BOROUGH OF PRINCETON

COUNTY OF MERCER

REPORT OF AUDIT

DECEMBER 31, 2011

WILLIAM E. ANTONIDES AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road
P.O. Box 1137
Wall, NJ 07719

BOROUGH OF PRINCETON - COUNTY OF MERCER

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BOROUGH OF PRINCETON

COUNTY OF MERCER

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Princeton (the "Borough"), as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the Unites States of America, the financial position of the Borough as of December 31, 2011 and 2010, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

William E. Antonides and Company
Independent Auditors

William E. Antonides
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 14

December 13, 2012

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Cash and Cash Equivalents	A-4	$ 6,983,480.57	$ 5,913,165.62
Change Funds		940.00	940.00
		6,984,420.57	5,914,105.62
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	906,813.62	573,496.54
Tax Title Lien	A-7	9,994.41	4,785.30
Sewer Charges Receivable	A-8		292,270.23
Interfunds:			
Assessment Trust Fund	A-14		734.61
General Capital Fund	A-14	300,000.00	
Other Trust Fund	A-14	171.63	
Animal Control Trust Fund	A-14		1,132.64
		1,216,979.66	872,419.32
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-3	123,204.00	184,806.00
		8,324,604.23	6,971,330.94
Federal and State Grant Fund:			
Cash	A-4	654,926.58	574,369.47
Grants Receivable	A-16	75,463.89	75,840.14
		730,390.47	650,209.61
		$ 9,054,994.70	$ 7,621,540.55

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Liabilities, Reserves and Fund Balance			
Liabilities:			
Appropriation Reserves	A-3,10	$ 1,588,644.61	$ 1,177,415.38
Reserve for Encumbrances	A-3,10	319,248.51	248,012.36
Accounts Payable	A-4,10	38,758.60	260,136.52
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-4,6	8,676.17	6,842.57
Reserve for:			
Historic Buffer Grant		12,000.00	12,000.00
Due to Township of Princeton	A-4	160,742.76	165,202.66
Payroll Deductions	A-4	61,222.32	38,940.13
Sale of Municipal Assets	A-9	36,546.67	1,345.49
Revaluation		57,391.01	75,541.81
Tax Overpayments	A-5,6	8,311.23	843,012.99
Prepaid Taxes	A-5,6	364,220.54	304,892.92
County Taxes Payable	A-11	184,821.76	16,682.89
Interfunds:			
Parking Utility Operating Fund	A-14		123,082.09
Animal Control Trust Fund	A-14	3.60	
		2,840,587.78	3,273,107.81
Reserve for Receivables and Other Assets		1,216,979.66	872,419.32
Fund Balance	A-1	4,267,036.79	2,825,803.81
		8,324,604.23	6,971,330.94
Federal and State Grant Fund:			
Appropriated Reserves	A-17	713,238.66	632,876.96
Reserve for Encumbrances	A-17	7,300.16	7,481.00
Unappropriated Reserves	A-18	9,851.65	9,851.65
		730,390.47	650,209.61
		$ 9,054,994.70	$ 7,621,540.55

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

Sheet 1 of 2

REGULATORY BASIS

	Ref.	Year 2011	Year 2010
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	$ 800,000.00	$ 799,808.00
Miscellaneous Revenue Anticipated	A-2	15,381,782.41	12,963,715.58
Receipts from Delinquent Taxes	A-2	544,068.31	356,619.40
Receipts from Current Taxes	A-2	44,542,641.03	44,265,967.53
Non-Budget Revenues	A-2	538,678.10	287,533.09
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	552,578.95	475,838.32
Interfunds Liquidated	A-14		300,168.65
Statutory Excess - Animal Control	A-14		1,132.64
Total Income		62,359,748.80	59,450,783.21
Expenditures			
Budget:			
Appropriations within Caps:			
Operations:			
Salaries and Wages		7,061,779.84	6,680,043.55
Other Expenses		6,196,463.75	6,132,985.75
Deferred Charges and Statutory Expenditures		1,998,690.00	1,693,250.40
Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		1,403,566.60	1,288,894.20
Other Expenses		4,502,296.23	4,390,514.71
Capital Improvements		299,327.60	9,327.60
Municipal Debt Service		3,868,294.97	3,807,846.02
Deferred Charges		63,152.00	61,602.00
	A-3	25,393,570.99	24,064,464.23
County Taxes	A-11	12,534,514.70	13,139,289.89
Regional District School Taxes	A-12	21,970,881.83	21,234,550.02
Municipal Open Space Taxes	A-13	219,664.92	221,323.42
Interfund Advances		298,304.38	
Prior Year Senior Citizens Deductions Disallowed		500.00	
Refund of Prior Year Revenue	A-4	1,079.00	
Refunding of Prior Year Revenues	A-4		11,616.08
Total Expenditures		60,418,515.82	58,671,243.64

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

Sheet 2 of 2

REGULATORY BASIS

	Ref.	Year 2011	Year 2010
Excess in Revenue		$ 1,941,232.98	$ 779,539.57
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		300,000.00	
Statutory Excess to Fund Balance		2,241,232.98	779,539.57
Fund Balance January 1	A	2,825,803.81	2,846,072.24
		5,067,036.79	3,625,611.81
Decreased by:			
Utilization as Anticipated Revenue	A-2	800,000.00	799,807.96
Fund Balance December 31	A	$ 4,267,036.79	$ 2,825,803.85

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 4

	Ref.	Anticipated Budget	Anticipated Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 800,000.00	$	$ 800,000.00	$
Miscellaneous Revenues					
Licenses:					
Alcoholic Beverages	A-9	47,000.00		47,002.00	2.00
Other	A-9	21,800.00		23,325.14	1,525.14
Fees and Permits:					
Other	A-9	133,400.00		180,278.22	46,878.22
Fines and Costs:					
Municipal Court	A-9	1,047,500.00		1,176,714.23	129,214.23
Interest and Costs on Taxes	A-5	95,800.00		132,758.65	36,958.65
Interest on Investments and Deposits	A-9	141,000.00		117,449.62	(23,550.38)
Anticipated Utility Operating Surplus	A-9	1,493,790.00		1,493,790.00	
Sewer Service Charges	A-5	3,100,000.00		4,298,566.11	1,198,566.11
Princeton University Donation	A-9	1,180,495.74		1,180,495.74	
Street Opening Inspection Fees	A-9	10,000.00		2,621.00	(7,379.00)
Life Hazard Use Fees	A-9	48,000.00		59,936.04	11,936.04
Fire and Housing Inspection Fees	A-9	220,000.00		219,840.00	(160.00)
Passport Fees	A-9	14,000.00		12,675.00	(1,325.00)
State Aid:					
Consolidated Municipal Property Tax Relief	A-9	72,134.00		72,134.00	
Energy Receipts Taxes	A-9	916,821.00		916,821.00	
Garden State Trust Fund		5.00			(5.00)
Uniform Construction Code Fees	A-9	722,000.00		691,049.00	(30,951.00)
Special Items:					
State and Federal Programs Offset with Appropriations :					
Clean Communities Program	A-15		12,882.20	12,882.20	
Alcohol Education and Rehabilitation Fund	A-15		7,335.12	7,335.12	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND **Exhibit A-2**

STATEMENT OF REVENUES - REGULATORY BASIS **Sheet 2 of 4**

	Ref.	Anticipated Budget	Anticipated Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (Continued)					
Special Items (Continued):					
State and Federal Programs Offset with Appropriations (Continued):					
Princeton University - Prospect Avenue Street Lighting	A-15	$ 7,654.00	$	$ 7,654.00	$
Princeton University - Fire Equipment	A-15	20,000.00		20,000.00	
Bonner Foundation	A-15	21,500.00		21,500.00	
Division of Highway Traffic Safety - Over the Limit	A-15		4,400.00	4,400.00	
Body Armor Grant	A-15		3,056.22	3,056.22	
Cops-in-Shops	A-15		2,800.00	2,800.00	
Edward Byrne Memorial Justice - Assistance Grant (JAG)	A-15		11,180.00	11,180.00	
Fire Fighter Grant Program	A-15		1,000.00	1,000.00	
H1N1 Corrective Actions	A-15		10,000.00	10,000.00	
Princeton University - Donations					
Fire Director - Salaries and Wages	A-15		100,000.00	100,000.00	
Recycling Tonnage Grant	A-15		42,039.69	42,039.69	
Other:					
Interlocal Service Agreements:					
Princeton Township Joint Services:					
Solid Waste Management	A-9	107,475.00		107,475.00	
Maintenance of Sewer Facilities	A-9	810,328.00		810,328.00	
Animal Control	A-9	61,470.00		61,470.00	
Health Services	A-9	288,596.00		288,596.00	
Fire Services	A-9	139,094.00		139,094.00	
Fire Facilities	A-9	70,064.00		70,064.00	
Senior Citizen Program	A-9	97,162.00		97,162.00	
LOSAP Alternative	A-9	26,100.00			(26,100.00)
Flu Program	A-9	7,260.00		7,260.00	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND **Exhibit A-2**

STATEMENT OF REVENUES - REGULATORY BASIS **Sheet 3 of 4**

	Ref.	Anticipated Budget	Anticipated Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (Continued)					
Special Items (Continued):					
Other (Continued):					
Princeton Theological Seminary	A-9	$ 206,998.00	$	$	$ (206,998.00)
Payment in Lieu of Taxes - Elm Court PILOT	A-9	74,000.00		74,064.51	64.51
Chamber Street Land Lease	A-9	102,000.00		132,472.50	30,472.50
Stony Brook Sewer Industrial User Fees	A-9	50,000.00		25,886.83	(24,113.17)
Assessment Trust Fund - Fund Balance	A-9	25,000.00		25,000.00	
Engineering Developer Fees	A-9	23,000.00		23,000.00	
Open Space Trust	A-9	201,000.00		201,000.00	
Hotel/Motel Tax	A-9	239,000.00		258,832.12	19,832.12
General Capital Fund - Fund Balance	A-9	2,190,774.47		2,190,774.47	
	A-1	14,032,221.21	194,693.23	15,381,782.41	1,154,867.97
Receipts from Delinquent Taxes	A-1,6	588,385.65		544,068.31	(44,317.34)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	10,280,318.33		10,602,579.58	322,261.25
Budget Totals		25,700,925.19	194,693.23	27,328,430.30	1,432,811.88
Non-Budget Revenues	A-1,2			538,678.10	538,678.10
		$ 25,700,925.19	$ 194,693.23	$ 27,867,108.40	$ 1,971,489.98
	Ref.	A-3	A-3		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 4 of 4

	Ref.	
Analysis of Realized Revenues		
Allocation of Current Tax Collection		
Revenue from Collections	A-1,6	$ 44,542,641.03
Allocated to Regional School, County and Municipal Open Space Taxes	A-11,12, 13	34,725,061.45
Balance for Support of Municipal Budget Appropriations		9,817,579.58
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	785,000.00
Amount for Support of Municipal Appropriations	A-2	$ 10,602,579.58
Analysis of Non-Budget Revenue		
Miscellaneous Revenue not Anticipated:		
JIF Refund		$ 16,152.00
In Lieu of Taxes		44,003.92
Miscellaneous		9,130.96
Police		3,265.66
Township Clerk		2,787.21
NJ Motor Vehicle Fines		4,725.00
Reimbursements		277,767.00
Fire		14,931.05
Engineering		3,125.00
NJ State Police - FEMA		50,041.84
Chambers Street Lease-2010		65,130.00
Old Outstanding Checks Cancelled		30,462.53
Township of Princeton		17,155.93
	A-2,4	$ 538,678.10

