

NEW ISSUE – BOOK-ENTRY-ONLY**RATING: S&P: “AAA”
(See “RATING” herein)**

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

**TOWNSHIP OF BRANCHBURG,
IN THE COUNTY OF SOMERSET, NEW JERSEY**

\$19,330,000*
GENERAL IMPROVEMENT BONDS, SERIES 2026
(Callable)

Dated Date: Date of Delivery**Due:** April 1, as shown on the inside cover page

The \$19,330,000* General Improvement Bonds, Series 2026 (the “Bonds”) of the Township of Branchburg, in the County of Somerset, New Jersey (the “Township”), will be issued in the form of one certificate for the aggregate principal amount of each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year until maturity or prior redemption, commencing on April 1, 2027. Principal of and interest due on the Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 15 and September 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See “THE BONDS - Redemption” herein.

The Bonds are valid and legally binding obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

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

The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney, William J. Willard, Esq., Warren, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery is anticipated to be via the facilities of DTC in Brooklyn, New York, on or about April 21, 2026.

BIDS FOR THE BONDS WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE UNTIL 11:00 A.M. ON APRIL 8, 2026. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Preliminary, subject to change

**TOWNSHIP OF BRANCHBURG,
IN THE COUNTY OF SOMERSET, NEW JERSEY**

\$19,330,000* GENERAL IMPROVEMENT BONDS, SERIES 2026

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u> <u>(April 1)</u>	<u>Principal</u> <u>Amounts*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$650,000	%	%	
2028	675,000			
2029	700,000			
2030	730,000			
2031	760,000			
2032	790,000			
2033	825,000			
2034	855,000			
2035	890,000			
2036	925,000			
2037	965,000			
2038	1,005,000			
2039	1,045,000			
2040	1,090,000			
2041	1,135,000			
2042	1,180,000			
2043	1,230,000			
2044	1,280,000			
2045	1,300,000			
2046	1,300,000			

* Preliminary; subject to change.

** "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds, and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF BRANCHBURG,
IN THE COUNTY OF SOMERSET, NEW JERSEY**

MAYOR

James Schworn

TOWNSHIP COMMITTEE MEMBERS

Brendon Beatrice, Deputy Mayor
Anna Columbus
David Owens
Thomas Young

DIRECTOR OF FINANCE

Diane K. Schubach

CHIEF FINANCIAL OFFICER

Mindy D'Amico

TOWNSHIP ATTORNEY

William J. Willard, Esquire
DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C.
Warren, New Jersey

AUDITOR

Suplee, Clooney & Company LLC
Westfield, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

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

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

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

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

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

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

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OFFICIAL STATEMENT
Relating to the

TOWNSHIP OF BRANCHBURG,
IN THE COUNTY OF SOMERSET, NEW JERSEY

\$19,330,000* GENERAL IMPROVEMENT BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Branchburg (the “Township”), in the County of Somerset (the “County”), New Jersey (the “State”), in connection with the sale and issuance of its \$19,330,000* General Improvement Bonds, Series 2026 (the “Bonds”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds, including its general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General Description

The Bonds will be dated their date of delivery and will mature on April 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds will bear interest from their dated date, payable semi-annually on April 1 and October 1 in each year until maturity or prior redemption, commencing on April 1, 2027, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 15 and September 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assignee), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assignee), as nominee for DTC.

* Preliminary, subject to change.

Redemption

The Bonds maturing prior to April 1, 2034 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 1, 2034 are redeemable at the option of the Township, in whole or in part, on any date on or after April 1, 2033 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds to be redeemed not less than 30 days, nor more than 60 days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. However, as long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption may be sent to such securities depository by email or as otherwise permitted by the securities depository regulations. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds to be redeemed after the date fixed for redemption and no further interest shall accrue beyond the redemption date.

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

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

* Source: The Depository Trust Company.

relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

Redemption proceeds, if any, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuation of Book-Entry-Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Township will attempt to locate another qualified securities depository. If the Township fails to find such a securities depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Township shall notify DTC of the termination of the book-entry-only system.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the "Local Bond Law"), the bond ordinance adopted by the Township Committee of the Township referred to in the chart that follows and by a resolution duly adopted by the Township Committee of the Township on March 23, 2026 (the "Resolution"). The bond ordinance authorizing the Bonds was published in full or in summary after its final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all Bonds shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period for the bond ordinance has concluded as of the date of this Official Statement.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount Funded From Bond Proceeds
#2024-1464	Acquisition of property, finally adopted February 12, 2024.	\$19,330,000
Total:		<u>\$19,330,000</u>

Proceeds from the sale and issuance of the Bonds will be used to: (i) currently refund the Township's \$19,330,000 Bond Anticipation Note, dated and issued on April 23, 2025 and maturing on April 22, 2026; and (ii) pay the costs associated with the issuance of the Bonds.

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

RESILIENCY PLANNING

Weather Related Matters

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

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2026.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation, is \$4,785,562,291.00.

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

The Township has not exceeded its statutory debt limit. As of December 31, 2025, the statutory net debt as a percentage of average equalized valuation was 0.340%. As noted above, the statutory limit is 3½%.

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

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

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

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

The Township is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing

districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Township is on file with the Township Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed

on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

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

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the “Discount Bonds”). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

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

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Bank-Qualification

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

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

Changes in Federal Tax Law Regarding the Bonds

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

could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

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

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

FINANCIAL STATEMENTS

Excerpts from the audited financial statements of the Township as of and for the years ended December 31, 2024 and 2023, together with the Notes to the Financial Statements for the years then ended, as well as unaudited financial data of the Township for the year ended December 31, 2025, are presented in Appendix “B” to this Official Statement (the “Financial Statements”). The Township’s independent auditor, Suplee, Clooney & Company LLC, Westfield, New Jersey, takes responsibility for the audited financial statements to the extent and for the period set forth in the “Independent Auditor’s Report” contained in Appendix “B” of this Official Statement. See APPENDIX B – EXCERPTS FROM UNAUDITED FINANCIAL DATA AND AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF BRANCBURG, IN THE COUNTY OF SOMERSET, NEW JERSEY.

LITIGATION

To the knowledge of the Township Attorney, William J. Willard, Esq., of DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C., Warren, New Jersey (the “Township Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township, pursuant to the Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2026 for the fiscal year ending December 31, 2025, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data, consisting of (i) the Township and overlapping indebtedness, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

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

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

(c) In a timely manner to EMMA, notice of failure of the Township to provide required annual financial information on or before the date specified in the Resolution.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

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

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Township has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. §901 *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

APPROVAL OF LEGAL PROCEEDINGS

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

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____ (the "Underwriter") at a price of \$ _____ (consisting of the par amount of the Bonds plus [net] original issue premium in the amount of \$ _____ less underwriter's discount in the amount of \$ _____). The Underwriter has purchased the Bonds in accordance with the Notice of Sale.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AAA" to the Bonds based upon the creditworthiness of the Township. The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

MUNICIPAL ADVISOR

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Mayor and the Chief Financial Officer of the Township that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects

and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Auditor has participated in the preparation of the financial statements described herein under the heading entitled "FINANCIAL STATEMENTS" and contained in Appendix "B" hereto.

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

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Mindy D'Amico, Chief Financial Officer, Township of Branchburg, 1077 US Hwy 202 North, Branchburg, NJ 08876-3936, telephone (908) 526-1300, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Township, the Underwriter and the holders of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Township since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

TOWNSHIP OF BRANCBURG, IN THE COUNTY OF SOMERSET, NEW JERSEY

By: _____
Mindy D'Amico
Chief Financial Officer

Dated: April __, 2026

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF BRANCBURG, IN THE COUNTY OF SOMERSET, NEW JERSEY

INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Branchburg (the “Township”), in the County of Somerset (the “County”), State of New Jersey (the “State”).

General

The Township incorporated in 1845, is a growing suburban community located in the County. The Township includes the historic villages of North Branch and Neshanic Station. It is bordered by Bedminster Township, Bridgewater Township and Hillsborough Township, and it is also bordered, to the west by Readington Township in Hunterdon County. The Township is approximately 35 miles southwest of Newark, N.J., and covers an area of 20.2 square miles. U.S. Highways 22 and 202 pass through the Township making it easily accessible and providing a vital link between north and south Jersey as well as Pennsylvania and New York. The Township provides a municipal park-and-ride facility with daily bus service to New York City and Pennsylvania, and New Jersey Transit provides daily passenger service from North Branch Station.

Governmental Structure

The Township operates under the Township Committee form of government. Five committee members are elected to office for three-year staggered terms, and one is chosen, by his/her fellow committee members, as Mayor for a one-year term. A full-time Township Administrator conducts day-to-day administration of the Township’s business.

Utilities

The Township operates its own self-liquidating Sewer Utility. The Utility currently provides access to approximately 50% of the Township. The Somerset Raritan Valley Sewerage Authority provides for the treatment and disposal of sanitary sewage for the Township as well as for five other municipalities in Somerset County.

Free Public Library

The Township is a member of the Somerset County Library system.

