

2005

ANNUAL DEBT STATEMENT

AS REQUIRED BY N.J.S.A. 40A:2-40

of the BOROUGH of WATCHUNG County of SOMERSET
Prepared as of December 31, 2005

	Gross	Deduction	Net
1. (a) Total Bonds and Notes for School Purposes	<u>25,433,832.26</u> (50011-00)	<u>25,433,832.26</u> (50012-00)	<u>0.00</u> (50013-00)
(b) Less Applicable Deductions			
(c) Net Debt for School Purposes			
2. (a) Total Bonds and Notes for Self-Liquidating Purposes	<u>0.00</u> (50014-00)		
(b) Less Applicable Deductions		<u>0.00</u> (50015-00)	
(c) Net Debt for Self-Liquidating Purposes			<u>0.00</u> (50016-00)
3. (a) Total Other Bonds and Notes	<u>25,784,903.24</u> (50017-00)		
(b) Less Applicable Deductions		<u>134,500.00</u> (50018-00)	
(c) Net Debt for Other Purposes			<u>25,650,403.24</u> (50019-00)
Total Gross Debt	<u>51,218,735.50</u> (50020-00)		
Total Deductions		<u>25,568,332.26</u> (50021-00)	
4. TOTAL NET DEBT DECEMBER 31, 2005			<u>25,650,403.24</u> (50022-00)

EQUALIZED VALUATION BASIS

Equalized valuation basis (the average of the equalized valuation of real estate, including improvements, and the assessed valuation of class II railroad property of the local unit for the last 3 preceding years).

- (1) 2003 Equalized Valuation Real Property with Improvements plus assessed valuation of class II R.R. property 1,526,119,643.00
- (2) 2004 Equalized Valuation Real Property with Improvements plus assessed valuation of class II R.R. property 1,665,764,200.00
- (3) 2005 Equalized Valuation Real Property with Improvements plus assessed valuation of class II R.R. property 1,852,911,487.00

5. EQUALIZED VALUATION BASIS - Average of (1), (2), and (3).

6. PERCENTAGE OF NET DEBT OF EQUALIZED VALUATION BASIS

The percentage that the net debt (Line 4 above) bears to the equalized valuation basis (Line 5 above):

One and 52/100 of One Percent per cent 1.52%
(50039-00)

AFFIDAVIT

STATE OF NEW JERSEY }
County of SOMERSET } ss. WILLIAM HANCE, being duly sworn, deposes and says:

Deponent is the chief financial officer of the BOROUGH OF WATCHUNG, COUNTY OF SOMERSET here and in the statement hereinafter mentioned called "the municipality" or "the county." The Annual Debt Statement annexed hereto and hereby made a part hereof is a true statement of the debt condition of the municipality or county as of December 31, 2005 and is computed as provided by the Local Bond Law of New Jersey (N.J.S.A.40A:2-1 et seq.). The amounts of such items as are indefinite or unascertainal are estimated and are so marked.

Subscribed and sworn to before me
this _____ day of _____, 2006
Notary Public of New Jersey

Name: William J. Hance
Title: Chief Financial Officer
Address: Municipal Building
1077 U.S. Highway #202
Branchburg, New Jersey 08876
Phone: 908-526-1300
Fax: 908-526-2452

NOTE- One copy must be filed not later than January 31, 2006 with Division of Local Government Services, P.O.803, Trenton, N.J. 08625-0803. The code numbers in brackets () are for Division of Local Government Services use only.

BONDS AND NOTES FOR SCHOOL PURPOSES

School District Other Than Regional School District

Issued by : ~~{Municipality-Type+}~~ Strike out one
 {Type II School District }

1. TERM BONDS	_____	(50111-00)	_____
2. SERIAL BONDS			
(a) Issued	15,708,000.00	(50112-00)	_____
(b) Authorized but not issued	_____	(50113-00)	_____
3. TEMPORARY BONDS AND NOTES			
(a) Issued	_____	(50114-00)	_____
(b) Authorized but not issued	_____	(50115-00)	_____
4. TOTAL OF ABOVE BONDS AND NOTES	15,708,000.00	(50116-00)	_____

Regional School District

5. SERIAL BONDS			
(a) Issued	9,725,832.26	(50117-00)	_____
(b) Authorized but not issued	_____	(50118-00)	_____
6. TEMPORARY BONDS AND NOTES			
(a) Issued	_____	(50119-00)	_____
(b) Authorized but not issued	_____	(50120-00)	_____
7. TOTAL OF REGIONAL SCHOOL BONDS AND NOTES	9,725,832.26	(50121-00)	_____

N.J.S.A. 40A:2-43 reads in part as follows: "Gross debt of a municipality shall also include that amount of the total of all the bonds and notes issued and authorized but not issued by any school district including the area of the municipality, which results from the application to such total of the ratio which the equalized valuation basis of the municipality bears to the sum of the equalized valuation basis of each municipality in any such school district."

COMPUTATION OF REGIONAL AND/OR CONSOLIDATED SCHOOL DISTRICT DEBT

% OF VALUATIONS APPORTIONED TO EACH MUNICIPALITY		APPORTIONMENT OF DEBT - DEC. 31, 2005			
Municipality	Average Equalized Valuations	%	Serial Bonds Issued	Temp. Bonds - Notes Issued	Authorized But not Issued
<u>WATCHUNG HILLS REGIONAL HIGH SCHOOL</u>					
LONG HILL TWP	\$1,477,741,248.00	21.04225159%	\$6,802,118.25		\$1,744,668.43
WARREN TWP	\$3,863,393,791.00	55.01267848%	\$17,783,398.45		\$4,561,246.41
WATCHUNG BOROUGH	\$1,681,598,443.00	23.94506993%	\$7,740,483.30		\$1,985,348.96
Totals	7,022,733,482.00	100.00%	32,326,000.00		8,291,263.80

**DEDUCTIONS APPLICABLE TO BONDS AND NOTES
FOR SCHOOL PURPOSES**

Amounts held or to be held for the sole purpose of paying bonds and notes included on the opposite page (Items 1,2,3,5,6)

1. Sinking funds in hand for bonds shown as Line 1, Page 2 of this statement but not in excess of such bonds.	<u>(50211-00)</u>
2. Funds in hand in those cases where such funds cannot be diverted to purposes other than the payment of bonds and notes included in Line 4, Page 2.	<u>(50212-00)</u>
3. Estimated proceeds of bonds and notes authorized but not issued where such proceeds will be used for the sole purpose of paying bonds and notes included in Line 4, Page 2	<u>(50213-00)</u>
4. <u>4.00%</u> per centum of equalized valuations (50221-00) as stated in Line 5, Page 1.	<u>67,263,937.73</u> (50214-00)

Instructions re: Line 4:

Use applicable per centum as follows:

2 1/2% Kindergarten or Grade 1 through Grade 6

3% Kindergarten or Grade 1 through Grade 8

3 1/2 % Kindergarten or Grade 1 through Grade 9

4% Kindergarten or Grade 1 through Grade 12

Other (insert applicable description)

_____ % _____ (50222-00)	
5. Additional State School Building Aid Bonds (N.J.S.A. 18A:58-33.4(d))	<u>(50220-00)</u>

6. Total	<u>67,263,937.73</u>
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7. School Debt as shown by Line 4, Page 2.	<u>15,708,000.00</u>
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8. Deduction for School Debt included in Line 4, Page 2 (smaller of Line 6 or 7).	<u>(50217-00) \$15,708,000.00</u>
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9. Regional School Debt as shown by Line 7, Page 2.	<u>(50218-00) 9,725,832.26</u>
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Page Total	<u>25,433,832.26</u> (50219-00)
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BONDS AND NOTES FOR SELF- LIQUIDATING PURPOSES

A. _____ **SYSTEM**

(insert Applicable Utility)

- 1. Terms Bonds _____ (503 1-00) _____
- 2. Serial bonds _____
 - (a) Issued _____ (503 2-00) _____
 - (b) Authorized but not issued _____ (503 3-00) _____
- 3. Refunding Bonds (N.J.S.A. 40A:2-52) _____
 - (a) Issued _____ (503 4-00) _____
 - (b) Authorized but not issued _____ (503 5-00) _____
- 4. Bond anticipation notes _____
 - (a) Issued _____ (503 6-00) _____
 - (b) Authorized but not issued _____ (503 7-00) _____
- 5. Capital Notes (N.J.S.A. 40A:2-8) _____
 - (a) Issued _____ (503 8-00) _____
 - (b) Authorized but not issued _____ (503 9-00) _____

6. Total _____ (503 0-00)

B. _____ **SYSTEM**

(insert Applicable Utility)

- 7. Terms Bonds _____ (503 1-00) _____
- 8. Serial bonds _____
 - (a) Issued _____ (503 2-00) _____
 - (b) Authorized but not issued _____ (503 3-00) _____
- 9. Refunding Bonds (N.J.S.A. 40A:2-52) _____
 - (a) Issued _____ (503 4-00) _____
 - (b) Authorized but not issued _____ (503 5-00) _____
- 10. Bond anticipation notes _____
 - (a) Issued _____ (503 6-00) _____
 - (b) Authorized but not issued _____ (503 7-00) _____
- 11. Capital Notes (N.J.S.A. 40A:2-8) _____
 - (a) Issued _____ (503 8-00) _____
 - (b) Authorized but not issued _____ (503 9-00) _____

12. Total _____ (503 0-00)

c. OTHER SELF-LIQUIDATING PURPOSES FROM WHICH MUNICIPALITY DERIVES REVENUE (state on a separate sheet in the manner stated above)

Total _____

Page Total _____ (50409-00)

DEDUCTIONS APPLICABLE TO BONDS AND NOTES

FOR SELF-LIQUIDATING PURPOSES

1. _____ **SYSTEM**
(Insert Applicable Utility)

(a) Gross _____ System Debt (504 1-00) _____

(b) Less: Deficit (Capitalized at 5%)
(Line 9 Or Line 11, Page 11)
\$ _____ times 20 (504 2-00) _____

(c) Deduction (504 3-00) _____

(d) Plus: Cash held to Pay Bonds and Notes
included in 2(a) above (504 4-00) _____

(e) Total Deduction _____ (504 5-00)

2. _____ **SYSTEM**
(Insert Applicable Utility)

(a) Gross _____ System Debt (504 1-00) _____

(b) Less: Deficit (Capitalized at 5%)
(Line 20 Or Line 22, Page 11)
\$ _____ times 20 (504 2-00) _____

(c) Deduction (504 3-00) _____

(d) Plus: Cash held to Pay Bonds and Notes
included in 2(a) above (504 4-00) _____

(e) Total Deduction _____ (504 5-00)

3. OTHER SELF-LIQUIDATING PURPOSES FROM WHICH MUNICIPALITY DERIVES REVENUE
(State separately as above)

NOTE-the deficit in revenues may be capitalized by either dividing such deficit by .05 or by multiplying such deficit by 20 as indicated above.

OTHER BONDS AND NOTES

1. TERM BONDS (state purposes separately)

(1)	_____
(2)	_____
(3)	_____
(4)	_____
(5)	_____
(6)	_____
(7)	_____
(8)	_____

2. Total Term Bonds

(50509-00)

3. SERIAL BONDS (state purposes separately)

(a) Issued

(1)	<u>General Improvement Bonds - 91</u>	72,000.00
(2)	<u>General Improvement Bonds - 95</u>	574,000.00
(3)	<u>General Improvement Bonds - 99</u>	5,341,000.00
(4)	<u>Special Assessment Bonds - 99</u>	543,000.00
(5)	_____	
(6)	_____	
(7)	_____	
(8)	_____	
(9)	_____	
(10)	_____	
(11)	_____	
(12)	_____	
(13)	_____	
(14)	_____	
(15)	_____	
(16)	_____	
(17)	_____	

OTHER BONDS AND NOTES

3. SERIAL BONDS (Continued)

(a) Issued	_____
(18)	_____
(19)	_____
(20)	_____
(21)	_____
(22)	_____
(23)	_____
(24)	_____
(25)	_____
(26)	_____
(27)	_____
(28)	_____
(29)	_____
(30)	_____
(31)	_____
(32)	_____
(33)	_____

Total Serial Bonds Issued

6,530,000.00
(50547-00)

(b) Authorized but not issued

(1)	<u>Various Public Improvement 04-10</u>	356,325.00
(2)	<u>Road Resurfacing and Rehabilitation 04-14</u>	95,000.00
(3)	<u>Police Facility Remediation Project 04-15</u>	598,500.00
(4)	<u>Various Sewer and Water Improvements 04-24</u>	144,400.00
(5)	<u>Improvements to Best Lake 05-05</u>	71,250.00
(6)	<u>Purchase of Various Communication Equipment 05-06</u>	213,750.00
(7)	<u>Various Public Works Improvements 05-07</u>	1,177,450.00
(8)	<u>Acquisition of Real Property</u>	8,000,000.00
(9)	_____	
(10)	_____	
(11)	_____	
(12)	_____	

Total Serial Bonds Authorized but not issued

10,656,675.00
(50564-00)
17,186,675.00
(50565-00)

4. Total Serial Bonds Issued and Authorized but not issued

OTHER BONDS AND NOTES

5. BOND ANTICIPATION NOTES (state purposes separately)

(a) Issued		
(1)	<u>Various Public Improvements 00-06</u>	<u>449,500.00</u>
(2)	<u>Various Capital Improvements 01-10</u>	<u>1,200,500.00</u>
(3)	<u>Various Capital Improvements 04-10</u>	<u>350,000.00</u>
(4)	_____	
(5)	_____	
(6)	_____	
(7)	_____	
(8)	_____	
(9)	_____	
(10)	_____	
(11)	_____	
(12)	_____	
(13)	_____	
(14)	_____	

Bond Anticipation Notes Issued

2,000,000.00
(50625-00)

(b) Authorized but not issued

(1)	<u>Rehabilitation of Dwellings - 98-23</u>	<u>85,500.00</u>
(2)	<u>Purchase of Equipment - 01-09</u>	<u>80,000.00</u>
(3)	<u>Various Public Improvements 00-06</u>	<u>31,500.00</u>
(4)	<u>Various Capital Improvements - 01-10</u>	<u>1,705,001.00</u>
(5)	<u>General Road Resurfacing - 01-19</u>	<u>235,000.00</u>
(6)	<u>Various Sanitary Sewer Improvements 03-03</u>	<u>1,202,000.00</u>
(7)	<u>Various Road Water Improvement Projects 03-04</u>	<u>572,565.00</u>
(8)	<u>Improvement of Anderson Road 03-14</u>	<u>138,000.00</u>
(9)	<u>Purchase of Dump Truck 04-05</u>	<u>104,500.00</u>
(10)	_____	

Bond Anticipation Notes Authorized but not issued

4,154,066.00
(50661-00)

6. Total Bond Anticipation Notes Issued
and Authorized but not Issued

6,154,066.00
(50662-00)

OTHER BONDS AND NOTES

7. MISCELLANEOUS BONDS AND NOTES (not including Tax Anticipation Notes, Emergency Notes, Special Emergency Notes and Utility Revenue Notes)

(a) Issued

(1)	Capital Notes (N.J.S.A. 40A:2-8)	(50711-00) _____
(2)	Bonds issued by another Public Body Guaranteed by the Municipality	(50712-00) _____
(3)	<u>Infrastructure Loans</u>	<u>1,867,849.36</u>
(4)	<u>Green Trust Loans</u>	<u>429,475.92</u>
(5)	<u>EDA Loans</u>	<u>146,836.96</u>

Miscellaneous Bonds and Notes Issued

2,444,162.24

(b) Authorized but not issued

(1)	Capital Notes (N.J.S.A. 40A:2-8)	(50721-00) _____
(2)	Bonds authorized by another Public Body Guaranteed by the Municipality	(50722-00) _____
(3)	_____	(50723-00) _____
(4)	_____	(50724-00) _____
(5)	_____	(50725-00) _____

Miscellaneous Bonds and Notes Authorized but not issued

2,444,162.24
(50726-00)

8. Total Miscellaneous Bonds and Notes Issued and Authorized but not issued

Total of Pages 6, 7, 8 and 9

25,784,903.24
(50799-00)

(Set forth in the following form, the figures showing whether the self-liquidating utility(s) have supported themselves during fiscal year 2005)

Utility

(Insert Applicable Utility)

- 1. Total Cash Receipts from Fees, Rents or other Charges for Year _____ (509 1-00) _____
- 2. Operating and Maintenance Cost _____ (509 2-00) _____
- 3. Debt Service per Water Accounts
 - (a) Interest _____ (509 3-00) _____
 - (b) Notes _____ (509 4-00) _____
 - (c) Serial Bonds _____ (509 5-00) _____
 - (d) Sinking Fund Requirement _____ (509 6-00) _____
- 4. Debt Service per Current Budget (N.J.S.A. 40A:2-52)
 - (a) Interest on _____ (509 7-00) _____
 - (b) _____ Refunding Bonds (509 8-00) _____
- 5. Anticipated Deficit in Dedicated _____ Assessment Budget (509 9-00) _____
- 6. Total Debt Service _____ (510 0-00) _____
- 7. Total Deductions(Line 2 plus Line 6) _____ (510 1-00) _____
- 8. Excess in Revenues(Line 1 minus Line 7) _____ (510 2-00) _____
- 9. Deficit in Revenues (Line 7 minus Line 1) _____ (510 3-00) _____
- 10. Total Debt Service (Line 6) _____ (510 4-00) _____
- 11. Deficit(smaller of Line 9 or Line 10) to Page 5 _____ (510 5-00) _____

If Excess in Revenues (Line 8)all _____ Utility Debt is Deductible

Utility

(Insert Applicable Utility)

- 12. Total Cash Receipts from Fees, Rents or other Charges for Year _____ (509 1-00) _____
- 13. Operating and Maintenance Cost _____ (509 2-00) _____
- 14. Debt Service
 - (a) Interest _____ (509 3-00) _____
 - (b) Notes _____ (509 4-00) _____
 - (c) Serial Bonds _____ (509 5-00) _____
 - (d) Sinking Fund Requirement _____ (509 6-00) _____
- 15. Debt Service per Current Budget (N.J.S.A. 40A:2-52)
 - (a) Interest on _____ (509 7-00) _____
 - (b) _____ Refunding Bonds (509 8-00) _____
- 16. Anticipated Deficit in Dedicated _____ Assessment Budget (509 9-00) _____
- 17. Total Debt Service _____ (510 0-00) _____
- 18. Total Deductions(Line 13 plus Line 17) _____ (510 1-00) _____
- 19. Excess in Revenues(Line 12 minus Line 18) _____ (510 2-00) _____
- 20. Deficit in Revenues (Line 18 minus Line 12) _____ (510 3-00) _____
- 21. Total Debt Service (Line 17) _____ (510 4-00) _____
- 22. Deficit(smaller of Line 20 or Line 21) to Page 5 _____ (510 5-00) _____

If Excess in Revenues (Line 19)all _____ Utility Debt is Deductible

SPECIAL DEBT STATEMENT

BORROWING POWER AVAILABLE UNDER N.J.S.A. 40A:2-7f)

1. Balance of debt incurring capacity as of December 31, 2005 under N.J.S.A. 40:1-16(d) _____
(51100-00)
2. Obligations heretofore authorized during 2005 in excess of debt limitation and pursuant to
- (a) N.J.S.A. 40A:2-7, paragraph (d) _____ (51101-00)
 - (b) N.J.S.A. 40A:2-7, paragraph (f) _____ (51102-00)
 - (c) N.J.S.A. 40A:2-7, paragraph (g) _____ (51103-00)
- Total _____ (51104-00)
3. Less 2005 authorizations repealed during 2005 _____ (51105-00)
4. Net authorizations during 2005 _____ (51106-00)
5. Balance of debt incurring capacity December 31, 2005 under N.J.S.A. 40:1-16(d) _____ (51107-00)

I, _____ Director of the Division of Local Government Services of the Department of Community Affairs of the State of New Jersey, do hereby certify that I have compared this copy of an Annual Debt Statement of the above municipalities or county with the original Annual Debt Statement filed in the Division of Local Government Services of the Department of Community Affairs of the State of New Jersey on _____ and that this is a true copy of said statement and of the whole thereof.

In witness whereof, I have hereunto set my hand as Director of Local Government Services of the Department of Community Affairs of the State of New Jersey this _____ day of _____, 2006.

_____ Director