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN CAPS					
Mayor and Council					
Salaries and Wages	$ 60,000.00	$ 60,000.00	$ 60,000.00	$	$
Other Expenses	54,644.00	54,644.00	50,411.17	4,232.83	
Administrative and Executive					
Salaries and Wages	281,049.67	281,049.67	273,033.92	8,015.75	
Other Expenses	72,119.00	72,119.00	52,365.76	19,753.24	
Municipal Clerk					
Salaries and Wages	237,566.50	227,566.50	220,460.21	7,106.29	
Other Expenses	52,594.00	52,594.00	52,368.36	225.64	
Elections					
Salaries and Wages	3,600.00	3,600.00	1,519.74	2,080.26	
Other Expenses	5,700.00	5,700.00	5,290.46	409.54	
Financial Administration					
Salaries and Wages	174,146.00	174,146.00	168,637.56	5,508.44	
Miscellaneous Other Expenses	22,115.00	22,115.00	13,118.71	8,996.29	
Audit	34,900.00	34,900.00	34,900.00		
Collection of Taxes					
Salaries and Wages	87,437.00	87,437.00	67,257.18	20,179.82	
Other Expenses	13,250.00	13,250.00	9,734.21	3,515.79	
Assessment of Taxes					
Salaries and Wages	35,430.00	35,430.00	20,488.82	14,941.18	
Other Expenses:	11,475.00	11,475.00	4,929.79	6,545.21	
Legal Services and Costs					
Other Expenses	171,000.00	251,000.00	230,357.75	20,642.25	
Defense of Tax Appeals	25,000.00	31,000.00	31,000.00		
Engineering Services and Costs					
Salaries and Wages	224,245.20	224,245.20	223,101.38	1,143.82	
Other Expenses	56,564.00	56,564.00	48,899.76	7,664.24	
Municipal Prosecutor					
Other Expenses	37,200.00	37,200.00	37,200.00		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Court					
Salaries and Wages	$ 315,274.50	$ 315,274.50	$ 301,791.75	$ 13,482.75	$
Other Expenses	25,521.75	25,521.75	19,526.78	5,994.97	
Public Defender					
Other Expenses	37,200.00	37,200.00	37,200.00		
Public Buildings and Grounds					
Salaries and Wages	497,954.00	497,954.00	458,159.14	39,794.86	
Other Expenses	89,697.00	89,697.00	71,830.76	17,866.24	
Municipal Land Use Law (N.J.S .40:550-1)					
Planning Board (JOINT)					
Other Expenses	116,688.00	116,688.00	112,728.00	3,960.00	
Environmental Commission					
Other Expenses	2,178.00	2,178.00	2,178.00		
Shade Tree Commission					
Salaries and Wages	117,829.00	117,829.00	116,340.90	1,488.10	
Other Expenses	14,250.00	14,250.00	2,730.30	11,519.70	
Insurance					
General Liability	304,021.00	304,021.00	304,021.00		
Workers Compensation	262,573.00	262,573.00	262,573.00		
Employee Group Health	2,051,194.00	2,051,194.00	2,019,264.96	31,929.04	
Fire					
Salaries and Wages	10,000.00	10,000.00	10,000.00		
Other Expenses:					
Fire Hydrant Service	150,000.00	150,000.00	118,280.46	31,719.54	
Miscellaneous Other Expenses	59,441.00	59,441.00	41,804.45	17,636.55	
Fire Facilities	50,736.00	50,736.00	21,966.27	28,769.73	
LOSAP Alternative					
Police					
Salaries and Wages	3,692,189.97	3,647,189.97	3,482,987.64	164,202.33	
Miscellaneous Other Expenses	201,650.00	201,650.00	186,958.92	14,691.08	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Modification	Paid or Charged	Reserved	
Fire Inspectors					
Salaries and Wages	$ 288,352.00	$ 288,352.00	$ 287,891.22	$ 460.78	$
Other Expenses	16,040.00	16,040.00	15,763.46	276.54	
Emergency Management Services					
Other Expenses	8,700.00	8,700.00	489.42	8,210.58	
Road Repair and Maintenance					
Salaries and Wages	594,597.00	594,597.00	543,582.65	51,014.35	
Other Expenses	93,299.00	93,299.00	66,883.10	26,415.90	
Street Lighting					
Other Expenses	110,000.00	110,000.00	110,000.00		
Mechanics					
Salaries and Wages	136,107.00	136,107.00	130,441.16	5,665.84	
Other Expenses	79,510.00	79,510.00	77,696.40	1,813.60	
Maintenance of Sewerage Facilities					
Salaries and Wages	500.00	500.00	500.00		
Other Expenses	500.00	500.00	500.00		
Garbage and Trash Removal					
Other Expenses	567,400.00	567,400.00	469,424.48	97,975.52	
Solid Waste Disposal					
Salaries and Wages	10,000.00	10,000.00		10,000.00	
Other Expenses	112,820.00	112,820.00	69,972.38	42,847.62	
NJ PEOSHA					
Other Expenses	1,000.00	1,000.00		1,000.00	
Board of Health					
Salaries and Wages	10,000.00	10,000.00	3,501.89	6,498.11	
Other Expenses	45,263.00	45,263.00	37,665.35	7,597.65	
Flu Program	3,630.00	3,630.00		3,630.00	
Animal Control					
Salaries and Wages	1.00	1.00	1.00		
Other Expenses	1.00	1.00	1.00		
Save Boarding Costs and Animal Care					
Other Expenses	5,510.00	5,510.00	5,000.00	510.00	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Drug Abuse Program (Corner House)					
Other Expenses	$ 126,283.00	$ 126,283.00	$ 125,617.00	$ 666.00	$
Joint Recreation Board- Borough's Share					
Other Expenses	415,306.00	415,306.00	415,306.00		
Senior Citizens Program					
Other Expenses	97,161.00	97,161.00	92,616.90	4,544.10	
Department of Human Services					
Other Expenses	70,230.00	70,230.00	70,230.00		
Celebration of Public Events					
Other Expenses	7,000.00	7,000.00		7,000.00	
Uniform Construction Code- Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Official					
Salaries and Wages	310,501.00	310,501.00	304,185.19	6,315.81	
Other Expenses	59,100.00	59,100.00	59,100.00		
Unclassified:					
Salary and Wage Adjustment	30,000.00	30,000.00		30,000.00	
Condo Services Reimbursement	8,000.00	8,000.00		8,000.00	
Accumulated Leave Compensation	50,000.00	34,000.00	423.08	33,576.92	
Utilities					
Gasoline	115,000.00	115,000.00	114,006.83	993.17	
Telephone	73,000.00	73,000.00	72,075.67	924.33	
Electricity and Natural Gas	130,000.00	130,000.00	103,579.86	26,420.14	
Water	10,000.00	10,000.00	5,996.83	4,003.17	
Total Operations within Caps	13,243,243.59	13,258,243.59	12,357,867.98	900,375.61	
Detail:					
Salaries and Wages	7,116,779.84	7,061,779.84	6,673,881.35	387,898.49	
Other Expenses	6,126,463.75	6,196,463.75	5,683,986.63	512,477.12	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
STATUTORY EXPENDITURES WITHIN CAPS					
Contribution to:					
Public Employees Retirement System	$ 598,362.00	$ 598,362.00	$ 598,362.00	$	$
Social Security System	462,067.00	447,067.00	406,226.81	40,840.19	
Consolidated Police and Firemen's Fund	18,000.00	18,000.00	17,808.37	191.63	
Police and Firemen's Retirement System of NJ	885,261.00	885,261.00	885,261.00		
Unemployment	50,000.00	50,000.00	4,069.24	45,930.76	
Total Statutory Expenditures within Caps	2,013,690.00	1,998,690.00	1,911,727.42	86,962.58	
Total Appropriations within Caps	15,256,933.59	15,256,933.59	14,269,595.40	987,338.19	
OPERATIONS EXCLUDED FROM CAPS					
Implementation and Maintenance of 911 Communication System					
Police					
Salaries and Wages	342,192.60	342,192.60	266,167.27	76,025.33	
Other Expenses	103,807.00	103,807.00	103,807.00		
Maintenance of Joint Free Public Library					
Proportionate Share (R.S. 40-29.17)	1,295,921.00	1,295,921.00	1,282,631.53	13,289.47	
Stony Brook Regional Sewerage Authority					
Stony Brook Sewer Main Stabilization Other Expenses		300,000.00		300,000.00	
Share of Costs	1,877,726.00	1,877,726.00	1,876,101.32	1,624.68	
Stony Brook Sewer Industrial User Fee	50,000.00	50,000.00	19,614.20	30,385.80	
Reserve for Tax Appeals	5,000.00	5,000.00		5,000.00	
Employee Group Health	79,710.00	79,710.00	79,710.00	($,.00)	
Interlocal Service Agreements:					
Solid Waste					
Salaries and Wages	56,610.00	56,610.00	54,103.21	2,506.79	
Other Expenses	50,865.00	50,865.00	50,865.00		
Maintenance of Sewer Facilities					
Salaries and Wages	662,764.00	662,764.00	522,713.92	140,050.08	
Other Expenses	147,564.00	147,564.00	146,157.32	1,406.68	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Interlocal Service Agreements (Continude):					
Fire					
Salaries and Wages	$ 10,285.00	$ 10,285.00	$ 10,285.00	$	$
Other Expenses	128,809.00	128,809.00	128,809.00		
Fire Facilities	70,064.00	70,064.00	70,064.00		
LOSAP Alternative	26,100.00	26,100.00	7,363.07	18,736.93	
Health					
Salaries and Wages	274,579.00	274,579.00	274,579.00		
Other Expenses	14,017.00	14,017.00	14,017.00		
Flu Program	7,370.00	7,370.00	1,537.70	5,832.30	
Animal Control					
Salaries and Wages	57,136.00	57,136.00	51,815.29	5,320.71	
Other Expenses	4,334.00	4,334.00	3,206.35	1,127.65	
Senior Citizens Program					
Other Expenses	97,162.00	97,162.00	97,162.00		
Public and Private Programs Offset by Revenues:					
Alcohol Education and Rehabilitation Fund	7,335.12	7,335.12	7,335.12		
Bonner Foundation	21,500.00	21,500.00	21,500.00		
Body Armor	3,056.22	3,056.22	3,056.22		
Clean Communities Grant	12,882.20	12,882.20	12,882.20		
Cops in Shops	2,800.00	2,800.00	2,800.00		
2010 State Health Services Grant - Influenza A - H1N1 Virus	10,000.00	10,000.00	10,000.00		
Over the Limit, Under Arrest - 2009 Statewide Crackdown	4,400.00	4,400.00	4,400.00		
Princeton University-Fire Director	100,000.00	100,000.00	100,000.00		
Princeton University Fire Equipment	20,000.00	20,000.00	20,000.00		
Princeton University Prospect Avenue Lighting	7,654.00	7,654.00	7,654.00		
Recycling Tonnage Grant	42,039.69	42,039.69	42,039.69		
Fire Fighter Grant Program	1,000.00	1,000.00	1,000.00		
Edward Byrne Memorial Justice Assistance Grant (JAG)	11,180.00	11,180.00	11,180.00		
Total Operations Excluded from Caps	5,605,862.83	5,905,862.83	5,304,556.41	601,306.42	

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Detail:					
Salaries and Wages	$ 1,403,566.60	$ 1,403,566.60	$ 1,179,663.69	$ 223,902.91	$
Other Expenses	4,202,296.23	4,502,296.23	4,124,892.72	377,403.51	
CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS					
Capital Improvement Fund	290,000.00	290,000.00	290,000.00		
Institute Lands Preservation	9,330.00	9,330.00	9,327.60		2.40
MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS					
Payment of Bond Principal	2,190,690.00	2,190,690.00	2,190,686.46		3.54
Interest on Bonds	1,174,100.00	1,174,100.00	1,162,414.64		11,685.36
Environmental Infrastructure Loan Program	520,550.00	520,550.00	515,193.87		5,356.13
Total Municipal Debt Service excluded from Caps	3,885,340.00	3,885,340.00	3,868,294.97		17,045.03
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM CAPS					
Special Emergency Authorizations 5 Years (N.J.S.A. 40A:4-55)	61,602.00	61,602.00	61,602.00		
Deferred Charges to Future Taxation - Unfunded	1,550.00	1,550.00	1,550.00		
Total Deferred Charges excluded from Caps	63,152.00	63,152.00	63,152.00		
Total General Appropriations excluded from Caps	9,853,684.83	10,153,684.83	9,535,330.98	601,306.42	17,047.43
Subtotal General Appropriations	25,110,618.42	25,410,618.42	23,804,926.38	1,588,644.61	17,047.43
Reserve for Uncollected Taxes	785,000.00	785,000.00	785,000.00		
Total General Appropriations	$ 25,895,618.42	$ 26,195,618.42	$ 24,589,926.38	$ 1,588,644.61	$ 17,047.43
			A-3	A	A-1

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	Ref.	Budget After Modification
Adopted Budget	A-2	$ 26,000,925.19
Special Emergency Authorization Appropriated by 40A:4-87	A-2	194,693.23
	A-3	$ 26,195,618.42

		Paid or Charged
Disbursements	A-4	$ 23,180,228.64
Reserve for:		
Encumbrances	A	319,248.51
Uncollected Taxes	A-1	785,000.00
Interfund - Grant Fund	A-15	243,847.23
Deferred Charges Raised:		
Special Emergency Authorization - 5 Years	A	61,602.00
	A-3	$ 24,589,926.38

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Assessment Trust Fund			
Cash	B-2	$ 551,867.22	$ 771,017.84
Assessments Receivable	B-4	170,347.52	225,245.05
Amount to Be Raised by Taxation-Assessment Bonds	B-6	51,249.45	51,249.45
		773,464.19	1,047,512.34
Animal Control Trust Fund			
Cash	B-2	15,889.22	15,482.04
Interfund - Trust Other Fund	B	3.60	
		15,892.82	15,482.04
Trust - Other Fund			
Cash	B-2	2,557,200.67	1,508,114.63
		$ 3,346,557.68	$ 2,571,109.01
Liabilities and Reserves			
Assessment Trust Fund			
Interfunds:			
General Capital Fund	B-2	$	$ 212,000.00
Current Fund	B-2		734.61
Reserve for Assessments	B-5	128,562.96	168,329.65
Assessment Serial Bonds	B-6	293,552.90	329,866.44
Fund Balance	B-1	351,348.33	336,581.64
		773,464.19	1,047,512.34
Animal Control Trust Fund			
Reserve for Animal Control Trust Fund	B-7	15,889.22	14,349.40
Due State of New Jersey	B	3.60	
Interfund - Current Fund			1,132.64
		15,892.82	15,482.04
Trust - Other Fund			
Interfund:			
Current Fund	B-8	171.63	
Reserve for:			
Miscellaneous Reserves	B-9	2,410,621.63	1,380,510.56
Open Space	B-10	146,407.41	127,604.07
		2,557,200.67	1,508,114.63
		$ 3,346,557.68	$ 2,571,109.01

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

ASSESSMENT TRUST FUND

	Ref.	
Balance December 31, 2010	B	$ 336,581.64
Increased by:		
Collection of Unpledged Assessments	B-5	39,766.69
		376,348.33
Decreased by:		
Utilized as Current Fund Revenue		25,000.00
Balance December 31, 2011	B	$ 351,348.33

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Cash and Cash Equivalents	C-2	$ 7,813,202.61	$ 8,440,979.79
Deferred Charges to Future Taxation:			
General Improvements:			
Funded	C-4	33,310,030.06	35,898,291.34
Unfunded	C-5	9,221,546.20	3,802,111.20
Interfunds:			
Affordable Housing Utility Capital Fund	C-6	1,560.00	4,605.00
Assessment Trust Fund	C-6		212,000.00
Accounts Receivable:			
NJ Environmental Infrastructure Trust Loan	C-10	3,290,594.00	4,786,962.00
Due from Township of Princeton			601,906.62
		$ 53,636,932.87	$ 53,746,855.95
Liabilities, Reserves and Fund Balance			
Interfund - Current Fund	C-6	$ 300,000.00	$
Capital Improvement Fund	C-7	4,685.00	
Reserve for:			
Receivable			601,906.62
Payment of Debt		84.65	84.65
Encumbrances	C-8	1,850,895.66	1,333,956.56
Improvement Authorizations:			
Funded	C-8	7,691,808.34	8,052,534.58
Unfunded	C-8	6,815,097.48	3,191,442.22
Serial Bonds Payable	C-9	26,065,447.10	28,284,133.56
NJ Environmental Infrastructure Trust Loan Payable	C-11	7,244,582.96	7,614,157.78
Fund Balance	C-1	3,664,331.68	4,668,639.98
		$ 53,636,932.87	$ 53,746,855.95

There were bonds and notes authorized but not issued on December 31, 2011 of in the amount of $9,221,546.20 (See Exhibit C-12).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2010	C	$ 4,668,639.98
Increased by:		
Grant and Other Reimbursements relating to Ordinances Fully Funded	C-2	1,186,466.17
		5,855,106.15
Decreased by:		
Utilized in Current Fund as Anticipated Revenue	C-2	2,190,774.47
Balance December 31, 2011	C	$ 3,664,331.68

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - PARKING UTILITY FUND

Exhibit D

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Operating Fund			
Cash	D-5	$ 921,795.63	$ 312,660.04
Interfunds:			
Current Fund	D-10		123,082.09
Parking Capital Fund	D-10		789.71
Total Operating Section		921,795.63	824,357.90
Capital Fund			
Cash	D-5	181,646.62	183,108.01
Accounts Receivable	D-7	82,851.23	82,851.23
Fixed Capital	D-8	200,000.00	200,000.00
Fixed Capital Authorized and Uncompleted	D-9	16,167,434.31	16,101,434.31
Total Capital Fund		16,631,932.16	14,746,000.27
		$ 17,553,727.79	$ 15,570,358.17
Liabilities, Reserves and Fund Balance			
Operating Fund			
Encumbrances Payable	D-4,11	$ 40,335.18	$ 20,837.54
Appropriation Reserves	D-4,11	121,310.66	132,366.96
Accounts Payable		20,870.23	20,870.23
Accrued Interest on Bonds and Notes	D-12	125,845.79	209,515.38
Reserve for Security Deposit Hinkson		4,166.66	4,166.66
		312,528.52	575,582.83
Fund Balance	D-1	609,267.11	48,775.07
Total Operating Fund		921,795.63	824,357.90
Capital Fund			
Interfund - Parking Operating Fund	D-5		789.71
Balance December 31, 2011 and 2010			
Funded	D-13	224,373.67	304,315.23
Unfunded	D-13	1,880,960.19	2,004,409.19
Reserve for:			
Debt Service	D-6	375,000.00	375,000.00
Deferred Amortization	D-14	2,140,700.00	1,665,700.00
Encumbrances	D-13	168,718.88	
Serial Bonds Payable	D-15	11,830,000.00	12,205,000.00
Fund Balance	D-2	12,179.42	12,179.42
Total Capital Fund		16,631,932.16	14,746,000.27
		$ 17,553,727.79	$ 15,570,358.17