¹ Source: The Township, unless otherwise indicated.

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	9,061	8,770	291	3.2%
2023	9,058	8,767	291	3.2%
2022	8,713	8,464	249	2.9%
2021	8,479	8,096	383	4.5%
2020	8,384	7,861	523	6.2%
<u>County</u>				
2024	193,133	185,726	7,407	3.8%
2023	192,408	185,662	6,746	3.5%
2022	188,697	182,855	5,842	3.1%
2021	183,890	174,359	9,531	5.2%
2020	181,257	168,195	13,062	7.2%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income (as of 2024)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$168,832	\$140,374	\$103,556
Median Family Income	198,469	171,215	127,025
Per Capita Income	75,883	72,193	54,253

Source: US Bureau of the Census, 2024 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	15,619	4.54%	357,467	3.51%	9,500,851	2.28%
2020	14,940	3.33	345,361	6.78	9,288,994	5.65
2010	14,459	-0.73	323,444	8.72	8,791,894	4.49
2000	14,566	33.78	297,490	23.81	8,414,350	8.85
1990	10,888	38.77	240,279	18.29	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Roche & Genetech Inc.	\$113,251,700	2.30%
Imclone Systems Corp.	74,328,400	1.51%
Cellco Partnership (Verizon)	46,640,000	0.95%
S/K Old York Road Associates	3,680,000	0.07%
Transcontinental Gas Pipeline Co.	32,587,100	0.66%
Briad Lodging Group Branchburg II	26,513,000	0.54%
Global Wells Inv Grp LLC c/o TSEN	25,785,000	0.52%
Allergen Sales LLC	23,380,000	0.47%
Friedrich D&Weill J, Suc-Co-Trustees	22,800,000	0.46%
Schultz Container Systems Inc	<u>22,005,000</u>	<u>0.45%</u>
Total	<u>\$390,970,200</u>	<u>7.94%</u>

Source: Annual Comprehensive Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025U	\$84,959,606	\$83,899,597	98.75%
2024	80,611,718	79,825,955	99.03%
2023	76,247,393	75,661,703	99.23%
2022	74,256,881	73,617,865	99.14%
2021	71,908,973	71,407,553	99.30%

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025U	\$121,718	\$985,620	\$1,107,338	1.30%
2024	96,918	673,617	770,535	0.96%
2023	88,716	512,308	601,023	0.79%
2022	17,399	601,163	618,562	0.83%
2021	15,319	490,831	506,151	0.70%

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025U	\$1,534,100
2024	1,534,100
2023	1,534,100
2022	1,534,100
2021	1,534,100

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

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

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2025	\$0.355	\$1.010	\$0.344	\$1.709
2024	0.367	1.073	0.359	1.800
2023	0.345	1.143	0.383	1.871
2022	0.361	1.210	0.398	1.969
2021	0.383	1.328	0.403	2.114

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$4,918,516,500	\$5,416,868,392	90.80%	\$7,016,200	\$5,423,884,592
2024	4,429,090,800	4,700,796,858	101.67	6,295,500	4,707,092,358
2023	4,058,015,400	4,239,021,623	95.73	5,181,100	4,244,202,723
2022	3,717,493,600	4,223,944,552	88.01	4,781,600	4,228,726,152
2021	3,370,580,900	3,991,214,802	84.45	4,757,650	3,995,972,452

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$23,577,400	\$3,108,168,700	\$38,088,100	\$342,981,800	\$1,323,135,500	\$82,565,000	\$4,918,516,500
2024	12,873,000	2,830,503,000	36,935,600	323,984,700	1,158,203,500	66,591,000	4,429,090,800
2023	48,642,400	2,630,843,500	35,787,100	311,899,600	986,557,800	44,285,000	4,058,015,400
2022	16,748,700	2,445,703,600	33,392,500	300,104,000	882,602,800	38,942,000	3,717,493,600
2021	6,880,000	2,291,351,400	32,174,200	265,958,600	737,416,700	36,800,000	3,370,580,900

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$4,100,000	\$4,700,000	\$5,600,000	\$5,900,000	\$6,509,664
Miscellaneous Revenues	4,602,188	4,842,839	5,675,216	5,844,522	5,433,891
Receipts from Delinquent Taxes	500,000	498,000	500,000	484,875	455,000
Amount to be Raised by Taxation	<u>11,292,282</u>	<u>11,558,153</u>	<u>11,962,909</u>	<u>13,995,268</u>	<u>15,006,801</u>
Total Revenue:	<u>\$20,494,470</u>	<u>\$21,598,993</u>	<u>\$23,738,125</u>	<u>\$26,224,665</u>	<u>\$27,405,356</u>

Appropriations

General Appropriations	\$15,935,442	\$16,770,953	\$17,380,624	\$18,449,229	\$19,026,867
Operations (Excluded from CAPS)	238,697	173,848	760,501	332,786	534,839
Deferred Charges and Statutory Expenditures	98,428	81,461	475,000	655,000	200,000
Judgments	0	0	0	0	0
Capital Improvement Fund	1,200,000	1,550,000	2,150,000	3,225,000	3,100,000
Municipal Debt Service	1,396,903	1,397,730	1,347,000	1,862,650	2,843,650
Reserve for Uncollected Taxes	<u>1,625,000</u>	<u>1,625,000</u>	<u>1,625,000</u>	<u>1,700,000</u>	<u>1,700,000</u>
Total Appropriations:	<u>\$20,494,470</u>	<u>\$21,598,993</u>	<u>\$23,738,125</u>	<u>\$26,224,665</u>	<u>\$27,405,356</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

Fund Balance - Current Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025U	\$11,802,344	N/A
2024	12,056,538	6,509,664
2023	11,754,311	5,900,000
2022	11,195,343	5,600,000
2021	10,647,547	4,700,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Sewer Utility Operating Fund

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

Fund Balance		
<u>Sewer Utility Operating Fund</u>		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2025U	\$4,249,339	N/A
2024	4,861,737	2,606,000
2023	4,706,509	2,606,000
2022	3,950,529	1,674,000
2021	3,151,866	1,490,467

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Swim Pool Utility Operating Fund

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

Fund Balance		
<u>Swim Pool Operating Fund</u>		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2025U	\$129,189	N/A
2024	102,673	70,000
2023	113,861	70,000
2022	78,616	0
2021	6,661	0

U: Unaudited

Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

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Township Indebtedness as of December 31, 2025

General Purpose Debt

Serial Bonds	\$5,200,000
Bond Anticipation Notes	26,930,000
Bonds and Notes Authorized but Not Issued	3,755,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$35,885,000

Local School District Debt

Serial Bonds	\$8,445,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$8,445,000

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,100,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$2,100,000

TOTAL GROSS DEBT

\$46,430,000

Less: Statutory Deductions

General Purpose Debt	\$19,624,635
Local School District Debt	8,445,000
Self-Liquidating Debt	<u>2,100,000</u>
Total:	\$30,169,635

TOTAL NET DEBT

\$16,260,365

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2025)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$8,445,000	100.00%	\$8,445,000
County	511,950,350	5.93%	<u>30,365,038</u>
Net Indirect Debt			\$38,810,038
Net Direct Debt			<u>16,260,365</u>
Total Net Direct and Indirect Debt			<u>\$55,070,403</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	\$4,785,562,291
Permitted Debt Limitation (3 1/2%)	167,494,680
Less: Net Debt	<u>16,260,365</u>
Remaining Borrowing Power	<u>\$151,234,316</u>
Percentage of Net Debt to Average Equalized Valuation	0.340%
Gross Debt Per Capita based on 2024 population of 15,619	\$2,973
Net Debt Per Capita based on 2024 population of 15,619	\$1,041

Source: Annual Debt Statement of the Township

² Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

APPENDIX B

**EXCERPTS FROM UNAUDITED FINANCIAL DATA AND AUDITED FINANCIAL
STATEMENTS OF THE TOWNSHIP OF BRANCHBURG, IN THE COUNTY OF SOMERSET,
NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

ACCOUNTANT'S COMPILATION REPORT

AUDITED AND UNAUDITED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Branchburg
County of Somerset
Branchburg, New Jersey 08876

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Branchburg (the "Township"), as of and for the years ended December 31, 2024 and 2023, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2024 and 2023, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

SUPLEE, CLOONEY & COMPANY LLC

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY LLC

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2025, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

July 23, 2025



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Branchburg
County of Somerset
Branchburg, New Jersey 08876

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2025 Annual Financial Statement (AFS) of the Township of Branchburg, County of Somerset, New Jersey as of December 31, 2025 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Township of Branchburg. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

The management of the Township of Branchburg has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township of Branchburg's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

March 12, 2026

TOWNSHIP OF BRANCHBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Cash	\$ 16,836,104.97	\$ 17,614,230.67	\$ 16,833,952.20
Change Fund	955.00	955.00	955.00
Due State of New Jersey - Senior Citizens and Veterans	1,440.68	190.68	581.78
	<u>\$ 16,838,500.65</u>	<u>\$ 17,615,376.35</u>	<u>\$ 16,835,488.98</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 985,619.90	\$ 673,617.07	\$ 512,307.66
Tax Title Liens Receivable	121,717.80	96,918.20	88,715.82
Property Acquired For Taxes	1,534,100.00	1,534,100.00	1,534,100.00
Revenue Accounts Receivable	11,837.34	11,837.34	12,821.26
Interfunds Receivable	1,242.48	1,579.75	4,430.44
	<u>\$ 2,654,517.52</u>	<u>\$ 2,318,052.36</u>	<u>\$ 2,152,375.18</u>
Deferred Charges- Emergency Authorizations	\$	\$	\$ 405,000.00
Total Current Fund	<u>\$ 19,493,018.17</u>	<u>\$ 19,933,428.71</u>	<u>\$ 19,392,864.16</u>
Grant Fund:			
Cash	\$ 469,610.07	\$ 381,137.19	\$ 440,913.27
Interfunds Receivable	37,328.26	79,307.60	30,423.84
Grants Receivable	109,400.65	220,099.22	220,766.37
Total Grant Fund	<u>\$ 616,338.98</u>	<u>\$ 680,544.01</u>	<u>\$ 692,103.48</u>
Grand Totals	<u>\$ 20,109,357.15</u>	<u>\$ 20,613,972.72</u>	<u>\$ 20,084,967.64</u>

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

TOWNSHIP OF BRANCHBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	\$ 2,493,679.19	\$ 3,102,005.51	\$ 2,686,207.17
Prepaid Taxes	823,713.31	632,037.72	443,027.23
Accounts Payable	640,184.81	477,257.49	699,753.81
Tax Overpayments	38.52	0.02	0.40
Interfunds Payable	61,739.30	329,307.60	30,423.84
Reserve For:			
Various Reserves	1,016,801.30	1,018,230.30	1,626,747.34
	<u>\$ 5,036,156.43</u>	<u>\$ 5,558,838.64</u>	<u>\$ 5,486,159.79</u>
Reserve for Receivables and Other Assets	2,654,517.52	2,318,052.36	2,152,375.18
Fund Balance	<u>11,802,344.22</u>	<u>12,056,537.71</u>	<u>11,754,329.19</u>
Total Current Fund	<u>\$ 19,493,018.17</u>	<u>\$ 19,933,428.71</u>	<u>\$ 19,392,864.16</u>
Grant Fund:			
Reserve for Grants - Appropriated	\$ 493,152.37	\$ 466,185.67	\$ 506,399.86
Reserve for Grants - Unappropriated	90,364.32	155,018.00	105,666.97
Accounts Payable	<u>32,822.29</u>	<u>59,340.34</u>	<u>80,036.25</u>
Total Grant Fund	<u>\$ 616,338.98</u>	<u>\$ 680,544.01</u>	<u>\$ 692,103.08</u>
Grand Totals	<u>\$ 20,109,357.15</u>	<u>\$ 20,613,972.72</u>	<u>\$ 20,084,967.24</u>

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

TOWNSHIP OF BRANCHBURG

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 6,509,664.00	\$ 5,900,000.00	\$ 5,600,000.00
Miscellaneous Revenue Anticipated	6,212,548.24	7,103,478.53	6,292,718.59
Receipts From Delinquent Taxes	672,590.14	545,633.42	759,780.45
Receipts From Current Taxes	83,899,596.59	79,825,954.80	75,661,702.89
Non-Budget Revenue	753,578.14	725,566.06	1,552,468.66
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	3,059,994.87	2,581,190.19	2,655,243.49
Other Reserves Canceled		279,647.50	3,151.91
Grants Canceled, Net		21,990.39	
Accounts Payable Canceled		100,808.96	
Interfunds Returned	337.27	2,868.66	
<u>TOTAL REVENUE AND OTHER INCOME</u>	<u>\$ 101,108,309.25</u>	<u>\$ 97,087,138.51</u>	<u>\$ 92,525,065.99</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS"	\$ 16,629,040.00	\$ 16,105,900.00	\$ 15,241,125.00
Deferred Charges and Regulatory Expenditures - Municipal	2,397,827.00	2,593,329.00	2,139,499.00
Other Operations Excluded From "CAPS":			
Operations Excluded from "CAPS"	559,789.63	546,276.60	862,875.10
Capital Improvements	3,100,000.00	3,225,000.00	2,555,000.00
Municipal Debt Service	2,594,771.24	1,862,650.00	1,346,550.00
Deferred Charges and Regulatory Expenditures	200,000.00	405,000.00	475,000.00
Municipal Open Space Tax	2,462,766.50	2,217,693.15	2,031,598.25
Added Municipal Open Space Tax	20,082.23	15,830.03	5,280.54
County Tax	16,957,615.20	15,690,004.56	15,538,929.28
County Share of Added Taxes	147,740.39	112,421.68	41,601.26
Local District School Tax	49,747,573.00	48,110,807.00	46,459,008.00
Interfunds Advanced			3,167.63
Other Charges & Cancellations	35,633.55		71,463.54
<u>TOTAL EXPENDITURES</u>	<u>\$ 94,852,838.74</u>	<u>\$ 90,884,912.02</u>	<u>\$ 86,771,097.60</u>
Excess in Revenue	<u>\$ 6,255,470.51</u>	<u>\$ 6,202,226.49</u>	<u>\$ 5,753,968.39</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	\$ _____	\$ _____	\$ 405,000.00
Regulatory Excess to Fund Balance	<u>\$ 6,255,470.51</u>	<u>\$ 6,202,226.49</u>	<u>\$ 6,158,968.39</u>
Fund Balance, January 1	<u>\$ 12,056,537.71</u>	<u>\$ 11,754,311.22</u>	<u>\$ 11,195,342.83</u>
	<u>\$ 18,312,008.22</u>	<u>\$ 17,956,537.71</u>	<u>\$ 17,354,311.22</u>
Decreased by:			
Utilization as Anticipated Revenue	<u>6,509,664.00</u>	<u>5,900,000.00</u>	<u>5,600,000.00</u>
Fund Balance, December 31	<u>\$ 11,802,344.22</u>	<u>\$ 12,056,537.71</u>	<u>\$ 11,754,311.22</u>

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

TOWNSHIP OF BRANCHBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

	ANTICIPATED BUDGET	NJS 40A: 4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 5,900,000.00	\$	\$ 5,900,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 25,000.00	\$	\$ 30,540.00	\$ 5,540.00
Other	26,500.00		31,015.00	4,515.00
Fees and Permits:				
Construction Code Official	850,000.00		732,110.00	(117,890.00)
Other	130,000.00		150,695.70	20,695.70
Municipal Court:				
Fines and Costs	135,000.00		181,607.78	46,607.78
Interest and Costs on Taxes	100,000.00		139,863.77	39,863.77
Interest on Investments & Deposits	203,499.00		1,052,995.48	849,496.48
Energy Receipts Tax	3,053,668.00		3,053,667.78	(0.22)
Garden State Trust Fund	13,308.00		13,308.00	
Municipal Property Tax Relief Aid	314,761.00		314,761.54	0.54
Hotel Tax	350,000.00		521,466.64	171,466.64
Fire Safety - Life Hazard Use Fees	80,000.00		85,170.24	25,170.24
Reserve for Debt Service	475,000.00		475,000.00	
Safe & Secure Communities	45,150.00		45,150.00	
Youth Services Grant	5,000.00		5,000.00	
Recycling Tonnage	10,409.81		10,409.81	
Sustaining Local Public Health Infrastructure		168,049.00	168,049.00	
DEP Stormwater Assistance		15,000.00	15,000.00	
Opioid Settlement		30,441.81	30,441.81	
Clean Communities	47,225.98		47,225.98	
<u>Total Miscellaneous Revenues</u>	<u>\$ 5,844,521.79</u>	<u>\$ 213,490.81</u>	<u>\$ 7,103,478.53</u>	<u>\$ 1,045,465.93</u>
Receipts From Delinquent Taxes	\$ 484,875.00	\$	\$ 545,633.42	\$ 60,758.42
Amt. to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 13,995,268.00	\$	\$ 15,379,198.38	\$ 1,383,930.38
<u>BUDGET TOTALS</u>	<u>\$ 26,224,664.79</u>	<u>\$ 213,490.81</u>	<u>\$ 28,928,310.33</u>	<u>\$ 2,490,154.73</u>
Non-Budget Revenues	\$	\$	\$ 725,566.06	\$ 725,566.06
	<u>\$ 26,224,664.79</u>	<u>\$ 213,490.81</u>	<u>\$ 29,653,876.39</u>	<u>\$ 3,215,720.79</u>

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

TOWNSHIP OF BRANCHBURG
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 79,825,954.80
Allocated to:	
County Taxes	\$ 15,802,426.24
Local District School Taxes	48,110,807.00
Municipal Open Space	<u>2,233,523.18</u>
Balance for Support of Municipal Budget Appropriations	\$ 13,679,198.38
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,700,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 15,379,198.38</u></u>
Other - Fees and Permits:	
Board of Health	\$ 39,450.00
Zoning/Planning/Adjustment	23,300.00
Fire Safety	55,464.50
Police	24,496.20
Engineering	<u>4,985.00</u>
	<u><u>\$ 147,695.70</u></u>

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

TOWNSHIP OF BRANCHBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Cell Tower Rent	\$ 155,133.16
Assessment Trust Proceeds	127,534.79
Comcast/Verizon Fees	98,098.91
Pilot	95,090.80
SRECS	90,064.00
Police Outside Overtime Admin	87,635.79
Escrow Interest	25,068.06
Other Miscellaneous	18,065.64
Auction Sales	14,210.40
DPW Shared Services	6,000.00
Affordable Housing Fees	4,002.00
Recycling	2,664.20
Sen/Vet Admin Fee	1,157.82
Tax Collector	840.49
<u>Total Non-Budget Revenue</u>	\$ <u>725,566.06</u>

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

TOWNSHIP OF BRANCHBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 614,000.00	\$ 614,000.00	\$ 536,000.60	\$ 77,999.40	\$
Other Expenses	812,500.00	812,500.00	571,862.55	240,637.45	
Mayor and Council					
Salaries and Wages	68,000.00	68,000.00	65,048.33	2,951.67	
Other Expenses	28,000.00	28,000.00	27,612.12	387.88	
Clerk					
Salaries and Wages	210,000.00	210,000.00	186,625.63	23,374.37	
Other Expenses	20,800.00	20,800.00	13,474.29	7,325.71	
Elections					
Other Expenses	9,000.00	9,000.00	8,368.15	631.85	
Financial Administration					
Salaries and Wages	214,000.00	214,000.00	199,822.22	14,177.78	
Other Expenses	54,500.00	54,500.00	33,418.70	21,081.30	
Audit	50,000.00	50,000.00	50,000.00		
Assessment of Taxes					
Salaries and Wages	227,000.00	227,000.00	227,000.00		
Other Expenses	171,000.00	171,000.00	106,162.24	64,837.76	
Collection of Taxes:					
Salaries and Wages	119,000.00	119,000.00	54,314.47	64,685.53	
Other Expenses	13,000.00	13,000.00	6,932.20	6,067.80	
Legal Services and Costs					
Miscellaneous Other Expenses	200,000.00	200,000.00	77,982.73	122,017.27	
Mount Laurel Implementation	80,000.00	80,000.00		80,000.00	
Litigation	100,000.00	100,000.00	450.00	99,550.00	
Engineering Services and Costs					
Salaries and Wages	702,000.00	702,000.00	610,765.91	91,234.09	
Other Expenses	26,300.00	26,300.00	7,964.92	18,335.08	
Public Buildings and Grounds					
Other Expenses	187,500.00	187,500.00	146,528.89	40,971.11	
Planning Board					
Salaries and Wages	35,000.00	35,000.00	30,631.05	4,368.95	
Other Expenses	45,100.00	45,100.00	11,273.40	33,826.60	
Board of Adjustment					
Other Expenses	27,300.00	27,300.00	2,831.46	24,468.54	
Environmental Commission					
Other Expenses	500.00	500.00	425.00	75.00	
Historical Commission					
Other Expenses	3,700.00	3,700.00		3,700.00	
Recycling					
Contractual	100,000.00	100,000.00	79,029.00	20,971.00	
Other Expenses	20,000.00	20,000.00	10,988.95	9,011.05	
Insurance:					
Group Insurance Plan for Employees	2,006,000.00	2,006,000.00	1,696,437.94	307,562.06	
Other Insurance Premiums	346,000.00	346,000.00	259,774.00	86,226.00	
Worker's Compensation	375,000.00	375,000.00	375,000.00		
Group Insurance - Opt Out	80,000.00	80,000.00	37,291.48	42,708.52	
<u>PUBLIC SAFETY</u>					
Bureau of Fire Prevention:					
Salaries and Wages	150,000.00	150,000.00	139,025.33	10,974.67	
Other Expenses	5,900.00	5,900.00	3,246.76	2,653.24	
Public Fire Prevention - Fire Hydrant Services	425,000.00	425,000.00	335,872.97	89,127.03	
Aid to Volunteer Fire Companies	140,000.00	140,000.00		140,000.00	
Aid to Adjoining Fire Companies	80,400.00	80,400.00	80,400.00		
Maintenance of Fire Vehicles	65,000.00	65,000.00	53,033.98	11,966.02	
Blood Borne Pathogens					
Other Expenses	4,000.00	4,000.00		4,000.00	
Police					
Salaries and Wages	3,250,000.00	3,250,000.00	3,082,211.22	167,788.78	
Other Expenses	359,000.00	359,000.00	328,034.94	30,965.06	
School Crossing Guards					
Salaries and Wages	28,000.00	28,000.00	27,613.74	386.26	
Other Expenses	2,000.00	2,000.00		2,000.00	
First Aid Organization Contribution	59,000.00	59,000.00	54,000.00	5,000.00	
Emergency Management Services					
Other Expenses	7,000.00	7,000.00	996.83	6,003.17	

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

TOWNSHIP OF BRANCHBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>STREETS AND ROADS</u>					
Road Repair and Maintenance					
Salaries and Wages	\$ 1,876,000 00	\$ 1,876,000 00	\$ 1,421,721 21	\$ 454,278 79	\$
Other Expenses	605,500 00	605,500 00	378,056 84	227,443 16	
Snow Removal					
Salaries and Wages	125,000 00	125,000 00	6,927 03	118,072 97	
Other Expenses	135,000 00	135,000 00	127,316 23	7,683 77	
Street Lighting					
Other Expenses	45,000 00	45,000 00	26,586 75	18,413 25	
<u>HEALTH AND WELFARE</u>					
Board of Health					
Salaries and Wages	200,000 00	200,000 00	164,912 30	35,087 70	
Other Expenses	34,100 00	34,100 00	7,960 68	26,139 32	
Dog Regulation					
Other Expenses	37,000 00	37,000 00	19,810 23	17,189 77	
<u>RECREATION AND EDUCATION</u>					
Board of Recreation Commissioners					
Salaries and Wages	210,000 00	210,000 00	205,838 77	4,161 23	
Other Expenses	53,900 00	53,900 00	39,336 10	14,563 90	
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Official					
Salaries and Wages	214,000 00	214,000 00	204,112 00	9,888 00	
Other Expenses	103,200 00	103,200 00	84,469 46	18,730 54	
Sub-Code Officials:					
Salaries and Wages	90,000 00	90,000 00	65,346 31	24,653 69	
Other Expenses	3,200 00	3,200 00	430 32	2,769 68	
Plumbing Inspector					
Salaries and Wages	65,000 00	70,000 00	69,009 47	990 53	
Other Expenses	1,250 00	1,250 00	186 00	1,064 00	
Electrical Sub Code					
Salaries and Wages	65,000 00	73,000 00	72,888 57	111 43	
Other Expenses	500 00	500 00		500 00	
Fire Sub Code:					
Salaries and Wages	55,000 00	42,000 00	11,719 76	30,280 24	
Other Expenses	1,750 00	1,750 00		1,750 00	
<u>UNCLASSIFIED</u>					
Other Expenses	25,000 00	25,000 00	3,584 78	21,415 22	
Electricity	120,000 00	120,000 00	113,284 65	6,715 35	
Telephone	105,000 00	105,000 00	90,272 46	14,727 54	
Water	45,000 00	45,000 00	41,898 18	3,101 82	
Natural Gas	60,000 00	60,000 00	25,022 02	34,977 98	
Gasoline	250,000 00	250,000 00	157,621 39	92,378 61	
Volunteer Incentive Program	60,000 00	60,000 00	60,000 00		
TOTAL OPERATIONS WITHIN "CAPS"	\$ 16,105,600 00	\$ 16,105,900 00	\$ 13,078,763 51	\$ 3,027,136 49	\$
<u>DEFERRED CHARGES AND REGULATORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</u>					
Regulatory Expenditures:					
Social Security System	\$ 650,000 00	\$ 650,000 00	\$ 600,633 70	\$ 49,366 30	\$
Police and Firemen's Retirement System of N J	910,765 00	910,765 00	910,765 00		
Public Employee's Retirement System	782,564 00	782,564 00	782,564 00		
TOTAL DEFERRED CHARGES AND REGULATORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"	\$ 2,343,329 00	\$ 2,343,329 00	\$ 2,293,962 70	\$ 49,366 30	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE WITHIN "CAPS"	\$ 18,449,229 00	\$ 18,449,229 00	\$ 15,372,726 21	\$ 3,076,502 79	\$

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

TOWNSHIP OF BRANCHBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
<u>OTHER OPERATIONS</u>					
<u>SHARED SERVICE AGREEMENTS</u>					
Shared Service - Municipal Court (Hillsborough)	\$ 205,000.00	\$ 205,000.00	\$ 204,000.00	\$ 1,000.00	\$
<u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</u>					
Safe and Secure Neighborhoods					
State Share	45,150.00	45,150.00	45,150.00		
Local Share	20,000.00	20,000.00	20,000.00		
Youth Services Grant	5,000.00	5,000.00	5,000.00		
Clean Communities	47,225.98	47,225.98	47,225.98		
NJDEP Stormwater Assistance Grant (40A 4-87+\$15,000.00)		15,000.00	15,000.00		
SELPHi Sustaining Local Health (40A 4-87+\$168,049.00)		168,049.00	168,049.00		
Opioid Settlement (40A 4-87+\$30,441.81)		30,441.81	30,441.81		
Recycling Tonnage (40A 4-87+\$10,409.81)	10,409.81	10,409.81	10,409.81		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>\$ 332,785.79</u>	<u>\$ 546,276.60</u>	<u>\$ 545,276.60</u>	<u>\$ 1,000.00</u>	<u>\$</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$	\$
Reserve for Road Improvement	1,000,000.00	1,000,000.00	1,000,000.00		
Reserve for Emergency Services Equipment	125,000.00	125,000.00	124,801.14	198.86	
Reserve for Computer Equipment	100,000.00	100,000.00	75,696.14	24,303.86	
<u>TOTAL CAPITAL IMPROVEMENTS</u>	<u>\$ 3,225,000.00</u>	<u>\$ 3,225,000.00</u>	<u>\$ 3,200,497.28</u>	<u>\$ 24,502.72</u>	<u>\$</u>
<u>DEBT SERVICE</u>					
Payment of Bond Principal	\$ 1,300,000.00	\$ 1,300,000.00	\$ 1,300,000.00	\$	\$
Payment of Note Principal	182,650.00	182,650.00	182,650.00		
Interest on Notes	380,000.00	380,000.00	380,000.00		
<u>TOTAL DEBT SERVICE</u>	<u>\$ 1,862,650.00</u>	<u>\$ 1,862,650.00</u>	<u>\$ 1,862,650.00</u>	<u>\$</u>	<u>\$</u>
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>					
Deferred Charges	\$	\$	\$	\$	\$
Special Emergency Authorization	\$ 405,000.00	\$ 405,000.00	\$ 405,000.00	\$	\$
Deferred Charges to Future Taxation - Ord 2022-1434	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$	\$
	<u>\$ 655,000.00</u>	<u>\$ 655,000.00</u>	<u>\$ 655,000.00</u>	<u>\$</u>	<u>\$</u>
<u>TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>	<u>\$ 655,000.00</u>	<u>\$ 655,000.00</u>	<u>\$ 655,000.00</u>	<u>\$</u>	<u>\$</u>
<u>SUBTOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 24,524,664.79</u>	<u>\$ 24,738,155.60</u>	<u>\$ 21,636,150.09</u>	<u>\$ 3,102,005.51</u>	<u>\$</u>
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>1,700,000.00</u>	<u>1,700,000.00</u>	<u>1,700,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 26,224,664.79</u>	<u>\$ 26,438,155.60</u>	<u>\$ 23,336,150.09</u>	<u>\$ 3,102,005.51</u>	<u>\$</u>
Budget		\$ 26,224,664.79			
Amendment - NJSA 40A: 4-87		213,490.81			
		<u>\$ 26,438,155.60</u>			
Disbursements			\$ 20,432,616.00		
Accounts Payable			477,257.49		
Grants Appropriated			321,276.60		
Deferred Charges			405,000.00		
Reserve for Uncollected Taxes			1,700,000.00		
			<u>\$ 23,336,150.09</u>		

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

"B"

TOWNSHIP OF BRANCHBURG

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Assessment Fund:			
Cash	\$ _____	\$ _____	\$ 127,534.79
	\$ _____	\$ _____	\$ 127,534.79
Animal Control Fund:			
Cash	\$ 6,722.69	\$ 6,963.51	\$ 10,000.52
	\$ 6,722.69	\$ 6,963.51	\$ 10,000.52
Other Funds:			
Cash	\$ 13,046,302.90	\$ 15,684,122.53	\$ 11,880,605.33
Interfunds			1,115.64
	\$ 13,046,302.90	\$ 15,684,122.53	\$ 11,881,720.97
Grand Totals	\$ 13,053,025.59	\$ 15,691,086.04	\$ 12,019,256.28
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Fund Balance	\$ _____	\$ _____	\$ 127,534.79
	\$ _____	\$ _____	\$ 127,534.79
Animal Control Fund:			
Reserve for Animal Control Expenditures	\$ 6,722.69	\$ 6,963.51	\$ 10,000.52
	\$ 6,722.69	\$ 6,963.51	\$ 10,000.52
Other Funds:			
Interfunds	\$ 701,242.48	\$ 1,579.75	\$ 4,430.44
Accounts Payable	1,582,534.63	193,066.24	6,800.00
Reserve For:			
Various Deposits	10,762,525.79	15,489,476.54	11,870,490.53
	\$ 13,046,302.90	\$ 15,684,122.53	\$ 11,881,720.97
Grand Totals	\$ 13,053,025.59	\$ 15,691,086.04	\$ 12,019,256.28

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

TOWNSHIP OF BRANCHBURG

TRUST FUND

SCHEDULE OF ASSESSMENT FUND BALANCE - REGULATORY BASIS

	<u>YEAR 2025</u> <u>(Unaudited)</u>	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Decreased by:			
Remitted to Current Fund	\$ _____	\$ <u>(127,534.79)</u>	\$ _____
Total Increase/(Decrease)	\$ <u>0.00</u>	\$ <u>(127,534.79)</u>	\$ <u>0.00</u>
Balance, January 1	\$ <u>0.00</u>	\$ <u>127,534.79</u>	\$ <u>127,534.79</u>
Balance, December 31	\$ <u><u>0.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>127,534.79</u></u>

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

"C"

TOWNSHIP OF BRANCBURG

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Cash	\$ 3,739,996.76	\$ 3,343,254.01	\$ 13,200,886.76
Grants Receivable	257,637.33	257,637.33	257,637.33
Interfunds Receivable	700,000.00	250,000.00	
Deferred Charges to Future Taxation:			
Funded	5,200,000.00	6,500,000.00	7,800,000.00
Unfunded	30,685,000.00	35,445,000.00	16,365,000.00
	<u>\$ 40,582,634.09</u>	<u>\$ 45,795,891.34</u>	<u>\$ 37,623,524.09</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 5,200,000.00	\$ 6,500,000.00	\$ 7,800,000.00
Bond Anticipation Notes Payable	26,930,000.00	31,930,000.00	12,600,000.00
Capital Improvement Fund	444,837.01	359,837.01	318,766.64
Contracts Payable	2,901,049.58	3,296,786.77	4,572,754.51
Improvement Authorizations:			
Funded	2,220,644.44	1,710,476.80	1,964,595.68
Unfunded	1,810,484.09	720,783.59	8,827,995.83
Reserve for:			
Preliminary Costs	1,000.00	1,000.00	106,885.00
Debt Service	294,635.38	594,635.38	1,069,635.38
FEMA	66,123.31	66,123.31	66,123.31
Reserve for Grants Receivable	250,000.00	250,000.00	250,000.00
Fund Balance	<u>463,860.28</u>	<u>366,248.48</u>	<u>46,767.74</u>
	<u>\$ 40,582,634.09</u>	<u>\$ 45,795,891.34</u>	<u>\$ 37,623,524.09</u>

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

TOWNSHIP OF BRANCHBURG

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>YEAR 2025</u> (Unaudited)	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Increased by:			
Premium on Sale of Debt	\$ 97,611.80	\$	\$
Improvement Authorizations Canceled		119,263.55	
Receipts-Aid On Funded Improvements		500,217.19	149,979.22
	<u>\$ 97,611.80</u>	<u>\$ 619,480.74</u>	<u>\$ 149,979.22</u>
Decreased by:			
Improvement Authorizations Financed	\$	\$ 300,000.00	\$ 500,000.00
Current Fund Anticipated Revenue			500,000.00
		<u>300,000.00</u>	<u>1,000,000.00</u>
Increase/(Decrease)	<u>\$ 97,611.80</u>	<u>\$ 319,480.74</u>	<u>\$ (850,020.78)</u>
Balance, January 1	<u>\$ 366,248.48</u>	<u>\$ 46,767.74</u>	<u>\$ 896,788.52</u>
Balance, December 31	<u><u>\$ 463,860.28</u></u>	<u><u>\$ 366,248.48</u></u>	<u><u>\$ 46,767.74</u></u>

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

TOWNSHIP OF BRANCHBURG

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Operating Fund:			
Cash	\$ 5,377,172.65	\$ 6,291,979.79	\$ 6,131,910.10
	\$ 5,377,172.65	\$ 6,291,979.79	\$ 6,131,910.10
Receivables with Full Reserves:			
Sewer Use Charges Receivable	\$ 275,949.13	\$ 239,080.20	\$ 284,567.99
	\$ 275,949.13	\$ 239,080.20	\$ 284,567.99
<u>TOTAL OPERATING FUND</u>	\$ 5,653,121.78	\$ 6,531,059.99	\$ 6,416,478.09
Assessment Trust Fund:			
Cash	\$ 4,863.78	\$	\$ 142,649.66
Assessments Receivable	9,727.54	14,591.32	26,291.54
<u>TOTAL ASSESSMENT TRUST FUND</u>	\$ 14,591.32	\$ 14,591.32	\$ 168,941.20
Capital Fund:			
Cash	\$ 3,686,461.52	\$ 3,037,631.67	\$ 4,340,340.24
Fixed Capital	10,173,705.49	9,403,696.57	9,403,696.57
Fixed Capital Authorized and Uncompleted	11,795,485.96	11,566,028.80	11,396,028.80
<u>TOTAL CAPITAL FUND</u>	\$ 25,655,652.97	\$ 24,007,357.04	\$ 25,140,065.61
	\$ 31,323,366.07	\$ 30,553,008.35	\$ 31,725,484.90

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

TOWNSHIP OF BRANCHBURG

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 1,087,842.19	\$ 1,342,973.48	\$ 1,127,040.06
Accounts Payable	23,062.97	31,700.38	259,107.28
Interfunds Payable			1,115.24
Sewer Overpayments	6,810.40	3,192.28	2,023.25
Prepaid Sewer Rents	10,118.33	52,376.95	34,915.75
Due Somerset/Raritan Valley Sewer Authority			1,200.00
	<u>\$ 1,127,833.89</u>	<u>\$ 1,430,243.09</u>	<u>\$ 1,425,401.58</u>
Reserve for Receivables	275,949.13	239,080.20	284,567.99
Fund Balance	<u>4,249,338.76</u>	<u>4,861,736.70</u>	<u>4,706,508.52</u>
<u>TOTAL OPERATING FUND</u>	<u>\$ 5,653,121.78</u>	<u>\$ 6,531,059.99</u>	<u>\$ 6,416,478.09</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	\$ 9,727.54	\$ 14,591.32	\$ 26,291.54
Fund Balance	<u>4,863.78</u>	<u></u>	<u>142,649.66</u>
<u>TOTAL ASSESSMENT TRUST FUND</u>	<u>\$ 14,591.32</u>	<u>\$ 14,591.32</u>	<u>\$ 168,941.20</u>
Capital Fund:			
Improvement Authorizations:			
Funded	\$ 1,609,832.29	\$ 2,144,302.69	\$ 2,279,346.22
Unfunded	336,498.00	496,098.00	3,000,000.00
Capital Improvement Fund	1,169,195.76	1,651,992.38	1,321,992.38
Contracts Payable	2,185,629.40	793,263.07	224,532.17
Reserve for:			
Preliminary Costs		26,669.46	39,163.40
Amortization	10,173,705.49	9,403,696.57	9,403,696.57
Deferred Reserve for Amortization	9,695,485.96	9,016,028.80	8,396,028.80
	<u>\$ 25,170,346.90</u>	<u>\$ 23,532,050.97</u>	<u>\$ 24,664,759.54</u>
Fund Balance	<u>485,306.07</u>	<u>475,306.07</u>	<u>475,306.07</u>
<u>TOTAL CAPITAL FUND</u>	<u>\$ 25,655,652.97</u>	<u>\$ 24,007,357.04</u>	<u>\$ 25,140,065.61</u>
	<u>\$ 31,323,366.07</u>	<u>\$ 30,553,008.35</u>	<u>\$ 31,725,484.90</u>

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

TOWNSHIP OF BRANCBURG

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 2,606,000.00	\$ 2,606,000.00	\$ 1,674,000.00
Sewer Use Charges	3,374,484.41	3,410,074.05	3,335,404.36
Capacity Charges	321,466.67	998,533.83	609,600.00
Miscellaneous Revenue Not Anticipated	339,034.42	602,014.32	364,897.11
Other Credits to Income:			
Other Reserves Canceled		119,468.13	
Unexpended Balance of Appropriation Reserves	<u>1,208,616.56</u>	<u>881,137.85</u>	<u>1,420,578.07</u>
<u>TOTAL INCOME</u>	<u>\$ 7,849,602.06</u>	<u>\$ 8,617,228.18</u>	<u>\$ 7,404,479.54</u>
<u>EXPENDITURES</u>			
Operating	\$ 4,706,000.00	\$ 4,706,000.00	\$ 4,274,500.00
Capital Improvements	600,000.00	600,000.00	600,000.00
Deferred Charges and Regulatory Expenditures	<u>550,000.00</u>	<u>550,000.00</u>	<u>100,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 5,856,000.00</u>	<u>\$ 5,856,000.00</u>	<u>\$ 4,974,500.00</u>
Excess in Revenue	\$ 1,993,602.06	\$ 2,761,228.18	\$ 2,429,979.54
Fund Balance, January 1	<u>4,861,736.70</u>	<u>4,706,508.52</u>	<u>3,950,528.98</u>
	\$ 6,855,338.76	\$ 7,467,736.70	\$ 6,380,508.52
Decreased by:			
Utilization as Anticipated Revenue	<u>2,606,000.00</u>	<u>2,606,000.00</u>	<u>1,674,000.00</u>
Fund Balance, December 31	<u>\$ 4,249,338.76</u>	<u>\$ 4,861,736.70</u>	<u>\$ 4,706,508.52</u>

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

TOWNSHIP OF BRANCHBURG
SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF ASSESSMENT TRUST FUND BALANCE-REGULATORY BASIS

	<u>YEAR 2025</u> (Unaudited)	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Balance, January 1	\$	\$ 142,649.66	\$ 135,150.66
Increased by:			
Realized Pledged Assessments - Collected	\$ _____	11,700.22 \$ 154,349.88	7,499.00 \$ 142,649.66
Decreased by:			
Disbursed to Sewer Operations	_____	154,349.88	_____
Balance, December 31	\$ - 0 -	\$ - 0 -	\$ 142,649.66

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

TOWNSHIP OF BRANCHBURG
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

	<u>YEAR 2025</u> <u>(Unaudited)</u>	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Balance, January 1 and Balance, December 31	\$ <u> </u>	\$ <u>475,306.07</u>	\$ <u>475,306.07</u>

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

TOWNSHIP OF BRANCHBURG
SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	ANTICIPATED	REALIZED	EXCESS
Fund Balance Utilized	\$ 2,606,000.00	\$ 2,606,000.00	\$
Sewer Use Charges	3,000,000.00	3,410,074.05	410,074.05
Capacity Charges	250,000.00	998,533.83	748,533.83
<u>BUDGET TOTALS</u>	<u>\$ 5,856,000.00</u>	<u>\$ 7,014,607.88</u>	<u>\$ 1,158,607.88</u>
Non-Budget Revenue		602,014.32	602,014.32
<u>BUDGET TOTALS</u>	<u>\$ 5,856,000.00</u>	<u>\$ 7,616,622.20</u>	<u>\$ 1,760,622.20</u>

ANALYSIS OF REALIZED REVENUE:

Non-Budget Revenue:	
Interest on Sewer Charges	\$ 17,144.57
Interest on Deposits	430,519.87
Sewer Assessment Fund Balance	154,349.88
	<u>\$ 602,014.32</u>

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

TOWNSHIP OF BRANCHBURG
SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
<u>OPERATING:</u>				
Salaries and Wages	\$ 850,000.00	\$ 850,000.00	\$ 729,471.15	\$ 120,528.85
Other Expenses	<u>3,856,000.00</u>	<u>3,856,000.00</u>	<u>2,733,555.37</u>	<u>1,122,444.63</u>
<u>TOTAL OPERATING</u>	<u>\$ 4,706,000.00</u>	<u>\$ 4,706,000.00</u>	<u>\$ 3,463,026.52</u>	<u>\$ 1,242,973.48</u>
<u>CAPITAL IMPROVEMENTS:</u>				
Reserve for Equipment	\$ 100,000.00	\$ 100,000.00	\$	\$ 100,000.00
Capital Improvement Fund	<u>500,000.00</u>	<u>500,000.00</u>	<u>500,000.00</u>	
	<u>\$ 600,000.00</u>	<u>\$ 600,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 100,000.00</u>
<u>DEFERRED CHARGES & REGULATORY EXPENDITURES:</u>				
Deferred Charges:				
Deferred Charges Paydown	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00	\$
Regulatory Expenditures:				
Public Employee Retirement System	50,000.00	50,000.00	50,000.00	
Social Security System (O.A.S.I.)	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	
	<u>\$ 550,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 550,000.00</u>	<u>\$</u>
	<u>\$ 5,856,000.00</u>	<u>\$ 5,856,000.00</u>	<u>\$ 4,513,026.52</u>	<u>\$ 1,342,973.48</u>
Disbursements			\$ 4,481,326.14	
Accounts Payable			<u>31,700.38</u>	
			<u>\$ 4,513,026.52</u>	

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

"E"

TOWNSHIP OF BRANCBURG

SWIM POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Operating Fund:			
Cash	\$ 185,093.54	\$ 165,325.91	\$ 139,925.82
	<u>\$ 185,093.54</u>	<u>\$ 165,325.91</u>	<u>\$ 139,925.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 46,073.44	\$ 62,652.71	\$ 14,954.67
Accounts Payable	<u>9,831.26</u>	<u>62,652.71</u>	<u>11,109.89</u>
	\$ 55,904.70	\$ 62,652.71	\$ 26,064.56
Fund Balance	<u>129,188.84</u>	<u>102,673.20</u>	<u>113,861.26</u>
	<u>\$ 185,093.54</u>	<u>\$ 165,325.91</u>	<u>\$ 139,925.82</u>

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

TOWNSHIP OF BRANCHBURG

SWIM POOL UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 70,000.00	\$ 70,000.00	\$
Pool Membership Fees	211,184.16	213,580.82	203,409.01
Swim Lesson Fees	8,200.00	11,240.00	14,890.00
Miscellaneous Revenue Not Anticipated	22,793.03	16,926.56	10,299.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	61,838.45	26,064.56	19,208.90
<u>TOTAL INCOME</u>	<u>\$ 374,015.64</u>	<u>\$ 337,811.94</u>	<u>\$ 247,806.91</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	\$ 227,500.00	\$ 219,925.54	\$ 203,000.00
Capital Improvements	40,000.00	52,074.46	
Deferred Charges and Regulatory Expenditures	10,000.00	7,000.00	9,562.00
<u>TOTAL EXPENDITURES</u>	<u>\$ 277,500.00</u>	<u>\$ 279,000.00</u>	<u>\$ 212,562.00</u>
Excess in Revenue	\$ 96,515.64	\$ 58,811.94	\$ 35,244.91
Fund Balance, January 1	102,673.20	113,861.26	78,616.35
Decreased by:			
Utilization as Anticipated Revenue	70,000.00	70,000.00	
Fund Balance, December 31	<u>\$ 129,188.84</u>	<u>\$ 102,673.20</u>	<u>\$ 113,861.26</u>

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

TOWNSHIP OF BRANCHBURG
SWIM POOL UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	ANTICIPATED	REALIZED	EXCESS
Fund Balance Utilized	\$ 70,000.00	\$ 70,000.00	\$
Pool Membership Fees	200,000.00	213,580.82	13,580.82
Swim Lesson Fees	9,000.00	11,240.00	2,240.00
BUDGET TOTALS	\$ 279,000.00	\$ 294,820.82	\$ 15,820.82
Non-Budget Revenue		16,926.56	16,926.56
BUDGET TOTALS	\$ 279,000.00	\$ 311,747.38	\$ 32,747.38
ANALYSIS OF REALIZED REVENUE:			
Miscellaneous:			
Concessions		\$ 1,000.00	
Interest on Deposits		5,031.56	
Guest Passes		8,695.00	
Pavillion Rental		2,200.00	
		\$ 16,926.56	

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

TOWNSHIP OF BRANCHBURG
SWIM POOL UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
<u>OPERATING:</u>				
Salaries and Wages	\$ 100,000.00	\$ 117,925.54	\$ 117,925.54	\$
Other Expenses	102,000.00	102,000.00	91,421.75	10,578.25
<u>TOTAL OPERATING</u>	<u>\$ 202,000.00</u>	<u>\$ 219,925.54</u>	<u>\$ 209,347.29</u>	<u>\$ 10,578.25</u>
<u>CAPITAL IMPROVEMENTS:</u>				
Purchase of Equipment & Vehicle	\$ 70,000.00	\$ 52,074.46	\$	\$ 52,074.46
<u>DEFERRED CHARGES AND REGULATORY EXPENDITURES:</u>				
Regulatory Expenditures:				
Social Security System (O.A.S.I.)	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$
<u>TOTAL DEFERRED CHARGES AND REGULATORY EXPENDITURES</u>	<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>	<u>\$</u>
<u>TOTALS</u>	<u>\$ 279,000.00</u>	<u>\$ 279,000.00</u>	<u>\$ 216,347.29</u>	<u>\$ 62,652.71</u>

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

"F"

TOWNSHIP OF BRANCHBURG

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Fixed Assets:		
Land	\$ 59,243,281.00	\$ 31,235,281.00
Buildings	4,594,311.00	4,621,283.00
Machinery and Equipment	<u>21,511,551.74</u>	<u>18,197,913.95</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 85,349,143.74</u>	<u>\$ 54,054,477.95</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 85,349,143.74</u>	<u>\$ 54,054,477.95</u>

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

TOWNSHIP OF BRANCHBURG

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Branchburg is an instrumentality of the State of New Jersey established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Except as noted below, the financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the school board, rescue squad, or volunteer fire organizations, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Township of Branchburg conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Branchburg are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

Current Fund – resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund – receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned sewer utility

Swim Pool Operating Fund – accounts for the operations of the municipal owned swim pool.

General Fixed Assets Account Group – utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

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. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

Expenditures for construction in progress are 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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund 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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - Under GAAP, municipalities required to record their distributive shares of OPEB liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total OPEB related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 75.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases (Continued)

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right -to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks and certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions, which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental until.

The Township of Branchburg had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	<u>Cash on Deposit</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$ 17,825,651.58	\$ 211,420.91	\$ 17,614,230.67
Federal and State Grant Fund	382,662.99	1,525.80	381,137.19
Animal Control Trust Fund	6,965.91	2.40	6,963.51
Other Trust Fund	15,698,331.44	14,208.91	15,684,122.53
General Capital Fund	3,532,956.28	189,702.27	3,343,254.01
Sewer Operating Fund	6,487,448.48	195,468.69	6,291,979.79
Sewer Capital Fund	3,037,631.67	0.00	3,037,631.67
Swim Pool Operating Fund	165,424.77	98.86	165,325.91
Totals	\$ <u>47,137,073.12</u>	\$ <u>612,427.84</u>	\$ <u>46,524,645.28</u>

NOTE 2: CASH AND CASH EQUIVALENTS

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$46,637,073.12 was covered by NJGUDPA.

B. Investments

The purchase of investments by the Township are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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;
Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitation set forth by New Jersey Statutes 40A:55.1 and existing investment practices, the Township is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township.

SUMMARY OF REGULATORY 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 regulatory net debt of 0.812%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 11,910,000.00	\$ 11,910,000.00	\$
Sewer Utility Debt	2,550,000.00	2,550,000.00	
General Debt	<u>41,945,000.00</u>	<u>6,294,635.38</u>	<u>35,650,364.62</u>
	<u>\$ 56,405,000.00</u>	<u>\$ 20,754,635.38</u>	<u>\$ 35,650,364.62</u>

The Municipality's net debt of \$35,650,364.62 divided by the equalized valuation basis per N.J.S.A 40A:2-2 of \$4,387,921,011.00 equals .812%

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	YEAR		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General Capital			
Bonds and Notes	\$ <u>38,430,000.00</u>	\$ <u>20,400,000.00</u>	\$ <u>9,760,000.00</u>
<u>Total Debt Issued</u>	\$ <u>38,430,000.00</u>	\$ <u>20,400,000.00</u>	\$ <u>9,760,000.00</u>
Authorized But Not Issued:			
General Capital	\$ 3,515,000.00	\$ 3,965,000.00	\$ 2,305,000.00
Sewer Utility	<u>2,550,000.00</u>	<u>3,000,000.00</u>	
<u>Total Authorized But Not Issued</u>	\$ <u>6,065,000.00</u>	\$ <u>6,965,000.00</u>	\$ <u>2,305,000.00</u>
Less:			
Reserve for Debt Service	594,635.38	1,069,635.38	937,587.38
Bonds and Notes to be Paid			
by Open Space Trust Fund	<u>5,700,000.00</u>	<u>5,700,000.00</u>	<u>830,000.00</u>
Net Debt Issued and Authorized			
But Not Issued	\$ <u>38,200,364.62</u>	\$ <u>20,595,364.62</u>	\$ <u>10,297,412.62</u>

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

Equalized Valuation Basis - December 31, 2024 (*)	<u>\$4,387,921,011.00</u>
3-1/2% of Equalized Valuation Basis	\$153,577,235.39
Net Debt	<u>35,650,364.62</u>
Remaining Borrowing Power at December 31, 2024	<u>\$117,926,870.77</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township of Branchburg for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT

Calculation of "Self Liquidating Purpose" Sewer Utility Per NJS 40A:2-45

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus	\$ 7,616,622.20
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Deductions:	
Operating and Maintenance Cost	<u>4,806,000.00</u>

Excess in Revenue	<u>\$ 2,816,062.20</u>
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General Serial Bonds:

Serial Bonds:

\$10,884,000.00 of 2019 General Improvement Bonds Issued in annual installments of \$1,130,000.00 to \$1,300,000.00 at a variable interest rate	\$ <u>6,500,000.00</u>
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SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2024

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$1,300,000.00	\$143,650.00
2026	1,300,000.00	117,650.00
2027	1,300,000.00	78,650.00
2028	1,300,000.00	39,650.00
2029	<u>1,300,000.00</u>	<u>650.00</u>
	<u>\$6,814,365,000.00</u>	<u>\$380,250.00</u>

On December 31, 2024, the Township has the following in authorized but not issued bonds and notes:

Bonds and Notes Authorized But Not Issued:

General Capital Fund	\$ <u>3,515,000.00</u>
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Sewer Utility Capital Fund	\$ <u>2,550,000.00</u>
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NOTE 4: SHORT-TERM DEBT

In accordance with N.J.S.A. 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Outstanding Bond Anticipation Notes are summarized as follows:

<u>General Capital</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>
2023-1455	3.75%	10/11/2023	\$ 5,000,000.00
2023-1457	3.75%	10/11/2023	7,600,000.00
2024-1464	4.50%	4/25/2024	<u>19,330,000.00</u>
			<u>\$ 31,930,000.00</u>

In accordance with N.J.S.A. 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2024.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024, were as follows:

Current Fund	\$6,509,664.00
Sewer Utility Fund	2,606,000.00
Swim Pool Utility Fund	70,000.00

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Prepaid Taxes	<u>\$632,037.72</u>	<u>\$443,027.23</u>

NOTE 7: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit; in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service. Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 7: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy is set by PERS is set by N.J.S.A. 43:15A and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. PFRS members contributed at a rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,743,329.00 for 2024, \$1,752,123.00 for 2023, and \$1,508,453.00 for 2022. All contributions were equal to the required contributions for each of the three years, respectively.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for PERS and PFRS was not available, therefore the information dated June 30, 2023 is disclosed.

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$9,022,752.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Township's proportion was 0.0622930056 percent, which was a decrease of 0.0017033677 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$9,584.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2023 billing was \$807,025.00.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 86,269.00	\$ 36,882.00
Changes of assumptions	19,821.00	546,817.00
Net difference between projected and actual earnings on pension plan investments	41,551.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>428,904.00</u>	<u>286,115.00</u>
	<u>\$ 576,545.00</u>	<u>\$ 869,814.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	(\$447,810.20)
2025	(237,332.20)
2026	400,121.80
2027	(37,937.20)
2028	<u>29,688.80</u>
	<u>(\$293,269.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

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

Discount Rate

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Township's proportionate share of net pension liability to changes in the discount rate

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$11,745,703.00	\$9,022,752.00	\$6,705,160.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation. The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of December 31, 2023 was 0.0625295136% which was a decrease of 0.0017225353 percent from its proportion measured as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and December 31, 2022 was \$28,139.00 and 20,321.00, respectively.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$7,559,222.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.0684167900 percent, which was a decrease of 0.0042521300 percent from its proportion measured as of June 30, 2022.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$99,958.00. The pension expense recognized in the Township's financial statements based on the April 1, 2023, billing was \$945,098.00.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

		Deferred Outflow of <u>Resources</u>		Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$	323,671.00	\$	360,508.00
Changes of assumptions		16,315.00		510,429.00
Net difference between projected and actual earnings on pension plan investments		384,977.00		
Changes in proportion and differences between Township contributions and proportionate share of contributions		356,531.00		991,107.00
	\$	<u>1,081,494.00</u>	\$	<u>1,862,044.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		<u>Amount</u>
<u>June 30</u>		
2024	\$	(421,094.20)
2025		(409,231.20)
2026		327,302.80
2027		(165,981.20)
2028		(112,972.20)
Thereafter		<u>1,426.00</u>
	\$	<u>(780,550.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2023</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	All future years 3.25-16.25% Based on years of Service
Investment Rate of Return	7.00%

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

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

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

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

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

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the PFRS pension liability	\$10,532,453.00	\$7,559,224.00	\$5,083,232.00

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2023 and 2022 is 0.0684167000% and 0.0726687700% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$159,291.00 and \$184,296.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$158,437.00 and \$170,793.00, respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,392,875.00 and \$1,480,350.00, respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$7,559,222.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>1,392,875.00</u>
	<u>\$8,952,097.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. However, employees may accumulate a maximum of sixty (60) days. The Township annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2024.

NOTE 9: LITIGATION

The Township is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Township's legal counsel would not be material.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2024 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. At December 31, 2024 the Township has a reserve balance of \$1,000,000.00.

NOTE 12: RISK MANAGEMENT

The Township 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 Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Below is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Township's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024		\$13,328.20	\$2,898.24	\$342,885.05
2023	30,058.51	13,338.88	24,041.92	332,455.09
2022	31,770.98	30,291.78	29,719.88	313,099.62

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2024:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current	\$ 1,579.75	\$ 329,307.60
Grant	79,307.60	
Trust Other		1,579.75
General Capital	250,000.00	
TOTAL	\$ <u>330,887.35</u>	\$ <u>330,887.35</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Variable Annuity Life Insurance Company (VALIC).

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for OPEB was not available, therefore the information dated June 30, 2023 is disclosed.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2023, the Plan reported a Liability of \$19,576,031.00 for the Entity's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The Entity's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023.

At June 30, 2023, the Entity's proportion was 0.130450 percent, which was a decrease of 0.022219 percent from its proportion measured as of June 30, 2022. For the year ended June 30, 2023, the State reported OPEB expense of \$547,405. This OPEB benefit was based on the OPEB plans June 30, 2023 measurement date. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$902,746.00	\$5,316,210.00
Changes of assumptions	2,535,830.00	5,533,517.00
Net difference between projected and actual earnings on OPEB plan investments		3,230.00
Changes in proportion	<u>8,791,653.00</u>	<u>1,217,922.00</u>
	<u>\$12,230,229.00</u>	<u>\$12,070,879.00</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Entity's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2024	(\$706,142.80)
2025	(304,301.80)
2026	530,672.20
2027	1,053,447.20
2028	583,594.20
Thereafter	<u>(997,919.00)</u>
	<u>\$159,350.00</u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:

Public Employees Retirement System (PERS):

Initial fiscal year applied

Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

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

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2019 to June 30, 2022

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

Discount Rate

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

Sensitivity of the Entity's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Entity's as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1.00% <u>Decrease (2.65%)</u>	At Discount Rate (3.65%)	1.00% <u>Increase (4.65%)</u>
Township's proportionate share of the Net OPEB Liability	\$22,675,280.00	\$19,576,032.00	\$17,083,160.00

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Entity's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Entity's as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
Township's proportionate share of the Net OPEB Liability	\$16,637,320.00	\$19,576,032.00	\$23,338,480.00

Special Funding Situation

The Township, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At June 30, 2023 and 2022, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$177,211.00 and \$205,229.00 respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	\$19,576,031.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	<u>177,211.00</u>
	<u>\$19,753,242.00</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through July 23, 2025, which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that no subsequent events need to be disclosed.

NOTE 17: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance, December 31, <u>2023</u>	Additions/ (Deletions)	Balance, December 31, <u>2024</u>
Land	\$31,235,281.00	\$28,008,000.00	\$59,243,281.00
Building and Improvements	4,621,283.00	(26,972.00)	4,594,311.00
Machinery, Equipment and Vehicles	<u>18,197,913.95</u>	<u>3,313,637.79</u>	<u>21,511,551.74</u>
Total	<u>\$54,054,477.95</u>	<u>\$31,294,665.79</u>	<u>\$85,349,143.74</u>

NOTE 18: CELL TOWER LEASE

The Township has entered into a communication site lease agreement with Dish Wireless leasing property designated as Block 57 Lots 17, 18, and 31 on which there is an existing 160' monopole tower on the 13th day of September 2022 commencing the day following the expiration of the contingency period. The rent is paid monthly in advance starting at \$1,750 during the calendar year in which the lease commences. The monthly rent for the remainder of the initial term of this lease shall be increased effective January 1st of each year by the index rate (5%). The initial term shall be for five years. Co-tenant shall have the option of renewing this lease for four successive periods each. Effective on January 1st of each year of each renewal period, co-tenant shall pay as rent, monthly in advance, the rent due during the previous calendar year increased by the index rate.

The Township has entered into a communication site lease agreement with T-Mobile Northeast leasing property designated as Block 57 Lots 17, 18, and 31 on which there is an existing 160' monopole tower on the 31st day of December 2009 commencing the day following the expiration of the contingency period. The rent is paid monthly in advance starting at \$2,230 during the calendar year in which the lease commences. The monthly rent for the remainder of the initial term of this lease shall be increased effective January 1st of each year by the index rate (5%). The initial term shall be for five years. Co-tenant shall have the option of renewing this lease for four successive periods each. Effective on January 1st of each year of each renewal period, co-tenant shall pay as rent, monthly in advance, the rent due during the previous calendar year increased by the index rate.

The Township has entered into a communication site lease agreement with New Cingular Wireless PCS leasing property designated as Block 57 Lots 17, 18, and 31 on which there is an existing 160' monopole tower on the 12th day of August 2013 commencing the day following the expiration of the contingency period. The rent is paid monthly in advance starting at \$2,300 during the calendar year in which the lease commences. The monthly rent for the remainder of the initial term of this lease shall be increased effective January 1st of each year by the index rate (5%). The initial term shall be for five years. Co-tenant shall have the option of renewing this lease for four successive periods each. