$ 1,190,661.29</u>

SCHEDULE OF STATE AND FEDERAL GRANTS, UNAPPROPRIATED

<u>Grant</u>	<u>Balance</u>	<u>Receipts</u>	<u>Transferred</u>	<u>Balance</u>
	<u>Dec. 31, 2008</u>		<u>to</u> <u>Grants Receivable</u>	<u>Dec. 31, 2009</u>
DDEF	3,162.24		1,121.31	2,040.93
DWI Court	2,567.66	1,021.01	2,567.66	1,021.01
NJ Bulletproof Vests	2,087.81		2,087.81	
NJ Body Armor Fund	3,078.98	7,203.44	3,078.98	7,203.44
Clean Communities		15,000.00		15,000.00
Concordia Foundation-Sustainable Princeton				
	<u>\$ 10,896.69</u>	<u>\$ 23,224.45</u>	<u>\$ 8,855.76</u>	<u>\$ 25,265.38</u>

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORD. NO.	IMPROVEMENT DESCRIPTIONS	DATE OF CONFIRMATION	BALANCE 12/31/08	ASSESMENTS CONFIRMED	COLLECTIONS	BALANCE 12/31/09	BALANCE PLEDGED TO RESERVE
97-15	Dodds Lane Sidewalk	9/11/00	\$311.69	\$	\$311.69	\$	\$
98-10	Jefferson Road Sidewalk	9/11/00	64.16		64.16	-	-
98-24	Laurel/Jefferson/Red Hill/Mansgrove SW	9/11/00	350.52		350.52	-	-
00-08	Bertrand/Caldwell Sidewalk	12/10/02	2,190.22		1,252.57	937.65	937.65
00-09	Dempsey Curbing	12/10/02	1,053.80		831.75	222.05	222.05
00-19	Moore Street/Henry Ave.	12/10/02	2,584.15		1,493.76	1,090.39	1,090.39
02-09	Poe Road	9/10/03	3,068.50		974.77	2,093.73	2,093.73
02-16	Rollingmead	9/10/03	3,120.92		782.39	2,338.53	2,338.53
04-06	Walnut Sidewalks	3/19/07	3,458.27		442.65	3,015.62	3,015.62
01-03	Newlin Sidewalks	3/19/07	2,388.04		1,328.46	1,059.58	1,059.58
04-17	Walnut Lane Curbing	3/19/07	1,873.46		236.57	1,636.89	1,636.89
05-23	Oakland St Sidewalks	6/11/07	262.85		43.13	219.72	219.72
04-20	Snowden Lane Sidewalks	6/11/07	4,374.65		737.29	3,637.36	3,637.36
06-25	Evergreen Circle Curbing	6/11/07	5,917.93		747.18	5,170.75	5,170.75
05-07	Carnahan Place Sidewalks	6/11/07	2,090.73		196.62	1,894.11	1,894.11
05-15	Tee-Ar Sidewalks	6/25/07	1,292.94		531.00	761.94	761.94
05-31	Clearview Ave Sidewalks	6/25/07	1,504.63		182.59	1,322.04	1,322.04
05-32	Grover Ave Sidewalks	6/25/07	2,564.34		674.62	1,889.72	1,889.72
05-10	Dorann Ave Curbing	6/25/07	9,169.67		1,898.92	7,270.75	7,270.75
05-16	Littlebrook Rd Pathway	7/16/07	4,051.77		1,945.58	2,106.19	2,106.19
05-26	Springdale Rd Sidewalk	9/10/07	952.05		119.00	833.05	833.05
06-21	Castle Howard Sidewalks	5/5/08	769.06		769.06	-	-
07-15	Clover Lane Curbing	6/9/08	22,524.16		9,640.05	12,884.11	12,884.11
06-13	Riverside Sidewalks	5/5/08	4,527.15		1,623.74	2,903.41	2,903.41
06-27	Abernathy Sidewalks	6/9/08	3,101.88		1,074.80	2,027.08	2,027.08
07-13	Maclean Circle S/W Improvements	5/5/08	2,885.19		748.38	2,136.81	2,136.81
06-15	Overbrook Sidewalks	6/9/08	6,905.96		3,579.17	3,326.79	3,326.79
07-16	Witherspoon St. Sidewalks	6/23/08	739.46		340.95	398.51	398.51
07-10	Linwood/Leabrook La S/W Improvements	6/23/08	8,982.68		3,759.60	5,223.08	5,223.08
07-22	Herrington Circle Curbing	6/23/08	10,967.04		4,776.34	6,190.70	6,190.70
03-19	Lake/Longview/Knoll Sewer Lat. Repairs	12/1/08	6,929.29		5,996.26	933.03	933.03
03-17	Sewer Lat. Repairs- Clearview, Dorann...	12/1/08	107,912.17		55,470.97	52,441.20	52,441.20
06-36	Audubon Sewer	12/1/08	1,920.00		1,920.00	-	-
05-30	Sycamore Road Sewer Laterals	12/1/08	2,200.00		1,539.56	660.44	660.44
04-05	Arreton Road Sewer & Water Main Ext.	12/1/08	185,181.99		17,041.43	168,140.56	168,140.56
03-10	Princeton/Kingston Road Sewer	12/1/08	388,090.55		91,498.47	296,592.08	296,592.08
02-14	Mountain Ave. Sewer Extension	12/1/08	16,261.04		11,924.78	4,336.26	4,336.26
07-18	Philip Hermlock Woodside Sidewalk	4/6/09		52,369.62	35,118.87	17,250.75	17,250.75
08-03	Ewing St. Near Guyot Sidewalk	4/6/09		16,632.83	10,083.85	6,548.98	6,548.98
			<u>\$822,542.91</u>	<u>\$ 69,002.45</u>	<u>\$ 272,051.50</u>	<u>\$ 619,493.86</u>	<u>\$ 619,493.86</u>

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>Balance 12/31/08</u>	<u>Assessments Confirmed</u>	<u>Collections to Surplus</u>	<u>Balance 12/31/09</u>
Assessments Receivable:					
97-15	Dodds Lane Sidewalk	311.69		311.69	
98-10	Jefferson Road Sidewalk	64.16		64.16	
98-24	Laurel/Jefferson/RedHill/Mansgrove SW	350.52		350.52	
00-08	Bertrand/Caldwell Sidewalk	2,190.22		1,252.57	937.65
00-09	Dempsey Curbing	1,053.80		831.75	222.05
00-19	Moore St./Henry Ave.	2,584.15		1,493.76	1,090.39
02-09	Poe Road Sidewalks	3,068.50		974.77	2,093.73
02-16	Rollingmead Sidewalks	3,120.92		782.39	2,338.53
04-06	Walnut Sidewalks	3,458.27		442.65	3,015.62
01-03	Newlin Sidewalks	2,388.04		1,328.46	1,059.58
04-17	Walnut Lane Curbing	1,873.46		236.57	1,636.89
05-23	Oakland St Sidewalks	262.85		43.13	219.72
04-20	Snowden Lane Sidewalks	4,374.65		737.29	3,637.36
06-25	Evergreen Circle Curbing	5,917.93		747.18	5,170.75
05-07	Carahan Place Sidewalks	2,090.73		196.62	1,894.11
05-15	Tee-Ar Sidewalks	1,292.94		531.00	761.94
05-31	Clearview Ave Sidewalks	1,504.63		182.59	1,322.04
05-32	Grove Ave Sidewalks	2,564.34		674.62	1,889.72
05-10	Dorann Ave Curbing	9,169.67		1,898.92	7,270.75
05-16	Littlebrook Rd Pathway	4,051.77		1,945.58	2,106.19
05-26	Springdale Rd Sidewalk	952.05		119.00	833.05
06-21	Castle Howard Sidewalks	769.06		769.06	
07-15	Clover Lane Curbing	22,524.16		9,640.05	12,884.11
06-13	Riverside Sidewalks	4,527.15		1,623.74	2,903.41
06-27	Abernathy Sidewalks	3,101.88		1,074.80	2,027.08
07-13	Maclean Circle S/W Improvements	2,885.19		748.38	2,136.81
06-15	Overbrook Sidewalks	6,905.96		3,579.17	3,326.79
07-06	Witherspoon St. Sidewalks	739.46		340.95	398.51
07-10	Linwood/Leabrook Lane Improvements	8,982.68		3,759.60	5,223.08
07-22	Herrontown Circle Curbing	10,967.04		4,776.34	6,190.70
03-19	Lake/Longview/Knoll Sewer Repairs	6,929.29		5,996.26	933.03
03-17	Sewer Lat. Repairs-Clearview/Dorann	107,912.17		55,470.97	52,441.20
06-36	Audobon Sewer	1,920.00		1,920.00	
05-30	Sycamore Road Laterals	2,200.00		1,539.56	660.44
04-05	Arreton Rd. Sewer & Water Main	185,181.99		17,041.43	168,140.56
03-10	Princeton/Kingston Rd. Sewer	388,090.55		91,498.47	296,592.08
02-14	Mountain Ave. Sewer Extension	16,261.04		11,924.78	4,336.26
07-18	Philip, Hemlock, Woodside Sidewalk		52,369.62	35,118.87	17,250.75
08-03	Ewing St. Near Guyot Sidewalk		16,632.83	10,083.85	6,548.98
		<u>822,542.91</u>	<u>69,002.45</u>	<u>272,051.50</u>	<u>619,493.86</u>

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>Balance 12/31/08</u>	<u>Assessments Confirmed</u>	<u>Collections to Surplus</u>	<u>Balance 12/31/09</u>
Prospective Assessments Funded:					
99-07	Replacement Sidewalks Various Streets	1,100.00			1,100.00
00-08	Bertrand Dr. and Caldwell Dr.	2,175.00			2,175.00
00-09	Dempsey Ave.	1,000.00			1,000.00
00-19	Moore St./Henry St.	4,050.00			4,050.00
		<u>8,325.00</u>			<u>8,325.00</u>
Assessment Liens:					
	Prior Year - T. sheenen	<u>8,478.76</u>			<u>8,478.76</u>
		<u>\$ 839,346.67</u>	<u>\$ 69,002.45</u>	<u>\$ 272,051.50</u>	<u>\$ 636,297.62</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance - December 31, 2008	\$ 12,698.00
Increased by:	
Fees Collected	9,528.50
Principal/Interest	10,671.98
Boarding and Miscellaneous Fees	<u>2,559.60</u>
	<u>22,760.08</u>
	35,458.08
Decreased by:	
Due to Current Fund	4,944.93
Expenditures	<u>14,186.15</u>
Balance - December 31, 2009	<u><u>\$ 16,327.00</u></u>
License Fees Collected:	
2007	\$ 6,741.00
2008	<u>9,586.00</u>
	<u><u>\$ 16,327.00</u></u>

