

**NEW ISSUE**

**RATING: Moody's: "MIG 1"**  
**(See "RATING" herein)**

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by Princeton (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**PRINCETON,  
IN THE COUNTY OF MERCER, NEW JERSEY**

**\$46,000,000**  
**BOND ANTICIPATION NOTES, SERIES 2026**  
**(Book-Entry-Only) (Non-Callable)**

**Interest Rate: \_\_\_\_%**  
**Reoffer Yield: \_\_\_\_%**  
**CUSIP: \_\_\_\_\_**

**Dated:** Date of Delivery

**Due:** February 17, 2027

The \$46,000,000 Bond Anticipation Notes, Series 2026 (the "Notes") of Princeton, in the County of Mercer, New Jersey ("Princeton"), will be issued in the form of one certificate for the aggregate principal amount of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as the securities depository. Interest on the Notes will be credited to the participants of DTC, as listed on its records, as of one business day prior to maturity. See "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The principal of and interest on the Notes will be paid on the maturity date to DTC by Princeton or its designated paying agent. The Notes are not subject to redemption prior to their stated maturity.

The Notes are valid and legally binding obligations of Princeton, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within Princeton for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

**This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.**

The Notes will be offered when, as and if issued and delivered to the Purchaser (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to Princeton in connection with the issuance of the Notes. Delivery is anticipated to be via DTC in Brooklyn, New York, on or about February 18, 2026.

**ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED ON FEBRUARY 4, 2026, VIA EMAIL OR THE PARITY ELECTRONIC BIDDING SYSTEM BY PRINCETON'S MUNICIPAL ADVISOR IN ACCORDANCE WITH THE NOTICE OF SALE. FOR MORE INFORMATION ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT: [WWW.MUNIUB.COM](http://WWW.MUNIUB.COM).**

**PRINCETON,  
IN THE COUNTY OF MERCER, NEW JERSEY**

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a division of First Security Municipal Advisors, Inc.

Hamilton, New Jersey

No broker, dealer, salesperson or other person has been authorized by Princeton to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by Princeton and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Purchaser or, as to information from sources other than itself, by Princeton. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of Princeton during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by Princeton from time to time (collectively, the “Official Statement”), may be treated as a “Final Official Statement” with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by Princeton.

“CUSIP” is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed on the cover page hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes, and Princeton does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

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**OFFICIAL STATEMENT**  
**Relating to**  
**PRINCETON,**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**\$46,000,000**  
**BOND ANTICIPATION NOTES, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by Princeton ("Princeton"), in the County of Mercer (the "County"), New Jersey (the "State"), in connection with the sale and issuance of the \$46,000,000 Bond Anticipation Notes, Series 2026 (the "Notes"). This Official Statement has been executed by and on behalf of Princeton by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by Princeton from its records, except for information expressly attributed to other sources.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE NOTES**

**General Description**

The Notes may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC"), and its participants. The Notes are dated, will mature on the due date and in the amount and will bear interest payable at the interest rate, as set forth on the cover page hereof. So long as DTC or its nominee, Cede & Co. (or any successor or assignee), is the registered owner of the Notes, payment of the principal of and interest on the Notes will be made by Princeton (or its designated paying agent) directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Notes will be credited to the participants of DTC as listed on the records for DTC as of one business day prior to maturity. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

**Redemption**

The Notes are not subject to redemption prior to their stated maturity.

**BOOK-ENTRY-ONLY SYSTEM**

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial

ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to Princeton. Accordingly, Princeton does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Notes, in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Princeton or its paying agent, if any, as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if applicable, and distributions on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Princeton or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or Princeton, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Princeton or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to Princeton or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

Princeton may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Princeton believes to be reliable, but Princeton takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. PRINCETON MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

PRINCETON WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE NOTES; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

### **Discontinuation of Book-Entry-Only System**

If Princeton, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, Princeton will attempt to locate another qualified securities depository. If Princeton fails to find such a securities depository, or if Princeton determines, in its sole discretion, that it is in the best interest of Princeton or that the interest of the Beneficial Owners might

be adversely affected if the book-entry-only system of transfer is continued (Princeton undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), Princeton shall notify DTC of the termination of the book-entry-only system.

## AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the “Local Bond Law”, and the bond ordinance adopted by Princeton Council referred to in the chart below.

Proceeds of the Notes will be used to: (i) refund, on a current basis, Princeton’s \$46,000,000 Bond Anticipation Notes, Series 2025, dated February 20, 2025 and maturing on February 19, 2026; and (ii) pay the costs incurred in connection with the authorization, sale and issuance of the Notes.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Notes Being Issued
#2024-34	Acquisition of property and various capital improvements to such property, finally adopted October 14, 2024.	\$46,000,000
	<b>TOTAL:</b>	<b><u>\$46,000,000</u></b>

## CERTAIN RISK FACTORS

### Cybersecurity

Princeton relies on a complex technology environment to conducts its various operations. As a result, Princeton faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, Princeton has invested in multiple forms of cybersecurity and operational safeguards. In addition, Princeton maintains insurance coverage for cyberattacks and related events.

### Climate

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as “climate change”), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to Princeton as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of Princeton.

## SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding obligations of Princeton, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately



from *ad valorem* taxes that may be levied upon all the taxable property within Princeton for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by Princeton are general full faith and credit obligations.

The authorized bonded indebtedness of Princeton for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Princeton, as annually determined by the State Director of Taxation, is shown in Appendix A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix A, Princeton has not exceeded its statutory debt limit.

Princeton may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, Princeton may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of Princeton or substantially reduce the ability of Princeton to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by Princeton to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Princeton may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the bond anticipation notes’ maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

## **Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue “emergency notes” and “special emergency notes” pursuant to the Local Budget Law.

“Tax anticipation notes” are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year’s budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year’s budget.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparation, payment of compensated absences and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation enacted to address the COVID-19 emergency, P.L. 2020, c. 60 (A4175), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the fiscal year. Appropriation reserves may also be transferred during the first three months of the fiscal year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except those transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of Princeton to levy *ad valorem* taxes upon all taxable property within Princeton to pay debt service on its bonds or notes, including the Notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next

six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by Princeton's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by Princeton's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

By State statute, tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing tax title liens is included in Appendix "A". Princeton has not taken action to reduce the interest penalty rate.

### **Tax Appeals**

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, Princeton must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and

must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024, for Princeton is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### *Exclusion of Interest on the Notes From Gross Income for Federal Tax Purposes*

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of Princeton to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. Princeton will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. Princeton has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by Princeton with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming Princeton observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC (“Bond Counsel”) is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel’s engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend Princeton or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat Princeton as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Notes is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### *Original Issue Premium*

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable premium, which is not deductible from gross income for federal income tax purposes. Amortizable premium, as it amortizes, will reduce the owner's tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

### *Bank-Qualification*

The Notes **will not** be designated as qualified under Section 265 of the Code by Princeton for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

### *Additional Federal Income Tax Consequences of Holding the Notes*

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

### *Changes in Federal Tax Law Regarding the Notes*

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income

taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

## **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain audited financial data of Princeton for the fiscal year ended December 31, 2024. The audited financial data was extracted from the report prepared by PKF O’Connor Davies, LLP, Cranford, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B” to this Official Statement. The Auditor has not participated in the preparation of this Official Statement nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF PRINCETON, IN THE COUNTY OF MERCER, NEW JERSEY”.

## **LITIGATION**

To the knowledge of the Princeton Attorney, Trishka Waterbury Cecil, Esquire, of Mason, Griffin & Pierson, P.C., Princeton, New Jersey (the “Princeton Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of Princeton or the title of any of the present officers. Moreover, to the knowledge of the Princeton Attorney, no litigation is presently pending or threatened that, in the opinion of the Princeton Attorney, would have a material adverse impact on the financial condition of Princeton if adversely decided.

## **SECONDARY MARKET DISCLOSURE**

Princeton has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), Princeton will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of Princeton;
- (13) The consummation of a merger, consolidation or acquisition involving Princeton or the sale of all or substantially all of the assets of Princeton, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of Princeton, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of Princeton, any of which affect holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of Princeton, if any such event reflects financial difficulties.

The term “Financial Obligation” as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); *provided, however*, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The continuing disclosure undertaking may be amended by Princeton from time to time, without the consent of the holders or beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

Princeton has previously entered into secondary market disclosure undertakings in accordance with the Rule. Princeton appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **MUNICIPAL BANKRUPTCY**

The undertakings of Princeton should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and



permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for Princeton by the Princeton Attorney.

### **UNDERWRITING**

The Notes have been purchased from Princeton at a public sale by \_\_\_\_\_ (the "Purchaser") at a price of \$ \_\_\_\_\_ (consisting of the par amount of the Notes, plus original issue premium in the amount of \$ \_\_\_\_\_, less underwriter's discount in the amount of \$ \_\_\_\_\_). The Purchaser intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Purchaser reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Purchaser may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investments trusts) at a yield higher than the public offering yield set forth on the cover page of this Official Statement, and such yield may be changed, from time to time, by the Purchaser without prior notice.

### **RATING**

Moody's Ratings (the "Rating Agency") has assigned short-term ratings of "MIG 1" to the Notes based upon the creditworthiness of Princeton.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. Princeton furnished to the Rating Agency certain information and materials concerning the Notes and Princeton. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to Princeton in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **PREPARATION OF OFFICIAL STATEMENT**

Princeton hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Purchaser by a certificate signed by the Mayor and the Chief Financial Officer of Princeton that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

All other information has been obtained from sources that Princeton consider to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from Princeton and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Sandra Webb, Chief Financial Officer, Princeton, 400 Witherspoon Street, Princeton, New Jersey 08540-3284, (609) 924-9183, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among Princeton, the Purchaser and the holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create

any implication that there has been no change in the affairs (financial or otherwise) of Princeton since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**PRINCETON, IN THE  
COUNTY OF MERCER, NEW JERSEY**

By: \_\_\_\_\_  
Sandra Webb,  
Chief Financial Officer

**Dated:** February \_\_, 2026

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**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT PRINCETON,  
IN THE COUNTY OF MERCER, NEW JERSEY**

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## **INFORMATION REGARDING PRINCETON**

The following material presents certain economic and demographic information of Princeton ("Princeton"), in the County of Mercer (the "County"), New Jersey (the "State").

### **Municipal Consolidation**

Following an extensive consolidation and shared services study over the course of two years, the Borough of Princeton (the "Borough") and the Township of Princeton (the "Township") conducted a referendum on November 8, 2011, which allowed residents to vote on consolidating the Borough and the Township into one municipality. The referendum was successful and beginning January 1, 2013, the Borough and the Township became one municipality known as Princeton and as a result the obligations as to the prior bonds issued by the Borough and the Township are vested in Princeton as the new municipality.

### **General Information**

Princeton covers approximately 18.4 square miles of total area and is in the northern region of the County, located in the west-central portion of the State. It is adjacent to both Monmouth and Middlesex County and with its centralized location in the State, it is roughly at equal distances from the major metropolitan areas of New York City and Philadelphia.

### **Transportation**

Princeton is traversed primarily by five roadways: U.S. Route 206, New Jersey Route 27, County Route 583, County Route 571, and County Route 533. Other major roads such as U.S. Route 1, Interstate 295, and the New Jersey Turnpike are easily accessible in neighboring municipalities. Additionally, public bus and train services are available in Princeton. New Jersey Transit offers bus services to the State capital (Trenton) and rail services to New York City. Train services are also available to Philadelphia via the SEPTA Regional Rail. Air travel can be accessed via the closest commercial airport, Trenton-Mercer Airport in Ewing Township or through nearby major airports like Newark Liberty International Airport and Philadelphia International Airport.

### **Form of Government**

Princeton is governed by a Mayor and a six-member Council. The Mayor was elected at large for a four-year term and the Council members are elected at large for staggered three-year terms. The President of the Council, who presides in the absence of the Mayor, was elected annually by the Council from among their membership for a one-year term. The professional staff is headed by an appointed, non-partisan Administrator, a position established by ordinance.

## **Education**

### *Higher Education*

Located in the central region of the State, Princeton has the advantage of having the following universities and colleges located within close proximity:

Princeton University  
Rutgers University  
Rider College  
The College of New Jersey  
Mercer County Community College  
Princeton Theological Seminary

### *Public and Private Schools*

The Princeton Public School District is a pre-kindergarten through high school system. The School District operates 4 elementary schools, one middle school and one high school. Mercer County operates Mercer County Vocational Technical School and the Princeton Charter School operates under a charter granted by the Commissioner of the New Jersey Department of Education.

In addition to its public facilities, the following private schools are located in Princeton:

The Lewis School of Princeton  
Princeton Day School  
Princeton Friends School  
Hun School of Princeton  
Princeton International School of Mathematics and Sciences  
St. Paul's Catholic School  
Princeton Academy of Sacred Heart  
Stuart Country Day School of the Sacred Heart

## **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).



The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, Township, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Princeton</u></b>				
2024	15,808	15,332	476	3.0%
2023	15,747	15,308	439	2.8%
2022	15,547	15,175	372	2.4%
2021	15,188	14,643	545	3.6%
2020	14,876	14,213	663	4.5%
<b><u>County</u></b>				
2024	199,583	190,833	8,750	4.4%
2023	198,699	190,533	8,166	4.1%
2022	195,425	188,302	7,123	3.6%
2021	192,685	180,980	11,705	6.1%
2020	192,510	177,193	15,317	8.0%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2023)**

	<b><u>Princeton</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$184,113	\$96,333	\$101,050
Median Family Income	250,000+	124,699	123,892
Per Capita Income	86,332	52,101	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

## **Population**

The following tables summarize population increases and the decreases for Princeton, the County, and the State.

<b><u>Year</u></b>	<b><u>Princeton</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2024 est.	31,445	2.49%	392,138	1.24%	9,500,851	2.28%
2020	30,681	7.38	387,340	5.68	9,288,994	5.65
2010	28,572	-5.48	366,513	4.49	8,791,894	4.49
2000	30,230	19.89	350,761	7.65	8,414,350	8.85
1990	25,214	-1.95	325,824	5.83	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The ten largest taxpayers in Princeton and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2024 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Trustees of Princeton University	\$221,909,233	3.11%
PSN Partners	70,552,200	0.99%
Avalon Bay	63,626,600	0.89%
Princeton (Edens) LLC	52,917,400	0.74%
Palmer Sq. Ltd. Partners	35,310,000	0.49%
Jasna Polna Golf Club	31,500,000	0.44%
Institute For Advanced Study	31,258,400	0.44%
Fountain Ridge	28,170,100	0.39%
NILP (Nassau Inn)	26,030,000	0.36%
Princeton Theological Seminary	20,083,800	0.28%
<b>Total</b>	<b><u>\$581,357,733</u></b>	<b><u>8.14%</u></b>

Source: School District Annual Comprehensive Financial Report & Municipal Tax Assessor

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### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$191,960,031	\$190,036,158	99.00%
2023	180,765,399	178,816,988	98.92%
2022	176,850,163	175,206,188	99.07%
2021	176,285,128	175,320,889	99.45%
2020	174,452,129	173,260,605	99.32%

Source: Annual Audit Reports

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$206,534	\$1,593,582	\$1,800,116	0.94%
2023	421,756	1,580,436	2,002,192	1.11%
2022	207,627	1,564,707	1,772,334	1.00%
2021	165,746	953,393	1,119,139	0.63%
2020	154,900	1,185,297	1,340,197	0.77%

Source: Annual Audit Reports

### **Property Acquired by Tax 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:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$634,400
2023	634,400
2022	634,400
2021	634,400
2020	634,400

Source: Annual Audit Reports

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

		<b>Local</b>		
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2025	\$0.594	\$1.315	\$0.824	\$2.733
2024	0.621	1.263	0.779	2.663
2023	0.553	1.236	0.725	2.514
2022	0.524	1.198	0.710	2.432
2021	0.511	1.200	0.728	2.439

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2025	\$7,178,373,300	\$11,459,727,490	62.64%	\$7,127,708	\$11,466,855,198
2024	7,134,095,900	10,727,963,759	66.50	7,557,514	10,735,521,273
2023	7,111,851,652	10,086,302,159	70.51	8,273,057	10,094,575,216
2022	7,230,354,952	9,341,543,866	77.40	8,366,303	9,349,910,169
2021	7,201,842,852	8,902,154,329	80.90	8,343,297	8,910,497,626

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within Princeton for past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2025	\$83,910,000	\$6,089,946,600	\$23,736,000	\$732,877,300	\$11,759,700	\$236,143,700	\$7,178,373,300
2024	92,755,600	6,050,460,700	30,101,900	717,424,300	11,759,700	231,593,700	7,134,095,900
2023	88,063,500	6,020,211,400	30,928,700	721,654,600	11,759,700	239,233,752	7,111,851,652
2022	88,908,700	5,991,890,700	30,903,400	774,529,000	11,759,700	332,363,452	7,230,354,952
2021	84,122,000	5,951,440,700	31,803,900	791,287,800	11,759,700	331,428,752	7,201,842,852

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes Princeton's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$11,098,442	\$9,075,578	\$8,750,000	\$10,750,000	\$11,750,000
Miscellaneous Revenues	19,372,087	21,552,406	24,346,035	22,563,993	23,700,279
Receipts from Delinquent Taxes	1,191,000	950,000	900,000	1,100,000	1,100,000
Amount to be Raised by Taxation	<u>35,551,737</u>	<u>36,658,819</u>	<u>38,164,979</u>	<u>40,100,104</u>	<u>41,432,138</u>
Total Revenue:	<u>\$67,213,266</u>	<u>\$68,236,802</u>	<u>\$72,161,014</u>	<u>\$74,514,097</u>	<u>\$77,982,417</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$42,156,790	\$43,360,650	\$45,748,724	\$47,744,076	\$49,741,870
Operations (Excluded from CAPS)	10,199,402	9,755,164	11,099,146	10,353,695	11,090,447
Deferred Charges and Statutory Expenditures	200,000	500,000	500,000	500,000	500,000
Capital Improvement Fund	500,000	500,000	1,000,000	1,000,000	750,000
Municipal Debt Service	11,150,000	11,105,750	10,752,500	11,810,000	12,710,000
Reserve for Uncollected Taxes	<u>3,007,074</u>	<u>3,015,238</u>	<u>3,060,644</u>	<u>3,106,326</u>	<u>3,190,100</u>
Total Appropriations:	<u>\$67,213,266</u>	<u>\$68,236,802</u>	<u>\$72,161,014</u>	<u>\$74,514,097</u>	<u>\$77,982,417</u>

Source: Annual Adopted Budgets of Princeton

## **Fund Balance**

### **Current Fund**

The following table lists Princeton's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Current Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$25,253,080	\$11,750,000
2023	21,978,405	10,750,000
2022	18,495,189	8,750,000
2021	16,850,289	9,075,578
2020	18,962,704	11,098,442

Source: Annual Audit Reports

Parking Utility Operating Fund

The following table lists Princeton's fund balance and the amount utilized in the succeeding year's budget for the Parking Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b>Fund Balance - <u>Parking Utility Operating Fund</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$3,588,992	\$975,000
2023	3,605,407	958,000
2022	3,535,137	786,248
2021	2,870,939	905,805
2020	1,611,445	770,000

Source: Annual Audit Reports

Affordable Housing Utility Operating Fund

The following table lists Princeton's fund balance and the amount utilized in the succeeding year's budget for the Affordable Housing Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b>Fund Balance - <u>Affordable Housing Utility Operating Fund</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$256,069	\$0
2023	1,224,338	0
2022	1,282,544	0
2021	1,088,484	0
2020	868,062	0

Source: Annual Audit Reports

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## **Princeton's Indebtedness as of December 31, 2025**

### **General Purpose Debt**

Serial Bonds	\$68,815,000
Bond Anticipation Notes	52,500,000
Bonds and Notes Authorized but Not Issued	75,334,660
Other Bonds, Notes and Loans	6,919,828
Total:	<u>\$203,569,488</u>

### **Local School District Debt**

Serial Bonds	\$134,095,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$134,095,000</u>

### **Parking Utility Debt**

Serial Bonds	\$2,400,000
Bond Anticipation Notes Issued	0
Bonds and Notes Authorized but Not Issued	232,274
Other Bonds, Notes and Loans	0
Total:	<u>\$2,632,274</u>

### **Affordable Housing Utility Debt**

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$0</u>

### **TOTAL GROSS DEBT**

**\$340,296,762**

Less: Statutory Deductions	
General Purpose Debt	\$1,594,055
Local School District Debt	134,095,000
Parking Utility Debt	2,632,274
Affordable Housing Utility	0
Total:	<u>\$138,321,329</u>

### **TOTAL NET DEBT**

**\$201,975,433**

Source: Annual Debt Statement of Princeton



### **Overlapping Debt (as of December 31, 2025)<sup>1</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Princeton Percentage</u></b>	<b><u>Princeton Share</u></b>
Local School District	\$134,095,000	100.00%	\$134,095,000
Stony Brook Reg. Sewerage Authority (2024)	11,471,626	33.83%	3,881,081
County Improvement Authority (2024)	102,990,000	16.69%	17,190,414
County (2024)	635,709,173	16.69%	<u>106,108,397</u>
Net Indirect Debt			\$261,274,891
Net Direct Debt			<u>201,975,433</u>
Total Net Direct and Indirect Debt			<b><u>\$463,250,324</u></b>
Percentage of Net Indirect Debt to Average Equalized Valuation			2.43%
Percentage of Net Direct Debt to Average Equalized Valuation			1.88%

### **Debt Limit**

Average Equalized Valuation Basis (2023, 2024, 2025)	\$10,757,997,803
Permitted Debt Limitation (3 1/2%)	376,529,923
Less: Net Debt	<u>201,975,433</u>
Remaining Borrowing Power	<u>\$174,554,490</u>
Percentage of Net Debt to Average Equalized Valuation	1.877%
Gross Debt Per Capita based on 2020 population of 30,681	\$11,091
Net Debt Per Capita based on 2020 population of 30,681	\$6,583

Source: Annual Debt Statement of Princeton

### **Litigation**

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

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<sup>1</sup> Princeton's percentage of County and County Improvement Authority debt is based on Princeton's share of total equalized valuation in the County. Princeton's utilities authority debt is based on Princeton's portion of total flow from each respective authority.

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**APPENDIX B**

**EXCERPTS FROM FINANCIAL STATEMENTS OF PRINCETON,  
IN THE COUNTY OF MERCER, NEW JERSEY**

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**PRINCETON  
COUNTY OF MERCER  
NEW JERSEY**

**REGULATORY BASIS FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023**

WITH REPORT OF INDEPENDENT AUDITORS'

# PRINCETON TABLE OF CONTENTS

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## **INDEPENDENT AUDITORS' REPORT**

**Honorable Mayor and Members  
of the Princeton Council  
Municipality of Princeton  
Princeton, New Jersey**

### **Report on the Audit of the Regulatory Basis Financial Statements**

#### ***Opinions on Regulatory Basis Financial Statements***

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Municipality of Princeton, County of Mercer, New Jersey, (the "Municipality") which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Municipality as of December 31, 2024 and 2023, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, the statements of changes in fund balance, the statements of revenue and statements of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Municipality as of December 31, 2024 and 2023, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the requirements prescribed by the Division. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PKF O'CONNOR DAVIES, LLP  
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**Honorable Mayor and Members  
of the Princeton Council  
Municipality of Princeton**

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Municipality on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and the requirements prescribed by the Division, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and the requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.



**Honorable Mayor and Members  
of the Princeton Council  
Municipality of Princeton**

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 19, 2025

*David J. Gannon*

David J. Gannon, CPA  
Registered Municipal Accountant, No. 520

PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT AND GRANT FUNDS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>	<u>Liabilities, Reserves, and Fund Balance</u>	<u>2024</u>	<u>2023</u>
Current Fund:			Current Fund:		
Cash and Equivalents - Treasurer	\$ 37,527,201.21	\$ 34,622,408.47	Appropriation Reserves	\$ 6,252,065.33	\$ 6,405,172.40
Change Fund	1,515.00	1,515.00	Reserve for Encumbrances	1,648,161.37	1,819,034.91
NJ Senior Cit./Veterans Deductions	1,085.61	1,085.61	Accounts Payable	144,492.85	113,027.98
			Due to State of NJ - Various Fees	45,425.00	48,285.00
			Due to County - PILOT	38,873.00	
			County Taxes Payable	288,525.06	161,516.60
Receivables and Other Assets with			Special Improvement District Payable	203,681.50	163,696.71
Full Reserves:			Tax/Sewer Overpayments	3,875.44	4,513.12
Taxes Receivable	1,593,581.58	1,580,435.65	Prepaid Taxes/Sewer Charges	1,730,169.75	1,828,308.48
Tax Title Liens Receivable	206,533.60	421,756.18	Miscellaneous Accounts Payable		32,271.35
Sewer Charges Receivable	103,115.22	185,149.40	Premium on Tax Sale Certificates	731,000.00	962,900.00
Delinquent Interest and Penalty	77,031.25	69,201.04	Other Reserves	1,190,452.78	1,107,877.28
Property Acquired for Taxes at					
Assessed Value	634,400.00	634,400.00		12,276,722.08	12,646,603.83
Interfund Receivables	1,403.05	2,272.40			
			Reserve for Receivables/Other Assets	2,616,064.70	2,893,214.67
	2,616,064.70	2,893,214.67	Fund Balance	25,253,079.74	21,978,405.25
Total Current Fund	40,145,866.52	37,518,223.75	Total Current Fund	40,145,866.52	37,518,223.75
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	2,281,573.34	1,442,498.93	Reserve for Encumbrances	738,998.16	157,043.70
State & Federal Grants Receivable	1,285,588.07	1,877,217.33	Reserve for State & Federal Grants:		
			Appropriated	2,817,570.62	3,149,031.17
			Unappropriated	10,592.63	13,641.39
Total Grant Fund	3,567,161.41	3,319,716.26	Total Grant Fund	3,567,161.41	3,319,716.26
	<u>\$ 43,713,027.93</u>	<u>\$ 40,837,940.01</u>		<u>\$ 43,713,027.93</u>	<u>\$ 40,837,940.01</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUE AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 10,750,000.00	\$ 8,750,000.00
Miscellaneous Revenues Anticipated	27,151,789.52	27,748,541.45
Receipts from Delinquent Taxes	1,570,011.73	1,554,419.49
Receipts from Current Taxes	190,036,157.90	178,816,988.18
Non-Budget Revenue	1,103,551.76	1,225,176.54
Other Credits to Operations:		
Unexpended Balance of Approp. Lapsed	5,804,967.24	4,815,911.80
Interfund Loan Returned	2,272.40	274.01
Cancelled Other Reserves		32,555.00
Cancelled Prior Year Tax/Sewer Overpayments	14,571.45	398,148.43
Cancelled Accounts Payable	27,956.65	
Cancelled Sewer Reserve	173.84	
	<hr/>	<hr/>
Total Revenues and Other Income	236,461,452.49	223,342,014.90
	<hr/>	<hr/>
<u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	20,955,272.00	20,009,723.00
Other Expenses	32,572,859.26	32,665,590.50
Deferred Charges and Statutory Expenditures	6,230,000.00	5,960,000.00
Capital Improvements	1,000,000.00	1,000,000.00
Municipal Debt Service	10,844,210.71	10,148,941.34
County Taxes	58,970,023.81	51,752,463.81
Local District School Taxes	90,175,525.00	87,992,557.00
Municipal Open Space Tax	1,214,081.00	1,210,290.00
Special Improvement District Taxes	407,363.00	366,960.86
Other Charges to Operations:		
Cancellation of Grants Receivable (Net)	24,511.48	
Interfund Loans Advanced	1,403.05	2,272.40
Taxes Payable Adjustment	0.01	
Prior Year Expenditures	41,528.68	
	<hr/>	<hr/>
Total Expenditures and Other Charges	222,436,778.00	211,108,798.91
	<hr/>	<hr/>
Excess in Revenues Over Expenditures/ Statutory Excess to Fund Balance	14,024,674.49	12,233,215.99
<u>FUND BALANCE</u>		
Balance - January 1	21,978,405.25	18,495,189.26
	<hr/>	<hr/>
	36,003,079.74	30,728,405.25
Decreased by:		
Utilized as Anticipated Revenue	10,750,000.00	8,750,000.00
	<hr/>	<hr/>
Balance - December 31	\$ 25,253,079.74	\$ 21,978,405.25
	<hr/>	<hr/>

See Accompanying Notes to Financial Statements

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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	ANTICIPATED			
	2024	N.J.S.A.		EXCESS OR
	BUDGET	40A:4-87	REALIZED	(DEFICIT)
Surplus Anticipated	\$ 10,750,000.00		\$ 10,750,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	60,000.00		64,692.00	\$ 4,692.00
Other	80,000.00		96,025.00	16,025.00
Fees and Permits:				
Other	400,000.00		488,791.38	88,791.38
Fines and Costs:				
Municipal Court	700,000.00		642,467.19	(57,532.81)
Interest and Costs on Taxes	450,000.00		519,302.27	69,302.27
Interest on Investments and Deposits	536,677.69		2,175,884.45	1,639,206.76
Anticipated Utility Operating Surplus	1,800,000.00		1,800,000.00	
Sewer Rentals	6,500,000.00		8,096,738.96	1,596,738.96
PILOT-Institute for Advanced Study	250,000.00		250,000.00	
PILOT-Tenacre Foundation	500,000.00		500,000.00	
PILOT-Princeton Community Village	330,000.00		177,860.00	(152,140.00)
PILOT-Elm Court	100,000.00		118,112.00	18,112.00
PILOT-Avalon Bay	599,168.00		728,356.00	129,188.00
Princeton University Fair Share	5,400,000.00		5,400,000.00	
Life Hazard Use Fees	113,439.40		131,836.08	18,396.68
Fire and Housing Inspection Fees	200,000.00		192,403.00	(7,597.00)
Energy Receipts Tax	2,481,665.00		2,481,664.65	(0.35)
UCC Administrative Fee	225,000.00		200,458.00	(24,542.00)
Special Items:				
Princeton University Prospect St. Lighting	7,654.00		7,654.00	
Princeton University Fire Equipment	20,000.00		20,000.00	
Bonner Foundation	21,500.00		21,500.00	
Bonner Foundation-Unappropriated	8,692.32		8,692.32	
Body Armor Grant	3,699.41		3,699.41	
ARP Firefighter Grant		\$ 20,000.00	20,000.00	
Clean Communities		79,490.55	79,490.55	
Community Development Block Grant		189,055.00	189,055.00	
National Opioid Settlement	1,249.66	48,426.52	49,676.18	
NJ Association of County & City Health Officials		168,049.00	168,049.00	
NJ DCA Local Recreational Improvements		65,000.00	65,000.00	
NJ DOH Strengthening Local Public Health		45,202.00	45,202.00	
NJ DOH Outbreak Preparedness		29,462.00	29,462.00	
Princeton Area Community Foundation		199,460.00	199,460.00	
Princeton Public Schools		13,875.00	13,875.00	
Recycling Tonnage Grant		56,749.80	56,749.80	
US Dept. of Agriculture - Food Waste Drop Off Program		245,590.00	245,590.00	
Open Space Pilot Aid	11,958.00		11,958.00	
Municipal Relief Fund Act	255,801.77		255,801.77	
Theological Seminary	206,488.00		206,488.00	
Chamber St. Land Lease	141,000.00		141,630.00	630.00
Reserve for Debt Service - Other	100,000.00		100,000.00	
Cable TV	250,000.00		250,000.00	
Stony Brook Industrial User Fees	20,000.00		34,364.89	14,364.89
Hotel/Motel Tax	390,000.00		463,800.62	73,800.62
Reserve for Premium on Bonds	200,000.00		200,000.00	
Assessment Trust Surplus	200,000.00		200,000.00	
Total Miscellaneous Revenues	22,563,993.25	1,160,359.87	27,151,789.52	3,427,436.40
Receipts from Delinquent Taxes	1,100,000.00		1,570,011.73	470,011.73
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	36,735,248.96		39,010,635.91	2,275,386.95
Minimum Library Tax	3,364,855.04		3,364,855.04	
Total Municipal Tax	40,100,104.00	-	42,375,490.95	2,275,386.95
Budget Totals	74,514,097.25	1,160,359.87	81,847,292.20	6,172,835.08
Non-Budget Revenues			1,103,551.76	1,103,551.76
	\$ 74,514,097.25	\$ 1,160,359.87	\$ 82,950,843.96	\$ 7,276,386.84

See Accompanying Notes to Financial Statements

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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF REVENUES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

2024 Collections	\$ 188,247,529.73	
Prepaid Taxes Applied	1,744,378.17	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	<u>44,250.00</u>	\$ 190,036,157.90
Allocated to:		
Local School Tax	90,175,525.00	
County Taxes	58,681,498.75	
Added County Taxes	288,525.06	
Local Open Space Tax	1,214,081.00	
Speical Improvement District Tax	<u>407,363.00</u>	<u>150,766,992.81</u>
		39,269,165.09
Add: Reserve for Uncollected Taxes		<u>3,106,325.86</u>
Amount for Support of Municipal Budget		<u>\$ 42,375,490.95</u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections Realized		<u>\$ 1,570,011.73</u>
Total Delinquent Tax Revenue		<u>\$ 1,570,011.73</u>
<u>Miscellaneous Revenue Not Anticipated:</u>		
Revenue Realized		<u>\$ 1,103,551.76</u>
		<u>\$ 1,103,551.76</u>

See Accompanying Notes to Financial Statements

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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Within "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 324,383.00	\$ 324,383.00	\$ 309,384.77		\$ 14,998.23	
Other Expenses	1,614,912.00	1,289,912.00	311,793.96	\$ 109,840.56	868,277.48	
Information Technology						
Salaries and Wages	268,708.00	268,708.00	239,240.27		29,467.73	
Other Expenses	886,500.00	886,500.00	751,447.94	119,790.71	15,261.35	
Human Resources (Personnel)						
Other Expenses	266,100.00	266,100.00	192,104.39	13,202.50	60,793.11	
Mayor and Council						
Salaries and Wages	85,080.00	85,080.00	85,080.00			
Other Expenses	22,150.00	22,150.00	10,825.89	816.75	10,507.36	
Municipal Clerk						
Salaries and Wages	323,327.00	323,327.00	310,293.98		13,033.02	
Other Expenses	33,700.00	33,700.00	17,842.03	3,361.56	12,496.41	
Elections						
Salaries and Wages	6,500.00	6,500.00	5,291.16		1,208.84	
Other Expenses	45,150.00	45,150.00	26,959.29		18,190.71	
Financial Administration (Treasury)						
Salaries and Wages	759,839.00	759,839.00	673,706.86		86,132.14	
Other Expenses	29,500.00	29,500.00	18,193.45	1,239.76	10,066.79	
Audit Services	65,000.00	65,000.00		65,000.00		
Revenue Administration (Tax Collection)						
Salaries and Wages	177,283.00	177,283.00	151,706.93		25,576.07	
Other Expenses	15,500.00	15,500.00	6,482.90	3,030.21	5,986.89	
Tax Assessment Administration						
Salaries and Wages	208,238.00	208,238.00	208,237.12		0.88	
Other Expenses	139,000.00	139,000.00	63,760.28	30,992.36	44,247.36	
Legal Services						
Other Expenses	775,000.00	1,075,000.00	739,134.65	49,489.18	286,376.17	
Defense of Tax Appeals	125,000.00	125,000.00	64,809.14	53,940.86	6,250.00	
Call Center						
Salaries and Wages	86,488.00	86,488.00	86,167.47		320.53	
Other Expenses	8,150.00	8,150.00			8,150.00	

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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>Operations Within "CAPS" (Cont'd.)</u>						
<u>GENERAL GOVERNMENT:</u>						
Engineering Services						
Salaries and Wages	\$ 1,147,259.00	\$ 1,147,259.00	\$ 909,556.77		\$ 237,702.23	
Other Expenses	25,500.00	25,500.00	15,080.66	\$ 1,820.19	8,599.15	
Historical Site Office						
Salaries and Wages	3,000.00	3,000.00	315.68		2,684.32	
Other Expenses	119,070.00	119,070.00	50,529.94	64,012.12	4,527.94	
<u>LAND USE ADMINISTRATION:</u>						
Planning Board						
Salaries and Wages	405,249.00	405,249.00	367,908.80		37,340.20	
Other Expenses	142,000.00	142,000.00	30,341.49	68,076.19	43,582.32	
Zoning Board of Adjustment						
Salaries and Wages	220,419.00	220,419.00	219,276.51		1,142.49	
Other Expenses	24,700.00	24,700.00	6,167.36	114.31	18,418.33	
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Police						
Salaries and Wages	7,894,018.00	7,894,018.00	7,330,251.91		563,766.09	
Other Expenses	570,400.00	570,400.00	122,914.65	308,345.09	139,140.26	
Police Dispatch/911						
Salaries and Wages	771,000.00	771,000.00	729,746.78		41,253.22	
Other Expenses	10,000.00	10,000.00			10,000.00	
Office of Emergency Management						
Salaries and Wages	213,614.00	213,614.00	195,966.39		17,647.61	
Other Expenses	22,500.00	22,500.00	15,738.35	6,172.64	589.01	
Fire Department						
Salaries and Wages	974,200.00	974,200.00	841,627.35		132,572.65	
Other Expenses - Including						
LOSAP Alternative	275,000.00	275,000.00	182,708.02	43,415.59	48,876.39	
Other Expenses - Fire Facilities	135,500.00	135,500.00	123,665.47	7,813.86	4,020.67	
Fire Prevention						
Salaries and Wages	470,852.00	470,852.00	410,853.02		59,998.98	
Other Expenses	30,000.00	30,000.00	22,050.17	6,225.23	1,724.60	
Fire Hydrant Service	675,000.00	675,000.00	573,886.55		101,113.45	
Municipal Prosecutor's Office						
Other Expenses	78,000.00	78,000.00	78,000.00			

PRINCETON  
MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Within "CAPS" (Cont'd.)</u>						
<u>PUBLIC WORKS FUNCTIONS:</u>						
Streets and Roads Maintenance						
Salaries and Wages	\$ 1,631,912.00	\$ 1,631,912.00	\$ 1,488,604.12		\$ 143,307.88	
Other Expenses	631,250.00	631,250.00	417,590.73	\$ 92,768.20	120,891.07	
Sustainable Princeton	105,000.00	105,000.00	96,250.00	8,750.00		
Buildings and Grounds						
Salaries and Wages	800,153.00	800,153.00	756,120.47		44,032.53	
Other Expenses	351,100.00	351,100.00	260,207.83	46,282.74	44,609.43	
Vehicle Maintenance (Including Police Vehicles)						
Salaries and Wages	361,424.00	361,424.00	276,804.85		84,619.15	
Other Expenses	300,000.00	300,000.00	271,163.26	12,586.17	16,250.57	
Community Service Act (Condominium Community Costs)						
Other Expenses	250,000.00	250,000.00			250,000.00	
<u>HEALTH &amp; HUMAN SERVICES FUNCTIONS:</u>						
Regional Health Commission-Proportionate Share						
Salaries and Wages	546,905.00	546,905.00	476,374.80		70,530.20	
Other Expenses	114,750.00	95,750.00	67,160.62	23,660.03	4,929.35	
Flu Program		19,000.00	3,848.38	875.00	14,276.62	
Contribution to Senior Resource Center						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
Other Expenses	276,965.00	276,965.00	192,631.50	55,207.00	29,126.50	
<u>HEALTH &amp; HUMAN SERVICES FUNCTIONS:</u>						
Environmental Commission						
Salaries and Wages	3,600.00	3,600.00	796.95		2,803.05	
Other Expenses	3,350.00	3,350.00	605.00	100.00	2,645.00	
Animal Control						
Salaries and Wages	99,625.00	99,625.00	83,391.58		16,233.42	
Other Expenses	10,200.00	5,200.00	2,247.72	1,902.28	1,050.00	
Save Boarding		5,000.00	4,920.00	80.00		
Deer Management Program						
Salaries and Wages	35,000.00	35,000.00	26,350.82		8,649.18	
Other Expenses	216,000.00	216,000.00	93,805.15	93,694.85	28,500.00	
Human Services Commission						
Salaries and Wages	580,982.00	580,982.00	528,827.91		52,154.09	
Other Expenses	119,270.00	119,270.00	97,953.09	8,107.00	13,209.91	



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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>Operations Within "CAPS" (Cont'd.)</u>						
<u>PARKS &amp; RECREATION FUNCTIONS:</u>						
Joint Recreation Board						
Salaries and Wages	\$ 902,747.00	\$ 902,747.00	\$ 832,912.84		\$ 69,834.16	
Other Expenses	54,000.00	54,000.00	45,281.14	\$ 3,644.01	5,074.85	
Maintenance of Parks and Playgrounds						
Other Expenses	208,600.00	233,600.00	216,118.69	6,149.58	11,331.73	
Celebration of Public Events	7,500.00	7,500.00	950.00		6,550.00	
<u>UTILITY EXPENSES &amp; BULK PURCHASES:</u>						
Electricity	300,000.00	300,000.00	255,905.18		44,094.82	
Telephone (excluding equipment)	285,000.00	285,000.00	126,899.29	1,163.64	156,937.07	
Water	25,000.00	25,000.00	20,634.48		4,365.52	
Gas (natural or propane)	100,000.00	100,000.00	85,146.60		14,853.40	
Fuel Oil	350,000.00	350,000.00	262,982.67	2,670.97	84,346.36	
Street Lighting	315,000.00	315,000.00	305,721.91		9,278.09	
Sewer System						
Salaries and Wages	947,545.00	947,545.00	893,969.24		53,575.76	
Other Expenses	350,000.00	350,000.00	245,051.23	82,123.70	22,825.07	
<u>UNCLASSIFIED:</u>						
Garbage and Trash Removal						
Other Expenses	2,685,000.00	2,685,000.00	2,437,371.35	134,496.66	113,131.99	
Municipal Court						
Salaries and Wages	484,344.00	484,344.00	477,887.62		6,456.38	
Other Expenses	26,800.00	26,800.00	25,230.54	1,506.41	63.05	
Public Defender						
Other Expenses	58,650.00	58,650.00	43,987.50	14,662.50		
Rental Housing						
Salaries and Wages	191,578.00	191,578.00	110,625.26		80,952.74	
Contribution to First Aid & Rescue Squad	125,000.00	125,000.00	125,000.00			
Accumulated Leave Compensation	300,000.00	300,000.00			300,000.00	
Liability Insurance	891,015.00	891,015.00	838,268.75		52,746.25	
Workers Compensation Insurance	542,100.00	542,100.00	542,056.00		44.00	
Group Insurance	5,956,500.00	5,956,500.00	5,164,341.05	1,181.00	790,977.95	
Health Benefit Waiver	130,001.00	130,001.00	113,353.27		16,647.73	

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MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Within "CAPS" (Cont'd.)</u>						
<u>UNCLASSIFIED:</u>						
Transportation of Local Pupils by Board of Education (NJSA18A:39-1.2)						
Other Expenses	\$ 200,000.00	\$ 200,000.00	\$ 168,000.00		\$ 32,000.00	
Salary & Wage Adjustment	100,000.00	100,000.00			100,000.00	
Total Operations Within "CAPS"	42,456,655.00	42,456,655.00	34,992,397.74	\$ 1,548,311.41	5,915,945.85	-
<u>DETAIL:</u>						
Salaries and Wages	21,035,272.00	20,935,272.00	19,037,278.23		1,897,993.77	
Other Expenses (Including Contingent)	21,421,383.00	21,521,383.00	15,955,119.51	1,548,311.41	4,017,952.08	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"						
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Public Employees' Retirement System	2,040,000.00	2,040,000.00	1,980,610.00		59,390.00	
Social Security System (O.A.S.I.)	1,175,000.00	1,175,000.00	946,657.65		228,342.35	
Defined Contribution Retirement Program	40,000.00	40,000.00	28,536.59		11,463.41	
Police and Firemen's Retirement System of NJ	2,475,000.00	2,475,000.00	2,462,180.00		12,820.00	
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	5,730,000.00	5,730,000.00	5,417,984.24	-	312,015.76	-
Total General Appropriations for Municipal Purposes Within "CAPS"	48,186,655.00	48,186,655.00	40,410,381.98	1,548,311.41	6,227,961.61	-
<u>Appropriations Excluded from "CAPS"</u>						
Affordable Housing Agency						
Contribution-Other Expenses	100,000.00	100,000.00	100,000.00			
Maintenance of Joint Public Library	4,738,184.00	4,738,184.00	4,738,184.00			
<u>INTERLOCAL SERVICE AGREEMENTS:</u>						
Stonybrook Regional Sewerage Authority						
Other Expenses	4,980,137.00	4,980,137.00	4,966,033.28		14,103.72	
Industrial User Fee	20,000.00	20,000.00	20,000.00			