There were bonds and notes authorized but not issued on December 31, 2011 of $2,396,734.31 (Schedule D-16).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	Ref.	Year 2011	Year 2010
Revenue and Other Income Realized			
Fund Balance Anticipated	D-3	$ 24,372.00	$ 200,000.00
Parking Fees	D-3	3,321,898.26	3,257,827.84
Land Leases	D-3	244,150.27	
Annual Service Charges	D-3	306,227.48	
Interest on Investments	D-3	3,232.36	2,845.65
Non-Budget Revenue	D-5	217,040.34	120,019.88
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	84,469.74	2,049.54
Total Income		4,201,390.45	3,582,742.91
Expenditures			
Operating		1,172,700.00	1,142,704.00
Debt Service		900,036.41	969,331.00
Deferred Charges and Statutory Expenditures		50,000.00	100,000.00
Surplus (General Budget)		1,493,790.00	1,370,707.91
Total Expenditures	D-4	3,616,526.41	3,582,742.91
Statutory Excess to Fund Balance		584,864.04	
Fund Balance January 1	D	48,775.07	248,775.07
		633,639.11	248,775.07
Less: Fund Balance Anticipated	D-1	24,372.00	200,000.00
Fund Balance December 31	D	$ 609,267.11	$ 48,775.07

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

	Ref.	
Balance December 31, 2011 and 2010	D	$ 12,179.42

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	D-1	$ 24,372.00	$ 24,372.00	$
Parking Fees	D-1	$ 3,271,885.00	$ 3,321,898.26	$ 50,013.26
Land Leases	D-1	99,360.00	244,150.27	144,790.27
Annual Service Charges	D-1	306,733.00	306,227.48	(505.52)
Interest on Investments	D-1	2,846.00	3,232.36	386.36
		3,680,824.00	3,875,508.37	194,684.37
	D-4	$ 3,705,196.00	$ 3,899,880.37	$ 194,684.37

	Ref.		
		D-4	
Fund Balance Utilized	D-1		$ 24,372.00
Receipts	D-5		3,875,508.37
	D-3		$ 3,899,880.37

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

		Appropriated		Expended		
		Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating						
Salaries and Wages		$ 573,025.00	$ 573,025.00	$ 547,461.89	$ 25,563.11	$
Other Expenses		599,675.00	599,675.00	503,927.45	95,747.55	
Debt Service						
Payment of Bond Principal		425,000.00	425,000.00	425,000.00		
Interest on Bonds		563,706.00	563,706.00	475,036.41		88,669.59
Deferred Charges						
Ordinance 09-27		50,000.00	50,000.00	50,000.00		
Surplus (General Budget)		1,493,790.00	1,493,790.00	1,493,790.00		
Total Parking Utility Appropriations		$ 3,705,196.00	$ 3,705,196.00	$ 3,495,215.75	$ 121,310.66	$ 88,669.59
	Ref.	D-3	D-1		D	D-1
Cash Disbursed	D-5			$ 2,979,844.16		
Encumbrances Payable	D			40,335.18		
Accrued Interest on Bonds	D-12			475,036.41		
				$ 3,495,215.75		

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - PUBLIC ASSISTANCE TRUST FUND

REGULATORY BASIS

Exhibit E

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Cash:			
Treasurer	E-1	$ 102,807.33	$ 81,682.17
Petty Cash	E-1	10.31	11,593.64
		$ 102,817.64	$ 93,275.81
Liabilities and Reserves			
Prepaid State Aid	E-2	$ 68,192.37	$ 58,919.17
Supplemental Security Income Due To Client		1,238.31	1,238.31
Reserve for:			
Public Assistance	E-3	33,386.96	33,118.33
		$ 102,817.64	$ 93,275.81

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

BOROUGH OF - PRINCETON - COUNTY OF MERCER

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	2011	2010
Assets		
General Fixed Assets:		
Land	$ 12,298,100.00	$ 12,298,100.00
Building	7,023,480.00	7,023,480.00
Furniture, Fixtures and Equipment	10,671,632.26	10,070,569.00
	$ 29,993,212.26	$ 29,392,149.00
Liabilities		
Investment in General Fixed Assets	$ 29,993,212.26	$ 29,392,149.00

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

BALANCE SHEET - AFFORDABLE HOUSING UTILITY FUND

Exhibit S

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	Ref.	2011	2010
Assets			
Operating Fund			
Cash	S-5	$ 930,027.93	$ 861,946.41
Capital Fund			
Fixed Capital Authorized and Uncompleted	S-8	211,150.00	211,150.00
Interfunds:			
Affordable Housing Operating Fund	S-9	117,757.54	117,757.54
Total Capital Fund		328,907.54	328,907.54
		$ 1,258,935.47	$ 1,190,853.95
Liabilities, Reserves and Fund Balance			
Operating Fund			
Reserve for:			
Encumbrances	S-4	$ 14,111.36	$ 20,145.70
Affordable Housing	S-6	798,159.03	
Payment of Debt	S-6		3,889.07
Housing Trust	S-6		24,821.29
Developer Fees	S-6		249,371.43
Growth Share	S-6		445,961.38
Interfund - Affordable Housing Utility Capital Fund	S-9	117,757.54	117,757.54
Total Operating Fund		930,027.93	861,946.41
Capital Fund			
Interfund - General Capital Fund	S-9	1,560.00	4,605.00
Improvement Authorizations:			
Funded	S-10	67,702.05	67,702.05
Unfunded	S-10	192,451.65	189,406.65
Fund Balance	S-2	67,193.84	67,193.84
Total Capital Fund		328,907.54	328,907.54
		$ 1,258,935.47	$ 1,190,853.95

There were bonds and notes authorized but not issued on December 31, 2011 of $ 211,150.00 (Schedule S-11).

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	Ref.	2011	2010
Revenue and Other Income Realized			
Developer Revenue Reserves:			
Prior Revenues Reserved	S-3	$ 165,069.40	$ 43,550.00
Developer Fees	S-3	87,672.00	62,863.49
246 John Street Sale		50,643.72	
Prior Revenues Reserved	S-3	24,800.00	47,550.00
Borough's Affordable Housing Trust - Growth Share and Developer's Escrow	S-3		549,453.65
Miscellaneous	S-5	200.82	19,438.00
Total Income		328,385.94	722,855.14
Expenditures			
Operating	S-4	127,227.77	621,144.66
Excess in Revenues		201,158.17	101,710.48
Less: Transfers to Revenue Reserves:			
Affordable Housing	S-6	201,158.17	
Developer Fees	S-6		82,863.49
Housing	S-6		18,846.99
		$ 201,158.17	$ 101,710.48

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-2

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2011 and 2010	S	$ 67,193.84

AFFORDABLE HOUSING UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Exhibit S-3

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Developer Escrow Reserves				
Prior Revenues Reserved	S-1	$ 165,069.40	$ 165,069.40	$
Developer Fees	S-1	20,000.00	87,672.00	67,672.00
246 John Street Sale	S-1	25,800.00	50,643.72	24,843.72
Housing Trust Reserves				
Prior Revenues Reserved	S-1	24,800.00	24,800.00	
		235,669.40	328,185.12	92,515.72
Miscellaneous	S-1		200.82	200.82
		$ 235,669.40	$ 328,385.94	$ 92,716.54

	Ref.	
		S-4
Cash Received	S-5	$ 138,516.54
Reserves		
Housing	S-6	24,800.00
Developer Escrow	S-6	165,069.40
		$ 328,385.94

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Appropriated Budget	Budget After Modification	Paid or Charged	Cancelled
Operating					
Salaries and Wages		$ 25,069.40	$ 25,069.40	$ 23,265.32	$ 1,804.08
Other Expenses		210,600.00	210,600.00	103,962.45	106,637.55
Total Affordable Housing Utility Appropriations		$ 235,669.40	$ 235,669.40	$ 127,227.77	$ 108,441.63
	Ref.	S-3			
Encumbrances Payable	S-1			$ 14,111.36	
Cash Disbursed	S-5			113,116.41	
	S-1			$ 127,227.77	

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units in 2011.

B. Descriptions of Funds

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

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2011 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2011 is set forth in Note 4.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with the New Jersey Administrative Code the Borough is in the process of developing a perpetual fixed assets accounting and reporting system.

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

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

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

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

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

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

Utility Fixed Assets - Accounting for utility funds "fixed capital" remains unchanged.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

During 2011 the following changes occurred in the fixed assets of the Borough:

	Balance Jan. 1, 2011	Additions	Balance Dec. 31, 2011
General Fixed Assets Account Group:			
Land	$ 12,298,100	$	$ 12,298,100
Buildings	7,023,480		7,023,480
Furniture, Fixtures and Equipment	10,070,569	347,193	10,417,762
Affordable Housing Utility Fund:			
Fixed Capital Authorized and Uncompleted	211,150		211,150
Parking Utility Fund:			
Fixed Capital	200,000		200,000
Fixed Capital Authorized and Uncompleted	16,101,434	66,000	16,167,434
	$ 45,904,733	$ 413,193	$ 46,317,926

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

At year-end the carrying amount of the Borough's deposits was $21,241,906 and the bank balance amount was $21,030,086. Of this amount $750,000 was covered by federal depository insurance, $1,074,186 was in the State of New Jersey's Cash Management Fund and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining $19,205,900.

B. Investments

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

(1) Bonds or other obligations of the United States or obligations guaranteed by the United States.

(2) Government money market mutual funds.

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

(4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.

(6) Municipal investment pools.

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED

B. Investments (Continued)

a. (8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
(b) the custody of collateral is transferred to a third party;
(c) the maturity of the agreement is not more than 30 days;
(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
(e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

At year-end, the carrying value of the Borough's investment and the investment balance was $1,074,186 all of which is on deposit in the aforementioned New Jersey Cash Management Fund.

C. Cash Management Plan

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED

D. Credit Risk Categories

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

	Bank Balance	
	2011	2010
Depository Account		
Insured:		
FDIC	$ 750,000	$ 750,000
GUDPA	19,205,900	17,176,464
Uninsured	1,074,186	1,093,006
	$ 21,030,086	$ 19,019,470

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt

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

General Capital Fund

2.875% to 4.50% General Improvement Bonds, Series A issued August 15, 2003 for $5,553,000, installment maturities to August 15, 2018	$ 760,000
2.875% to 4.50% General Improvement Bonds, Series B issued August 15, 2003 for $8,214,000, installment maturities to August 15, 2018	3,939,000
4% General Improvement Bonds issued June 1, 2007 for $9,833,059, installment maturities to June 1, 2019	7,467,447
3% to 5% General Improvement Bonds issued June 2, 2010 for $12,589,000 installment maturities to February 1, 2011 to 2026	11,989,000
3% to 4% General Improvement Refunding Bonds issued September 14, 2011 fo4 $1,910,000, installment maturities to August 15, 2018	1,910,000
	$ 26,065,447

The bonds mature serially in installments to the year 2026. Debt service requirements during the next five fiscal years and thereafter are as follows:

Year	Principal	Interest
2012	$ 2,299,254	$ 983,903
2013	2,338,537	894,672
2014	2,416,388	791,448
2015	2,421,388	702,318
2016	2,465,671	608,552
2017-2021	9,065,209	1,650,689
2022-2026	5,059,000	459,418
	$ 26,065,447	$ 6,091,000

Assessment Trust Fund

4% General Improvement Bonds issued June 1, 2007 for $142,941, installment maturities to June 1, 2019	$ 108,553
3% to 5% Sidewalk Assessment Bonds issued June 2, 2010 for $212,000 installment maturities to February 1, 2011 to 2020	185,000
	$ 293,553

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Assessment Trust Fund (Continued)

The bonds mature serially in installments to the year 2020. Debt service requirements during the next five fiscal years and thereafter are as follows:

Year	Principal	Interest
2012	$ 35,746	$ 10,502
2013	31,463	9,383
2014	33,612	8,282
2015	33,612	7,137
2016	34,329	5,978
2017-20	124,791	10,331
	$ 293,553	$ 51,613

Parking Utility

2.875% to 4.75% Construction of Parking Garage issued August 15, 2003 for $13,700,000, installment maturities to August 15, 2028	$ 925,000
2% to 5% Parking Utility Improvement Refunding Bonds Issued October 12, 2100 fro $10,905,000, installment maturities to August 15, 2020	10,905,000
	$ 11,830,000

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

Year	Principal	Interest
2012	$ 540,000	$ 534,388
2013	495,000	512,562
2014	525,000	486,775
2015	535,000	481,025
2016	555,000	464,975
2017-21	3,255,000	1,942,175
2022-26	4,195,000	912,350
2027-28	1,730,000	95,150
	$ 11,830,000	$ 5,429,400

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Wastewater Treatment Trust Loan - State

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

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

2006 Wastewater Treatment Trust Loan Schedule

Year	Principal	Interest
2012	$ 35,000	$ 34,075
2013	40,000	32,325
2014	40,000	30,325
2015	45,000	28,325
2016	45,000	26,075
2017-2021	255,000	99,725
2022-2026	310,000	42,294
	$ 770,000	$ 293,144

2006 Wastewater Treatment Fund Loan Schedule

Year	Principal
2012	$ 44,443
2013	46,534
2014	45,247
2015	47,177
2016	45,730
2017-2021	228,229
2022-2026	226,665
	$ 684,025

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

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

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

2007 Wastewater Treatment Trust Loan Schedule

Year	Principal	Interest
2012	$ 35,000	$ 34,400
2013	35,000	33,210
2014	35,000	31,985
2015	40,000	30,725
2016	40,000	28,725
2017-2021	230,000	113,275
2022-2026	295,000	54,763
2027	65,000	2,762
	$ 775,000	$ 329,845

2007 Wastewater Treatment Fund Loan Schedule

Year	Principal
2012	$ 43,778
2013	43,027
2014	42,255
2015	44,614
2016	43,352
2017-2021	216,540
2022-2026	220,633
2027	42,746
	$ 696,945

Also, the Borough entered into another loan agreement November 2008 with the State of New Jersey, Department of Environmental Protection, pursuant to the 2008 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of $1,035,000 to be repaid over a twenty year period at interest rates ranging from 5.00% to 5.50%, and a zero interest Fund Loan Agreement at $1,034,227 to be repaid over a twenty year period.

2008 Wastewater Treatment Trust Loan Schedule

Year	Principal	Interest
2012	$ 35,000	$ 49,575
2013	40,000	47,825
2014	40,000	45,825
2015	45,000	43,825
2016	45,000	41,575
2017-2021	260,000	171,850
2022-2026	340,000	93,700
2027-2028	160,000	12,000
	$ 965,000	$ 506,175

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

2008 Wastewater Treatment Fund Loan Schedule

Year	Principal
2012	$ 51,786
2013	53,776
2014	52,551
2015	54,388
2016	53,010
2017-2021	264,425
2022-2026	265,557
2027-2028	105,317
	$ 900,810

Also, the Borough entered into another loan agreement for 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 $650,000 to be repaid over a twenty year period at interest rates ranging from 3.00% to 5.00%, and a zero interest Fund Loan Agreement at $1,991,581 to be repaid over a twenty year period.

2010 Wastewater Treatment Trust Loan Schedule

Year	Principal	Interest
2012	$ 25,000	$ 26,875
2013	25,000	25,625
2014	25,000	24,375
2015	25,000	23,125
2016	30,000	21,875
2017-2021	160,000	87,225
2022-2026	200,000	51,675
2027-2028	140,000	11,400
	$ 630,000	$ 272,175

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

2010 Wastewater Treatment Fund Loan Schedule

Year	Principal
2012	$ 101,267
2013	101,267
2014	101,267
2015	101,267
2015	101,267
2017-2021	506,334
2022-2026	506,334
2027-2028	303,800
	$ 1,822,803

B. Short-Term Debt

On December 31, 2011 the Borough had no bond anticipation notes outstanding.

C. Bonds and Notes Authorized but not Issued

At December 31, 2011, the Borough had authorized but not issued bonds and notes as follows:

General Capital	$ 9,221,546
Affordable Housing Utility Capital Fund	211,150
Parking Utility Capital Fund	2,396,734
	$ 11,829,430

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2011 was 1.72%. The Borough's remaining borrowing power is 1.78%.

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

NOTE 3. DEBT (CONTINUED)

E. Summary of Debt Service

During 2011 the following changes occurred in the outstanding debt of the Borough:

	Balance Jan. 1, 2011	Issued	Retired	Balance Dec. 31, 2011
General Capital:				
Serial Bonds	$ 28,284,134	$ 1,910,000	$ 4,128,687	$ 26,065,447
Loans Payable	7,614,158		369,575	7,244,583
Assessment Trust Fund:				
Serial Bonds	329,866		36,313	293,553
Parking Utility Capital Fund:				
Serial Bonds	12,205,000	10,905,000	11,280,000	11,830,000
	$ 48,433,158	$ 12,815,000	$ 15,814,575	$ 45,433,583

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates $792,925 and $827,800 at December 31, 2011 and 2010, respectively. A reserve is maintained in the Other Trust Fund and has a balance of $61,761 at December 31, 2011. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31, 2011 which are appropriated and included as anticipated revenue anticipated in the budget for the year ending December 31, 2012 are as follows:

Current Fund	$ 800,000
Parking Utility	111,037

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	Balance December 31	
	2011	2010
Prepaid Taxes	$ 364,221	$ 304,893

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Authorizations (N.J.S. 40A:4-55)			
Revaluation	$ 123,204	$ 61,602	$ 61,602

NOTE 10. PENSION PLANS

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

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. Plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to Ch. 78, P.L. 2011 and effective October 1, 2011, the employee pension contribution rates were adjusted as follows:

- PERS members from 5.5% to 6.5% of their annual covered salary, with an additional increase to be phased in over the next 7 years bringing the total pension contribution rate to 7.5% of annual covered salary.

- PFRS members from 8.5% to 10% of their annual covered salary.

In addition, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. The Borough's contributions to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	PFRS
2011	$ 598,362	$ 885,261
2010	503,884	738,289
2009	415,805	718,611

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2004, the Borough authorized participation in the SHPB's post-retirement benefit program through Resolution Number 2004-894. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2011, 2010 and 2009 were $447,855, $390,892, and $367,088, respectively, which equaled the required contributions for each year. There were approximately 33, 31, and 32 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.

NOTE 12. RISK MANAGEMENT

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

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

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Borough estimates that no material liabilities will result from such audits.

Major Tax Assessments

Taxpayers in 2011 with assessments in excess of 1% of the total assessed valuation were as follows:

Owner	Assessed Value	% of Value
Trustees of Princeton University	$ 167,793,300	7.64%
Palmer Residences 1 LLC	44,155,000	2.01%
Palmer Sq Ltd. Properties	35,484,500	1.62%
PSN Partners	29,669,100	1.35%
Nassau Inn Ltd. Partnership	26,000,000	1.18%

Pending Litigation

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

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

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

	Interfund Receivable	Interfund Payable
Current Fund	$ 300,172	$ 4
Animal Control Trust Fund	4	
Other Trust Fund		172
General Capital Fund	1,560	300,000
Affordable Housing Utility Capital Fund	117,758	1,560
Affordable Housing Utility Operating Fund		117,758
	$ 419,494	$ 419,494

BOROUGH OF PRINCETON

COUNTY OF MERCER

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2011	2010 *	2009
Tax Rate	$ 2.041	$ 2.026	$ 4.29
Apportionment of Tax Rate			
Municipal	.479	.478	1.04
County	.562	.592	1.22
Regional School District	1.000	.956	2.03
Assessed Valuation			
2011	$ 2,196,649,214		
2010		$ 2,220,526,988 *	
2009			$ 1,009,592,800

* Revaluation

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

		Currently	
Year	Tax Levy	Cash Collection	Percentage of Collection
2011	$ 45,503,366	$ 44,542,641	97.88%
2010	45,045,123	44,265,968	98.27%
2009	43,629,202	43,208,101	99.03%

DELINQUENT TAXES AND TAX TITLE LIENS

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

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	$ 9,994	$ 906,814	$ 916,808	2.01%
2010	4,785	573,497	578,282	1.28%
2009	4,171	367,022	371,193	0.85%

COMPARISON OF SEWER RENTS

Year	Levy	Delinquent	Cash Collection
2011	$ 4,006,296	$ -	$ 4,298,566
2010	3,403,075	292,270	3,110,805
2009	3,054,388	50,299	3,554,687

COMPARATIVE SCHEDULE OF FUND BALANCES

Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund		
2011	$ 4,267,037	$ 800,000
2010	2,825,804	800,000
2009	2,846,072	799,808
2008	1,702,550	799,808
2007	1,987,969	1,726,813
Parking Utility Operating Fund		
2011	$ 609,267	$ 111,037
2010	48,775	24,372
2009	248,775	200,000
2008	326,663	100,000
2007	132,835	-0-

SUMMARY OF MUNICIPAL DEBT

	Year 2011	Year 2010	Year 2009
Issued			
General:			
Bonds, Notes and Loans	$ 33,603,583	$ 36,228,157	$ 34,039,320
Parking Utility:			
Bonds, Notes and Loans	11,830,000	12,205,000	12,605,000
Total Issued	45,433,583	48,433,157	46,644,320
Less:			
Funds on Hand to Pay Bonds and Notes:			
Assessment Trust Fund	200,519	221,702	102,582
Parking Utility	375,000	375,000	375,000
Total Deductions	575,519	596,702	477,582
Net Debt Issued	44,858,064	47,836,455	46,166,738
Authorized but not Issued			
General:			
Bonds, Notes and Loans	9,221,546	3,802,111	9,176,800
Affordable Housing Utility:			
Bonds, Notes and Loans	211,150	211,150	211,150
Parking Utility:			
Bonds, Notes and Loans	2,396,734	2,430,734	485,876
Total Authorized but not Issued	11,829,430	6,443,995	9,873,826
Net Bonds and Notes Issued and Authorized but not Issued	$ 56,687,494	$ 54,280,450	$ 56,040,564

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.72%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	$ 13,335,666	$ 13,335,666	$ -0-
Parking Utility Debt	14,226,734	14,226,734	-0-
General Debt	42,825,129	200,519	42,624,610
Affordable Housing Utility	211,150	211,150	-0-
	$ 70,598,679	$ 27,974,069	$ 42,624,610

Net Debt $42,624,610 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended $2,471,599,714 = 1.72%.

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

3.5% of Equalized Valuation Basis	$ 86,505,990
Net Debt	42,624,610
Remaining Borrowing Power	$ 43,881,380

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

Cash Receipts from Fees or Other Charges for Year		$ 4,116,921
Deductions:		
Operating and Maintenance Cost	$ 1,172,700	
Debt Service	900,036	
Total Deductions		2,072,736
Excess in Revenue		$ 2,044,185

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

Cash Receipts from Fees or Other Charges for Year	$ 328,386
Deductions:	
Operating and Maintenance Cost	127,228
Excess in Revenue	$ 201,158

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

BOROUGH OF PRINCETON

COUNTY OF MERCER

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2011:

Name	Position	Amount of Bond
Mildred T. Trotman	Mayor	*
Kevin Wilkes	Council President	*
Jo Butler	Member of Common Council	*
Jenny Crumiller	Member of Common Council	*
David A. Goldfarb	Member of Common Council	*
Roger C. Martindell	Member of Common Council	*
Barbara Trelstad	Member of Common Council	*
Maeve Cannon	Attorney	*
Robert W. Bruschi	Administrator	*
Sandra Webb	Chief Financial Officer, Tax Collector	*
Andrea Lea Quinty	Borough Clerk	
Bonnie L. Goldman	Municipal Court Judge	
Susan F. Shapiro	Court Administrator, Deputy Violations Clerk	
Janice Mooney	Deputy Court Administrator, Deputy Violations Clerk	
John West	Plumbing Subcode Official, Engineeer, Construction Code Official	*
Neal Snyder	Assessor	
William Drake	Fire Official	*
Robert A. Hough	Manager of Sewer Operating Committee	*
Thomas Moffat	Building Subcode Official, Fire Subcode Official	
Michael T. Barrett	Public Defender	*

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

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

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	Current Fund		Grant Fund	
Balance December 31, 2010		$ 5,913,165.62		$ 574,369.47
Increased by Receipts:				
Collector	$ 50,013,434.55		$	
Revenue Accounts Receivable	10,706,438.79			
State of New Jersey (P.L. 1971, C. 20)	31,083.60			
Township of Princeton Share of Revenue	94,551.55			
Miscellaneous Revenue not Anticipated	538,678.10			
Interfund - Other Funds	4,358,376.73			
Sale of Municipal Assets	35,201.18			
Grants Receivable			244,223.48	
Reserve For Payroll Deductions (net)	22,282.19			
		65,800,046.69		244,223.48
		71,713,212.31		818,592.95
Decreased by Disbursements:				
Appropriations	23,180,228.64			
Appropriation Reserves	872,848.79			
County Taxes	12,366,375.83			
Regional School District Taxes	21,970,881.83			
Municipal Open Space Levy	219,664.92			
Township of Princeton Share of Revenue	99,011.45			
Interfund - Other Funds	4,479,587.97			
Refund of Prior Year Revenue	1,079.00			
Refund of Overpayments	1,284,819.21			
Refund of Prepaid Taxes	15,705.38			
Accounts Payable	221,377.92			
Reserve for Revaluation	18,150.80			
Appropriated Reserves			163,666.37	
		64,729,731.74		163,666.37
Balance December 31, 2011		$ 6,983,480.57		$ 654,926.58

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:		
Taxes:		
Receivable	$ 44,741,824.16	
Prepaid	379,925.92	
Overpayments	460,359.71	
Interest and Costs	132,758.65	
Sewer Charges:		
Receivable	4,298,566.11	
		$ 50,013,434.55
Decreased by:		
Payment to Treasurer		$ 50,013,434.55

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	Collected 2011	Collected 2010	Due From State of New Jersey	Cancelled	Transfer to Tax Title Lien	Balance Dec. 31, 2011
2010	$ 573,496.54	$	$ 500.00	$ 533,826.05	$ 10,242.26	$	$ 20,142.25	4,902.96	$ 4,883.02
2011		45,503,366.26		44,207,998.11	304,892.92	29,750.00	58,488.48	306.15	901,930.60
	$ 573,496.54	$ 45,503,366.26	$ 500.00	$ 44,741,824.16	$ 315,135.18	$ 29,750.00	$ 78,630.73	$ 5,209.11	$ 906,813.62

Analysis of 2011 Property Tax Levy

Tax Yield:		
General Purpose Tax		$ 44,833,611.59
Added and Omitted Taxes		669,754.67
		$ 45,503,366.26
Tax Levy:		
Regional School Tax (Abstract)		$ 21,970,881.83
Municipal Open Space Tax		219,664.92
County Taxes:		
County Tax (Abstract)	$ 11,861,348.67	
County Open Space Tax (Abstract)	488,344.27	
Amount Due County for Added and Omitted Taxes	184,821.76	
		12,534,514.70
Local Tax for Municipal Purposes	10,293,371.90	
Add: Additional Tax Levied	484,932.91	
		10,778,304.81
		$ 45,503,366.26

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2010	$ 4,785.30
Increased by:	
Transfers from Taxes Receivable	5,209.11
Balance December 31, 2011	$ 9,994.41

SCHEDULE OF SEWER CHARGES RECEIVABLE

Exhibit A-8

Balance December 31, 2010	$ 292,270.23
Increased by:	
2011 Charges (Net)	4,006,295.88
	4,298,566.11
Decreased by:	
Collections	$ 4,298,566.11

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Accrued in 2011	Collected by Collector	Collected by Treasurer
Licenses:			
Alcoholic Beverages	$ 47,002.00	$	$ 47,002.00
Other	23,325.14		23,325.14
Fees and Permits	180,278.22		180,278.22
Municipal Court			
Fines and Costs	1,176,714.23		1,176,714.23
Interest and Costs on Taxes	132,758.65	132,758.65	
Interest on Investments and Deposits	117,449.62		117,449.62
Anticipated Utility Operating Surplus	1,493,790.00		1,493,790.00
Sewer Service Charges	4,298,566.11	4,298,566.11	
Princeton University Donation	1,180,495.74		1,180,495.74
Street Opening Inspection Fees	2,621.00		2,621.00
Life Hazard Use Fees	59,936.04		59,936.04
Fire and Housing Inspection Fees	219,840.00		219,840.00
Passport Fees	12,675.00		12,675.00
State Aid:			
Consolidated Municipal Property Tax Relief	72,134.00		72,134.00
Energy Receipts Taxes	916,821.00		916,821.00
Hotel Motel Tax	258,832.12		258,832.12
Uniform Construction Code Fees	691,049.00		691,049.00
Interlocal Service Agreements:			
Princeton Township Joint Services:			
Solid Waste Management	107,475.00		107,475.00
Maintenance of Sewer Facilities	810,328.00		810,328.00
Animal Control	61,470.00		61,470.00
Health Services	288,596.00		288,596.00
Fire Services	139,094.00		139,094.00
Fire Facilities	70,064.00		70,064.00
Senior Citizen Program	97,162.00		97,162.00
Flu Program	7,260.00		7,260.00
Payment in Lieu of Taxes:			
Elm Court PILOT	74,064.51		74,064.51
Chamber Street Land Lease	132,472.50		132,472.50
Stony Brook Sewer Industrial User Fees	25,886.83		25,886.83
Assessment Trust Fund - Fund Balance	25,000.00		25,000.00
Engineering Developer Fees	23,000.00		23,000.00
Open Space Trust	201,000.00		201,000.00
General Capital Fund - Fund Balance	2,190,774.47		2,190,774.47
	$ 15,137,935.18	$ 4,431,324.76	$ 10,706,610.42
Receipts			$ 10,706,438.79
Interfund - Other Funds			171.63
			$ 10,706,610.42

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND **Exhibit A-10**

SCHEDULE OF APPROPRIATION RESERVES **Sheet 1 of 5**

APPROPRIATIONS INCLUDED WITHIN CAPS	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Mayor and Council					
Other Expenses	$ 2,115.38	$	$ 2,115.38	$ 84.03	$ 2,031.35
Administrative and Executive					
Salaries and Wages	5,005.49		5,005.49		5,005.49
Other Expenses	3,175.81	6,470.27	84,646.08	65,175.37	19,470.71
Other Expenses - Flu Program	2,522.42	223.21	2,745.63	2,745.63	
Municipal Clerk					
Salaries and Wages	1,391.35		1,391.35		1,391.35
Other Expenses	14,057.25	970.85	15,028.10	3,501.58	11,526.52
Elections					
Salaries and Wages	1,727.26		1,727.26		1,727.26
Other Expenses	499.68		499.68		499.68
Financial Administration					
Salaries and Wages	3,381.45		3,381.45		3,381.45
Miscellaneous Other Expenses	3,989.33	874.00	4,863.33	4,086.06	777.27
Collection of Taxes					
Salaries and Wages	23,305.54		23,305.54		23,305.54
Other Expenses	1,137.55	662.89	1,800.44	1,790.44	10.00
Assessment of Taxes					
Salaries and Wages	889.02		889.02		889.02
Other Expenses	952.28	551.89	1,504.17	1,461.54	42.63
Legal Services and Costs					
Other Expenses	112.00	37,741.81	37,853.81	26,760.27	11,093.54
Defense of Tax Appeals		236.30	236.30	236.30	
Municipal Prosecutor					
Other Expenses	2,450.00	12,400.00	14,850.00	12,000.00	2,850.00
Engineering Services and Costs					
Other Expenses	27,312.50	744.22	28,056.72	26,151.95	1,904.77

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND **Exhibit A-10**

SCHEDULE OF APPROPRIATION RESERVES **Sheet 2 of 5**

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Municipal Court					
Salaries and Wages	$ 8,111.91	$	$ 8,111.91	$	$ 8,111.91
Other Expenses	4,529.67	685.24	5,214.91	2,928.21	2,286.70
Public Defender					
Other Expenses		3,100.00	3,100.00	3,100.00	
Public Buildings and Ground					
Salaries and Wages	13,132.32		13,132.32	6,574.79	6,557.53
Other Expenses	6,838.48	19,902.01	26,740.49	14,553.49	12,187.00
Municipal Land Use Law (N.J.S .40:550-1)					
Planning Board (JOINT)					
Other Expenses	1,152.00		1,152.00		1,152.00
Shade Tree Commission					
Salaries and Wages	3,497.95		3,497.95	3,497.95	
Other Expenses	5,316.86		5,316.86	5,316.86	
Insurance					
Employee Group Health	141,021.51	2,684.00	15,905.51	12,265.37	3,640.14
Fire					
Fire Hydrant Services	24,697.20		24,697.20	23,660.56	1,036.64
Miscellaneous Other Expenses	22,690.87	5,039.84	27,730.71	22,599.97	5,130.74
Fire Facilities	6,149.26	282.00	6,431.26	6,391.96	39.30
LOSAP Alternative	700.00		700.00	618.75	81.25
Police					
Salaries and Wages	170,242.21		320,242.21	189,932.60	130,309.61
Other Expenses	8,215.41	15,142.24	23,357.65	20,395.65	2,962.00
Fire Inspectors					
Salaries and Wages	1,795.28		1,795.28		1,795.28
Other Expenses	3,899.46	248.95	4,148.41	2,530.04	1,618.37
Emergency Management Services					
Other Expenses	8,650.20		8,650.20	8.62	8,641.58

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Road Repair and Maintenance					
Salaries and Wages	$ 18,384.21	$	$ 18,384.21	$ 6,181.15	$ 12,203.06
Other Expenses	47,347.32	3,887.61	51,234.93	47,679.55	3,555.38
Street Lighting					
Other Expenses	29,410.27		6,410.27	6,410.27	
Mechanics					
Salaries and Wages	2,903.99		2,903.99	1,115.54	1,788.45
Other Expenses	5,720.22	2,884.10	8,604.32	5,383.03	3,221.29
Maintenance of Sewerage Facilities					
Salaries and Wages	10,000.00		10,000.00		10,000.00
Other Expenses	89.36	2,602.29	2,691.65	566.80	2,124.85
Garbage and Trash Removal					
Other Expenses	52,844.27	47,419.52	90,263.79	84,956.34	5,307.45
Solid Waste Disposal					
Salaries and Wages	10,000.00		10,000.00		10,000.00
Other Expenses	49,814.86	11,514.51	61,329.37	31,716.46	29,612.91
Board of Health					
Salaries and Wages	4,923.19		4,923.19		4,923.19
Other Expenses	10,086.04	14,795.59	24,881.63	15,800.11	9,081.52
Animal Control					
Salaries and Wages	1.00		1.00		1.00
Other Expenses	22.05		22.05	22.05	
Save Boarding Cost and Animal Care					
Other Expenses	3,345.92	305.00	3,650.92	2,085.00	1,565.92
Senior Citizens Program					
Other Expenses	10,855.08	15,311.00	26,166.08	3,125.85	23,040.23
Drug Abuse Program (Corner House)					
Other Expenses	8,015.00		8,015.00		8,015.00
Joint Recreation Board - Borough's Share					
Other Expenses	6,862.00		6,862.00		6,862.00
Department of Human Services					
Other Expenses	903.00		903.00		903.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Celebration of Public Events					
Other Expenses	$ 7,125.00	$	$ 7,125.00	$	$ 7,125.00
Construction Official					
Salaries and Wages	29,422.22		29,422.22		29,422.22
Other Expenses	11,573.78	4,406.44	15,980.22	8,467.87	7,512.35
Condo Service Reimbursement	6,417.44	1,482.56	7,900.00	7,265.49	634.51
Salary and Wage Adjustment	3,217.29		217.29		217.29
Utilities:					
Gasoline	4,107.60	10,020.01	14,127.61	13,880.95	246.66
Telephone	18,686.39	1,185.67	4,872.06	4,556.64	315.42
Electricity and Natural Gas	7,654.00		7,654.00	7,654.00	
Water	1,060.02	16.29	1,076.31	961.14	115.17
Accumulated Leave Compensation	135,214.78		96,214.78	96,214.78	
Contribution to:					
Social Security System (O.A.S.I.)	49,677.70		34,677.70	6,108.03	28,569.67
Unemployment	18,708.78		18,708.78	6,959.27	11,749.51
Consolidated Police and Firemen's Fund	.40		.40		.40
Total Appropriations within Caps	1,089,058.08	223,790.31	1,305,048.39	815,478.31	489,570.08
APPROPRIATIONS EXCLUDED FROM CAPS					
Reserve for Tax Appeals	5,000.00		5,000.00		5,000.00
Maintenance of Joint Free Public Library					
Proportionate Share (R.S. 40-29.17)	2,757.61		10,557.61	10,523.34	34.27
Stony Brood Sewer Industrial User Free	11,081.82	17,698.25	28,780.07	22,738.18	6,041.89
Implementation and Maintenance of 911					
Communication System					
Police					
Salaries and Wages	22,045.72		22,045.72		22,045.72

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Princeton Township Joint Services					
Solid Waste					
Salaries and Wages	$ 3,301.89	$	$ 3,301.89	$ 636.64	$ 2,665.25
Maintenance of Sewer Facilities					
Salaries and Wages	32,086.32		32,086.32	7,081.27	25,005.05
Princeton Township Joint Services					
Fire					
LOSAP Alternative	9,867.25	1,860.00	11,727.25	11,727.25	
Princeton Township Joint Services					
Animal Control					
Salaries and Wages	2,216.69		2,216.69		2,216.69
CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS					
Institute Lands Preservation		4,663.80	4,663.80	4,663.80	
Total General Appropriations excluded from Caps	88,357.30	24,222.05	120,379.35	57,370.48	63,008.87
Total General Appropriations	$ 1,177,415.38	$ 248,012.36	$ 1,425,427.74	$ 872,848.79	$ 552,578.95
Disbursed				$ 872,848.79	

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2010		$ 16,682.89
Increased by:		
201 Tax Levy:		
County Tax	$ 11,861,348.67	
County Open Space Tax	488,344.27	
County Share of Added and Omitted Taxes	184,821.76	
		12,534,514.70
		12,551,197.59
Decreased by:		
Payments		12,366,375.83
Balance December 31, 2011		$ 184,821.76

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX

Exhibit A-12

Increased by:	
Levy - Calendar Year 2011	$ 21,970,881.83
Decreased by:	
Payments	$ 21,970,881.83

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-13

Increased by:	
Levy - Calendar Year 2011	$ 219,664.92
Decreased by:	
Disbursements	$ 219,664.92

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Assessment Trust Fund	Animal Control Trust Fund	Other Trust Fund	General Capital Fund	Parking Operating Utility Fund
Balance December 31, 2010 - (Due From)/Due To	$ 121,214.84	$ (734.61)	$ (1,132.64)	$	$	$ 123,082.09
Increased by:						
Receipts	4,358,376.73	734.61	1,508.84	11,015.28	4,345,118.00	
Total Increases and Balances	4,479,591.57		376.20	11,015.28	4,345,118.00	123,082.09
Decreased by:						
Disbursements	4,479,587.97		372.60	11,015.28	4,345,118.00	123,082.09
Funding Sewer Ordinance	300,000.00				300,000.00	
Interest Due	171.63			171.63		
Total Decreases	4,779,759.60		372.60	11,186.91	4,645,118.00	123,082.09
Balance December 31, 2011 - (Due From)/Due To	$ (300,168.03)	$	$ 3.60	$ (171.63)	$ (300,000.00)	$

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-15

SCHEDULE OF INTERFUND

FEDERAL AND STATE GRANT FUND

Increased by:	
2011 Budget Appropriations	$ 243,847.23
Decreased by:	
Anticipated Revenues	$ 243,847.23

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-16

SCHEDULE OF GRANTS RECEIVABLE

FEDERAL AND STATE GRANT FUND

Grant	Balance Dec. 31, 2010	2011 Budget Revenue	Realized	Balance Dec. 31, 2011
Alcohol Education Rehabilitation Fund	$	$ 7,335.12	$ 7,335.12	$
Body Armor Fund		3,056.22	3,056.22	
Bonner Foundation	4,600.59	21,500.00	21,176.25	4,924.34
Clean Communities Program		12,882.20	12,882.20	
Comprehensive Tobacco Control	80.00			80.00
Cops-in-Shops	2,370.00	2,800.00	2,800.00	2,370.00
Edward Byrne Memorial Justice - Assistance Grant (JAG)		11,180.00	11,180.00	
Fire Fighter Grant Program		1,000.00	1,000.00	
H1N1 Corrective Actions		10,000.00	10,000.00	
Health Services Grant - Influenza	27,439.55			27,439.55
Over the Limit, Under Arrest		4,400.00	4,400.00	
Princeton University - Donation to Board of Health	700.00		700.00	
Princeton University - Donations				
Fire Director - Salaries and Wages		100,000.00	100,000.00	
Princeton University - Fire Equipment		20,000.00	20,000.00	
Princeton University - Prospect Avenue Street Lighting	7,654.00	7,654.00	7,654.00	7,654.00
Recycling Tonnage Grant		42,039.69	42,039.69	
Safe and Secure Communities Program	27,892.00			27,892.00
Stormwater Management	5,104.00			5,104.00
	$ 75,840.14	$ 243,847.23	$ 244,223.48	$ 75,463.89

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-17

SCHEDULE OF APPROPRIATED RESERVES

FEDERAL AND STATE GRANT FUND

Grant	Balance Dec. 31, 2010	Transfer from 2011 Budget Appropriations	Prior Year Encumbrances	Expended	Balance Dec. 31, 2011
Current Year Grants:					
Alcohol Education Rehabilitation Fund	$ 12,097.60	$ 7,335.12	$	$ 3,500.00	$ 15,932.72
Body Armor Fund	4,195.62	3,056.22		4,189.90	3,061.94
Bonner Foundation	61,854.41	21,500.00	2,125.00	3,523.00	81,956.41
Clean Communities Grant	37,015.35	12,882.20		3,000.00	46,897.55
Click It or Ticket	4,158.86				4,158.86
Comprehensive Tobacco Control	725.00				725.00
Cops in Shops	7,222.75	2,800.00		3,838.78	6,183.97
Drunk Driving Enforcement Fund	13,586.43			12,033.20	1,553.23
Edward Byrne Memorial Justice Assistance Grant (JAG)		11,180.00			11,180.00
Fire Fighter Grant Program		1,000.00			1,000.00
Green Communities	3,000.00				3,000.00
H1N1 Corrective Actions		10,000.00		10,000.00	
Health Services Grant - Influenza	16,675.71			1,190.80	15,484.91
Infrastructure Preparedness	1,560.31				1,560.31
NJ Contingency Fund - Special Purpose			5,125.00	5,125.00	
NJ Lead Investigation and Field Testing	6.30				6.30
Over the Limit, Under Arrest	10,641.64	4,400.00		2,560.26	12,481.38
Princeton Gas Works Redevelopment	270,000.00				270,000.00
Princeton University - Donation to Board of Health	2,391.62			1,264.98	1,126.64
Princeton University - Donations					
Fire Director - Salaries and Wages	1,089.52	100,000.00		59,985.15	41,104.37
Princeton University - Fire Equipment	67,743.22	20,000.00		2,180.00	85,563.22
Princeton University - Prospect Avenue Street Lighting	15,308.00	7,654.00		22,962.00	
Public Health Priority Funding	13,519.16		231.00	5,937.46	7,812.70
Recycling Tonnage Grant	52,004.01	42,039.69			94,043.70
Safe and Secure Communities Program	29,676.00			29,676.00	
State and Local All. Hazard Emergency Plan	2,405.72				2,405.72
State Park Services Grant	2,190.00				2,190.00
Stormwater Management	2,056.62				2,056.62
Tobacco Age of Sale	1,753.11				1,753.11
	$ 632,876.96	$ 243,847.23	$ 7,481.00	$ 170,966.53	$ 713,238.66
Disbursements				$ 163,666.37	
Reserve for Encumbrances				7,300.16	
				$ 170,966.53	

BOROUGH OF PRINCETON - COUNTY OF MERCER

CURRENT FUND

Exhibit A-18

SCHEDULE OF UNAPPROPRIATED RESERVES

FEDERAL AND STATE GRANT FUND

Grant	Receipts	Balance Dec. 31, 2011
Infrastructure Preparedness	$ 9,851.65	$ 9,851.65

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-2

SCHEDULE OF CASH - TREASURER

	Assessment Trust Fund		Animal Control Trust Fund		Trust - Other Fund	
Balance December 31, 2010		$ 771,017.84		$ 15,482.04		$ 1,508,114.63
Increased by Receipts:						
Assessment Collections	$ 54,897.53		$		$	
Animal Control License Fees			5,432.35			
Miscellaneous Reserves					1,960,200.80	
Reserve for Open Space					219,803.34	
Interfunds:						
Current Fund					171.63	
		54,897.53		5,432.35		2,180,175.77
		825,915.37		20,914.39		3,688,290.40
Decreased by Disbursements:						
Utilized as Current Fund Revenue	25,000.00					
Serial Bonds	36,313.54					
Miscellaneous Reserves					930,089.73	
Reserve for Open Space					201,000.00	
Expenditures Under R.S. 4:19-15.11			3,892.53			
Interfunds:						
General Capital Fund	212,000.00					
Current Fund	734.61		1,132.64			
		274,048.15		5,025.17		1,131,089.73
Balance December 31, 2011		$ 551,867.22		$ 15,889.22		$ 2,557,200.67

BOROUGH OF PRINCETON - COUNTY OF MERCER

ASSESSMENT TRUST FUND

Exhibit B-3

ANALYSIS OF CASH

	Balance Dec. 31, 2010	Receipts		Disbursements		Balance Dec. 31, 2011
		Assessments	Miscellaneous	Utilized as Current Fund Revenue	Miscellaneous	
Fund Balance	$ 336,581.64	$ 39,766.69	$	$ 25,000.00	$	$ 351,348.33
Assessment Serial Bonds						
Ordinance Number:						
03-10 - Sidewalk Improvements	30,187.65		1,044.83		2,726.22	28,506.26
03-16 - Sidewalk Improvements	71,403.59		2,918.90		6,587.32	67,735.17
08-02 - Sidewalk Improvements	70,406.32		3,812.38		16,047.17	58,171.53
09-18 - Sidewalk Improvements	10,271.03		2,161.06		2,419.81	10,012.28
09-21 - Sidewalk Improvements	39,433.00		5,193.67		8,533.02	36,093.65
Prepaid Assessments						
Interfunds:						
General Capital Fund	212,000.00				212,000.00	
Current Fund	734.61				734.61	
	$ 771,017.84	$ 39,766.69	$ 15,130.84	$ 25,000.00	$ 249,048.15	$ 551,867.22

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-4

SCHEDULE OF ASSESSMENTS RECEIVABLE

ASSESSMENT TRUST FUND

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Collected	Balance Dec. 31, 2011	Balance Pledged To Assessment Bonds	Balance Pledged To Reserve for Assessments
95-08B	Road, Curb Sidewalk and Drainage Improvements	$ 98.77	$ 98.77	$	$	$
95-08C	Road, Curb Sidewalk and Drainage Improvements	81.18	81.18			
96-25, 96-27, 99-10	Various Sidewalk Improvements	242.48	242.48			
95-22	Sewer and Water Improvements on John Street	2,203.03	2,203.03			
00-19	Various Sidewalk Improvements	1,066.67	882.61	184.06		184.06
02-16	Sidewalk Improvements	394.08	222.63	171.45		171.45
03-10	Sidewalk Improvements	4,313.69	1,044.83	3,268.86	3,268.86	(.00)
03-12	Installation of Lighting and Drainage Improvements	630.92	210.00	420.92		420.92
03-16	Water, Sewer and Sidewalk Improvements	14,299.71	2,918.90	11,380.81	9,042.61	2,338.20
02-14, 02-16	Sidewalk Improvements	8,020.57	3,328.67	4,691.90		4,691.90
03-15	Sidewalk Improvements	11,593.14	5,807.76	5,785.38		5,785.38
05-12	Sidewalk Improvements	12,708.54	3,700.79	9,007.75		9,007.75
05-18	Sidewalk Improvements	21,185.19	3,234.02	17,951.17		17,951.17
05-19	Improvements to Sewer System	101,848.50	13,836.37	88,012.13		88,012.13
07-18	Sewer Improvements	5,918.38	5,918.38			
08-02	Sidewalk Improvements	19,802.73	3,812.38	15,990.35	15,990.35	
08-26	Curbing Improvements					
09-18	Sidewalk Improvements	3,496.26	2,161.06	1,335.20	1,335.20	
09-21	Sidewalk Improvements	17,341.21	5,193.67	12,147.54	12,147.54	
		$ 225,245.05	$ 54,897.53	$ 170,347.52	$ 41,784.56	$ 128,562.96

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS

ASSESSMENT TRUST FUND

Exhibit B-5

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Collections to Surplus	Balance Dec. 31, 2011
	Assessments Receivable:			
95-08B	Road, Curb Sidewalk and Drainage Improvements	$ 98.77	$ 98.77	$
95-08C	Road, Curb Sidewalk and Drainage Improvements	81.18	81.18	
96-25, 96-27, 99-10	Various Sidewalk Improvements	242.48	242.48	
95-22	Sewer and Water Improvements on John Street	2,203.03	2,203.03	
00-19	Various Sidewalk Improvements	1,066.67	882.61	184.06
02-16	Sidewalk Improvements	394.08	222.63	171.45
03-16	Water, Sewer and Sidewalk Improvements	2,338.20		2,338.20
02-14, 02-16	Sidewalk Improvements	8,020.57	3,328.67	4,691.90
03-12	Installation of Lighting and Drainage Improvements	630.92	210.00	420.92
03-15	Sidewalk Improvements	11,593.14	5,807.76	5,785.38
05-12	Sidewalk Improvements	12,708.54	3,700.79	9,007.75
05-18	Sidewalk Improvements	21,185.19	3,234.02	17,951.17
05-19	Improvements to Sewer System	101,848.50	13,836.37	88,012.13
07-18	Sewer Improvements	5,918.38	5,918.38	
		$ 168,329.65	$ 39,766.69	$ 128,562.96

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-6

SCHEDULE OF SERIAL BONDS PAYABLE

ASSESSMENT TRUST FUND

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011 Date	Amount	Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
General Improvement Bonds	6/01/2007	$ 142,941.36	6/01/2012	$ 10,746.39	4.00%	$ 117,866.44	$ 9,313.54	$ 108,552.90
			6/01/2013	11,462.82	4.00%			
			6/01/2014-15	13,612.10	4.00%			
			6/01/2016-17	14,328.52	4.00%			
			6/01/2018	15,044.95	4.00%			
			6/01/2019	15,417.49	4.00%			
Sidewalk Assessment Bonds	6/01/2010	212,000.00	2/01/2012	25,000.00	3.00%	212,000.00	27,000.00	185,000.00
			2/01/2013-16	20,000.00	3.00%			
			2/01/2017-18	20,000.00	4.00%			
			2/01/2019-20	20,000.00	5.00%			
						$ 329,866.44	$ 36,313.54	$ 293,552.90

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-7

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

ANIMAL CONTROL TRUST FUND

Balance December 31, 2010	$ 14,349.40
Increased by:	
Interfund - Trust-Other Fund:	
Animal Control License Fees Collected	5,432.35
	19,781.75
Decreased by:	
Expenditures Under R.S. 4:19-15.11	3,892.53
Balance December 31, 2011	$ 15,889.22

License and Penalty Fees Collected

Year	Amount
2009	$ 9,125.00
2010	8,872.79
	$ 17,997.79

SCHEDULE OF INTERFUND - TRUST-OTHER FUND

CURRENT FUND

Exhibit B-8

Increased by:	
Interest Earned Due to Borough	$ 171.63
Balance December 31, 2011 - Due To	$ 171.63

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-9

SCHEDULE OF MISCELLANEOUS RESERVES

Balance December 31, 2010	$ 1,380,510.56
Increased by:	
Receipts	1,960,200.80
	3,340,711.36
Decreased by:	
Disbursements	930,089.73
Balance December 31, 2011	$ 2,410,621.63

Analysis of Balance

Reserve for:	
Accumulated Sick Leave	$ 61,760.76
Adopt A Park Program	2,940.00
Builders Escrow	1,000.00
Fire Equipment Donation	23,480.40
Fire Protection Trust	10,508.68
Graffiti Removal Trust	9,384.85
Homeless Trust	2,793.00
Landfill Closure Escrow	23,569.57
Latin American Task Force	1,846.29
Law Enforcement Trust	13,545.11
Marquand Park/Charles Street Bench Donations	4,545.00
Miscellaneous	1,874.46
Nassau HKT Performance Bond	246,324.39
Off Duty Police	138,834.93
POAA	3,256.57
Police Athletic Fund	4,209.08
Postage Trust Fund	8,055.30
Princeton University Park Donation	5.52
Public Defender Fees	48,997.40
Sewer Operating Committee Fees	273,331.43
Shade Trees	24,305.96
Tax Sale Premiums	24,800.00
Tax Collector Credit Card Fees	5,892.21
Unemployment Benefits	73,248.00
Zoning Escrow Fees	1,402,112.72
	$ 2,410,621.63

BOROUGH OF PRINCETON - COUNTY OF MERCER

TRUST FUND

Exhibit B-10

SCHEDULE OF RESERVE FOR OPEN SPACE

Balance December 31, 2010		$ 127,604.07
Increased by:		
2011 Tax Levy	$ 219,664.92	
Interest on Deposits	138.42	
		219,803.34
		347,407.41
Decreased by:		
Utilized as Anticipated Revenue		201,000.00
Balance December 31, 2011		$ 146,407.41

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2010		$ 8,440,979.79
Increased by Receipts:		
NJ Environmental Infrastructure Trust Loan Proceeds	$ 1,496,368.00	
Budget Appropriations		
Improvement Authorizations	1,550.00	
Capital Improvement Fund	290,000.00	
Capital Fund Balance	1,186,466.17	
Improvement Authorization Funded by Sewer Trust	240,000.00	
Interfunds	2,715,045.00	
		5,929,429.17
		14,370,408.96
Decreased by Disbursements:		
Improvement Authorizations	1,866,431.88	
General Capital Fund Balance	2,190,774.47	
Interfunds	2,500,000.00	
		6,557,206.35
Balance December 31, 2011		$ 7,813,202.61

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL CASH

Exhibit C-3

ANALYSIS OF CASH

Sheet 1 of 2

	Balance Dec. 31, 2010	Receipts Miscellaneous	Disbursements Improvement Authorizations	Disbursements Miscellaneous	Transfers From	Transfers To	Balance Dec. 31, 2011
Fund Balance	$ 4,668,639.98	$ 1,186,466.17	$	$ 2,190,774.47	$	$	$ 3,664,331.68
Capital Improvement Fund		290,000.00			285,315.00		4,685.00
NJ Environmental Infrastructure Trust Loan Receivable	(4,786,962.00)	1,496,368.00					(3,290,594.00)
Interfunds:							
Current Fund		2,500,000.00		2,500,000.00		300,000.00	300,000.00
Affordable Housing Utility Capital Fund	(4,605.00)	3,045.00					(1,560.00)
Assessment Trust Fund	(212,000.00)	212,000.00					
Reserve for:							
Payment of Debt Service	84.65						84.65
Encumbrances	1,333,956.56				1,333,956.56	1,850,895.66	1,850,895.66
Improvement Authorizations							
General Improvements:							
Acquisition and Construction of Recreational Facilities	120,017.01		39,959.21		16,791.00		63,266.80
Various Capital Improvements	42,088.60						42,088.60
Various Capital Improvements	10,387.60						10,387.60
Various Capital Improvements	2,517.03						2,517.03
Various Capital Improvements	206,505.34		6,704.98				199,800.36
Various Capital Improvements	46,189.96		20,734.34				25,455.62
Various Capital Improvements	14,374.76		8,880.00				5,494.76
Various Capital Improvements	72,272.56		4,643.54		3,032.74	3,032.74	67,629.02
Various Capital Improvements	381,775.64		14,151.12		611.72		367,012.80
Sidewalk Improvements			(350.00)		6,457.24	6,457.24	350.00
Sewer Rehabilitation	145,482.08						145,482.08
Various Capital Improvements	163,106.02		2,480.00				160,626.02
Various Capital Improvements	40,654.24		3,053.60			222.45	37,823.09
Improvements to the Sewer System at Park Place	194,775.79		160.00		17,762.16	17,762.16	194,615.79
Improvements to Intersection at Witherspoon and Wiggins Streets	29,956.37						29,956.37
Various Capital Improvements	17,684.76		1,102.00				16,582.76
Various Capital Improvements	49,076.49		2,002.89		49,718.82	49,784.71	47,139.49
Various Capital Improvements	20,537.02		23,715.42			3,181.40	3.00
Various Capital Improvements					11,113.56	11,113.56	
Rehabilitation of Sewer System	2,422,544.74	327.80	(523,714.83)		283,779.34	368,526.39	3,031,334.42
Various Capital Improvements	81,232.00		4,805.12		17,700.00	22,953.60	81,680.48
Various Capital Improvements	306,648.57		35,973.17		15,243.54	30,327.51	285,759.37
Various Capital Improvements	169,996.52		76,962.42		36,982.17	37,254.73	93,306.66
Reconstruction of Cleveland Lane and Lafayette Road	55,244.29						55,244.29
Various Sewer Projects	53,763.88		7,888.52		18,347.98	26,053.02	53,580.40
Various Capital Improvements	228,953.56		28,524.33		3,934.44	2,705.79	199,200.58
Various Capital Improvements	308,457.11		21,454.90		6,116.50	9,701.49	290,587.20

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL CASH

Exhibit C-3

ANALYSIS OF CASH

Sheet 2 of 2

Improvement Authorizations	Balance Dec. 31, 2010	Receipts Miscellaneous	Disbursements Improvement Authorizations	Disbursements Miscellaneous	Transfers From	Transfers To	Balance Dec. 31, 2011
General Improvements (Continued):							
Sidewalk Improvements	$ 119,203.47	$ 350.00	$ 13,299.92	$	$	$	$ 106,253.55
Renovations to the Public Works Garage	28,483.04	250.00					28,733.04
Various Capital Improvements	665,198.22	172.20	86,713.89		125,423.83	115,800.51	569,033.21
Various Capital Improvements	482,946.22		181,844.54		44,359.02	57,889.79	314,632.45
Improvements to Harriet Drive	24,540.87				884.87		23,656.00
Sidewalk Improvements	2,748.50						2,748.50
Sidewalk Improvements	1,267.07	450.00	2,556.49		1,472.46	3,397.83	1,085.95
Various Capital Improvements	388,828.79		186,999.07		18,973.95	24,113.41	206,969.18
Various Capital Improvements	330,200.04		221,917.10		5,254.00	66,027.95	169,056.89
Rehabilitation of the Sewer System	307,756.42		273,166.42		89,680.73	66,687.83	11,597.10
Sewer, Curbs and Sidewalk Improvements	(102,069.50)		7,912.31		241.09	27,439.65	(82,783.25)
Various Capital Improvements	(1,635.88)		261,258.73		28,271.25	18,570.00	(272,595.86)
Sewer Improvements	517,120.00		204,467.33		8,890.60	117,712.27	421,474.34
Sidewalk and Sewer Improvements	(59,310.00)		8,540.22		.50	14,767.56	(53,083.16)
Various Capital Improvements	(447,653.60)		340,654.63		134,045.00	232,472.97	(689,880.26)
Installation of New Pool			35,819.46			119,675.00	83,855.54
Improvements to the Sanitary Sewer System			37.00			1,475.00	1,438.00
Various Capital Improvements			250,797.94		828,751.43	96,965.00	(982,584.37)
Various Capital Improvements			10,416.10		77,055.72	46,950.00	(40,521.82)
Various Sewer Projects		240,000.00	300.00				239,700.00
Sidewalk and Other Sanitary Sewer Improvements			600.00			5,250.00	4,650.00
Stabilization of the Stony Brook Sewer Main					300,000.00	15,000.00	(285,000.00)
	$ 8,440,979.79	$ 5,929,429.17	$ 1,866,431.88	$ 4,690,774.47	$ 3,770,167.22	$ 3,770,167.22	$ 7,813,202.61

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2010		$ 35,898,291.34
Decreased by:		
2011 Budget Appropriations:		
Serial Bonds	$ 2,190,686.46	
Environmental Infrastructure Trust Loan	369,574.82	
Refunding Bond Sale - Forgiveness of Debt	28,000.00	
		2,588,261.28
Balance December 31, 2011		$ 33,310,030.06

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND **Exhibit C-5**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Budget Appropriations	Balance Dec. 31, 2011	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
	General Improvements:						
05-14	Rehabilitation of Sewer System	$ 833,829.00	$	$ 327.80	$ 833,501.20	$	$ 833,501.20
08-02	Sidewalk Improvements	350.00		350.00			
08-22	Renovations to Public Works Garage	250.00		250.00			
08-23	Various Capital Improvements	172.20		172.20			
09-21	Sidewalk Improvements	450.00		450.00			
10-01	Sewer, sidewalk and Curb Improvements	109,250.00			109,250.00	82,783.25	26,466.75
10-08	Various Capital Improvements	632,225.00			632,225.00	272,595.86	359,629.14
10-14	Refunding Bond Ordinance	863,000.00			863,000.00		863,000.00
10-16	Sidewalk and Sewer Improvements	66,500.00			66,500.00	53,083.16	13,416.84
10-17	Various Capital Improvements	1,296,085.00			1,296,085.00	689,880.26	606,204.74
11-01,25	Installation of New Pool		2,273,825.00		2,273,825.00		2,273,825.00
11-11	Improvements to the Sanitary Sewer System		28,025.00		28,025.00		28,025.00
11-16	Various Capital Improvements		1,842,335.00		1,842,335.00	982,584.37	859,750.63
11-17	Various Capital Improvements		892,050.00		892,050.00	40,521.82	851,528.18
11-22	Sidewalk and Other Sanitary Sewer Improvements		99,750.00		99,750.00		99,750.00
11-26	Stabilization of the Stony Brook Sewer Main		285,000.00		285,000.00	285,000.00	
		$ 3,802,111.20	$ 5,420,985.00	$ 1,550.00	$ 9,221,546.20	$ 2,406,448.72	$ 6,815,097.48

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Affordable Housing Utility Capital Fund	Current Fund	Assessment Trust Fund
Balance December 31, 2010 - (Due From)/Due To	$ (216,605.00)	$ (4,605.00)	$	$ (212,000.00)
Decreased by:				
Receipts	215,045.00	3,045.00		212,000.00
Current Fund Emergency Funded by an Ordinance	300,000.00		300,000.00	
Total Decreases	515,045.00	3,045.00	300,000.00	212,000.00
Balance December 31, 2011 - (Due From)/Due To	$ 298,440.00	$ (1,560.00)	$ 300,000.00	$

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Increased by:	
Budget Appropriations	$ 290,000.00
Decreased by:	
Utilized to Finance Improvement Authorizations	285,315.00
Balance December 31, 2011	$ 4,685.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Prior Year Encumbrances	Decreases	Cancelled	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
	General Improvements:										
96-18	Acquisition and Construction of Recreational Facilities	8/13/1996	$ 480,000.00	$ 120,017.01	$	$	$	$ 56,750.21	$	$ 63,266.80	$
98-07	Various Capital Improvements	2/09/1999	150,000.00	42,088.60						42,088.60	
99-17	Various Capital Improvements	7/13/1999	1,450,000.00	10,387.60						10,387.60	
00-16	Various Capital Improvements	8/08/2000	421,478.00	2,517.03						2,517.03	
00-17,00-22	Various Capital Improvements	9/12/2000	2,827,413.00	206,505.34				6,704.98		199,800.36	
01-08	Various Capital Improvements	8/14/2001	722,947.00	46,189.96				20,734.34		25,455.62	
01-16	Various Capital Improvements	11/16/2001	268,070.00	14,374.76				8,880.00		5,494.76	
02-14	Various Capital Improvements	8/20/2002	2,232,281.00	72,272.56			3,032.74	7,676.28		67,629.02	
02-15	Various Capital Improvements	8/20/2002	777,833.00	381,775.64				14,762.84	27,676.16	339,336.64	
03-15	Sidewalk Improvements	6/10/2003	520,002.00				6,457.24	6,107.24		350.00	
03-31	Sewer Rehabilitation	9/09/2003	850,000.00	145,482.08						145,482.08	
03-40	Various Capital Improvements	12/02/2003	2,046,050.00	163,106.02				2,480.00		160,626.02	
03-42	Various Capital Improvements	12/02/2003	930,397.00	40,654.24			222.45	3,053.60		37,823.09	
04-13	Improvements to the Sewer System at Park Place	8/31/2004	262,500.00	194,775.79			17,762.16	17,922.16		194,615.79	
04-14	Improvements to Intersection at Witherspoon and Wiggins Streets	8/31/2004	319,000.00	29,956.37						29,956.37	
04-19	Various Capital Improvements	11/30/2004	94,115.00	17,684.76				1,102.00		16,582.76	
04-20	Various Capital Improvements	11/30/2004	379,040.00	49,076.49			49,784.71	51,721.71		47,139.49	
05-05	Various Capital Improvements	3/22/2005	1,107,573.00	20,537.02			3,181.40	23,715.42		3.00	
05-06	Various Capital Improvements	3/22/2005	1,333,380.00				11,113.56	11,113.56			
09-14, 05-14	Rehabilitation of Sewer System	6/14/2005	6,720,000.00	2,422,544.74	833,829.00		368,526.39	(239,935.49)		3,031,334.42	833,501.20
05-17	Various Capital Improvements	8/09/2005	523,300.00	81,232.00			22,953.60	22,505.12		81,680.48	
06-15	Various Capital Improvements	7/25/2006	1,744,263.00	306,648.57			30,327.51	51,216.71		285,759.37	
07-09, 06-16	Various Capital Improvements	7/25/2006	1,354,366.00	169,996.52			37,254.73	113,944.59		93,306.66	
07-14	Reconstruction of Cleveland Lane and Lafayette Road	7/10/2007	1,687,400.00	55,244.29						55,244.29	
07-18	Various Sewer Projects	9/11/2007	500,000.00	53,763.88			26,053.02	26,236.50		53,580.40	
07-19	Various Capital Improvements	9/11/2007	763,694.00	228,953.56			2,705.79	32,458.77		199,200.58	
07-20	Various Capital Improvements	9/11/2007	984,214.00	308,457.11			9,701.49	27,571.40	4,625.00	285,962.20	
08-02	Sidewalk Improvements	2/26/2008	133,000.00	119,203.47	350.00			13,299.92		106,253.55	
08-22	Renovations to the Public Works Garage	9/02/2008	275,000.00	28,483.04	250.00					28,733.04	
08-23	Various Capital Improvements	10/28/2008	2,385,560.00	665,198.22	172.20		115,800.51	212,137.72		569,033.21	
08-24	Various Capital Improvements	10/28/2008	1,331,000.00	482,946.22			57,889.79	226,203.56		314,632.45	
08-26	Curbing Improvements	11/05/2008	16,000.00								
09-16	Improvements to Harriet Drive	6/09/2009	300,000.00	24,540.87				884.87		23,656.00	
09-18	Sidewalk Improvements	6/09/2009	20,000.00	2,748.50						2,748.50	
09-21	Sidewalk Improvements	8/04/2009	71,000.00	1,267.07	450.00		3,397.83	4,028.95		1,085.95	
09-24	Various Capital Improvements	9/29/2009	1,459,200.00	388,828.79			24,113.41	205,973.02		206,969.18	
09-25	Various Capital Improvements	9/29/2009	586,000.00	330,200.04			66,027.95	227,171.10	50,000.00	119,056.89	
09-26	Rehabilitation of the Sewer System	9/29/2009	720,000.00	307,756.42			66,687.83	362,847.15		11,597.10	
10-01	Sewer, Curbs and Sidewalk Improvements	3/02/2010	115,000.00		7,180.50		27,439.65	8,153.40			26,466.75
10-08	Various Capital Improvements	6/22/2010	665,500.00		630,589.12		18,570.00	289,529.98			359,629.14
10-14	Refunding Ordinance	9/14/2010	863,000.00		863,000.00						863,000.00
11-21, 10-15	Sewer Improvements	10/26/2010	720,000.00	517,120.00			117,712.27	213,357.93		421,474.34	
10-16	Sidewalk and Sewer Improvements	10/26/2010	70,000.00		7,190.00		14,767.56	8,540.72			13,416.84
10-17	Various Capital Improvements	10/26/2010	1,364,300.00		848,431.40		232,472.97	474,699.63			606,204.74
11-01,11-25	Installation of New Pool	2/22/2011	2,053,500.00			2,393,500.00		35,819.46		83,855.54	2,273,825.00
11-11	Improvements to the Sanitary Sewer System	8/02/2011	29,500.00			29,500.00		37.00		1,438.00	28,025.00
11-16	Various Capital Improvements	8/02/2011	1,939,300.00			1,939,300.00		1,079,549.37			859,750.63
11-17	Various Capital Improvements	8/02/2011	939,000.00			939,000.00		87,471.82			851,528.18
11-18	Various Capital Improvements	8/02/2011	82,301.16			82,301.16				82,301.16	
11-19	Various Sewer Projects	8/02/2011	240,000.00			240,000.00		300.00		239,700.00	
11-22	Sidewalk and Other Sanitary Sewer Improvements	10/04/2011	105,000.00			105,000.00		600.00		4,650.00	99,750.00
11-26	Stabilization of the Stony Brook Sewer Main	12/09/2011	300,000.00			300,000.00		300,000.00			
	Total General Improvements			$ 8,052,534.58	$ 3,191,442.22	$ 6,028,601.16	$ 1,333,956.56	$ 4,017,327.54	$ 82,301.16	$ 7,691,808.34	$ 6,815,097.48
	Disbursed					$		$ 1,866,431.88			
	Reserve for Encumbrances							1,850,895.66			
	Interfund - Current Fund							300,000.00			
	Cancelled Improvement Authorization Balances Reappropriated					82,301.16					
	Deferred Charges - Unfunded					5,420,985.00					
	Sewer Connection Fees					240,000.00					
	Capital Improvement Fund					285,315.00					
						$ 6,028,601.16		$ 4,017,327.54			

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011 Date	Amount	Interest Rate	Balance Dec. 31, 2010	Issued for Cash	Decreased	Balance Dec. 31, 2011
General Improvement Bonds									
Series A	11/01/1998	$ 5,553,000	8/15/2012-13	$ 380,000	4.25%	$ 3,078,000.00	$	$ 2,318,000.00	$ 760,000.00
Series B	11/01/1998	8,214,000	8/15/2012-15	570,000	4.25%				
			8/15/2016-17	570,000	4.30%				
			8/15/2018	519,000	4.50%	4,509,000.00		570,000.00	3,939,000.00
General Improvement Bonds	6/01/2007	9,833,059	6/01/2012	739,253.62	4.00%				
			6/01/2013	788,537.18	4.00%				
			6/01/2014-15	936,387.90	4.00%				
			6/01/2016-17	985,671.48	4.00%				
			6/01/2018	1,034,955.05	4.00%				
			6/01/2019	1,060,582.50	4.00%	8,108,133.56		640,686.46	7,467,447.10
General Improvement Bonds	6/01/2010	12,589,000	2/01/2012-13	600,000.00	3.00%				
			2/01/2014-16	530,000.00	3.00%				
			2/01/2017-18	580,000.00	4.00%				
			2/01/2019	980,000.00	5.00%				
			2/01/2020	1,000,000.00	5.00%				
			2/01/2021	1,000,000.00	3.13%				
			2/01/2022	1,000,000.00	3.25%				
			2/01/2023	1,000,000.00	3.38%				
			2/01/2024	1,020,000.00	3.50%				
			2/01/2025	1,020,000.00	4.00%				
			2/01/2026	1,019,000.00	3.50%	12,589,000.00		600,000.00	11,989,000.00
Refunding Bonds Series 2011	9/14/2011	1,910,000	8/15/2012	10,000.00	3.00%				
			8/15/2014	380,000.00	3.00%				
			8/15/2015	385,000.00	3.00%				
			8/15/2016	380,000.00	4.00%				
			8/15/2017	380,000.00	4.00%				
			8/15/2018	375,000.00	4.00%		1,910,000.00		1,910,000.00
						$ 28,284,133.56	$ 1,910,000.00	$ 4,128,686.46	$ 26,065,447.10

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS RECEIVABLE

Balance December 31, 2010	$ 4,786,962.00
Decreased by:	
Loan Proceeds	1,496,368.00
Balance December 31, 2011	$ 3,290,594.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

Issue	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2010	Decreases	Balance Dec. 31, 2011
Wastewater Treatment Trust Loan - Trust	11/09/2006	$ 905,000.00	4.00% to 5.00%	$ 805,000.00	$ 35,000.00	$ 770,000.00
Wastewater Treatment Trust Loan - State	11/09/2006	889,142.00	0.00%	729,593.70	45,568.68	684,025.02
Wastewater Treatment Trust Loan - Trust	11/08/2007	870,000.00	3.40% To 5.00%	810,000.00	35,000.00	775,000.00
Wastewater Treatment Trust Loan - State	11/08/2007	848,221.00	0.00%	741,826.65	44,881.95	696,944.70
Wastewater Treatment Trust Loan - Trust	11/06/2008	1,035,000.00	5.00% To 5.50%	1,000,000.00	35,000.00	965,000.00
Wastewater Treatment Trust Loan - State	11/06/2008	1,034,227.00	0.00%	953,667.65	52,857.36	900,810.29
Wastewater Treatment Trust Loan - Trust	2010	650,000.00	3.00% To 5.00%	650,000.00	20,000.00	630,000.00
Wastewater Treatment Trust Loan - State	2010	1,991,581.00	0.00%	1,924,069.78	101,266.83	1,822,802.95
				$ 7,614,157.78	$ 369,574.82	$ 7,244,582.96

BOROUGH OF PRINCETON - COUNTY OF MERCER

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2011
	General Improvements:	
05-14	Rehabilitation of Sewer System	$ 833,501.20
10-01	Sewer, Curbs and Sidewalk Improvements	109,250.00
10-08	Various Capital Improvements	632,225.00
10-14	Refunding Ordinance	863,000.00
10-16	Sidewalk and Sewer Improvements	66,500.00
10-17	Various Capital Improvements	1,296,085.00
11-01,25	Installation of New Pool	2,273,825.00
11-11	Improvements to the Sanitary Sewer System	28,025.00
11-16	Various Capital Improvements	1,842,335.00
11-17	Various Capital Improvements	892,050.00
11-22	Sidewalk and Other Sanitary Sewer Improvements	99,750.00
11-26	Stabilization of the Stony Brook Sewer Main	285,000.00
		$ 9,221,546.20