Note: R.S. 4:19-15.11

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

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

Balance - December 31, 2008	\$ 335,806.48
Increased by:	
Amount Raised by Taxation	490,149.83
Interest Earned	<u>250.54</u>
	<u>490,400.37</u>
	826,206.85
Decreased by:	
Disbursements	<u>544,711.07</u>
Balance - December 31, 2009	<u><u>\$ 281,495.78</u></u>

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
SCHEDULE OF OTHER RESERVES AND SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2009

	Balance <u>December 31, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>December 31, 2009</u>
Bulletproof Vest	\$ 26.85			\$ 26.85
Accumulated Sick Leave	361,214.29	75,000.00	48,694.99	387,519.30
Fire Prevention	34,706.66	127,566.88	133,608.62	28,664.92
Electrical Permit	11,533.30			11,533.30
Plumbing Permit	18,133.70			18,133.70
Off Duty Police	3,973.09	119,767.91	118,754.75	4,986.25
POAA	14,250.00	710.00		14,960.00
Construction Official	1,025,492.36	613,247.11	685,812.37	952,927.10
Fire Prevention Penalty Fees	11.21	2,300.00	1,240.22	1,070.99
Fire Prevention Penalty-Dedicated	3,569.40		1,500.00	2,069.40
Police Fitness Foundation	11,284.97		400.00	10,884.97
Forfeiture Fund	798.75	1.19	388.58	411.36
Snow Removal		50,000.00	24,107.06	25,892.94
Due to POSC		9,000.00		9,000.00
Miscellaneous Deposits	780,761.87	174,455.36	201,878.14	753,339.09
	<u>\$ 2,265,756.45</u>	<u>\$ 1,172,048.45</u>	<u>\$ 1,216,384.73</u>	<u>\$ 2,221,420.17</u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Exhibit - C-2
Page 1 of 2

	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2009
Fund Balance	\$227,727.15	\$127,727.15
Capital Improvement Fund	364,422.18	504,570.18
Reserves for:		
Various Improvements	30,000.00	
Wastewater Trust Loan	120,773.75	1,813.74
Encumbrances	1,403,137.90	1,893,788.53
Debt Service	800,464.56	618,879.47
Poor Farm Road/Commodit	15,000.00	
Roads	50,000.00	95,000.00
Infrastructure Loans	18,218.40	23,362.96
Miscellaneous	2,760,000.00	2,795,604.42
Preliminary Costs - Flood Mitigation	1,385.31	1,385.31
Due from Borough of Princeton	(8,831.80)	(8,831.80)
Due from Trust other Fund	(235,000.00)	(235,000.00)
Due to Current Fund		2,565,018.31
Due from Grant Fund	(377,500.00)	(367,000.00)
Other receivables	(275,000.00)	(475,000.00)
Due from Mercer County	(1,038,327.00)	(1,038,327.00)
Infrastructure Loan Receivable	(5,194,728.00)	(2,634,818.00)
DOT Grant Receivable	(121,250.00)	(1,024,692.00)
Developer Contributions Receivable	(642,331.34)	(642,331.34)

ORD.

NO. IMPROVEMENT AUTHORIZATIONS

General Improvements

86-22,87-16	Acquisition of Mountain Lakes Property	4,696.71	4,376.71
94-21	Various Capital Improvements	3,294.81	3,294.81
94-26,98-26	Construction of New Municipal Building	18,272.74	18,272.74
95-12	Various Capital Improvements	863.59	863.59
96-10	Various Capital Improvements	15,500.44	14,640.44
97-06	Various Capital Improvements	46,545.15	46,545.15
98-03	Mercer Road Pedestrian Bridge	116,292.49	116,292.49
98-09	Brookstone Drive Etc. - Supplemental	247.58	247.58
98-22	Various Capital Improvements	135,872.08	107,241.68
98-29	Recreation Building Relocation	11,299.75	11,299.75
99-11	Various Capital Improvements	(140,087.40)	(140,087.40)
00-03	Various Capital Improvements (Twp. Only)	1,241,756.08	1,148,219.11
00-13	Various Capital Improvements (Jt. Agency)	(159,217.40)	(187,276.13)
00-21	Park Development Design Svcs. For RW Estate	3,360.48	3,360.48
01-03	Olden Lane, Newlin Road, Springdale Road Sidewalks	775.18	775.18
01-06	Russell Road Construction	10,959.58	10,959.58
01-07	Van Dyke Road, Great Road Bikepaths	29,135.06	29,135.06
01-11	Olden Lane, Newlin Rd., Mountain Ave. Reconstruction	2,087.87	2,087.87
01-13	Reconstruction at cherry Valley Road @ Pulte	(26,743.73)	10,921.95
01-15	Various Capital Improvements	24,055.34	(202,262.72)
01-21	Construction, Equipping & Furnishing Library	55,954.56	55,954.56
01-23	Rosedale Road Pump Station Supplemental	121,172.84	120,673.34
02-01	High Density Storage Units	2,089.87	2,089.87
02-14	Mountain Ave. Sewer Extension	446.00	446.00
02-15	Various Capital Improvements	(874,717.50)	(480,479.04)
03-04	Recreation Improvements	2,307.36	2,307.36
03-09	Road Improvements - Princeton-Kingston Rd.	2,255.92	2,255.92
03-10	Sewer Improvements - Princeton-Kingston Rd.	8,775.90	8,775.90
03-13	Various Capital Improvements	(500,146.45)	(502,338.63)
03-17	Sewer Lateral Repairs	17,936.83	17,936.83
03-19	Sewer Lateral Repairs - Lake/Longview/Knoll Drives	102,225.24	102,225.24
04-02	Eng. Design: Clearview/Dorann/Tee-Ar/Grover	1,544.76	1,544.76
04-04	Sewer Lateral Repairs - Harris/Hillside/Loomis/Oakland	26,741.55	26,741.55
04-05	Ext. of Sanitary Sewer Main and Water Main Arretton Rd.	47,523.24	47,523.24
04-06	Install./Repair Sidewalks on Walnut Lane	3,216.48	3,216.48
04-07	Repair and Reconstruction Var. Roadways	86,596.47	86,596.47
04-13	Various Capital Improvements	(341,813.36)	(282,558.55)
04-17	Walnut Lane Curbing	(233.00)	(233.00)
04-20	Snowden Lane Sidewalks (West Side)	794.66	794.66
05-02	Snowden Lane Reconstruction	500.52	500.52
05-03	Various Griggs Farm Improvements	6,901.50	6,901.50
05-05	Various Township Road Projects	9,996.87	9,996.87
05-07	Camahan Sidewalks	1,656.62	1,656.62
05-08	Snowden Lane Pathway	2,181.40	2,181.40
05-10	Dorann Avenue Curbing	773.96	773.96
05-12	Littlebrook Sewers	11,550.90	11,550.90
05-15	Tee-Ar Place Sidewalks	23,016.17	23,016.17
05-16	Littlebrook Road Pathway	904.08	904.08
05-23	Oakland Street Sidewalks	(1,238.00)	(1,238.00)
05-24	Various Capital Improvements	741,553.08	106,971.08
05-25	Littlebrook Road/Tyson Lane Sewer	2,350.00	2,350.00

	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2009
05-26 Springdale Road Sidewalks	1,932.50	1,932.50
05-28 Joint Sewer System Rehab.	3,668,552.39	736,786.96
05-29 Sycamore Road Sidewalks	1,064.25	1,064.25
05-30 Sycamore Road Sewer Laterals	(1,285.75)	(1,285.75)
05-31 Clearview Avenue Sidewalks B	(649.91)	(649.91)
05-32 Grover Avenue Sidewalks B	1,500.00	1,500.00
05-33 Ewing Street Sidewalks	2,005.00	2,005.00
05-36 Recreation Improvements - Supplement	(11,836.43)	(11,836.43)
06-01 Recreation Supplemental	(12,130.31)	(12,130.31)
06-02 Road Construction and Repair	(153,360.67)	(163,827.69)
06-03 Tusculum	(106,193.27)	(106,247.27)
06-13 Riverside Sidewalks	1,675.00	1,675.00
06-14 Hemlock Sidewalks	(1,670.16)	(1,670.16)
06-15 Overbrook Sidewalks	(4,200.00)	(4,200.00)
06-21 Vernon Circle and Castle Howard	850.00	850.00
06-22 Multi Purpose Ordinance	(282,431.93)	(905,118.61)
06-25 Evergreen Circle Curbs	667.00	667.00
06-27 Abernathy Sidewalks	610.00	610.00
06-33 Rosedale Supplemental	77,304.63	77,304.63
06-34 Abernathy Sewer Laterals	(3,004.87)	(3,004.87)
06-36 Audubon Lane Sewer Laterals	1,215.25	1,215.25
06-37 Sewer Laterals : 206 & Laurel Circle	(6,099.02)	(6,517.70)
07-02 Various Road Improvement Projects	(75,576.51)	(86,861.36)
07-03 Various Road Improvement Projects	(467,361.73)	(295,816.39)
07-10 Linwood Cir./Route 206 Sewer Laterals	1,945.00	1,945.00
07-13 Maclean Circle Sidewalks	1,408.75	1,408.75
07-14 Clover Lane Sewer Laterals	5,302.00	5,302.00
07-15 Clover Lane Belgium Block	(42,102.16)	(42,102.16)
07-16 Witherspoon Street Sidewalks	308.75	308.75
07-18 Philip Dr./Hemlock Cir./Woodside	(8,110.66)	(8,529.34)
07-19 Multi Purpose Ordinance	(107,746.05)	(437,960.16)
07-22 Herrontown Circle Curbing	670.59	670.59
07-23 Griggs Farm Supplemental	1,990.80	(1,431.42)
07-25 Herrontown Circle Curbing - Additional	150.00	150.00
08-03 Ewing St. Sidesalks	1,278.50	(5,761.50)
08-06 Various Road Improvement Projects	(1,596,537.84)	(1,441,196.38)
08-07 Braeburn/Meadowbrook Sidewalks	675.00	675.00
08-08 Battle Road Sidewalks	200.00	200.00
08-09 Franklin Avenue Sidewalks	1,100.00	1,100.00
08-12 Ober Road Sidewalks	800.00	800.00
08-16 Various Capital Improvements	823,967.89	230,143.60
08-19 Ewing St. Sidesalks	875.00	875.00
08-20 Magnolia Lane and Boradripple Sw	1,050.00	1,050.00
08-21 Belgium Curb 9 Prop. Wilson Rd.	925.00	925.00
08-23 Watermain Quaker Rd. to Mercer Rd.	15,000.00	(131,564.68)
09-01 Edgerstone & Winant Sewer Laterals		(93,552.74)
09-02 Cedar Lane Sewer Laterals		(213,028.27)
09-03 Cedar Lane Sidewalks		(1,491.69)
09-04 Stony Brook Pedestrian Bridge		774,284.22
09-05 DPW Road		(244,703.00)
09-08 Quarry Lane Sewer Line		(44,253.28)
09-16 Sewer Infrastructure Trust Supplement		(1,281.00)
09-19 2009 Multipurpose Ordinance		284,245.86
09-21 Culvert & Sewer Replac. On Braeburn		(279,014.26)
	<u>\$534,672.01</u>	<u>\$163,753.94</u>

() Denotes Deficit

**SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - UNFUNDED**

Exhibit - C-3
Page 1 of 2

ORD. NO.	DATE	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE - JUNE 30, 2009			
			BALANCE DEC. 31, 2008	2009 AUTHOR.	TRANSFERRED TO DEF. TAX. FUNDED	IMPROV. AUTHOR. CANCELLED
						EXPENDITURES
						UNEXPENDED BALANCE OF IMPROV. AUTH.
		<u>General Improvements</u>				
95-12		Various Capital Improvements	\$1,166.77	\$		\$1,166.77
96-10		Various Capital Improvements	26,273.65			26,273.65
99-11		Various Capital Improvements	395,955.34			395,955.34
00-03		Various Capital Improvements (Twp. Only)	2,283,724.27			2,283,724.27
00-13		Various Capital Improvements (H. Agency)	1,015,179.99			1,015,179.99
01-13		Reconst. Of Cherry Valley Road	28,207.78			28,207.78
01-15		Various Capital Improvements	859,355.71			859,355.71
01-21		Const., Equip. Furnishing Library	7,660.02			7,660.02
02-15		Various Capital Improvements	1,963,565.85		1,435,000.00	528,565.85
03-13		Various Capital Improvements	1,959,053.01			1,959,053.01
03-17		Sewer Lateral Repairs	116,000.00			116,000.00
04-04		Sewer Lateral Repairs Var. Roads	151,500.00			151,500.00
04-05		Ext. of Sanitary Sewer and Water Mains	42,600.00			42,600.00
04-06		Install./Repair of Sidewalks Walnut Lane	250.00			250.00
04-13		Various Capital Improvements	802,558.55		520,000.00	282,558.55
04-17		Walnut Lane Curbing	233.00			233.00
05-23		Oakland Street Sidewalks	11,238.00		10,000.00	1,238.00
05-24		Various Capital Improvements	437,960.85			437,960.85
05-25		Littlebrook Road/Tyson Lane Sewer	42,200.00			42,200.00
05-26		Springdale Road Sidewalks	41,800.00			41,800.00
05-28		Joint Sewer System Rehab	1,138,410.00			1,138,410.00
05-29		Sycamore Road Sidewalks	23,750.00			23,750.00
05-30		Sycamore Road Sewer Laterals	24,865.00			24,865.00
05-31		Clearview Ave. Sidewalks B	26,254.46		25,000.00	1,254.46
05-32		Grover Ave. Sidewalks B	31,940.00			31,940.00
05-33		Ewing Street Sidewalks	41,325.00			41,325.00
05-36		Recreation Improvements Supplement	106,000.00			106,000.00
06-01		Recreation Supplemental	13,300.00			13,300.00
06-02		Road Construction and Repair	2,208,750.00		2,000,000.00	208,750.00
06-03		Tusculum	150,000.00			150,000.00
06-13		Riverside Sidewalks	35,150.00			35,150.00
06-14		Hemlock Sidewalks	12,350.00			12,350.00
06-15		Overbrook Sidewalks	34,200.00			34,200.00
06-21		Vernon Circle and Castle Howar	15,900.00		\$700,000.00	1,271,755.90
06-22		Multi-purpose Ordinance	1,971,755.90			12,671.00
06-25		Evergreen Circle Curbs	12,671.00			11,590.00
06-27		Abernathy Sidewalks	11,590.00			35,450.00
06-34		Abernathy Sewer Laterals	65,450.00		30,000.00	3,004.87
06-37		Sewer Laterals:206 & Laurel Circle	84,550.00		70,000.00	14,550.00
06-36		Audubon Lane Sewer Laterals	30,400.00			30,400.00
07-02		Various Road Improvements	846,450.00		600,000.00	246,450.00
07-03		Various Road Improvements	2,510,000.00		1,500,000.00	1,010,000.00
07-10		Linwood Circle & Leabrook Lane	40,375.00			40,375.00
07-13		Maclean Circle Sidewalks	30,400.00			30,400.00
07-14		Clover Lane Sewer Laterals	104,500.00			104,500.00
07-15		Clover Lane Belgium Block	43,700.00			43,700.00
07-16		Witherspoon St. Sidewalks	9,225.00			9,225.00
07-18		Philip Dr./Hemlock Cir./Woodside Dr.	87,875.00		70,000.00	17,875.00
07-19		Multi-purpose Ordinance	1,563,650.60			1,563,650.60
07-22		Heronstown Circle Curbing	38,000.00			38,000.00
07-23		Griggs Farm Supplemental	2,850.00			2,850.00
07-25		Heronstown Circle Curbing - Additional	36,760.00			36,760.00
08-03		Ewing St. Sidewalks	3,350,000.00		1,000,000.00	2,350,000.00
08-06		Various Road Improvement Projects	12,825.00			12,825.00
08-07		Braeburn/Meadowbrook Sidewalks	3,600.00			3,600.00
08-08		Battle Road Sidewalks	19,000.00			19,000.00
08-09		Franklin Avenue Sidewalks	13,800.00			13,800.00
08-12		Ober Road Sidewalks	1,332,218.00			1,332,218.00
08-16		Various Capital Improvements	16,625.00			16,625.00
08-19		Ewing St. Sidewalks				

**SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - UNFUNDED**

Exhibit - C-3
Page 2 of 2

ORD. NO.	DATE	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2008	2009 AUTHOR.	TRANSFERRED TO DEF. TAX. FUNDED	IMPROV. AUTHOR. CANCELLED	BALANCE DEC. 31, 2009	ANALYSIS OF BALANCE - JUNE 30, 2009	
							EXPENDITURES	UNEXPENDED BALANCE OF IMPROV. AUTH.	
General Improvements									
08-20		Magnolia Lane and Bonadrippe Sw	19,950.00				19,950.00		19,950.00
08-21		Belgium Curb 9 Prop. Wilson Rd.	17,575.00				17,575.00		17,575.00
08-23		Watermain Quaker Rd. to Mercer Rd.	285,000.00				285,000.00	131,564.68	153,435.32
08-26		Refunding Bonds Section 20 Costs	700,000.00						
09-01		Edgerstone & Winant Sewer Lateral		305,950.00			305,950.00	93,552.74	212,397.26
09-02		Cedar Lane Sewer Laterals		219,250.00			219,250.00	213,028.27	6,221.73
09-03		Cedar Lane Sidewalks		7,000.00			7,000.00	1,491.69	5,508.31
09-05		DPW Roads		285,000.00			285,000.00	244,703.00	40,297.00
09-08		Quarry Lane Sewer Line		44,270.00			44,270.00	44,253.28	16.72
09-16		Sewer Infrastructure Trust Supplement		2,500,000.00			2,500,000.00	1,281.00	2,498,719.00
09-19		2009 Multipurpose Ordinance		3,377,422.00			3,377,422.00		3,377,422.00
09-21		Culvert & Sewer Replac. On Braeburn		475,000.00			475,000.00	279,014.26	195,985.74
			\$27,326,572.75	\$7,213,892.00	\$8,000,000.00	\$700,000.00	\$75,840,464.75	\$6,368,253.53	\$19,472,211.22

Exhibit - C-4

SCHEDULE OF DEVELOPERS CONTRIBUTION RECEIVABLE

Balance - Dec. 31, 2008	\$642,331.34
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Balance - Dec. 31, 2009	<u>\$642,331.34</u>
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Exhibit - C-5

SCHEDULE OF STATE AID RECEIVABLE

Balance - Dec. 31, 2008	\$121,250.00
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Increased by:	
Grants Receivable	<u>939,692.00</u>

1,060,942.00

Decreased by:	
Receipts	<u>36,250.00</u>

Balance - Dec. 31, 2009	<u>\$1,024,692.00</u>
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Detail of Balance at 12/31/09:

Ord. No. 07-03	\$85,000.00
Ord. No. 09-04	789,692.00
Ord. No. 09-19	<u>150,000.00</u>
	<u>\$1,024,692.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD NO.	IMPROVEMENT DESCRIPTION	BALANCE - DEC. 31, 2008		ENCUMBERED 12/31/08	AUTHORIZATIONS		PAID OR CHARGED	ENCUMBERED 12/31/09	BALANCE - DEC. 31, 2009		
		FUNDED	UNFUNDED		CANCELLED	FUNDED			UNFUNDED		
General Improvements											
86-22,87-16	Acquisition of Mountain Lake Property	\$ 4,696.71	\$		\$	\$	320.00	\$	\$ 4,376.71	\$	
94-21	Various Capital Improvements	3,294.81							3,294.81		
94-24,98-26	Construction of New Mun. Bldg.	18,272.74							18,272.74		
95-12	Various Capital Improvements	863.59	1,166.77						863.59	1,166.77	
96-10	Various Capital Improvements	15,500.44	26,273.65				860.00		14,640.44	26,273.65	
97-06	Various Capital Improvements	46,545.15		2,023.00			2,023.00		46,545.15		
98-03	Mercer Road Pedestrian Bridge	116,292.49							116,292.49		
98-09	Brookstone Drive Etc. Supplemental	247.58							247.58		
98-22	Various Capital Improvements	135,872.08	5,511.90				4,996.36	29,145.94	107,241.68		
98-29	Recreation Building Relocation	11,299.75							11,299.75		
99-11	Various Capital Improvements		255,867.94							255,867.94	
00-03	Various Capital Improvements	1,241,756.08	2,283,724.27	8,265.00			78,845.97	22,956.00	1,148,219.11	2,281,724.27	
00-13	Various Capital Improvements		855,962.59				18,213.73	9,845.00		827,903.86	
00-21	Design Studies Johnson Estate	3,360.48							3,360.48		
01-03	Olden Lane, Newlin Road, Mount. Ave.	775.18							775.18		
01-06	Russell Road Reconstruction	10,959.58							10,959.58		
01-07	VanDyke Road, Great Road Bikepath	29,135.06							29,135.06		
01-11	Olden Lane, Newlin Road, Mount. Ave.	2,087.87							2,087.87		
01-13	Reconstruction Cherry Valley Road		1,464.05	37,665.68				46,291.16	10,921.95	28,207.78	
01-15	Various Capital Improvements	24,055.34	859,355.71						55,954.56	657,092.99	
01-21	Const. Equipping New Public Library	55,954.56	7,660.02						120,673.34	7,660.02	
01-23	Rosedale Road Pump Station	121,172.84					499.50		2,089.87		
02-01	High Density Storage Units	2,089.87							446.00		
02-14	Mountain Ave. Sewer Extension	446.00							0.00	48,086.81	
02-15	Various Capital Improvements		153,848.35	7,648.10			110,371.97	3,037.67			
03-04	Recreation Improvements	2,307.36							2,307.36		
03-09	Rd. Improv. Princeton-Kingston Rd.	2,255.92							2,255.92		
03-10	Sewer Improv. Princeton-Kingston Rd.	8,775.90							8,775.90		
03-13	Various Capital Improvements								0.00		
03-17	Sewer Lateral Repairs	17,936.83							17,936.83		
03-19	Sewer Lateral Rep. Lakes/Lenewick/Kno	102,225.24	116,000.00	271,503.49			270,377.63	3,118.04	102,225.24	1,456,714.38	
04-02	Eng. Design - Clearview/Dorran, Tee-At	1,544.76							1,544.76		
04-04	Sewer Lateral Repairs Var. Streets	26,741.55	151,500.00						26,741.55	151,500.00	
04-05	Ext. of San Sewer Main	47,523.24	42,600.00						47,523.24	42,600.00	
04-06	Install/Repair Sidewalks Walnut Lane	3,216.48	250.00						3,216.48	250.00	
04-07	Repair/Reconstruction Var. Roadways	86,596.47							86,596.47		
04-13	Various Capital Improvements		160,745.19	103,872.75			184,285.79	80,332.15			
04-20	Snowden Lane Sidewalks (West Side)	794.66							794.66		
05-02	Snowden Lane Reconstruction	500.52							500.52		
05-03	Various Griggs Farm Improvements	6,901.50							6,901.50		
05-05	Various Township Road Projects	9,996.87							9,996.87		
05-07	Canahan Sidewalks	1,656.62							1,656.62		
05-08	Snowden Lane Pathway	2,181.40							2,181.40		
05-10	Dorran Ave. Curbings	773.96							773.96		

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD NO.	IMPROVEMENT DESCRIPTION	BALANCE - DECEMBER 31, 2008		ENCUMBERED 12/31/08		2009 AUTHORIZATIONS			PAID OR CHARGED	ENCUMBERED 12/31/09	AUTHORIZATIONS CANCELLED	BALANCE - DEC. 31, 2009	
		FUNDED	UNFUNDED	FUNDED	UNFUNDED	IMP. FUND	CAPITAL	OTHER FUNDING				FUNDED	UNFUNDED
05-12	Littlebrook Sewers	\$ 11,550.90	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 11,550.90	\$
05-15	Tee-At-Place Sidewalks	23,016.17										23,016.17	
05-06	Littlebrook Road Pathway	904.08										904.08	
05-24	Various Capital Improvements	741,553.08	437,960.85	30,784.30					631,020.88	34,345.42		106,971.08	437,960.85
05-25	Littlebrook Rd / Tyson Lane Sewer	2,350.00	42,200.00									2,350.00	42,200.00
05-26	Springdale Road Sidewalks	1,932.50	41,800.00									1,932.50	41,800.00
05-28	Joint Sewer System Rehab	3,668,552.39	1,128,410.00	351,112.28					2,873,803.24	409,074.47		726,786.96	1,138,410.00
05-29	Sycamore Road Sidewalks	23,750.00	23,750.00									1,064.25	23,750.00
05-30	Sycamore Road Sewer Laterals	23,579.25										23,579.25	
05-31	Clearview Ave. Sidewalks B	604.55										604.55	
05-32	Grover Ave. Sidewalks B	1,500.00	31,940.00									1,500.00	31,940.00
05-33	Ewing St. Sidewalks	2,003.00	41,325.00									2,003.00	41,325.00
05-36	Recreation Improv. Supplement	94,163.57	1,169.69									94,163.57	1,169.69
06-01	Recreation Supplemental		55,389.33						10,467.02	165,753.05		44,922.31	44,922.31
06-02	Road Reconstruction and Repair		43,806.73						54.00				43,752.73
06-03	Purchase of Open Space - Tusculum		35,150.00										35,150.00
06-13	Riverside Ave. Sidewalks	1,675.00	679.84									1,675.00	679.84
06-14	Hemlock Circle Sidewalks		15,900.00						850.00				15,900.00
06-21	Vernon Circle & Castle Howard Sidewalk	850.00											
06-22	2006 Multipurpose Ordinance		1,089,323.97	14,907.00					704,168.51	33,425.17		366,637.29	12,671.00
06-25	Evergreen Circle Curb	667.00	12,671.00						610.00				11,590.00
06-27	Abernathy Sidewalks	610.00	11,590.00										
06-31	Rosedale Supplemental	77,304.63										77,304.63	
06-34	Abernathy Sewer Laterals		32,445.13										32,445.13
06-36	Audubon Lane Sewer Laterals		30,400.00										30,400.00
06-37	Rt. 206 & Laurel Circle Sewer Laterals		8,450.98						418.68				8,032.30
07-02	Various Road Improvement Projects		170,873.49	71,560.05					59,702.26	23,142.64		159,588.64	714,183.61
07-03	Various Road Improvement Projects		722,638.27	39,131.98					12,187.18	35,399.46			40,375.00
07-10	Linwood Cir./ Route 206 Sewer Laterals	1,945.00	40,375.00									1,945.00	40,375.00
07-13	McLean Circle Sidewalks	1,408.75	30,400.00									1,408.75	30,400.00
07-14	Clower Lane Sewer Laterals	5,302.00	104,500.00									5,302.00	104,500.00
07-15	Clover Lane Belgium Block		1,597.84										1,597.84
07-16	Witherspoon Street Sidewalks	308.75	9,225.00									308.75	9,225.00
07-18	Phillip Dr./Hemlock Cir./Woodside		9,764.34						418.68				9,345.66
07-19	Multi-Purpose Ordinance		1,455,904.55	11,381.71					328,853.04	12,742.78		1,125,690.44	17,100.00
07-22	Herrontown Circle Curbing	670.59	17,100.00									670.59	17,100.00
07-23	Griggs Farm Supplemental	1,990.80	38,000.00						1,422.22				2,850.00
07-25	Herrontown Circle Curbing-Additional	1,500.00	2,850.00										30,998.50
08-03	Ewing St. Sidewalks	1,278.50	36,760.00						910,015.54	7,040.00		150.00	30,998.50
08-06	Various Road Improvement Projects		1,753,462.16	254,929.35						189,572.35			908,803.62
08-07	Brabum/Meadowbrook Sidewalks	675.00	12,823.00									675.00	12,823.00
08-08	Battle Road Sidewalks	200.00	3,600.00									200.00	3,600.00
08-09	Franklin Avenue Sidewalks	1,100.00	19,000.00									1,100.00	19,000.00
08-12	Ober Road Sidewalks	800.00	13,800.00									800.00	13,800.00
08-16	Various Capital Improvements	823,967.89	1,332,218.00	27,088.26					535,466.82	85,445.73		230,143.60	1,332,218.00
08-19	Ewing St. Sidewalks	875.00	16,625.00									875.00	16,625.00
08-20	Magnolia Lane and Bonamille Sw		19,950.00										19,950.00
08-21	Belgium Curb & Prop. Wilson Rd	925.00	17,575.00									925.00	17,575.00
08-23	Watermain Quaker Rd. to Mercer Rd		285,000.00										153,435.32
08-26	Refunding Bonds Section 20 Costs	15,000.00	700,000.00										
09-01	Edgerstone & Winant Sewer Lateral										700,000.00		
09-02	Cedar Lane Sewer Laterals												
09-03	Cedar Lane Sidewalks												
09-04	Stone Brook Pedestrian Bridge												
09-05	DPW Roads												
09-08	Quarry Lane Sewer Line												
09-16	Sewer Infrastructure Trust Supplement												
09-19	2009 Multipurpose Ordinance												
09-21	Culvert & Sewer Replac. On Brabum												
		\$ 7,561,005.01	\$ 16,407,078.64	\$ 1,403,137.90	\$ 7,213,892.00	\$ 159,852.00	\$ 1,139,692.00	\$	7,535,549.06	\$ 1,841,039.73	\$	4,104,113.81	\$ 19,498,954.95

Due to Grant Fund
Disbursed

\$10,500.00
7,525,049.06
\$7,535,549.06

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2008</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2008</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2009</u>
			<u>DATE</u>	<u>AMOUNT</u>					
General Improvement Bonds	7/1/99	9,150,000.00	7/1/07-10	1,000,000.00	4.60%	\$2,000,000.00		\$2,000,000.00	
General Improvement Bonds	9/1/01	10,700,000.00	9/01/2007	500,000.00	4.10%	7,450,000.00		7,450,000.00	
			9/1/08-09	550,000.00	4.10%				
			9/1/10	600,000.00	4.10%				
			9/1/11	600,000.00	4.125%				
			9/1/12	650,000.00	4.125%				
			9/1/13	650,000.00	4.20%				
			9/1/14	700,000.00	4.25%				
			9/1/15	700,000.00	4.375%				
			9/1/16	700,000.00	4.40%				
			9/1/17	700,000.00	4.50%				
			9/1/18	800,000.00	4.60%				
			9/1/19	800,000.00	4.625%				
General Improvement Bonds	9/1/02	10,685,000.00	9/1/07-08	500,000.00	3.125%	7,685,000.00		600,000.00	7,085,000.00
			9/1/09	600,000.00	3.125%				
			9/1/10	625,000.00	3.125%				
			9/1/11	800,000.00	3.20%				
			9/1/12	835,000.00	3.25%				
			9/1/13	900,000.00	3.40%				
			9/1/14	925,000.00	3.50%				
			9/1/15	1,000,000.00	3.625%				
			9/1/2016-17	1,000,000.00	3.75%				
			5/1/07	400,000.00	4.125%	7,550,000.00		550,000.00	7,000,000.00
			5/1/08	500,000.00	4.125%				
General Improvement Bonds	5/1/04	9,250,000.00	5/1/09-10	550,000.00	4.125%				
			5/1/11-13	600,000.00	4.125%				
			5/1/14	750,000.00	4.20%				
			5/1/15	750,000.00	4.25%				
			5/1/16	750,000.00	4.375%				
			5/1/17-19	800,000.00	4.50%				

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-7
Page 2 of 2

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2008		INTEREST RATE	BALANCE DEC. 31, 2008	INCREASED	DECREASED	BALANCE DEC. 31, 2009
			DATE	AMOUNT					
General Improvement Bonds	6/20/06	23,775,000.00	1/1/07	270,000.00	4.25%	22,930,000.00		580,000.00	22,350,000.00
			1/1/08	575,000.00	4.25%				
			1/1/09	580,000.00	4.25%				
			1/1/10	580,000.00	4.25%				
			1/1/11	1,185,000.00	4.25%				
			1/1/12	1,190,000.00	4.25%				
			1/1/13	1,200,000.00	4.375%				
			1/1/14	1,100,000.00	4.375%				
			1/1/15	1,100,000.00	4.375%				
			1/1/16	1,135,000.00	4.375%				
			1/1/17	1,190,000.00	4.375%				
			1/1/18	1,245,000.00	4.375%				
			1/1/19	1,305,000.00	4.375%				
			1/1/20	1,375,000.00	4.45%				
			1/1/21	1,440,000.00	4.50%				
			1/1/22	1,505,000.00	4.50%				
			1/1/23	1,580,000.00	4.55%				
			1/1/24	1,660,000.00	4.60%				
			1/1/25	1,740,000.00	4.65%				
			1/1/26	1,820,000.00	4.65%				
General Improvement Bonds	1/1/09	8,000,000.00	1/1/10	300,000.00	2.50%		8,000,000.00		8,000,000.00
			1/1/11	350,000.00	2.50%				
			1/1/12	450,000.00	2.50%				
			1/1/13	475,000.00	3.50%				
			1/1/14	475,000.00	3.50%				
			1/1/15	550,000.00	3.50%				
			1/1/16	600,000.00	4.00%				
			1/1/17	600,000.00	4.00%				
			1/1/18	600,000.00	4.00%				
			1/1/19	600,000.00	4.00%				
			1/1/20	600,000.00	4.10%				
			1/1/21	600,000.00	4.25%				
			1/1/22	600,000.00	4.40%				
			1/1/23	600,000.00	4.40%				
			1/1/24	600,000.00	4.55%				
			General Improvement Refunding Bonds	9/1/09	8,500,000.00	9/1/09	1,010,000.00	4.00%	
9/1/10	1,495,000.00	4.00%							
9/1/11	575,000.00	4.00%							
9/1/12	625,000.00	4.00%							
9/1/13	625,000.00	4.00%							
9/1/14	670,000.00	4.00%							
9/1/15	670,000.00	4.00%							
9/1/16	665,000.00	4.00%							
9/1/17	660,000.00	4.00%							
9/1/18	755,000.00	4.00%							
			9/1/19	750,000.00	4.00%				
						<u>\$47,615,000.00</u>	<u>\$16,500,000.00</u>	<u>\$12,190,000.00</u>	<u>\$51,925,000.00</u>
Serial Bonds Refunded								<u>\$8,900,000.00</u>	
Disbursed								<u>3,290,000.00</u>	
								<u>\$12,190,000.00</u>	

SCHEDULE OF LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE JUNE 30, 2008	DECREASED	BALANCE DEC. 31, 2009		
				DATE	AMOUNT					
Infrastructure Water Loan	10/23/06	\$ 905,000.00	4.00%	8/1/08	30,000.00	\$ 875,000.00	\$ 35,000.00	840,000.00		
			4.00%	8/1/09	35,000.00					
			4.00%	8/1/10	35,000.00					
			5.00%	8/1/11	35,000.00					
			5.00%	8/1/12	35,000.00					
			5.00%	8/1/13	40,000.00					
			5.00%	8/1/14	40,000.00					
			5.00%	8/1/15	45,000.00					
			5.00%	8/1/16	45,000.00					
			4.00%	8/1/17	45,000.00					
			4.00%	8/1/18	50,000.00					
			4.00%	8/1/19	50,000.00					
			4.00%	8/1/20	55,000.00					
			4.125%	8/1/21	55,000.00					
			4.125%	8/1/22	55,000.00					
			4.250%	8/1/23	60,000.00					
			5.000%	8/1/24	60,000.00					
			4.250%	8/1/25	65,000.00					
			4.250%	8/1/26	70,000.00					
			YEAR	SEMI-ANNUAL PRINCIPAL						
				1-Feb	1-Aug					
Infrastructure Water Loan - Principal Only	10/23/06	\$ 889,142	2007		20,783.37	823,433.34	47,370.20	776,063.14		
			2008	12,811.67	32,113.62					
			2009	12,425.63	34,944.57					
			2010	11,975.25	34,494.19					
			2011	11,524.87	34,043.81					
			2012	10,961.90	33,480.84					
			2013	10,398.92	36,134.86					
			2014	9,755.52	35,491.46					
			2015	9,112.12	38,065.05					
			2016	8,388.30	37,341.23					
			2017	7,664.48	36,617.41					
			2018	7,085.42	39,255.34					
			2019	6,442.02	38,611.94					
			2020	5,798.62	41,185.53					
			2021	5,090.88	40,477.80					
			2022	4,361.03	39,747.94					
			2023	3,631.17	42,235.08					
			2024	2,810.84	41,414.75					
			2025	1,845.74	43,666.64					
			2026	957.05	45,995.14					

SCHEDULE OF LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE JUNE 30, 2008	DECREASED	BALANCE DEC. 31, 2009
				DATE	AMOUNT			
Infrastructure Water Loan	11/6/08	\$ 1,035,000.00	5.00%	8/1/09	30,000.00	\$ 870,000.00	\$ 30,000.00	840,000.00
			5.00%	8/1/10	30,000.00			
			5.00%	8/1/11	35,000.00			
			3.40%	8/1/12	35,000.00			
			3.50%	8/1/13	35,000.00			
			3.60%	8/1/14	35,000.00			
			5.00%	8/1/15	40,000.00			
			5.00%	8/1/16	40,000.00			
			5.00%	8/1/17	40,000.00			
			5.00%	8/1/18	45,000.00			
			4.00%	8/1/19	45,000.00			
			4.00%	8/1/20	50,000.00			
			5.00%	8/1/21	50,000.00			
			5.00%	8/1/22	55,000.00			
			4.250%	8/1/23	55,000.00			
			4.50%	8/1/24	60,000.00			
			4.50%	8/1/25	60,000.00			
			4.50%	8/1/26	65,000.00			
			4.250%	8/1/27	65,000.00			
				SEMI-ANNUAL PRINCIPAL				
				1-Feb	1-Aug			
Infrastructure Water Loan - Principal Only	11/8/07	\$ 848,221	2008		20,099.89	828,121.11	43,620.33	784,500.78
			2009	12,348.05	31,272.28			
			2010	11,874.95	30,799.18			
			2011	11,401.84	33,480.11			
			2012	10,849.89	32,928.15			
			2013	10,474.56	32,552.82			
			2014	10,088.19	32,166.45			
			2015	9,690.78	34,923.08			
			2016	9,059.97	34,292.27			
			2017	8,429.16	33,661.47			
			2018	7,798.35	36,184.70			
			2019	7,088.70	35,475.04			
			2020	6,520.97	38,061.35			
			2021	5,890.16	37,430.54			
			2022	5,101.65	39,796.07			
			2023	4,234.29	38,928.71			
			2024	3,497.03	41,345.49			
			2025	2,645.44	40,493.90			
			2026	1,793.85	42,796.35			
			2027	871.30	41,874.02			

SCHEDULE OF LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE JUNE 30, 2008	DECREASED	BALANCE DEC. 31, 2009
				DATE	AMOUNT			
Infrastructure Water Loan	11/6/08	\$ 1,035,000.00	5.00%	8/1/10	35,000.00	\$ 1,035,000.00		1,035,000.00
			5.00%	8/1/11	35,000.00			
			5.00%	8/1/12	35,000.00			
			5.00%	8/1/13	40,000.00			
			5.00%	8/1/14	40,000.00			
			5.00%	8/1/15	45,000.00			
			5.00%	8/1/19	45,000.00			
			5.00%	8/1/17	45,000.00			
			5.00%	8/1/18	50,000.00			
			5.00%	8/1/19	50,000.00			
			5.00%	8/1/20	55,000.00			
			5.00%	8/1/21	60,000.00			
			5.00%	8/1/22	60,000.00			
			5.00%	8/1/23	65,000.00			
			5.00%	8/1/24	70,000.00			
			5.00%	8/1/25	70,000.00			
			5.00%	8/1/26	75,000.00			
			5.00%	8/1/27	80,000.00			
			5.00%	8/1/28	80,000.00			
			YEAR	SEMI-ANNUAL PRINCIPAL				
				1-Feb	1-Aug			
Infrastructure Water Loan - Principal Only	11/6/08	\$ 1,034,227	2009		26,630.45	1,034,227.00	26,630.45	1,007,596.55
			2010	16,249.08	37,679.82			
			2011	15,713.31	37,144.05			
			2012	15,177.55	36,608.28			
			2013	14,641.78	39,134.05			
			2014	14,029.47	38,521.74			
			2015	13,417.16	40,970.97			
			2016	12,728.32	40,282.12			
			2017	12,039.47	39,593.28			
			2018	11,350.63	41,965.96			
			2019	10,585.25	41,200.58			
			2020	9,781.49	43,458.46			
			2021	8,855.48	45,593.88			
			2022	7,845.17	44,583.57			
			2023	6,834.87	46,634.93			
			2024	5,740.37	48,601.84			
			2025	4,668.83	47,530.30			
			2026	3,597.30	49,520.30			
			2027	2,449.22	51,433.76			
2028	1,224.61	50,209.20						

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

Balance - Dec. 31, 2008	\$ 3,646,116.67
Decreased by:	
Payments	<u>392,537.92</u>
Balance - Dec. 31, 2009	<u><u>\$ 3,253,578.75</u></u>

Loan Principal Repayment Schedule

<u>Year</u>	<u>Principal</u>
2010	\$395,876.00
2011	403,833.00
2012	411,950.00
2013	420,230.00
2014	428,677.00
2015	437,293.00
2016	446,083.00
2017	240,722.00
2018	<u>68,913.67</u>
	<u><u>\$ 3,253,577.67</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance - Dec. 31, 2008	\$364,422.18
Increased by:	
Budget Appropriation	<u>300,000.00</u>
	664,422.18
Decreased by:	
Approp. To Finance Improv. Autho.	<u>159,852.00</u>
Balance - Dec. 31, 2009	<u><u>\$504,570.18</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

ORD NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2008</u>	<u>DECREASED</u>
<u>General Improvements:</u>							
04-13	Various Capital Improvements	12/28/07	12/28/08	1/10/09	3.35%	\$300,000.00	\$300,000.00
02-15	Various Capital Improvements	12/28/07	12/28/08	1/10/09	3.35%	935,000.00	935,000.00
05-23	Oakland Street Sidewalks	12/28/07	12/28/08	1/10/09	3.35%	10,000.00	10,000.00
05-31	Clearview Ave. Sidewalks	12/28/07	12/28/08	1/10/09	3.35%	25,000.00	25,000.00
06-02	Road Construction and Repair	12/28/07	12/28/08	1/10/09	3.35%	2,000,000.00	2,000,000.00
06-14	Henlock Sidewalks	12/28/07	12/28/08	1/10/09	3.35%	10,000.00	10,000.00
06-15	Overbrook Sidewalks	12/28/07	12/28/08	1/10/09	3.35%	30,000.00	30,000.00
06-22	Multi-Purpose Ordinance	12/28/07	12/28/08	1/10/09	3.35%	600,000.00	600,000.00
06-34	Abernathy Sewer Laterals	12/28/07	12/28/08	1/10/09	3.35%	30,000.00	30,000.00
06-37	Sewer Laterals: 206 and Laurel Circle	12/28/07	12/28/08	1/10/09	3.35%	70,000.00	70,000.00
07-02	Various Road Improvements	12/28/07	12/28/08	1/10/09	3.35%	600,000.00	600,000.00
07-03	Various Road Improvements	12/28/07	12/28/08	1/10/09	3.35%	1,320,000.00	1,320,000.00
07-18	Philip Drive/Henlock Circle/Woodside	12/28/07	12/28/08	1/10/09	3.35%	70,000.00	70,000.00
						<u>\$6,000,000.00</u>	<u>\$6,000,000.00</u>

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2008	AUTHORIZED 2009	BANS REDEEMED	BONDS ISSUED	AUTHORIZATIONS CANCELLED	BALANCE DEC. 31, 2009
<u>General Improvements</u>							
95-12	Various Capital Improvements	\$1,166.77	\$				\$1,166.77
96-10	Various Capital Improvements	26,273.65					26,273.65
99-11	Various Capital Improvements	395,955.34					395,955.34
00-03	Various Capital Improvements	2,283,724.27					2,283,724.27
00-13	Various Capital Improvements	1,015,179.99					1,015,179.99
01-13	Reconstruction Cherry Valley Rd	28,207.78					28,207.78
01-15	Various Capital Improvements	859,355.71					859,355.71
01-21	Construction of New Library	7,660.02					7,660.02
02-15	Various Capital Improvements	1,028,565.85					528,565.85
03-13	Various Capital Improvements	1,959,053.01					1,959,053.01
03-17	Sewer Lateral Repairs	116,000.00					116,000.00
04-04	Sewer Latera Repairs Various Rd.	151,500.00					151,500.00
04-05	Ext. of Sanitary Sewer and Water Main	42,600.00					42,600.00
04-06	Install. Repr. Sidewalks Walnut Lane	250.00					250.00
04-13	Various Capital Improvements	502,538.55			520,000.00		282,538.55
04-17	Walnut Lane Curbing	233.00					233.00
05-23	Oakland Street Sidewalks	1,238.00			10,000.00		1,238.00
05-24	Various Capital Improvements	437,960.85					437,960.85
05-25	Littlebrook Rd./Tyson Lane Sewer	42,200.00					42,200.00
05-26	Springdale Road Sidewalks	41,800.00					41,800.00
05-28	Joint Sewer System Rehab	1,138,410.00					1,138,410.00
05-29	Sycamore Road Sidewalks	23,750.00					23,750.00
05-30	Sycamore Road Sewer Laterals	24,865.00					24,865.00
05-31	Clearview Ave. Sidewalks B	1,254.46			25,000.00		1,254.46
05-32	Grover Ave. Sidewalks B	31,940.00					31,940.00
05-33	Ewing St. Sidewalks	41,325.00					41,325.00
05-36	Recreation Improvements - Supplemental	106,000.00					106,000.00
06-01	Recreation Supplemental	13,300.00					13,300.00
06-02	Road Construction and repair	208,750.00			2,000,000.00		208,750.00
06-03	Tusculum	150,000.00					150,000.00
06-13	Riverside Sidewalks	35,150.00					35,150.00
06-14	Hemlock Sidewalks	2,350.00			10,000.00		2,350.00
06-15	Overbrook Sidewalks	4,200.00			30,000.00		4,200.00
06-21	Vernon Circle and Cslle Howard Ct.	15,900.00					15,900.00
06-22	Multi-Purpose Ordinance	1,371,755.90			700,000.00		1,271,755.90
06-25	Evergreen Circle Curbs	12,671.00					12,671.00
06-27	Abernathy Sidewalks	11,590.00					11,590.00
06-34	Abernathy Sewer Laterals	35,450.00			30,000.00		35,450.00
06-36	Sewer Lateral:206 & Laurel Circle	14,550.00					14,550.00
06-37	Audobon Lane Sewer Laterals	30,400.00			70,000.00		30,400.00
07-02	Various Road Improvements	246,450.00			600,000.00		246,450.00
07-03	Various Road Improvements	1,190,000.00			1,500,000.00		1,010,000.00
07-10	Linwood Cr./Route 206 Laterals	40,375.00					40,375.00
07-13	Maclean Circle Sidewalks	30,400.00					30,400.00
07-14	Clover Lane Sewer Laterals	104,500.00					104,500.00
07-15	Clover Lane Belgium Block	43,700.00					43,700.00
07-16	Witherspoon Street Sidewalks	9,225.00					9,225.00
07-18	Philip Dr./Hemlock Cr./Woodside	17,875.00			70,000.00		17,875.00
07-19	Multi-Purpose Ordinance	1,563,650.60					1,563,650.60
07-22	Herrontown Circle Curbing	17,100.00					17,100.00
07-23	Griggs Farm Supplemental	38,000.00					38,000.00
07-25	Herrontown Cr. Curbing Additional	2,850.00					2,850.00

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

Exhibit - C-12
Page 2 of 2

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2008	AUTHORIZED 2009	BANS REDEEMED	BONDS ISSUED	AUTHORIZATIONS CANCELLED	BALANCE DEC. 31, 2009
08-03	Ewing St. Sidesalks	36,760.00					36,760.00
08-06	Various Road Improvement Projects	3,350,000.00					2,350,000.00
08-07	Braeburn/Meadowbrook Sidewalks	12,825.00					12,825.00
08-08	Battle Road Sidewalks	3,600.00					3,600.00
08-09	Franklin Avenue Sidewalks	19,000.00					19,000.00
08-12	Ober Road Sidewalks	13,800.00					13,800.00
08-16	Various Capital Improvements	1,332,218.00					1,332,218.00
08-19	Ewing St. Sidesalks	16,625.00					16,625.00
08-20	Magnolia Lane and Boradriple Sw	19,950.00					19,950.00
08-21	Belgium Curb 9 Prop. Wilson Rd.	17,575.00					17,575.00
08-23	Watermain Quaker Rd. to Mercer Rd.	285,000.00					285,000.00
08-26	Refunding Bonds Section 20 Costs	700,000.00				700,000.00	
09-01	Edgerstone & Winnant Sewer Lateral		305,950.00				305,950.00
09-02	Cedar Lane Sewer Laterals		219,250.00				219,250.00
09-03	Cedar Lane Sidewalks		7,000.00				7,000.00
09-05	DPW Roads		285,000.00				285,000.00
09-08	Quarry Lane Sewer Line		44,270.00				44,270.00
09-16	Sewer Infrastructure Trust Suppl.		2,500,000.00				2,500,000.00
09-19	2009 Multipurpose Ordinance		3,377,422.00				3,377,422.00
09-21	Culvert & Sewer Repl. Braeburn		475,000.00				475,000.00
		<u>\$21,326,572.75</u>	<u>\$7,213,892.00</u>	<u>\$6,000,000.00</u>	<u>\$8,000,000.00</u>	<u>\$700,000.00</u>	<u>\$25,840,464.75</u>

SCHEDULE OF AFFORDABLE HOUSING UTILITY CAPITAL SERIAL BONDS

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2008</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2009</u>
Refunding Bonds	9/1/04	2,990,000.00	9/1/09 9/1/10 9/1/11	405,000.00 390,000.00 380,000.00	3.125% 3.375% 3.500%	1,175,000.00	405,000.00	770,000.00
						<u>\$ 1,175,000.00</u>	<u>\$ 405,000.00</u>	<u>\$ 770,000.00</u>

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

Balance - December 31, 2008	\$13,039.58
Increased by:	
Charged to 2009 Budget Approp.	<u>34,900.00</u>
	47,939.58
Decreased by:	
Payment	<u>39,118.76</u>
Balance - December 31, 2009	<u><u>\$8,820.82</u></u>

Analysis of Balance -December 31, 2009:

<u>Principal Outstanding Dec. 31, 2009</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Serial Bonds</u>					
390,000.00	3.375%	09/01/08	12/31/08	4 mos.	4,387.50
380,000.00	3.500%	09/01/08	12/31/08	4 mos.	<u>4,433.32</u>
					<u><u>\$8,820.82</u></u>

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	P.A.T.F. II ACCT. #1
Balance December 31, 2008	\$ <u>13,815.64</u>
Increased by Receipts:	
State Aid for Public Assistance	156,800.00
S.S.I. Reimbursements	10,282.75
Miscellaneous	<u>132.00</u>
	167,214.75
	181,030.39
Decreased by Disbursements:	
Disbursed for Public Assistance	<u>126,818.14</u>
Balance- December 31, 2009	\$ <u><u>54,212.25</u></u>

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

Balance - December 31, 2008	\$	13,815.64
Increased by:		
Cash Receipts Record		<u>167,214.75</u>
		181,030.39
Decreased by:		
Cash Disbursements Record:		
CY 2009 Assistance		<u>126,818.14</u>
Balance - December 31, 2009	\$	<u><u>54,212.25</u></u>
<u>Reserve for Public Assistance</u>		
	<u>P.A.T.F.</u>	<u>TOTAL</u>
	<u>ACCT #1</u>	
Balance on Deposit per Statement of:		
Bank of America, Princeton, N.J.		
- Government Agency Account	\$	47,600.71
PNC Bank, Princeton, N.J.		
- Government Agency Account		11,200.00
Reconciling Items		<u>(4,588.46)</u>
Balance - December 31, 2009	\$	<u><u>54,212.25</u></u>

SCHEDULE OF PUBLIC ASSISTANCE REVENUES

	P.A.T.F. ACCT. #1
State Aid Payments	\$ <u>156,800.00</u>
State Aid for Public Assistance	156,800.00
Miscellaneous	132.00
Supplemental Security Income:	
Municipal Refund	<u>10,282.75</u>
Total Receipts/Revenues (PATF)	\$ <u><u>167,214.75</u></u>

Reserve for Public Assistance

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. ACCT. #1
Payments for Current Year Assistance (Reported):	
Maintenance Payments	\$ 33,367.62
Nursing Home Care	27,819.63
Temporary Rental Assistance	48,937.64
Other:	
Utilities	311.60
Rent/Security Deposit	6,761.25
Emergency Assistance	189.00
Esst. House Furnish	400.00
Transportation	8,315.40
Work-related Expenses	<u>716.00</u>
Total Reported	126,818.14
Total Disbursements (PATF)	\$ <u><u>126,818.14</u></u>

SUPPLEMENTARY INFORMATION

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Tax Rate:</u>	<u>3.63</u>	<u>3.57</u>	<u>3.48</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>0.91</u>	<u>0.88</u>	<u>0.83</u>
County:	<u>1.01</u>	<u>0.99</u>	<u>0.94</u>
Regional School:	<u>1.70</u>	<u>1.70</u>	<u>1.71</u>
<u>Assessed Valuation:</u>			
2009	<u>\$2,438,623,271.00</u>		
2008		<u>\$2,426,146,656.00</u>	
2007			<u>\$2,410,599,981.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>CURRENTLY</u>			
<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2009	\$88,824,374.11	\$87,777,918.83	98.82%
2008	87,085,428.93	86,255,519.94	99.05%
2007	84,378,718.00	83,695,487.11	99.19%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	\$107,976.29	\$869,356.57	\$977,332.86	1.10%
2008	69,666.10	829,908.99	899,575.09	1.03%
2007	60,893.74	672,993.50	733,887.24	0.87%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2009	\$137,000.00
2008	70,000.00
2007	70,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit in 2009:

NAME	TITLE	AMOUNT OF BOND
Bernard P. Miller	Mayor	
Chad Goerner	Deputy Mayor	
Lance Liverman	Committeeperson	
Liz Lempert	Committeeperson	
G. Susan Nemeth	Committeeperson	
James J. Pascale	Administrator	
Linda S. McDermott	Township Clerk and Improvement Search Officer	
Neal Snyder	Tax Assessor	
Kathryn Monzo	Tax Collector, Tax Search Officer, Treasurer and Chief Financial Officer	\$1,000,000.00
Edwin W. Schmierer	Municipal Attorney	
Robert V. Kiser	Township Engineer	1,000,000.00
Bonnie Goldman	Municipal Judge	1,000,000.00
Corinne Sliker-Monda	Court Administrator	1,000,000.00
Jaime Johnson	Deputy Court Administrator	

All other employees were covered under a Public Employees Blanket Bond issued by the Joint Insurance Fund.

All surety bonds in effect were examined or verified.

STATISICAL SECTION

Table I

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

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Recreation</u>	<u>Public Library</u>	<u>Unclassified</u>
2009	\$5,081,258.14	\$5,239,384.00	\$2,181,530.25	\$741,779.50	\$807,610.00	\$2,510,925.41	\$4,414,319.00
2008	6,444,919.66	5,169,232.40	2,092,873.92	775,010.00	808,295.00	2,514,302.00	4,110,825.04
2007	6,742,039.60	5,015,813.00	1,977,496.42	777,414.00	780,801.00	2,499,192.99	2,325,862.00
2006	6,074,450.58	5,053,589.00	1,963,740.00	769,957.00	738,938.00	2,341,841.00	1,964,632.00
2005	6,171,941.67	5,057,308.00	1,935,865.00	3,615,524.00	720,475.00	2,131,244.00	236,027.00
2004	5,982,217.87	4,771,144.00	1,777,914.00	3,445,297.00	650,184.00	2,149,141.00	243,403.12
2003	5,786,690.84	4,509,130.00	1,797,045.89	3,111,307.00	630,319.00	1,816,639.00	225,617.60
<u>Year</u>	<u>Deferred Charges & Statutory Expenditures</u>	<u>State and Federal Grants</u>	<u>Interlocal Agreements With Princeton Borough</u>	<u>Capital Improvements</u>	<u>Debt Service</u>	<u>Reserve for Uncollected Taxes</u>	<u>Total</u>
2009	\$1,834,503.00	\$2,147,633.49	\$3,512,812.50	\$300,000.00	\$5,834,048.82	\$2,475,004.91	\$37,080,809.02
2008	390,890.08	1,925,839.63	3,257,386.37	300,000.00	5,577,121.58	2,414,185.08	35,780,880.76
2007	392,000.00	1,455,684.48	3,040,857.00	300,000.00	5,631,465.63	2,527,228.80	33,465,854.92
2006	364,605.00	3,197,976.03	3,042,564.00	300,000.00	5,132,722.52	2,399,578.51	33,344,593.64
2005	375,915.00	665,967.45	675,833.00	576,969.00	5,268,982.00	2,255,438.11	29,687,489.23
2004	327,600.00	678,162.80	632,185.00	261,450.00	7,772,430.75	1,740,944.51	30,432,074.05
2003	312,000.00	3,154,961.12	637,172.00	229,025.00	5,785,942.00	1,965,437.55	29,961,287.00

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

Table 2

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

Year	Taxes (1)	Delinquent Taxes	Fees, Permits, Fines and Licenses	State Aid	State and Federal Grants	From Other Funds	Surplus Anticipated
2009	\$23,628,374.26	\$774,422.89	\$471,537.41	\$1,798,996.00	\$2,147,633.49	\$850,000.00	\$3,200,000.00
2008	22,922,947.74	670,396.48	446,064.36	2,945,283.86	1,925,839.63	934,608.00	3,000,000.00
2007	21,776,411.64	582,910.83	380,471.72	3,081,946.82	1,455,684.48	719,518.80	3,000,000.00
2006	19,798,085.60	661,199.41	399,497.14	2,974,845.61	3,197,976.03	641,314.00	3,150,000.00
2005	16,196,613.00	605,000.00	355,990.00	2,208,528.00	655,967.42	224,400.00	3,515,000.00
2004	14,485,402.26	619,700.00	310,260.00	2,068,969.39	668,162.80	274,439.00	3,515,000.00
2003	13,325,618.78	756,102.00	282,890.00	2,022,786.00	3,154,961.12	54,450.00	3,550,000.00

Year	Interlocal (Princeton Borough) Revenues	Sewer Revenue	Other Budget Revenues	Total
2009	\$769,213.00	\$3,289,592.53	\$1,606,292.81	\$5,665,098.34
2008	774,786.00	3,542,679.59	520,518.27	4,837,983.86
2007	730,168.58	3,285,943.70	740,459.86	4,756,572.14
2006	717,672.54	3,353,421.07	810,529.62	4,881,623.23
2005	676,332.00	3,023,903.00	2,225,755.78	4,925,990.78
2004	632,185.00	3,026,400.00	4,634,586.85	4,634,586.85
2003	637,172.00	3,021,200.00	3,156,107.10	4,814,479.10

(1) Excludes taxes allocated to county and school

Table 3

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

Year	Net Assessed Valuation Taxable	Market Valuation	Percentage of Net Assessed To Market Value
2009	\$2,438,623,271	\$5,126,162,940	47.57%
2008	2,426,146,656	5,119,535,943	47.39%
2007	2,410,599,981	4,832,798,679	49.88%
2006	2,397,171,510	4,487,404,548	53.42%
2005	2,377,758,510	4,032,149,415	58.97%
2004	2,348,804,510	3,624,139,037	64.81%

Table 4

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
SCHEDULE OF TEN LARGEST TAXPAYERS - 2009
UNAUDITED

<u>Taxpayer</u>	<u>2009 Assessed Valuation</u>	<u>As a Percent of Total Net Assessed Taxable Valuation</u>
Trustees of Princeton University	\$ 115,859,300	4.75%
Princeton Shopping Center	17,694,800	0.73%
Jasna Polana	17,643,700	0.72%
Church & Dwight	8,893,000	0.36%
Health Horizons	7,606,600	0.31%
Thanet Road Associates LLC	7,500,000	0.31%
Institute for Advanced Study	7,381,000	0.30%
Princeton Prof. PK LLC	7,283,900	0.30%
Goldman Sachs	6,545,900	0.27%
The Medical Center @ Princeton	6,522,200	0.27%
	\$ 202,930,400	8.32%
Total Assessed Valuation Taxable in 2009	\$2,438,623,271.00	

Table 5

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

Year	Population (1)	Average Equalized Valuation	Gross Debt	Ratio of Net Debt to Equalized Valuation	Gross Debt per Capita	Net Debt	Ratio of Net Debt to Equalized Valuation	Net Debt per Capita
2009	16,027	5,079,127,967	117,579,927	2.315%	7,336.37	86,277,027	1.699%	5,383.23
2008	16,027	4,991,013,241	118,182,880	2.368%	7,373.99	83,919,479	1.681%	5,236.13
2007	16,027	4,839,194,544	119,675,290	2.473%	7,467.10	82,225,362	1.699%	5,130.43
2006	16,027	4,413,248,879	125,222,221	2.837%	7,813.20	84,706,090	1.919%	5,285.21
2005	16,027	4,041,625,363	122,779,564	3.038%	7,660.80	79,458,768	1.966%	4,957.81
2004	16,027	3,633,570,630	115,685,183	3.184%	7,218.14	69,663,562	1.917%	4,346.64

(1) Per 2000 Census

SOURCE: Annual Debt Statement
Net Debt - page 1

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

Table 6

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Gross Debt Service</u>	<u>Total Current Fund Governmental Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2009	\$3,642,188.56	\$2,191,860.26	\$5,834,048.82	\$37,080,809.02	16%
2008	3,959,308.06	1,617,813.52	5,577,121.58	35,780,880.76	16%
2007	3,822,456.37	1,806,009.26	5,628,465.63	33,465,854.92	17%
2006	3,111,653.00	2,286,507.00	5,398,160.00	33,344,593.64	16%
2005	3,519,284.00	1,713,774.00	5,233,058.00	29,687,489.20	18%
2004	6,229,559.00	1,304,401.00	7,533,960.00	30,228,605.00	25%

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

<u>Year</u>	<u>Total Gross Debt Service</u>	<u>Less Cash Reductions</u>	<u>Total Net Debt Service</u>	<u>Total Current Fund Governmental Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2009	\$5,834,048.82	\$2,865,873.85	\$2,968,174.97	\$34,214,935.17	9%
2008	5,577,121.58	1,028,484.92	4,548,636.66	34,752,395.84	13%
2007	5,628,465.63	1,274,198.00	4,354,267.63	32,191,656.92	14%
2006	5,398,160.00	1,214,397.00	4,183,763.00	32,130,196.64	13%
2005	5,233,058.00	1,231,609.00	4,001,449.00	28,455,880.20	14%
2004	7,533,960.00	3,423,170.00	4,110,790.00	26,805,435.00	15%

Table 7

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
DEMOGRAPHIC STATISTICS
UNAUDITED

Population Growth

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

Building Permits

<u>Year</u>	<u>New Construction</u>	<u>Improvements</u>	<u>Total</u>
1985	97	246	343
1986	88	329	417
1987	44	375	419
1988	255	1,280	1,535
1989	95	980	1,075
1990	97	1,163	1,260
1991	39	909	948
1992	376	1,126	1,502
1993	153	997	1,150
1994	107	851	958
1995	172	422	594
1996	252	768	1,020
1997	318	496	814
1998	368	1,119	1,487
1999	84	1,415	1,499
2000	321	1,088	1,409
2001	129	1,772	1,901
2002	276	1,107	1,383
2003	154	1,736	1,890
2004	114	1,752	1,866
2005	112	1,334	1,446
2006	151	1,355	1,506
2007	137	1,403	1,540
2008	22	1,606	1,628
2009	22	1,470	1,492

Source: Township Construction Official

Table 8

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
LABOR STATISTICS
UNAUDITED

<u>Township of Princeton</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	9,677	9,502	175	1.80%
2008	9,743	9,644	99	1.00%
2007	9,620	9,532	88	0.91%
2006	7,170	7,116	54	0.75%
2005	9,448	9,391	57	0.60%
2004	7,596	7,375	221	2.91%
2003	7,575	7,421	154	2.03%
2002	7,516	7,253	263	3.50%
2001	7,407	7,012	395	5.33%
2000	7,223	6,884	339	4.69%
<u>County of Mercer</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	203,551	187,710	15,841	7.80%
2008	200,226	190,470	9,756	4.90%
2007	196,345	188,844	7,501	3.82%
2006	201,847	193,463	8,384	4.15%
2005	194,658	187,239	7,419	3.81%
2004	189,019	181,027	7,992	4.23%
2003	191,314	182,156	9,158	4.79%
2002	187,520	178,041	9,479	5.05%
2001	183,800	177,601	6,199	3.37%
2000	179,030	173,633	5,397	3.01%
<u>State of New Jersey</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	4,536,661	4,118,367	418,294	9.20%
2008	4,496,700	4,251,200	245,500	5.50%
2007	4,466,300	4,276,600	189,700	4.25%
2006	4,528,800	4,354,400	174,400	3.85%
2005	4,430,400	4,235,900	194,500	4.39%
2004	4,388,042	4,176,230	211,812	4.83%
2003	4,375,000	4,118,000	257,000	5.87%
2002	4,367,800	4,112,800	255,000	5.84%
2001	4,179,500	4,003,800	175,700	4.20%
2000	4,187,900	4,030,500	157,400	3.76%

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

Table 9

TOWNSHIP OF PRINCETON
COUNTY OF MERCER
NET ASSESSED VALUATION OF REAL PROPERTY BY CLASS
PERCENTAGE OF LINE ITEM (2009)
UNAUDITED

<u>Number of Line Items in Each Property Classification</u>	<u>Real Property Classification</u>	<u>Assessed Valuation 2009</u>	<u>As a Percent of Total Net Assessed Valuation Taxable</u>
380	Vacant Land	\$ 47,143,000	1.93%
4892	Residential (4 family or less)	2,112,050,500	86.61%
18	Farm (Regular)	19,419,900	0.80%
39	Farm (Qualified)	324,710	0.01%
113	Commercial	174,077,500	7.14%
2	Industrial	5,180,100	0.21%
7	Apartment	78,435,100	3.22%

**TOWNSHIP OF PRINCETON
COUNTY OF MERCER, NEW JERSEY
FOR YEAR ENDED DECEMBER 31, 2009**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of Princeton, County of Mercer, New Jersey, for the year ended December 31, 2009, has been completed. The General Comments are herewith set forth:

Scope of Audit

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

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

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Township of Princeton, County of Mercer, New Jersey as of and for the fiscal year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

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

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

GENERAL COMMENTS

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in the review of the Township's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

Control Deficiencies

2009-1. Segregation of Duties

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

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

OTHER MATTERS

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

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

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

GENERAL COMMENTS

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

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

Materials and Supplies:

Road materials; trees;

Equipment:

Police vehicles; dump truck

Contracts:

Deer Management; building cleaning

State Approved Contracts for the Following Purchases:

Office Furniture; Computers; oil

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

GENERAL COMMENTS

Interfund Balances

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$2,590,397.14	\$161,906.25
Grant Fund		367,000.00
General Capital Fund	602,000.00	2,565,397.14
Trust Other Fund		235,000.00
Open Space Trust Fund	161,906.25	
Payroll Trust	<u>0.00</u>	<u>25,000.00</u>
Total	<u>\$3,354,303.39</u>	<u>\$3,354,303.39</u>

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

Investment of Funds

The chief financial officer had most of the funds of the Township invested in the interest-bearing investments or accounts from January 1, 2009 to December 31, 2009. Earnings from the investments are shown as revenue in the various accounts of the Township as of December 31, 2009. The investment program instituted by the financial officer was complete with minimal balances remaining on demand accounts. This policy complied with N.J.S.A. 40A:5-14 in all respects.

Payment of Claims

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

Purchase Order and Encumbrance System

The Township utilized a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Transactions are approved based on availability of funds. During our review it was noted that confirming orders were processed. The incidences of confirming orders decreased during 2009.

GENERAL COMMENTS

Test of Salaries

As part of our audit we tested salaries paid by the Township for compliance with salary ordinances approved by the governing body and collective bargaining agreements where applicable. Salary payments were in accordance with the governing documents for all items in the test population.

Municipal Court

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

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

Administration and Accounting for State & Federal Grants

The Township operated various programs during 2009, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Township had expended grant funds during 2009 for the purpose authorized and monitoring procedures appeared adequate to assure that grant objectives were met.

Public Assistance Trust Fund

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

GENERAL COMMENTS

Condition of Records - Tax Office

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

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2009 and during the year then ended.

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

Trust Assessment Fund

Prospective Assessments funded and unconfirmed amounted to \$8,325.00 at December 31, 2009. Bonds were sold as general improvement bonds rather than assessment bonds in 2006 and 2008. During 2009 assessments were confirmed for many of the projects that had been completed. The receipts from these confirmed assessments should be used to offset the amount of debt issued for completion of the projects. Amounts received are recorded as fund balance in the assessment trust fund and then realized as revenue in the following year. The amounts that should be realized as revenue in the current fund for the next two years are \$121,000 and \$230,000.

Affordable Housing Fund

The results of operation for the Affordable Housing Utility Fund is set forth in Exhibit – D-1 of this report. Realized revenues amounted to \$805,189.67 and expenditures amounted to \$702,294.86 resulting in excess revenues of \$102,894.81. The calculation for "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in statutory excess for debt statement purposes of \$102,894.81, which allows for the total deduction of Affordable Housing Utility Debt in the calculation of the statutory net debt of the Township at December 31, 2009. A reconciliation of the excess revenues from operations (D-1) and the excess of revenues for debt statement purposes is included in Note 3 to the financial statements.

GENERAL COMMENTS

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

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

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

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

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

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Township prepare and file a corrective action plan in accordance with the approved schedule. The corrective action plan was prepared and filed on a timely basis.

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

Other Matters

During 2009, the Township resolved and settled outstanding reimbursements to and from the Borough of Princeton for joint capital projects and the operations of the Princeton Sewer Operating Committee. To avoid future accumulations of unrecorded receivables (POSC reimbursements) and payables (joint capital project costs advanced by the Borough) it is essential that the settlement process become an annual event.

RECOMMENDATIONS

None

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ACKNOWLEDGMENT

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

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

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

Respectfully submitted,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read "Robert S. Morrison". The signature is fluid and cursive, with the first name "Robert" and last name "Morrison" clearly distinguishable.

Robert S. Morrison
Registered Municipal Accountant
No. 412