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS"</u>						
PUBLIC AND PRIVATE PROGRAMS						
<u>OFFSET BY REVENUES:</u>						
ARP Firefighter Grant		\$ 20,000.00	\$ 20,000.00			
Bonner Foundation	\$ 21,500.00	21,500.00	21,500.00			
Bonner Foundation-Unappropriated	8,692.32	8,692.32	8,692.32			
Princeton University Fire Equipment	20,000.00	20,000.00	20,000.00			
Princeton University Prospect St. Lighting	7,654.00	7,654.00	7,654.00			
Princeton Area Community Foundation		199,460.00	199,460.00			
Body Armor	3,699.41	3,699.41	3,699.41			
Recycling Tonnage Grant		56,749.80	56,749.80			
Clean Communities		79,490.55	79,490.55			
Community Development Block Grant		189,055.00	189,055.00			
National Opioid Settlement	1,249.66	49,676.18	49,676.18			
Princeton Public Schools		13,875.00	13,875.00			
NJ DOH Strengthening Local Public Health		45,202.00	45,202.00			
NJ DOH Outbreak Preparedness		29,462.00	29,462.00			
NJ DCA Local Recreational Improvements		65,000.00	65,000.00			
NJ Association of County & City Health Officials		168,049.00	168,049.00			
US Dept. of Agriculture - Food Waste Drop Off Program		245,590.00	245,590.00			
Matching Funds for Grants	10,000.00	10,000.00			\$ 10,000.00	
Total Operations - Excluded from "CAPS"	9,911,116.39	11,071,476.26	11,047,372.54	-	24,103.72	-
DETAIL:						
Salaries and Wages		20,000.00	20,000.00			
Other Expenses	9,911,116.39	11,051,476.26	11,027,372.54	-	24,103.72	
<u>Capital Improvements - Excluded from "CAPS"</u>						
Capital Improvement Fund	1,000,000.00	1,000,000.00	1,000,000.00			
Total Capital Improvements - Excluded from "CAPS"	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-

PRINCETON  
MERCER COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	\$ 8,100,000.00	\$ 8,100,000.00	\$ 8,055,000.00			\$ 45,000.00
Interest on Bonds	1,100,000.00	1,100,000.00	1,046,050.00			53,950.00
Interest on Notes	1,500,000.00	1,500,000.00	1,257,699.47			242,300.53
NJ Environmental Infrastructure Loan	1,110,000.00	1,110,000.00	485,461.24			624,538.76
Total Municipal Debt Service - Excluded from "CAPS"	11,810,000.00	11,810,000.00	10,844,210.71	-	-	965,789.29
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>						
Deferred Charges to Future Taxation	500,000.00	500,000.00	500,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	500,000.00	500,000.00	500,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	23,221,116.39	24,381,476.26	23,391,583.25	-	\$ 24,103.72	965,789.29
Subtotal General Appropriations	71,407,771.39	72,568,131.26	63,801,965.23	\$ 1,548,311.41	6,252,065.33	965,789.29
Reserve for Uncollected Taxes	3,106,325.86	3,106,325.86	3,106,325.86			
Total General Appropriations	\$ 74,514,097.25	\$ 75,674,457.12	\$ 66,908,291.09	\$ 1,548,311.41	\$ 6,252,065.33	\$ 965,789.29
Adopted Budget		\$ 74,514,097.25				
Approp. by N.J.S.A. 40A:4-87		1,160,359.87				
		<u>\$ 75,674,457.12</u>				
Disbursed			\$ 62,578,809.97			
State and Federal Grants Approp.			1,223,155.26			
Reserve for Uncollected Taxes			3,106,325.86			
			<u>\$ 66,908,291.09</u>			

PRINCETON  
MERCER COUNTY, NEW JERSEY

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Page 1 of 2

TRUST FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Assessment Fund:			Assessment Fund:		
Cash and Equivalents	\$ 1,040,953.32	\$ 1,054,713.76	Res. For Prospective Assessments	\$ 848,527.10	\$ 848,527.10
Assessments Receivable	113,438.26	290,997.86	Res. for Assessments and Liens	113,438.26	290,997.86
Prospective Assessments Funded	<u>848,527.10</u>	<u>848,527.10</u>	Fund Balance	<u>1,040,953.32</u>	<u>1,054,713.76</u>
Total Assessment Fund	<u>2,002,918.68</u>	<u>2,194,238.72</u>	Total Assessment Fund	<u>2,002,918.68</u>	<u>2,194,238.72</u>
Animal Control Fund:			Animal Control Fund:		
Cash and Equivalents	<u>30,944.80</u>	<u>31,565.20</u>	Fund Balance	<u>30,944.80</u>	<u>31,565.20</u>
Total Animal Control Fund	<u>30,944.80</u>	<u>31,565.20</u>	Total Animal Control Fund	<u>30,944.80</u>	<u>31,565.20</u>
Open Space Trust Fund:			Open Space Trust Fund:		
Cash and Equivalents	<u>1,522,295.52</u>	<u>1,440,066.46</u>	Reserve for Open Space	<u>1,522,295.52</u>	<u>1,440,066.46</u>
Total Open Space Trust Fund	<u>1,522,295.52</u>	<u>1,440,066.46</u>	Total Open Space Trust Fund	<u>1,522,295.52</u>	<u>1,440,066.46</u>
Unemployment Fund:			Unemployment Fund:		
Cash and Equivalents	<u>824,744.00</u>	<u>775,194.31</u>	Reserve for Unemployment Claims	<u>824,744.00</u>	<u>775,194.31</u>
Total Unemployment Fund	<u>824,744.00</u>	<u>775,194.31</u>	Total Unemployment Fund	<u>824,744.00</u>	<u>775,194.31</u>
Escrow Trust Fund:			Escrow Trust Fund:		
Cash and Equivalents	<u>3,957,585.88</u>	<u>4,557,836.87</u>	Due to Current Fund	1,403.05	2,272.40
			Reserve for Encumbrances	59,109.51	55,791.27
			Various Escrow Reserves	<u>3,897,073.32</u>	<u>4,499,773.20</u>
Total Escrow Trust Fund	<u>3,957,585.88</u>	<u>4,557,836.87</u>	Total Escrow Trust Fund	<u>3,957,585.88</u>	<u>4,557,836.87</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

TRUST FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Payroll Fund:			Payroll Fund:		
Cash and Equivalents	\$ 308,733.50	\$ 293,411.27	Payroll Deductions Payable	\$ 308,733.50	\$ 293,411.27
Total Payroll Fund	<u>308,733.50</u>	<u>293,411.27</u>	Total Payroll Fund	<u>308,733.50</u>	<u>293,411.27</u>
Other Trust Funds:			Other Trust Funds:		
Cash and Equivalents	<u>17,212,693.19</u>	<u>15,580,548.84</u>	Various Reserves and Deposits	17,206,093.19	15,580,407.54
			Reserve for Encumbrances	<u>6,600.00</u>	<u>141.30</u>
Total Other Trust Funds	<u>17,212,693.19</u>	<u>15,580,548.84</u>	Total Other Trust Funds	<u>17,212,693.19</u>	<u>15,580,548.84</u>
Flexible Spending Trust			Flexible Spending Trust		
Cash and Equivalents	<u>9,265.43</u>	<u>8,381.06</u>	Reserve for Flexible Spending	<u>9,265.43</u>	<u>8,381.06</u>
Total Flexible Spending Account	<u>9,265.43</u>	<u>8,381.06</u>	Total Flexible Spending Account	<u>9,265.43</u>	<u>8,381.06</u>
Landfill Closure Fund			Landfill Closure Fund		
Cash and Equivalents	<u>24,145.72</u>	<u>24,044.48</u>	Reserve for Landfill Closure	<u>24,145.72</u>	<u>24,044.48</u>
Total Landfill Account	<u>24,145.72</u>	<u>24,044.48</u>	Total Landfill Account	<u>24,145.72</u>	<u>24,044.48</u>
Law Enforcement Trust Fund			Law Enforcement Trust Fund		
Cash and Equivalents	<u>2,260.78</u>	<u>2,215.65</u>	Reserve for Law Enforcement Trust	<u>2,260.78</u>	<u>2,215.65</u>
Total Law Enforcement Account	<u>2,260.78</u>	<u>2,215.65</u>	Total Law Enforcement Account	<u>2,260.78</u>	<u>2,215.65</u>
Grand Total All Trust Funds	<u>\$ 25,895,587.50</u>	<u>\$ 24,907,502.86</u>	Grand Total All Trust Funds	<u>\$ 25,895,587.50</u>	<u>\$ 24,907,502.86</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

ASSESSMENT FUND  
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN  
 FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUE AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
Collection of Unpledged Assessments	<u>\$ 186,239.56</u>	<u>\$ 101,635.06</u>
	<u>186,239.56</u>	<u>101,635.06</u>
<u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriation to Current Fund	<u>200,000.00</u>	<u></u>
	<u>200,000.00</u>	<u>-</u>
Statutory (Deficit) Excess to Fund Balance	(13,760.44)	101,635.06
<u>FUND BALANCE</u>		
Balance - January 1	<u>1,054,713.76</u>	<u>953,078.70</u>
Balance - December 31	<u><u>\$ 1,040,953.32</u></u>	<u><u>\$ 1,054,713.76</u></u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

ANIMAL CONTROL FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUE AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
License Fees	\$ 14,833.20	\$ 15,434.80
Late Fees	129.00	226.00
Boarding & Miscellaneous Fees	<u>23,914.50</u>	<u>25,261.00</u>
	<u>38,876.70</u>	<u>40,921.80</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>		
Animal Control Expenditures:		
Paid or Charged	12,000.00	16,077.00
Other Charges:		
Statutory Excess Fund Balance		
Transferred to Current Fund	<u>27,497.10</u>	<u>24,959.60</u>
	<u>39,497.10</u>	<u>41,036.60</u>
 Statutory (Deficit) to Fund Balance	(620.40)	(114.80)
 <u>FUND BALANCE</u>		
Balance - January 1	<u>31,565.20</u>	<u>31,680.00</u>
Balance - December 31	<u>\$ 30,944.80</u>	<u>\$ 31,565.20</u>
 License Fees Collected:		
2021		\$ 16,055.20
2022	\$ 15,510.00	15,510.00
2023	<u>15,434.80</u>	
	<u>\$ 30,944.80</u>	<u>\$ 31,565.20</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 preceding."

See Accompanying Notes to Financial Statements



PRINCETON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and Equivalents - Treasurer	\$ 23,394,045.70	\$ 19,475,813.37
Public and Private Funding Receivable	11,888,921.57	5,779,457.09
Deferred Charges to Future Taxation:		
Funded	84,910,778.08	50,354,143.48
Unfunded	121,073,317.50	79,257,490.03
Total Assets	<u>\$ 241,267,062.85</u>	<u>\$ 154,866,903.97</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
General Serial Bonds	\$ 78,320,000.00	\$ 47,570,000.00
Infrastructure Loan Payable	935,545.70	1,295,044.48
I-Bank Loan Payable	1,428,816.31	1,489,099.00
Reserve for Encumbrances	15,358,137.30	17,744,487.28
Bond Anticipation Notes Payable	9,100,000.00	30,493,000.00
Interim Financing Payable	4,226,416.07	
Improvement Authorizations:		
Funded	9,700,746.61	6,592,088.02
Unfunded	108,033,109.10	45,595,420.29
Reserve For:		
Capital Improvement Fund	313,008.39	743,883.39
Future Debt Service Costs	1,032,908.81	1,419,511.14
Roads	545,180.00	545,180.00
Other Reserves	4,630,276.06	619,940.00
Grants Receivable	250,000.00	250,000.00
Other Receivables	7,272,500.00	467,554.09
Fund Balance	<u>120,418.50</u>	<u>41,696.28</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 241,267,062.85</u>	<u>\$ 154,866,903.97</u>

At December 31, 2024 and 2023, there were Bonds and Notes Authorized but not Issued in the amounts of \$111,973,317.50 and \$48,764,490.03, respectively.

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 COMPARATIVE STATEMENTS OF  
 FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>REVENUE AND OTHER INCOME</u>		
Cancellation of Improvement Authorizations	\$ 78,722.22	\$ -
Statutory Excess to Fund Balance	78,722.22	-
<u>FUND BALANCE</u>		
Balance - January 1	41,696.28	41,696.28
Balance - December 31	\$ 120,418.50	\$ 41,696.28

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>2024</u>	<u>2023</u>
Operating Fund:			Operating Fund:		
Cash and Equivalents - Treasurer	<u>\$ 2,694,466.93</u>	<u>\$ 4,097,353.37</u>	Reserves:		
			Program Reserves	<u>\$ 2,438,397.92</u>	<u>\$ 2,873,014.94</u>
	<u>2,694,466.93</u>	<u>4,097,353.37</u>		<u>2,438,397.92</u>	<u>2,873,014.94</u>
Receivable With					
Full Reserve:			Reserve for Receivables	455,269.35	360,713.51
Program Accounts Receivable	<u>455,269.35</u>	<u>360,713.51</u>	Fund Balance	<u>256,069.01</u>	<u>1,224,338.43</u>
Total Operating Fund	<u>3,149,736.28</u>	<u>4,458,066.88</u>	Total Operating Fund	<u>3,149,736.28</u>	<u>4,458,066.88</u>
Capital Fund:			Capital Fund:		
Cash	<u>118,969.04</u>	<u>118,969.04</u>	Improvement Authorizations:		
			Funded	67,702.05	67,702.05
			Fund Balance	<u>51,266.99</u>	<u>51,266.99</u>
Total Capital Fund	<u>118,969.04</u>	<u>118,969.04</u>	Total Capital Fund	<u>118,969.04</u>	<u>118,969.04</u>
	<u>\$ 3,268,705.32</u>	<u>\$ 4,577,035.92</u>		<u>\$ 3,268,705.32</u>	<u>\$ 4,577,035.92</u>

There were no Bonds and Notes Authorized but not Issued at December 31, 2024 and 2023.

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUE AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
Miscellaneous Revenues Anticipated	\$ 580,000.00	\$ 583,000.00
Non-Budget Revenue	<u>27,654.85</u>	<u>23,115.39</u>
Total Revenues	<u>607,654.85</u>	<u>606,115.39</u>
 <u>EXPENDITURES</u>		
Budget Expenditures:		
Salaries and Wages	120,711.83	111,903.46
Other Expenses	<u>230,874.01</u>	<u>207,814.57</u>
Total Expenditures	<u>351,585.84</u>	<u>319,718.03</u>
Excess in Revenues/ Statutory Excess to Fund Balance	256,069.01	286,397.36
 <u>FUND BALANCE</u>		
Balance - January 1	<u>1,224,338.43</u>	<u>1,282,543.71</u>
	1,480,407.44	1,568,941.07
Decreased by:		
Transfer to Program Reserves		344,602.64
Municipal Contribution	<u>1,224,338.43</u>	
Balance - December 31	<u>\$ 256,069.01</u>	<u>\$ 1,224,338.43</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY CAPITAL FUND  
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES  
 IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>FUND BALANCE</u>		
Balance - January 1	<u>\$ 51,266.99</u>	<u>\$ 51,266.99</u>
Balance - December 31	<u><u>\$ 51,266.99</u></u>	<u><u>\$ 51,266.99</u></u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Affordable Housing Fees	\$ 153,500.00	\$ 153,500.00	
Municipal Contribution	100,000.00	100,000.00	
Affordable Housing Reserve Sec 10B:340	<u>326,500.00</u>	<u>326,500.00</u>	
	<u>\$ 580,000.00</u>	<u>\$ 580,000.00</u>	<u>\$ -</u>
Affordable Housing Fees		\$ 153,500.00	
Municipal Contribution		100,000.00	
Affordable Housing Reserve Sec 10B:340		61,284.07	
Reserve for Unit Repurchases		<u>265,215.93</u>	
		<u>\$ 580,000.00</u>	

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

AFFORDABLE HOUSING UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	CANCELLED
Operating:				
Salaries and Wages	\$ 120,610.00	\$ 121,110.00	\$ 120,711.83	\$ 398.17
Other Expenses	<u>459,390.00</u>	<u>458,890.00</u>	<u>230,874.01</u>	<u>228,015.99</u>
	<u>\$ 580,000.00</u>	<u>\$ 580,000.00</u>	<u>\$ 351,585.84</u>	<u>\$ 228,414.16</u>
Cash Disbursed			\$ 314,784.07	
Reserve for Affordability Assistance			<u>36,801.77</u>	
			<u>\$ 351,585.84</u>	

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

PARKING UTILITY FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>Assets:</u>	<u>2024</u>	<u>2023</u>	<u>Liabilities and Fund Balance</u>	<u>2024</u>	<u>2023</u>
Operating Fund:			Operating Fund:		
Cash and Equivalents - Treasurer	\$ 4,255,260.51	\$ 3,845,351.23	Reserve for Encumbrances	\$ 70,617.54	\$ 84,512.08
Due from Parking Utility Capital Fund		200,000.00	Appropriation Reserves	565,235.78	323,403.07
			Accounts Payable	4,873.39	
			Accrued Interest on Bonds	21,375.00	27,862.50
			Reserve for Security Deposits	4,166.66	4,166.66
			Fund Balance	3,588,992.14	3,605,406.92
Total Operating Fund	4,255,260.51	4,045,351.23	Total Operating Fund	4,255,260.51	4,045,351.23
Capital Fund:			Capital Fund:		
Cash and Equivalents - Treasurer	267,559.52	29,161.89	Serial Bonds Payable	3,240,000.00	4,105,000.00
Fixed Capital	16,116,341.87	16,116,341.87	Improvement Authorizations:		
Fixed Capital Authorized & Uncompleted	1,580,634.72	1,819,634.72	Funded		
			Unfunded	881,279.41	442,742.66
			Reserve for Encumbrances	66,096.13	305,235.25
			Due to Parking Utility Operating Fund		200,000.00
			Reserve for:		
			Amortization	13,416,619.24	12,551,619.24
			Deferred Amortization	304,083.72	304,083.72
			Fund Balance	56,457.61	56,457.61
Total Capital Fund	17,964,536.11	17,965,138.48	Total Capital Fund	17,964,536.11	17,965,138.48
	<u>\$ 22,219,796.62</u>	<u>\$ 22,010,489.71</u>		<u>\$ 22,219,796.62</u>	<u>\$ 22,010,489.71</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2024 and 2023 in the amount of \$736,273.63 and \$975,273.63, respectively.

See Accompanying Notes to Financial Statements



PRINCETON  
MERCER COUNTY, NEW JERSEY

PARKING UTILITY OPERATING FUND  
 COMPARATIVE STATEMENTS OF OPERATIONS AND  
 CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUE AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
Operating Fund Balance	\$ 958,000.00	\$ 786,248.00
Miscellaneous Revenues Anticipated	5,763,120.20	5,451,751.69
Miscellaneous Revenues Not Anticipated	2,256.01	2,590.19
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	319,721.51	190,838.93
 Total Revenues	 <u>7,043,097.72</u>	 <u>6,431,428.81</u>
 <u>EXPENDITURES</u>		
Budget Expenditures:		
Salaries and Wages	817,650.00	763,398.00
Other Expenses	1,801,050.00	1,581,650.00
Debt Service	932,812.50	929,862.50
Deferred Charges	750,000.00	500,000.00
Surplus - General Budget	1,800,000.00	1,800,000.00
 Total Expenditures	 <u>6,101,512.50</u>	 <u>5,574,910.50</u>
 Excess in Revenues/Statutory Excess to Fund Balance	 941,585.22	 856,518.31
 <u>FUND BALANCE</u>		
Balance - January 1	<u>3,605,406.92</u>	<u>3,535,136.61</u>
	4,546,992.14	4,391,654.92
Decreased by:		
Utilized as Anticipated Revenue	<u>958,000.00</u>	<u>786,248.00</u>
 Balance -December 31	 <u><u>\$ 3,588,992.14</u></u>	 <u><u>\$ 3,605,406.92</u></u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

PARKING UTILITY CAPITAL FUND  
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES  
 IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>FUND BALANCE</u>		
Balance - January 1	\$ 56,457.61	\$ 156,457.61
Decreased by:		
Appropriation to Budget Revenue	<u>                    </u>	<u>100,000.00</u>
Balance - December 31	<u><u>\$ 56,457.61</u></u>	<u><u>\$ 56,457.61</u></u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

PARKING UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Utilized	\$ 958,000.00	\$ 958,000.00	
Parking Fees	5,100,000.00	5,589,713.27	\$ 489,713.27
Interest	<u>50,000.00</u>	<u>173,406.93</u>	<u>123,406.93</u>
	<u>\$ 6,108,000.00</u>	<u>\$ 6,721,120.20</u>	<u>\$ 613,120.20</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

PARKING UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED		
Operating:						
Salaries and Wages	\$ 817,650.00	\$ 817,650.00	\$ 583,256.86		\$ 234,393.14	
Other Expenses	1,801,050.00	1,801,050.00	1,399,589.82	\$ 70,617.54	330,842.64	
Debt Service:						
Payment of Bond Principal	865,000.00	865,000.00	865,000.00			
Interest on Bonds	74,300.00	74,300.00	67,812.50			\$ 6,487.50
Deferred Charges:						
Various Ordinances	750,000.00	750,000.00	750,000.00			
Surplus - General Budget	<u>1,800,000.00</u>	<u>1,800,000.00</u>	<u>1,800,000.00</u>			
	<u>\$ 6,108,000.00</u>	<u>\$ 6,108,000.00</u>	<u>\$ 5,465,659.18</u>	<u>\$ 70,617.54</u>	<u>\$ 565,235.78</u>	<u>\$ 6,487.50</u>
Disbursed			\$ 5,397,846.68			
Accrued Interest on Bonds			<u>67,812.50</u>			
			<u>\$ 5,465,659.18</u>			

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

GOVERNMENTAL FIXED ASSETS  
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

	<u>DEC. 31, 2024</u>	<u>DEC. 31, 2023</u>
Governmental Fixed Assets:		
Land/Buildings	\$ 179,241,200.00	\$ 179,241,200.00
Equipment	9,945,238.00	10,328,463.00
Vehicles	<u>17,260,980.00</u>	<u>18,925,925.00</u>
Total Governmental Fixed Assets	<u>\$ 206,447,418.00</u>	<u>\$ 208,495,588.00</u>
Investment in Governmental Fixed Assets	<u>\$ 206,447,418.00</u>	<u>\$ 208,495,588.00</u>

See Accompanying Notes to Financial Statements

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: FORM OF GOVERNMENT

On January 1, 2013, the Township of Princeton and the Borough of Princeton consolidated to become one municipality, Princeton. Princeton operates under the legislative authority of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years, and a council of six members serving three-year terms. The mayor is the head of the executive branch of municipal government and the council is the legislative body. Princeton has adopted an administrative code, which provides in part for the delegation of a portion of executive responsibilities to an administrator and for the organization of the council into standing committees to oversee various municipal activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

The accounting policies 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, 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	Construction Code Fees
Animal Control Trust Fund	Municipal Public Defender Fees
Unemployment Compensation	Disposal of Forfeited Property
Insurance Trust Fund	Dedicated Donations (Parks, Public Safety,
Developer's Escrow Fund	Shade Trees, etc.)
Open Space Trust Fund	Uniform Fire Safety Act Penalties
Payroll & Payroll Agency Fund	Electronic Receipts Fees
Police Off-Duty Pay	Storm Recovery Trust Fund
Mountain Lakes Nature Preserve	Accumulated Absences Fund
Donations	Parking Adjudication Act

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.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

B. Description of Funds (Cont'd)

Affordable Housing Utility Fund - resources and expenditures relating to the maintenance and expansion of affordable housing units within the municipality, including state, federal and private grants in aid of construction/acquisition of such units, and the status of bonds and notes authorized for said purposes.

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

Governmental Fixed Assets – The Governmental Fixed Assets is used to account for fixed assets used in municipal operations, for control purposes. Infrastructure assets such as roads, sidewalks, wastewater collection and transmission systems, etc. are not capitalized. General fixed assets acquired prior to 1985 are valued at historical cost or estimated historical cost if actual historical cost was not available. Assets acquired or constructed subsequent to 1985 are valued at historical cost. Contributed capital is valued at the estimated fair market value of the asset at the date of the contribution. 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 Princeton. 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.

C. Basis of Accounting and Measurement Focus

The basis of accounting ("regulatory basis") 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 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 GAAP basis reporting of consolidated entity-wide financial statements on a full accrual basis, 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 budget. Receivables for property taxes and affordable housing charges and parking fees are recorded with offsetting reserves within the Current Fund, Affordable Housing Utility Fund, and Parking Utility Fund respectively.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

Other amounts that are due to Princeton, 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.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to Princeton's "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 pensions and 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 in the "entity-wide" financial statements of the actuarially determined estimated pension and OPEB costs during the employment period of each employee, during which any OPEB benefit is earned. See Note 10 for pension disclosures required by GASB 68. See Note 11 for OPEB disclosures required by GASB 75.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by Princeton 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.

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, Affordable Housing Utility and Parking Utility Fund 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 Princeton'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.



PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of Princeton, 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 Princeton, and discrete reporting of the Library's financial position and operating results would be incorporated in Princeton's financial statements.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. GAAP requires that liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet. Note 12 provides additional disclosures relating to accrued and unrecorded compensated absence liabilities and current reserve funding status.

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 Princeton 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 within the respective funds as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized within the various funds of the municipality. Depreciation on general fixed assets is not recorded as an operating expense within the funds or in the combined financial statements. GAAP does not require recognition of depreciation of these assets as an operating expense of the funds, but does require the recognition of depreciation of governmental fixed assets as a governmental operating expense in the entity-wide financial statements. New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. All non-infrastructure fixed assets acquired by Princeton are recorded at cost, if available or by other acceptable methods when historical cost data was not available.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

Utility Fixed Assets - Property and equipment purchased by the Parking Utility Fund and Affordable Housing Utility Fund are recorded as expenditures and are also capitalized within the utility capital fund at cost with an offsetting reserve for amortization and are adjusted for disposition and abandonment. The amounts shown as utility fixed capital do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. 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. The provisions of New Jersey Administrative Code 5:30-5.6 also established a mandate for utility fund fixed asset accounting by municipalities. All non-infrastructure utility fixed assets acquired or constructed with utility financial resources are recorded at cost, if available or by other acceptable methods when historical cost data was not available.

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

Long-term debt - Princeton'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 Princeton's long-term debt is disclosed in Note 3 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees' Retirements System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 10 for these disclosures.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since Princeton does not follow generally accepted accounting principles, the GASB did not result in a change in Princeton's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs. Princeton maintains a sole-employer OPEB Plan. However, Princeton also participates in the State of New Jersey multiple-employer plan. As it relates to the State of New Jersey multiple-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 11 for these disclosures.

Use of Estimates – The preparation of the financial statements requires management of Princeton 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.

Recently Issued and Adopted Accounting Principle

GASB issued Statement No. 101 "*Compensated Absences*" in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement have been evaluated by the Municipality and have been determined not to be applicable for the year ended December 31, 2024. The Municipality will continue to follow the policies and procedures promulgated by New Jersey Administrative Code 5:30-15.

GASB issued Statement No. 102, "*Certain Risk Disclosures*" in December 2023. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has not yet determined the impact on this Statement on the financial statements.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

Recently Issued and Adopted Accounting Principle (Cont'd)

GASB issued Statement No. 103, "*Financial Reporting Model Improvements*" in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact on this Statement on the financial statements.

GASB issued Statement No 104, "*Disclosures of Certain Capital Assets*" in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact on this Statement on the financial statements.

Leases

*Princeton as a Lessor*

Princeton is a lessor for the rental of land and real property with PCH Development Corporation, Inc., Palmer Square Limited Partnership, AT&T, Verizon, and Axardham, Inc. The Municipality discloses lease revenue with an initial, collective value of \$10,000 or more. See Note 17 for a detail of revenue expected to be collected through the terms of the lease agreements.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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. Princeton's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>2024</u>	<u>2023</u>
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 87,420,000.00	\$ 78,063,000.00
Infrastructure Loans	6,590,778.08	2,784,143.48
Parking Utility Fund:		
Bonds and Notes	<u>3,240,000.00</u>	<u>4,105,000.00</u>
Total Issued	<u>97,250,778.08</u>	<u>84,952,143.48</u>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	111,973,317.50	48,764,490.03
Parking Utility:		
Bonds and Notes	<u>736,273.63</u>	<u>975,273.63</u>
Total Authorized But Not Issued	<u>112,709,591.13</u>	<u>49,739,763.66</u>
 Total Bonds and Notes Issued and Authorized but not Issued	<u><u>\$209,960,369.21</u></u>	<u><u>\$ 134,691,907.14</u></u>

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

Summarized below are Princeton's individual bond and loan issues which were outstanding at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>General Debt:</u>		
\$19,195,000, General Improvement Refunding Bonds Series 2013, due in annual installments of \$1,710,000 to \$1,760,000 through January 2026, interest at 3.00%.	\$ 3,470,000.00	\$ 5,140,000.00
\$9,950,000, General Improvement Bonds Series 2014, due in annual installments of \$1,000,000 through September 2026, interest at 3.00%.	2,000,000.00	3,000,000.00
\$12,305,000 General Improvement Refunding Bonds Series 2016, due in annual installments of \$995,000 to \$1,005,000 through January 2026, interest at 3.00%	2,000,000.00	3,565,000.00
\$24,200,000 General Improvement Bonds Series 2017, due in annual installments of \$1,000,000 to \$2,000,000 through September 2032, interest at 2.00% to 3.00% .	14,250,000.00	15,950,000.00
\$23,230,000 General Improvement Bonds Series 2020, due in annual installments of \$1,815,000 to \$2,130,000 through December 2032, interest at 2.00%.	16,270,000.00	18,060,000.00
\$3,815,000 General Improvement Refunding Bonds Series 2021, due in annual installments of \$610,000 to \$620,000 through August 2026, interest at 2.00%.	1,230,000.00	1,855,000.00
\$31,200,000 General Improvement Bonds Series 2024A&B, due in annual installments of \$155,000 to \$2,605,000 through December 2044, interest at 1.00% to 4.00%.	31,200,000.00	
\$7,900,000 General Improvement Bonds Series 2024C, due in annual installments of \$275,000 to \$545,000 through December 2044, interest at 4.50% to 5.25%.	7,900,000.00	

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

	<u>2024</u>	<u>2023</u>
<u>Program Loans:</u>		
\$1,810,000, Infrastructure Water Loan, due in annual installments of \$123,222 to \$132,396 through Aug. 1, 2026, interest at 4.25%	\$ 255,618.04	\$ 340,246.04
\$1,740,000, Infrastructure Water Loan, due in annual installments of \$60,000 to \$66,000 through Aug. 1, 2027, interest at 4.25% to 4.50%	192,000.00	252,000.00
\$1,400,000, Infrastructure Water Loan, due in annual installments of \$34,000 to \$45,000 through Aug. 1, 2029, interest from 4.25% to 4.50%	187,000.00	261,000.00
\$4,293,898, Infrastructure Water Loan - Principal Only, due in installments of \$44,228 through Aug. 1, 2024		44,227.99
\$1,273,893, Infrastructure Water Loan - Principal Only, due in a final installment of \$31,407 through Aug. 1, 2025	31,406.66	65,207.45
\$1,170,000, Infrastructure Water Loan - annual installments of \$61,023 to \$71,088 through Aug. 1, 2028, interest from 4.25% to 5.00%	269,521.00	332,363.00

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

	<u>2024</u>	<u>2023</u>
<u>Program Loans (cont'd.):</u>		
\$4,226,416, Infrastructure Bank Loan (Interim Financing)	\$ 4,226,416.07	
\$615,000, Infrastructure Bank Loan - annual installments of \$55,000 to \$85,000 through Aug. 1, 2033, interest 5.00%	615,000.00	\$ 615,000.00
\$874,099, Infrastructure Bank Loan - Principal Only, due in installments of \$30,141 to \$60,283 through Aug. 1, 2033	<u>813,816.31</u>	<u>874,099.00</u>
Total General Debt	<u>84,910,778.08</u>	<u>50,354,143.48</u>
<u>Parking Utility Debt</u>		
\$5,805,000, Parking Utility Refunding Bonds Series 2021, due in annual installments of \$780,000 to \$840,000 through August 15, 2028, interest at 1.00% to 2.00%	<u>3,240,000.00</u>	<u>4,105,000.00</u>
Total Parking Utility Debt	<u>3,240,000.00</u>	<u>4,105,000.00</u>
Total Debt Issued and Outstanding	<u><u>\$ 88,150,778.08</u></u>	<u><u>\$ 54,459,143.48</u></u>



PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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>2024</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 48,423,000.00	\$ 48,423,000.00	
Parking Utility Debt	3,976,273.63	3,976,273.63	
General Debt	205,984,095.58	1,032,908.81	\$ 204,951,186.77
	<u>\$ 258,383,369.21</u>	<u>\$ 53,432,182.44</u>	<u>\$ 204,951,186.77</u>

Net Debt \$204,951,186.77 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$10,051,936,594.67 = 2.04%

<u>2023</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 52,673,000.00	\$ 52,673,000.00	
Parking Utility Debt	5,080,273.63	5,080,273.63	
General Debt	129,611,633.51	1,409,175.08	\$ 128,202,458.43
	<u>\$ 187,364,907.14</u>	<u>\$ 59,162,448.71</u>	<u>\$ 128,202,458.43</u>

Net Debt \$128,202,458.43 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,443,333,451.33 = 1.36%

Princeton's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

Princeton's Borrowing Power Under N.J.S.A. 40A:2-6 as amended, at December 31, was as follows:

3 1/2% of Equalized Valuation Basis Municipal	\$ 351,817,780.81	\$ 330,516,670.80
Net Debt	<u>204,951,186.77</u>	<u>128,202,458.43</u>
Remaining Borrowing Power	<u>\$ 146,866,594.04</u>	<u>\$ 202,314,212.37</u>

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

B. Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Calculation of “Self-Liquidating Purpose”  
Parking Utility per N.J.S.A. 40A:2-45

The calculation of “Self-Liquidating Purpose” for the Parking Utility per N.J.S.A. 40A:2-45 is as follows:

	<u>2024</u>	<u>2023</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 6,723,376.21	\$ 6,240,589.88
Deductions:		
Operating and Maintenance Cost	2,618,700.00	2,345,048.00
Debt Service	<u>932,812.50</u>	<u>929,862.50</u>
Total Deductions	<u>3,551,512.50</u>	<u>3,274,910.50</u>
Excess in Revenues	<u><u>\$ 3,171,863.71</u></u>	<u><u>\$ 2,965,679.38</u></u>

Deductions of Self-Liquidating Utility Debt for  
Statutory Net Debt – Parking 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 Parking Utility Fund is as follows:

	<u>2024</u>	<u>2023</u>
Excess in Revenues - Cash Basis (E-1)	\$ 941,585.22	\$ 856,518.31
Add: Deferred Charges	750,000.00	500,000.00
Surplus Transfer to General Budget	<u>1,800,000.00</u>	<u>1,800,000.00</u>
	<u>3,491,585.22</u>	<u>3,156,518.31</u>
Less: Other Credits to Income	<u>319,721.51</u>	<u>190,838.93</u>
	<u>319,721.51</u>	<u>190,838.93</u>
Excess in Revenues	<u><u>\$ 3,171,863.71</u></u>	<u><u>\$ 2,965,679.38</u></u>

As there is an excess in revenues, all such utility debt is deductible.

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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

Year	<u>GENERAL</u>		<u>PARKING UTILITY</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2025	\$ 9,505,000.00	\$ 2,475,889.50	\$ 840,000.00	\$ 57,000.00	\$ 10,345,000.00	\$ 2,532,889.50
2026	9,685,000.00	2,213,102.00	815,000.00	40,200.00	10,500,000.00	2,253,302.00
2027	6,275,000.00	1,945,314.50	805,000.00	23,900.00	7,080,000.00	1,969,214.50
2028	6,360,000.00	1,773,414.50	780,000.00	7,800.00	7,140,000.00	1,781,214.50
2029	6,450,000.00	1,597,989.50			6,450,000.00	1,597,989.50
	<u>38,275,000.00</u>	<u>10,005,710.00</u>	<u>3,240,000.00</u>	<u>128,900.00</u>	<u>41,515,000.00</u>	<u>10,134,610.00</u>
2030	6,565,000.00	1,418,839.50			6,565,000.00	1,418,839.50
2031	6,350,000.00	1,214,902.00			6,350,000.00	1,214,902.00
2032	5,545,000.00	1,016,439.50			5,545,000.00	1,016,439.50
2033	2,725,000.00	844,189.50			2,725,000.00	844,189.50
2034	2,810,000.00	730,752.00			2,810,000.00	730,752.00
	<u>23,995,000.00</u>	<u>5,225,122.50</u>			<u>23,995,000.00</u>	<u>5,225,122.50</u>
2035	2,905,000.00	614,652.00			2,905,000.00	614,652.00
2036	2,970,000.00	496,502.00			2,970,000.00	496,502.00
2037	3,020,000.00	375,652.00			3,020,000.00	375,652.00
2038	3,050,000.00	252,702.00			3,050,000.00	252,702.00
2039	625,000.00	154,527.00			625,000.00	154,527.00
	<u>12,570,000.00</u>	<u>1,894,035.00</u>			<u>12,570,000.00</u>	<u>1,894,035.00</u>
2040	655,000.00	131,827.00			655,000.00	131,827.00
2041	675,000.00	107,952.00			675,000.00	107,952.00
2042	700,000.00	82,250.00			700,000.00	82,250.00
2043	720,000.00	55,375.00			720,000.00	55,375.00
2044	730,000.00	27,737.50			730,000.00	27,737.50
	<u>3,480,000.00</u>	<u>405,141.50</u>			<u>3,480,000.00</u>	<u>405,141.50</u>
TOTAL	<u>\$ 78,320,000.00</u>	<u>\$ 17,530,009.00</u>	<u>\$ 3,240,000.00</u>	<u>\$ 128,900.00</u>	<u>\$ 81,560,000.00</u>	<u>\$ 17,658,909.00</u>

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NOTES TO FINANCIAL STATEMENTS  
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Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D)

D. Loan Agreements

Department of Environmental Protection - Environmental Infrastructure Loans

Princeton, during 2007 entered into a loan agreement with the State of New Jersey, Department of Environmental Protection, pursuant to the 2006 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$1,810,000 to be repaid over a twenty-year period at interest rates ranging from 4.00% to 5.00%, and a Fund Loan Agreement of \$1,778,284 to be repaid over a twenty-year period at no interest. During 2016, \$168,189.19 of the prior Trust Loan balance was deobligated/defeased. During 2022, \$7,056.29 of the prior Trust Loan balance was deobligated/defeased. Principal of \$84,628.00 was paid in 2024, leaving a balance of \$255,618.04 at December 31, 2024.

Debt service on the outstanding balance of the 2006 NJ Environmental Infrastructure Trust Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 123,222.14	\$ 10,224.76
2026	<u>132,395.90</u>	<u>5,295.84</u>
Totals	<u>\$ 255,618.04</u>	<u>\$ 15,520.60</u>

In addition, Princeton, during 2007, entered into a loan agreement with the State of New Jersey, Department of Environmental Protection, pursuant to the 2007 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$1,740,000 to be repaid over a twenty-year period at interest rates ranging from 3.40% to 5.00% and a zero interest Fund Loan Agreement in the amount of \$1,696,442 to be repaid over a twenty-year period. The proceeds of this loan are to refurbish the sewer system. During 2016, \$596,000 of the prior Trust Loan balance was deobligated/defeased. \$60,000 of principal was paid during 2024, resulting in a year-end balance of \$192,000.

Debt service on the outstanding balance of the 2007 NJ Environmental Infrastructure Trust Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 60,000.00	\$ 9,600.00
2026	66,000.00	6,600.00
2027	<u>66,000.00</u>	<u>3,300.00</u>
Totals	<u>\$ 192,000.00</u>	<u>\$ 19,500.00</u>

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

D. Loan Agreements (cont'd)

Department of Environmental Protection - Environmental Infrastructure Loans (cont'd)

Princeton entered into a loan agreement in 2010 with the State of New Jersey, Department of Environmental Protection, pursuant to the 2010 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$1,400,000 to be repaid over a twenty-year period at interest rates ranging from 3.00% to 5.50%, and a zero interest Fund Loan Agreement of \$4,293,898 to be repaid over a twenty-year period. During 2016, \$750,000 of the prior Trust Loan balance was deobligated/defeased. During 2018, an additional \$112,000 of Trust Loan Principal was defeased. During 2024, the last principal payment of \$44,227.99 was made for a zero interest Fund Loan.

Debt service on the outstanding balance of the 2010 NJ Environmental Infrastructure Trust Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 45,000.00	\$ 7,480.00
2026	34,000.00	5,680.00
2027	35,000.00	4,320.00
2028	35,000.00	2,920.00
2029	<u>38,000.00</u>	<u>1,520.00</u>
Totals	<u>\$ 187,000.00</u>	<u>\$ 21,920.00</u>

Princeton entered into a loan agreement in 2012 with the State of New Jersey, Department of Environmental Protection, pursuant to the 2012 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$1,170,000 to be repaid over a twenty-year period at interest rates ranging from 3.00% to 5.50%, and a zero interest Fund Loan Agreement of \$1,273,893 to be repaid over a twenty-year period. During 2016, \$366,165 of the prior Trust Loan balance was deobligated/defeased. During 2022, \$20,160 of the prior Trust Loan balance was deobligated/defeased. \$62,842 of Trust Loan principal was paid in 2024, resulting in a year-end balance of \$269,521. In addition, during 2016, \$528,137 of the Fund Loan balance was deobligated/defeased. \$33,800.79 of principal was paid in 2024, resulting in a year-end Fund Loan balance of \$31,406.66.

Debt service on the outstanding balance of the 2012 NJ Environmental Infrastructure Trust Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 67,000.00	\$ 9,466.52
2026	71,088.00	6,786.52
2027	70,410.00	3,943.00
2028	<u>61,023.00</u>	<u>1,830.70</u>
Totals	<u>\$ 269,521.00</u>	<u>\$ 22,026.74</u>

PRINCETON  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

D. Loan Agreements (cont'd)

Department of Environmental Protection Environmental Infrastructure Loans (cont'd)

Debt service on the outstanding balance of the 2012 NJ Environmental Infrastructure Fund Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>
2025	<u>\$ 31,406.66</u>
Totals	<u>\$ 31,406.66</u>

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 Princeton's statutory debt condition.

Princeton entered into a loan agreement in December 2023 with the State of New Jersey, Department of Environmental Protection, pursuant to the New Jersey Infrastructure Bank Loan Series 2023A-W1 and Series 2023C-W1. The loan consists of two loans, a I-Bank Loan of \$615,000 to be repaid over a ten-year period at interest rate of 5.00%, and a zero interest Fund Loan of \$874,099 to be repaid over a ten-year period.

Debt service on the outstanding balance of the I-Bank Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 55,000.00	\$ 30,750.00
2026	55,000.00	28,000.00
2027	60,000.00	25,250.00
2028	65,000.00	22,250.00
2029	70,000.00	19,000.00
2030-2033	<u>310,000.00</u>	<u>40,000.00</u>
Totals	<u>\$ 615,000.00</u>	<u>\$ 165,250.00</u>

Debt service on the outstanding balance of the Fund Loan at December 31, 2024 is as follows:

<u>Year</u>	<u>Principal</u>
2025	\$ 90,424.03
2026	90,424.03
2027	90,424.03
2028	90,424.03
2029	90,424.03
2030-2033	<u>361,696.16</u>
Totals	<u>\$ 813,816.31</u>

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NOTES TO FINANCIAL STATEMENTS  
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Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D)

E. Changes in Long-Term and Short-Term Municipal Debt

Princeton's long-term capital debt activity for 2024 and 2023 is as follows:

	Balance <u>Dec. 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2024</u>
Serial Bonds:				
General Capital Fund	\$ 47,570,000.00	\$ 39,100,000.00	\$ 8,350,000.00	\$ 78,320,000.00
Parking Utility Fund	4,105,000.00		865,000.00	3,240,000.00
Loan Payables:				
General Capital - NJEIT	1,295,044.48		359,498.78	935,545.70
General Capital - Interim Financing		4,226,416.07		4,226,416.07
General Capital - NJIB	1,489,099.00		60,282.69	1,428,816.31
Total	<u>\$ 54,459,143.48</u>	<u>\$ 43,326,416.07</u>	<u>\$ 9,634,781.47</u>	<u>\$ 88,150,778.08</u>

	Balance <u>Dec. 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2023</u>
Serial Bonds:				
General Capital Fund	\$ 55,795,000.00		\$ 8,225,000.00	\$ 47,570,000.00
Parking Utility Fund	4,950,000.00		845,000.00	4,105,000.00
Loan Payables:				
General Capital - NJEIT	1,825,743.02		530,698.54	1,295,044.48
General Capital - Interim Financing	211,091.00		211,091.00	
General Capital - NJIB		\$ 1,489,099.00		1,489,099.00
Total	<u>\$ 62,781,834.02</u>	<u>\$ 1,489,099.00</u>	<u>\$ 9,811,789.54</u>	<u>\$ 54,459,143.48</u>

F. Bond Anticipation Notes

As of December 31, 2024, Princeton had Bonds Anticipation Notes outstanding of \$9,100,000 maturing on December 22, 2025 at interest rates ranging from 3.50%.

As of December 31, 2023, Princeton had Bonds Anticipation Notes outstanding of \$30,493,000 maturing on December 12, 2024 at interest rates ranging from 4.25% to 5.40%.

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:

	Balance <u>Dec. 31, 2024</u>	Utilized in <u>2025 Budget</u>
Current Fund	\$ 25,253,079.74	\$ 11,750,000.00
Affordable Housing		
Operating Fund	256,069.01	
Parking Operating Fund	3,588,992.14	975,000.00

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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, 2024 and 2023, Princeton reported no deferred charges on the balance sheets of the various funds.

Note 6: GENERAL FIXED ASSETS

Changes in the carrying values of Princeton's general fixed assets for the year ended December 31, 2024 and 2023 were as follows:

	Balance Dec. 31, 2023	Increases	Decreases	Balance Dec. 31, 2024
Land/Buildings	\$ 179,241,200.00			\$179,241,200.00
Equipment	10,328,463.00	\$ 943,459.00	\$ 1,326,684.00	9,945,238.00
Vehicles	18,925,925.00	136,485.00	1,801,430.00	17,260,980.00
	<u>\$ 208,495,588.00</u>	<u>\$1,079,944.00</u>	<u>\$ 3,128,114.00</u>	<u>\$206,447,418.00</u>
	Balance Dec. 31, 2022	Increases	Decreases	Balance Dec. 31, 2023
Land/Buildings	\$ 179,241,200.00			\$179,241,200.00
Equipment	9,280,767.00	\$1,086,916.00	\$ 39,220.00	10,328,463.00
Vehicles	15,660,471.00	4,657,726.00	1,392,272.00	18,925,925.00
	<u>\$ 204,182,438.00</u>	<u>\$5,744,642.00</u>	<u>\$ 1,431,492.00</u>	<u>\$208,495,588.00</u>

The General Fixed Asset Account Group is used to account for fixed assets used in municipal operations for control purposes. Infrastructure assets such as roads, sidewalks, wastewater collection and transmission systems, etc. are not capitalized. General fixed assets acquired prior to 1985 are valued at historical cost or estimated historical cost if actual historical cost was not available. Assets acquired or constructed subsequent to 1985 are valued at historical cost. Contributed capital is valued at the estimated fair market value of the asset at the date of the contribution. No depreciation is recorded on general fixed assets.



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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 7: UTILITY FIXED ASSETS

The carrying values of Princeton's Parking Utility fixed assets for the year ended December 31, 2024 and 2023 were as follows:

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Land/Buildings	\$ 15,020,075.67	\$ 15,020,075.67
Equipment	132,479.69	132,479.69
Vehicles	<u>963,786.51</u>	<u>963,786.51</u>
	<u>\$ 16,116,341.87</u>	<u>\$ 16,116,341.87</u>

Parking Utility assets acquired or constructed are valued at cost. The amounts shown as utility fixed capital do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. No depreciation is recorded on general fixed assets.

Note 8: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and Princeton 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.

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NOTES TO FINANCIAL STATEMENTS  
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Note 8: DEPOSITS AND INVESTMENTS (CONT'D)

Deposits (Cont'd)

All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units. The State of New Jersey Cash Management Fund is authorized by statute and regulation of the State Investment Council to invest in fixed income and debt securities, which mature within one year.

At December 31, 2024 and 2023, the cash and cash equivalents and investments of Princeton on deposit and on-hand consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash and Investments	\$96,041,316.26	\$89,860,034.25
Change Fund (On Hand)	<u>1,515.00</u>	<u>1,515.00</u>
	<u>\$96,042,831.26</u>	<u>\$89,861,549.25</u>

Based upon GASB criteria, Princeton considers change funds, cash in banks, investments in short-term certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2024, the carrying amount of Princeton's deposits was \$96,041,316.26 and the book balance was \$95,474,213.39. Of the bank balance, \$618,040.27 was covered by Federal depository insurance and \$65,934,425.93 was covered under the provisions of NJGUDPA.

At December 31, 2023, the carrying amount of Princeton's deposits was \$89,860,034.25 and the book balance was \$87,401,049.20. Of the bank balance, \$947,562.49 was covered by Federal depository insurance and \$61,056,180.80 was covered under the provisions of NJGUDPA.

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

- (a) Custodial Credit Risk – Princeton'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, Princeton will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. Princeton's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of Princeton and are held by either: the counterparty or the counterparty's trust department or agent but not in Princeton's name.

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NOTES TO FINANCIAL STATEMENTS  
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Note 8: DEPOSITS AND INVESTMENTS (CONT'D)

Deposits (Cont'd)

The investment risk is that, in the event of the failure of the counterparty to a transaction, Princeton will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Princeton 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.
- (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, Princeton does not have an investment policy regarding Credit Risk except to the extent outlined under Princeton'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. Princeton 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, 2024 and 2023, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of Princeton's bank balance were considered exposed to custodial credit risk, except for amounts not covered by GUDPA in the amounts of \$490,698.68 and \$309,334.66, respectively.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Princeton's 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 Princeton or bonds or other obligations of school districts of which Princeton is a part and within which the school district is located;

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Note 8: DEPOSITS AND INVESTMENTS (CONT'D)

Investments (Cont'd)

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.

Princeton 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.

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 ensure 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, 2024 and 2023, the Municipality had \$28,998,151.38 and \$27,546,992.30 on deposit with the New Jersey Cash Management Fund, respectively.

Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the 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 Princeton, County and School District, 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 Princeton's Tax Collector on or before May 13<sup>th</sup>.

Tax bills are prepared and mailed by the Collector of Taxes of Princeton annually and set forth the final tax for the tax year. The bills contain a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey statutes allow a grace period of 10 days for each payment period and Princeton granted this option to taxpayers.

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NOTES TO FINANCIAL STATEMENTS  
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Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D)

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

Note 10: PENSION PLANS

Substantially all of Princeton's non-seasonal employees participate in one of the following contributory public employee retirement systems which have been established by State statute: the defined benefit plan entitled Public Employees' Retirement System (PERS), the defined benefit plan entitled Police and Firemen's Retirement System (PFRS), or the defined contribution plan entitled Defined Contribution Retirement Plan (DCRP). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer plans.

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey.

Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

The PERS is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers* - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	191,119
Inactive plan members entitled to but not yet receiving benefits	580
Active plan members	<u>241,151</u>
Total	<u><u>432,850</u></u>

Contributing Employers – 1,672

*Significant Legislation* - For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 1, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2023, Princeton's total payroll for all employees was \$21,464,343. Total PERS covered payroll was \$11,084,099. Covered payroll refers to pensionable compensation, rather than total compensation, paid by Princeton to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Princeton contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.



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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Princeton's payments to PERS for the years ended December 31, 2024 consisted of the following:

Total Regular Billing	<u>\$1,980,610</u>
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Princeton recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

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

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is the basis for the preparation of Princeton's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, Princeton does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

At June 30, 2023, the PERS reported a net pension liability of \$14,606,489,066 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to Princeton was \$21,464,483 or 0.14819062%, which represents an increase of 0.00302699% from the prior measurement date.

The following presents a summary of the proportionate share of the State of New Jersey's changes in the collective deferred outflows of resources and deferred inflows of resources attributable to Princeton for the year ended June 30, 2023, if GASB Statement No.68 were recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 205,228	\$ 87,740
Changes of assumptions	47,153	1,300,840
Net difference between projected and actual investment earnings on pension plan investments	98,847	
Changes in proportion	2,417,846	1,243,102
Contributions subsequent to the measurement date	1,980,610	
	<u>\$ 4,749,684</u>	<u>\$ 2,631,682</u>

The \$1,980,610 of deferred outflows of resources resulting from Princeton's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if GASB Statement No.68 were recognized:

Year ended December 31,	Amount
2024	\$ (960,863)
2025	(275,718)
2026	1,372,622
2027	(10,438)
2028	11,789
Total	<u>\$ 137,392</u>



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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

*Actuarial Assumptions-* The total collective pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate - Prices	2.75%
Inflation Rate - Wages	3.25%
Salary Increases	2.75-6.55% Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and a 101.4% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with an 91.4% adjustment for males and a 99.7% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with an 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*Return on Investments* - In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of Princeton as of June 30, 2023 using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
PERS	\$27,942,190	\$21,464,483	\$15,951,098

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

*Additional Information*

Collective balances at June 30, 2023 are as follows:

Collective deferred outflows of resources-Local Group	\$ 1,080,204,730
Collective deferred inflows of resources-Local Group	1,780,216,457
Collective net pension liability (NPL)-Local Group	14,606,489,066

Princeton's proportionate share of Local Group NPL	0.1481906176%
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Collective pension expense for the Local Group for the measurement period June 30, 2023 was (\$79,181,803). The expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

*State Contribution Payable Dates* - Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date. Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

*Receivable Contributions* - The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2023 are \$1,354,892,653.

*Special Funding Situation* – A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

Unaudited data provided by the PERS indicates that the total nonemployer contributions made to the PERS by the State for the year ended June 30, 2023 was \$61,366,036. The portion of that contribution allocated to Princeton was \$66,940 or 0.1487532533%. The State special funding situation pension expense of \$45,000,471 was actuarially determined at June 30, 2023 and represents the required contribution due from the State for the year. Princeton's allocated shares of the special funding situation pension expense and related revenue for the year ended June 30, 2023 was \$66,940.

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The PFRS is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	48,753
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>41,816</u>
Total	<u><u>90,629</u></u>

Contributing Employers – 574

*Significant Legislation* – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1<sup>st</sup>, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

PRINCETON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

For the year ended December 31, 2023, Princeton's total payroll for all employees was \$21,464,343. Total PFRS covered payroll was \$6,627,488. Covered payroll refers to pensionable compensation, rather than total compensation, paid by Princeton to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount.

Princeton's payments to PFRS for the years ended December 31, 2024 consisted of the following:

Total Regular Billing	<u>\$2,462,180</u>
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Princeton recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PFRS:

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

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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of Princeton's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, Princeton does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2023, the PFRS reported a net pension liability of \$13,084,649,602 for its Non-State, Non-Special Funding Situation Employer Member Group. Princeton's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$20,435,750, or 0.1849592800%, a proportional increase of 0.0000848900% from the prior measurement date.

*Collective Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2023 Princeton's deferred outflows of resources and deferred inflows of resources related to PFRS pensions from the following sources, if GASB Statement No.68 were recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 875,018	\$ 974,604
Changes of assumptions	44,108	1,379,903
Net difference between projected and actual investment earnings on pension plan investments	1,040,754	
Changes in proportion	738,445	496,670
Contributions subsequent to the measurement date	2,462,180	
	<u>\$ 5,160,505</u>	<u>\$ 2,851,177</u>

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

The \$2,462,180 of deferred outflows of resources resulting from Princeton's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in Princeton's fiscal year ending year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows, if GASB Statement No. 68 were recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2024	\$ (548,727)
2025	(712,849)
2026	1,262,553
2027	(179,412)
2028	21,174
Thereafter	<u>4,409</u>
Total	<u>\$ (152,852)</u>

*Actuarial Assumptions-* The collective total pension liability at the June 30, 2023 measurement date was determined by the actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years
	3.25-16.25% Based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the PFRS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.



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YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10: PENSION PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

*Sensitivity of Net Pension Liability* – The following presents the net pension liability of Princeton as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% decrease <u>(6.00%)</u>	At current discount rate <u>(7.00%)</u>	At 1% increase <u>(8.00%)</u>
PFRS	\$28,473,639	\$20,435,750	\$13,742,109

*Additional Information* - Collective balances at June 30, 2023 are as follows:

Collective deferred outflows of resources-Local Group	\$ 1,753,080,638
Collective deferred inflows of resources-Local Group	1,966,439,601
Collective net pension liability (NPL)-Local Group	13,084,649,602

Princeton's proportionate share of Local Group NPL	0.18495928%
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Collective pension expense for the Local Group for the measurement period ended June 30, 2023 was \$844,810,693. The average of the expected remaining service lives of all plan members, which is 6.16, 6.22, 6.17, 5.90, 5.92, 5.73 and 5.59 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

*State Contribution Payable Dates*

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

*Special Funding Situation* – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The amount contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a nonemployer entity. The nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with Princeton as of June 30, 2023 for police and fire is 0.18495928%. The nonemployer contributing entities' contribution for the year ended June 30, 2023 was \$430,631. The State's proportionate share of net pension liability attributable to Princeton as of June 30, 2023 was \$3,765,525.

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NOTES TO FINANCIAL STATEMENTS  
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Note 10: PENSION PLANS (CONT'D)

C. DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

*Contribution Requirement and Benefit Provisions -* State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Total DCRP covered payroll for 2024 was \$704,608. Covered payroll refers to all compensation paid by Princeton to active employees covered by the Plan. Employee contributions to the DCRP for the year ended December 31, 2024 were \$38,753 and employer contributions were \$21,138.

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 11: OTHER POSTEMPLOYMENT BENEFITS

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The following information has been obtained from the Plan audit at June 30, 2022 and is the latest available information as of the date of this report.

A. Cost-Sharing, Multiple Employer, Defined Benefit Plan

For the portion of Plan benefits and expense for which Princeton is responsible, the Plan is considered to be a "Non-special Funding Situation" as defined in GASB Statement No. 75.

*Plan Membership and Contributing Employers:*

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	34,771
Active plan members	<u>65,613</u>
Total	<u><u>100,384</u></u>
Contributing employers	590
Contributing nonemployers	1

*Components of Plan OPEB Liability:*

The State of New Jersey's Total OPEB Liability and Net OPEB Liability for the Plan at June 30, 2023 was as follows:

	<u>2023</u>
Total OPEB Liability	\$ 14,889,576,786
Plan Fiduciary Net Position (deficit)	<u>(116,962,691)</u>
Net OPEB Liability	<u><u>\$ 15,006,539,477</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.78%

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NOTES TO FINANCIAL STATEMENTS  
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Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

A. Cost-Sharing, Multiple Employer, Defined Benefit Plan (Cont'd)

The Net OPEB Liability at June 30, 2023 can be further broken down into its special funding and non-special funding components as follows:

	<u>2023</u>
Special Funding Situation	\$ 3,489,093,208
Non-special Funding Situation	<u>11,517,446,269</u>
Total Net OPEB Liability	<u>\$ 15,006,539,477</u>

*Princeton's Proportionate Shares of Nonspecial Funding Situation Net OPEB Liability:*

	<u>2023</u>
Nonspecial Funding Situation:	
Plan Net OPEB Liability	\$11,517,446,269
Princeton Allocations:	
Net OPEB Liability	\$49,680,199
Allocation Percentage	0.331057%
Princeton Plan Participants	302

*Actuarial Assumptions:*

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases\*:

Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25% based on years of service

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
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Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

A. Cost-Sharing, Multiple Employer, Defined Benefit Plan (Cont'd)

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

*Health Care Trend Assumptions:*

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

*Discount Rate:*

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate:*

The following presents Princeton's share of the net OPEB liability as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>At Discount Rate</u>	<u>1% Increase</u>
Princeton's proportionate share of the net OPEB Liability	\$57,545,506	\$49,680,199	\$43,353,773

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rates as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Princeton's proportionate share of the net OPEB Liability	\$42,222,324	\$49,680,199	\$59,228,559

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NOTES TO FINANCIAL STATEMENTS  
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Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

A. Cost-Sharing, Multiple Employer, Defined Benefit Plan (Cont'd)

*Deferred Outflows of Resources and Deferred Inflows of Resources:*

At June 30, 2023, Princeton's allocated deferred outflows of resources and deferred inflows of resources related to its Nonspecial Funding participation in the OPEB Plan were as follows, if GASB Statement No.75 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,290,994	\$ 13,491,518
Changes of assumptions	6,435,450	14,043,002
Difference between projected and actual investment earnings on plan assets		8,197
Changes in proportion	<u>21,863,227</u>	<u>2,348,685</u>
Princeton's Share (Nonspecial Funding Situation)	<u>\$ 30,589,671</u>	<u>\$ 29,891,402</u>

B. Special Funding Situation

The State of New Jersey provides medical and prescription drug coverage to eligible local police officers and firefighters who retire from an employer who does not provide postretirement medical coverage. Information relating to this State provided coverage is as follows:

*Plan Description and Benefits Provided:*

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

*Special Funding Situation:*

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in GAAP basis financial statements of the local participating employers related to this legislation.



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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

B. Special Funding Situation (Cont'd)

*Princeton's Proportionate Shares of Special Funding Situation Net OPEB Liability:*

At June 30, 2023, Princeton's proportionate share of the Special Funding Situation Net OPEB Liability was \$1,063,301 or 0.030475%. The State's Special Funding Situation OPEB Expense allocated to the municipality was (\$192,797) for the year ended June 30, 2023. The number of municipal employees (active and inactive/retired) upon which the allocations were based for the year ended June 30, 2023 was 6.

C. Self-Administered, Single Employer Defined Benefit Plan

*Plan Description and Eligibility:*

Princeton provides health benefit cost reimbursements for certain retirees and their dependents through a single-employer defined benefit plan that is administered by the municipality. The Plan was created, effective January 1, 2013, to provide post-employment health benefit cost reimbursements to the retirees of the former Township who were eligible for such benefits at the Plan inception date but who were not eligible for inclusion in the NJ State Health Benefits Plan at that time. Plan membership was limited to those employees who qualified and opted for coverage as of January 1, 2013. No Plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits Provided:*

The Plan is a medical reimbursement plan. Maximum annual reimbursements are based upon coverage type and Medicare eligibility as follows:

	<u>Under Age 65</u>	<u>Age 65 And Over</u>
Single	\$ 8,950	\$ 6,250
Two Adults	19,650	12,500
Parent/Child	14,700	
Family	20,850	

The above amounts are fixed dollar amounts and are not subject to any indexing. However, in the future, if regular increase (constituting a "pattern") in the maximum are made, an additional indexing assumption may need to be applied.

*Funding Policy:*

Princeton's funding policy is to "contribute" (provide reimbursements up to the applicable maximum) for all retired participants on a pay-as-you-go basis.

*Employees Covered by Benefit Terms:*

At December 31, 2024, the number of inactive employees and their dependents currently receiving benefits was 26. As previously noted, the plan is closed and no new enrollments are permitted.

*Total OPEB Liability:*

The total OPEB liability of the municipality's self-administered OPEB Plan was \$1,700,491 at December 31, 2024 and was determined by an actuarial valuation as January 1, 2024 that was rolled forward to that date.



PRINCETON  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

C. Self-Administered, Single Employer Defined Benefit Plan (Cont'd.)

*Actuarial Assumptions and Other Inputs:*

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

1. Salary Scale:	3.00% per annum (EAN)
2. Mortality:	PUB-2010 mortality table with MP-2021 projection
3. Healthcare Cost Trend Rate:	N/A to maximum reimbursement levels
4. Inflation Rate:	3.00% per annum
5. Discount Rate:	4.28% per annum

The Discount Rate was based upon the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2024.

	<u>2024</u>
<i>Changes in Total OPEB Liability</i>	
Balance - Beginning of Year	\$ 1,936,065
Changes for Year:	
Interest	73,189
Difference between Actual and Expected Experience	(61,850)
Changes in Assumptions	(34,221)
Benefit Payments	<u>(212,692)</u>
Net Change in Total OPEB Liability	<u>(235,574)</u>
Balance - End of Year	<u>\$ 1,700,491</u>

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate:*

The following presents the Total OPEB Liability for the Plan, as well as what the Plan's Total OPEB Liability would be if it were calculated using discount rates that are 1% lower or 1% higher than the current discount rate:

	At 1% decrease <u>(3.28%)</u>	At current discount rate <u>(4.28%)</u>	At 1% increase <u>(5.28%)</u>
Total OPEB Liability	<u>\$ 1,829,154</u>	<u>\$ 1,700,491</u>	<u>\$ 1,588,377</u>

*Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

Based upon the actuarial assumptions and the fact that maximum reimbursement amounts are fixed and not subject to adjustment based upon cost trends for covered expenses, the Total OPEB Cost of \$1,700,491 is not sensitive to changes in these cost trend rates.

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NOTES TO FINANCIAL STATEMENTS  
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Note 11: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

C. Self-Administered, Single Employer Defined Benefit Plan (Cont'd.)

*OPEB Expense and Deferred Outflows of Financial Resources and Deferred Inflows of Financial Resources:*

For the year ended December 31, 2024, Princeton would have recognized an actuarially calculated OPEB expense of \$(22,882), if GASB Statement No.75 was recognized. The Municipality recorded \$212,692 of OPEB expenditures in its financial statements for the year, equal to the amounts disbursed as plan reimbursements/benefits.

Note 12: ACCRUED SICK AND VACATION BENEFITS

Princeton has adopted a written Policy and Procedure Manual that 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 six-month probationary period must be reimbursed if the employee leaves Princeton 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.

Terminal Leave pay and Sick pay payments will no longer be in effect for retirements after January 1, 2015.

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 at December 31, 2024 was \$734,431.25. This represents an increase in the amount of unused vacation and terminal leave time benefits from 2023 to 2024 in the amount of \$21,703.43. Under the regulatory basis of accounting which Princeton follows, expenditures and liabilities are not recorded as paid time off is earned. Instead, it is recognized as it is paid. However, at December 31, 2024, Princeton had funded \$939,219.54 of the estimated value of paid time off via transfers to a dedicated Trust Fund.

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 13: RISK MANAGEMENT

Princeton, 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, 2024. The Fund will be self-sustaining through member premiums, reported as an expenditure in Princeton'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. Princeton continues to carry commercial insurance for other risks of loss, principally employee health insurance.

The Fund issues publicly available financial reports that include the financial statements and required supplementary information for insurance coverage for participants in the Fund. These financial reports may be obtained by writing Mid Jersey Municipal JIF, c/o Risk and Loss Managers, 51 Everett Drive, Suite B-40, West Windsor, NJ 08550-5374.

New Jersey Unemployment Compensation Insurance – Princeton has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, Princeton 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. Princeton is billed quarterly for amounts due to the State. Following is a summary of Princeton's appropriations, interest earning and remittances to the State for the current and two prior years:

<u>Year</u>	<u>Beginning Balance</u>	<u>Employee Contribution</u>	<u>Budget Contribution</u>	<u>Interest Earnings</u>	<u>Benefits Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 775,194.31	\$ 31,061.76	\$ 20,294.82	\$ 16,348.26	\$ 18,155.15	\$ 824,744.00
2023	716,973.29	30,778.41	19,572.71	13,038.43	5,168.53	775,194.31
2022	670,320.30	29,435.30	24,487.00	2,119.61	9,388.92	716,973.29

Note 14: DEFERRED COMPENSATION

Princeton 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 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.

Princeton, 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 Princeton council 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.

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 14: DEFERRED COMPENSATION (CONT'D)

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

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

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

Note 15: INTERFUNDS

The following interfund balances remained on the balance sheets at December 31, 2024 and 2023:

<u>2024</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 1,403.05	
Escrow Trust Fund		\$ 1,403.05
Total	<u>\$ 1,403.05</u>	<u>\$ 1,403.05</u>
<u>2023</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 2,272.40	
Escrow Trust Fund		\$ 2,272.40
Parking Utility Operating Fund	200,000.00	
Parking Utility Capital Fund		200,000.00
Total	<u>\$ 202,272.40</u>	<u>\$ 202,272.40</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.

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NOTES TO FINANCIAL STATEMENTS  
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Note 16: LONG TERM TAX EXEMPTIONS

Princeton provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. Tax exemption agreements require the approval of Princeton Council. The exemptions provided by Princeton are for affordable housing projects. Taxes abated include municipal, local school and county taxes. Princeton's PILOT billings in 2024 and 2023 were \$991,618.32 and \$575,760.57, respectively. Taxes that would otherwise would have been due on these long-term tax exemptions amounted to \$2,800,317.60 for 2024 and \$1,181,716.10 for 2023, based upon the assessed valuations of the long-term tax exemptions properties.

Note 17: LEASE REVENUE

During 1983, Princeton entered into a 50-year lease agreement with Palmer Square Limited Partnership where Palmer Square Limited Partnership leases real property for the parking garage with the option for a 25-year extension. The parking garage facility is expected to be available on a regular basis for public use and used in compliance with N.J.S.A. 40:12-14 and 15. Annual rent will equal 6% per cent of the fair market value of the leased premises and the fair market value shall be redetermined 12 months prior to each subsequent five-year period. Princeton Tax Assessor shall advise in writing of the assessor's opinion. As of December 31, 2024, Princeton was collecting fixed rent payments from the lessee in the amount of \$141,630. The fair market value of the leased premises is currently under review by Princeton to reconcile a difference in prior year rent payments and to redetermine the future rent payments.

During 2018, Princeton entered into a 5-year lease agreement with PCH Development Corporation, Inc. for the lease of a portion of Monument Hall. Collectively from the lease agreement, the lessee paid Princeton \$25,800 for the year ended December 31, 2024. During 2023, Princeton authorized the extension of the lease for a two-year term commencing January 1, 2024 and ending December 31, 2025.

During 2021, Princeton entered into a 4-year and 6-month lease renewal agreement with Hinkson's The Office Store, Inc. for lease of a retail space at the Spring Street Garage with the option of renewal term of 5 years. During 2023, Hinkson's The Office Store, Inc. entered into an asset purchase agreement whereby the assets of Hinkson's The Office Store, Inc. will be sold to Axardham, Inc. on April 1, 2023. Princeton authorized consent to an assignment of the current lease to the Axardham, Inc. Collectively from the lease agreement, the lessee paid Princeton \$30,000 for the year ended December 31, 2024.

During 2014 and 2020, Princeton entered into lease agreements with AT&T and Verizon, respectively, for use of space on an adjacent property to the Municipal Building for the installation, operation, and maintenance of telecommunications antennas and associated equipment for a term of 10 years with the option of two renewal terms of 5 years. The annual base rent will be increased annually in the amount of 3% of the previous year's annual base rent. Upon renewal, the base rent will be increased annually by the amount of 5% of the previous year's annual base rent. For the year ended December 31, 2024, AT&T paid Princeton \$39,445.67. For the year ended December 31, 2024, Verizon paid Princeton \$39,111.23.

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Note 17: LEASE REVENUE (CONT'D)

The future minimum lease payments to be received by Princeton are as follows:

Year	PCH Development					Total
	Palmer Square LP	Corporation, Inc.	Awardham, Inc.	AT&T	Verizon	
2025	\$ 141,630.00	\$ 25,800.00	\$ 33,000.00	\$ 13,047.72	\$ 40,241.56	\$ 253,719.28
2026	141,630.00				41,448.84	183,078.84
2027	141,630.00				42,692.32	184,322.32
2028	141,630.00				43,973.04	185,603.04
2029	141,630.00				45,292.20	186,922.20
2030-2033	483,902.50				30,792.72	514,695.22
TOTAL	<u>\$ 1,192,052.50</u>	<u>\$ 25,800.00</u>	<u>\$ 33,000.00</u>	<u>\$ 13,047.72</u>	<u>\$ 244,440.68</u>	<u>\$ 1,508,340.90</u>

Note 18: COMMITMENTS AND CONTINGENCIES

Princeton 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, 2024, Princeton does not believe that any material liabilities will result from such audits, if conducted.

In the normal course of business, Princeton is involved in a variety of legal proceedings. These include insured claims which are administered and defended by the Mid-Jersey Joint Insurance Fund, and tax appeals filed with the County of Mercer or the Tax Court of New Jersey which seek to lower the real property assessments upon which property taxes are levied. As of the report date, Princeton was involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, may be significant to the accompanying financial statements.

Princeton is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, Princeton has not estimated its estimated arbitrage earnings due to the IRS, if any.

Note 19: SUBSEQUENT EVENTS

Princeton has evaluated subsequent events occurring after December 31, 2024 through the date the financial statements were available to be issued. Based on this evaluation, the Municipality has determined that there were no subsequent events that have occurred which requires disclosure in the financial statements.

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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\_\_\_\_\_, 2026

Council of Princeton, in the  
County of Mercer, New Jersey

Dear Council Members:

We have acted as bond counsel to Princeton, in the County of Mercer, New Jersey ("Princeton"), in connection with the issuance by Princeton of its \$46,000,000 Bond Anticipation Note, Series 2026 (the "Note"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinance of Princeton listed in the Certificate of Determination and Award prepared in connection with this issue, in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of Princeton, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within Princeton without limitation as to rate or amount.

On the date hereof, Princeton has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that Princeton continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by Princeton in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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