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY FUND

Exhibit D-5

SCHEDULE OF PARKING UTILITY FUND - CASH

	Operating		Capital	
Balance December 31, 2010		$ 312,660.04		$ 183,108.01
Increased by Receipts:				
Anticipated Revenues	$ 3,875,508.37		$	
Non-Budget Revenue	217,040.34			
Interfunds	123,871.80			
		4,216,420.51		100,000.00
		4,529,080.55		283,108.01
Decreased by Disbursements:				
Budget Appropriations	2,979,844.16			
Appropriation Reserves	68,734.76			
Improvement Authorization			100,671.68	
Interfund - Parking Capital Fund			789.71	
Accrued Interest Payable	558,706.00			
		3,607,284.92		101,461.39
Balance December 31, 2011		$ 921,795.63		$ 181,646.62

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF PARKING UTILITY CAPITAL CASH

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Fund Balance	$ 12,179.42	$ 12,179.42
Accounts Receivable	(82,851.23)	(82,851.23)
Due to Parking Utility Operating Fund		789.71
Reserve for Debt Service - County of Mercer Open Space	375,000.00	375,000.00
Improvement Authorizations:		
Ordinance Number:		
02-22	201,198.34	238,040.23
03-41	(26,011.91)	(26,011.91)
04-12	(185,389.21)	(185,389.21)
06-14	7,359.00	7,359.00
07-21	(13,465.00)	(13,465.00)
08-25	31,100.00	31,100.00
09-27	76,935.21	27,816.00
10-04	(214,325.00)	(201,459.00)
11-20	(83.00)	
	$ 181,646.62	$ 183,108.01

SCHEDULE OF ACCOUNTS RECEIVABLE

Exhibit D-7

Balance December 31, 2010 and 2011	$ 82,851.23
Troast Reimbursement - Nassau HKT	$ 62,909.43
Princeton Public Library	19,941.80
	$ 82,851.23

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

	Balance Dec. 31, 2011 and 2010
Parking Utility 2002	$ 200,000.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010	Increases	Balance Dec. 31, 2011
02-22	Development and Construction of a Parking Facility and Related Park Plaza	12/17/2002	$ 13,500,000.00	$ 13,500,000.00	$	$ 13,500,000.00
03-41	Acquisition of Equipment	12/02/2003	50,000.00	49,869.10		49,869.10
04-12	Technology Improvements	8/31/2004	194,500.00	194,489.21		194,489.21
06-14	Various Capital Improvements	8/08/2006	15,376.00	15,376.00		15,376.00
07-21	Acquisition of Equipment	9/11/2007	39,000.00	39,000.00		39,000.00
08-25	Improvements to Parking Garage	10/28/08	31,700.00	31,700.00		31,700.00
09-27	Various Capital Improvements	9/29/2009	226,000.00	226,000.00		226,000.00
10-04	Various Improvements	4/13/2010	250,000.00	250,000.00		250,000.00
10-13	Refunding Bond Ordinance	9/14/2010	1,795,000.00	1,795,000.00		1,795,000.00
11-20	Improvement to Pay Stations	8/02/2011	66,000.00		66,000.00	66,000.00
				$ 16,101,434.31	$ 66,000.00	$ 16,167,434.31

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Parking Utility Capital Fund
Balance December 31, 2010 - Due From/(Due To)	$ 123,871.80	$ 123,082.09	$ 789.71
Decreased by: Receipts	$ 123,871.80	$ 123,082.09	$ 789.71

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, 2010				
	Appropriation Reserves	**Reserve for Encumbrances**	**Budget After Modification**	**Paid or Charged**	**Balance Lapsed**
Salaries and Wages	$ 35,142.87	$	$ 35,142.87	$ 5,545.18	$ 29,597.69
Other Expenses	97,224.09	20,837.54	118,061.63	63,189.58	54,872.05
	$ 132,366.96	$ 20,837.54	$ 153,204.50	$ 68,734.76	$ 84,469.74

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY OPERATING FUND

Exhibit D-12

SCHEDULE OF ACCRUED INTEREST ON BONDS

Balance December 31, 2010	$ 209,515.38
Increased by:	
Budget Appropriation	475,036.41
	684,551.79
Decreased by:	
Disbursements	558,706.00
Balance December 31, 2011	$ 125,845.79

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit D-13

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Decreases	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
02-22	Development and Construction of a Parking Facility and Related Park Plaza	12/17/2002	$ 13,500,000.00	$ 238,040.23	$	$	$ 36,841.89	$ 201,198.34	$
03-41	Acquisition of Equipment	12/02/2003	50,000.00		23,857.19				23,857.19
04-12	Technology Improvements	8/31/2004	194,500.00		9,100.00				9,100.00
06-14	Various Capital Improvements	8/08/2006	15,376.00	7,359.00	376.00		2,000.00	5,359.00	376.00
07-21	Acquisition of Equipment	9/11/2007	39,000.00		1,535.00				1,535.00
08-25	Improvements to Parking Garage	10/28/2008	31,700.00	31,100.00			20,000.00	11,100.00	
09-27	Various Capital Improvements	9/29/2009	226,000.00	27,816.00	126,000.00		71,099.67	6,716.33	76,000.00
10-04	Various Improvements	4/13/2010	250,000.00		48,541.00		24,366.00		24,175.00
10-13	Refunding Bond Ordinance	9/14/2010	1,795,000.00		1,795,000.00		50,000.00		1,745,000.00
11-20	Improvement to the Pay Stations	8/02/2011	66,000.00			66,000.00	65,083.00		917.00
				$ 304,315.23	$ 2,004,409.19	$ 66,000.00	$ 269,390.56	$ 224,373.67	$ 1,880,960.19
	Disbursements						$ 100,671.68		
	Reserve for Encumbrances						168,718.88		
							$ 269,390.56		

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance December 31, 2010		$ 1,665,700.00
Increased by:		
Paid by Budget Appropriation:		
Serial Bonds Payable	$ 425,000.00	
Deferred Charges Raised - Ordinance 09-27	50,000.00	
		475,000.00
Balance December 31, 2011		$ 2,140,700.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND **Exhibit D-15**

SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011 Date	Amount	Interest Rate	Balance Dec. 31, 2010	Increase	Decrease	Balance Dec. 31, 2011
Parking Utility Improvement Bonds	8/15/2003	$ 13,700,000.00	8/15/2012	$ 450,000.00	4.25%				
			8/15/2013	475,000.00	4.25%	$ 12,205,000.00	$	$ 11,280,000.00	$ 925,000.00
Parking Utility Refunding Bonds	10/12/2011	10,905,000.00	8/15/2012	90,000.00	3.00%				
			8/15/2013	20,000.00	3.00%				
			2/15/2014	500,000.00	2.00%				
			8/15/2014	25,000.00	3.00%				
			8/15/2015	535,000.00	3.00%				
			8/15/2016	555,000.00	4.00%				
			8/15/2017	580,000.00	4.00%				
			8/15/2018	605,000.00	4.00%				
			2/15/2019	335,000.00	4.00%				
			8/15/2019	290,000.00	5.00%				
			2/15/2020	575,000.00	4.00%				
			8/15/2020	150,000.00	5.00%				
			2/15/2021	120,000.00	3.00%				
			8/15/2021	600,000.00	5.00%				
			8/15/2022	770,000.00	5.00%				
			8/15/2023	825,000.00	5.00%				
			2/15/2024	675,000.00	3.00%				
			8/15/2024	200,000.00	4.00%				
			8/15/2025	860,000.00	4.00%				
			8/15/2026	865,000.00	4.00%				
			8/15/2027	865,000.00	4.00%				
			8/15/2028	865,000.00	3.50%		10,905,000.00		10,905,000.00
						$ 12,205,000.00	$ 10,905,000.00	$ 11,280,000.00	$ 11,830,000.00
Additional Refunding Bond Proceeds							$ 50,000.00		
Bonds Refunded							10,855,000.00	$ 10,855,000.00	
Paid by Appropriation								425,000.00	
							$ 10,905,000.00	$ 11,280,000.00	

BOROUGH OF PRINCETON - COUNTY OF MERCER

PARKING UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Ordinance Date	Improvement Description	Balance Dec. 31, 2010	Authorized	Decreases	Balance Dec. 31, 2011
03-41	12/02/2003	Acquisition of Equipment	$ 49,869.10	$	$	$ 49,869.10
04-12	8/31/2004	Technology Improvements	194,489.21			194,489.21
06-14	8/08/2006	Various Capital Improvements	376.00			376.00
07-21	9/11/2007	Acquisition of Equipment	15,000.00			15,000.00
08-25	10/28/2008	Improvements to Parking Garage				
09-27	9/29/2009	Various Capital Improvements	126,000.00		50,000.00	76,000.00
10-04	4/13/2010	Various Improvements	250,000.00			250,000.00
10-13	9/14/2010	Refunding Bond Ordinance	1,795,000.00		50,000.00	1,745,000.00
11-20	8/02/2011	Improvement to Pay Stations		66,000.00		66,000.00
			$ 2,430,734.31	$ 66,000.00	$ 100,000.00	$ 2,396,734.31

BOROUGH OF PRINCETON - COUNTY OF MERCER

PUBLIC ASSISTANCE TRUST FUND

Exhibit E-1

SCHEDULE OF CASH - TREASURER AND PETTY CASH

Balance December 31, 2010		$ 93,275.81
Increased by Receipts:		
State Aid	$ 105,600.00	
Interest on Deposits	268.63	
Reimbursements:		
Supplemental Security Income	952.60	
		106,821.23
		200,097.04
Decreased by Disbursements:		
Public Assistance Expenditures -		
State Eligible Match		97,279.40
Balance December 31, 2011		$ 102,817.64

SCHEDULE OF PREPAID STATE AID

Exhibit E-2

Balance December 31, 2010		$ 58,919.17
Increased by:		
State Aid Payments Received	$ 105,600.00	
SSI Reimbursement	952.60	
State Aid Payments Received		106,552.60
		165,471.77
Decreased by:		
Expenditures for Public Assistance -		
State Eligible Match		97,279.40
Balance December 31, 2011		$ 68,192.37

BOROUGH OF PRINCETON - COUNTY OF MERCER

PUBLIC ASSISTANCE TRUST FUND

Exhibit E-3

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance December 31, 2010	$ 33,118.33
Increased by:	
Interest on Deposits	268.63
Balance December 31, 2011	$ 33,386.96

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING OPERATING UTILITY FUND

Exhibit S-5

SCHEDULE OF CASH - COLLECTOR-TREASURER

Balance December 31, 2010		$ 861,946.41
Increased by Receipts:		
Reserves:		
Housing Trust	$ 41,589.25	
Developer Fees	588.80	
Growth Share	503.34	
Revenues	138,516.54	
		181,197.93
		1,043,144.34
Decreased by Disbursements:		
Budget Appropriations		113,116.41
Balance December 31, 2011		$ 930,027.93

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY OPERATING FUND

Exhibit S-6

SCHEDULE OF RESERVES

	Total (Memo Only)	Housing Trust	Developer Fees	Growth Share	Payment of Debt	Affordable Housing
Balance December 31, 2010	$ 724,043.17	$ 24,821.29	$ 249,371.43	$ 445,961.38	$ 3,889.07	$
Increased by:						
Transfer from Operations (Net)	201,158.17					201,158.17
Prior Year Reserve for Encumbrances	20,145.7					20,145.7
Interest on Deposits	1,229.63	137.49	588.8	503.34		
Miscellaneous	41,451.76	41,451.76				
Transfer from Reserves	576,855.16					576,855.16
Total Increases	840,840.42	41,589.25	588.8	503.34		798,159.03
Total Balances and Increases	1,564,883.59	66,410.54	249,960.23	446,464.72	3,889.07	798,159.03
Decreased by:						
Transfer to Reserve for Affordable Housing	576,855.16	41,610.54	84,890.83	446,464.72	3,889.07	
Anticipated as Utility Operating Revenue	189,869.4	24,800.	165,069.4			
Total Decreases	766,724.56	66,410.54	249,960.23	446,464.72	3,889.07	
Balance December 31, 2011	$ 798,159.03	$	$	$	$	$ 798,159.03

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-7

ANALYSIS OF AFFORDABLE HOUSING UTILITY CAPITAL CASH

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Fund Balance	$ 67,193.84	$ 67,193.84
Due (From)/To General Capital Fund	1,560.00	4,605.00
Due (From)/To Operating Fund	(117,757.54)	(117,757.54)
Improvement Authorizations:		
Ordinance Number:		
89-37	67,702.05	67,702.05
06-13	(18,698.35)	(21,743.35)
	$ -0-	$ -0-

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-8

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2011
06-13	Improvements and Renovations to Housing Authority	8/08/2006	$ 211,150.00	$ 211,150.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-9

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Affordable Housing Operating Fund	General Capital Fund
Balance December 31, 2010 - (Due From)/Due To	$ (113,152.54)	$ (117,757.54)	$ 4,605.00
Increased by:			
Roof Ordinance Reimbursement	3,045.00		3,045.00
Balance December 31, 2011 - (Due From)/Due To	$ (116,197.54)	$ (117,757.54)	$ 1,560.00

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-10

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	Expended	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
89-37	Financing of Affordable Housing Program Program	10/04/1989	$ 5,891,938.00	$ 67,702.05	$	$	$ 67,702.05	$
06-13	Improvements and Renovations to Housing Authority	8/08/2006	211,150.00		189,406.65	(3,045.00)		192,451.65
				$ 67,702.05	$ 189,406.65	$ (3,045.00)	$ 67,702.05	$ 192,451.65

BOROUGH OF PRINCETON - COUNTY OF MERCER

AFFORDABLE HOUSING UTILITY CAPITAL FUND

Exhibit S-11

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Ordinance Date	Improvement Description	Balance Dec. 31,2011
06-13	8/08/2006	Improvements and Renovations to Housing Authority	$ 211,150.00

BOROUGH OF PRINCETON

COUNTY OF MERCER

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the Borough of Princeton (the "Borough"), as of and for the year ended December 31, 2011, and have issued our report thereon dated December 13, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting (Continued)

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in a separate letter dated December 13, 2012.

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

William E. Antonides and Company
Independent Auditors

December 13, 2012

BOROUGH OF PRINCETON

COUNTY OF MERCER

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

An audit of the financial accounts and transactions of the Borough of Princeton, in the County of Mercer, for the year ended December 31, 2011, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

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

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

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

GENERAL COMMENTS

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was $17,500 for municipalities without a qualified purchasing agent (QPA) and $36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to $26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Borough's bid threshold was $26,000 for the year under audit.

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

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

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

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

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on March 27, 1980 adopted a resolution, pursuant to the provisions of R.S. 54:4-67, fixing the interest rate on delinquent taxes or assessments at 8% per annum on the first $1,500 of the delinquency and 18% per annum to be charged on any amount in excess of $1,500. In addition, any delinquent taxes outstanding related to a previous calendar year in excess of $10,000 incurs a 6% surcharge.

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

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on December 13, 2011 and was complete.

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

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

Year	Number of Liens
2011	1
2010	1
2009	1

Verification of Delinquent Taxes

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

Type	Number Mailed
Delinquent Taxes	10

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

Public Assistance

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

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

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

Miscellaneous

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

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

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

Individual payments of the Regional School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2011.

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

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. There were no prior year findings that needed to be addressed in 2011.

FINDINGS/RECOMMENDATIONS

None

ACKNOWLEDGEMENT

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

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments, please contact us at your earliest opportunity.

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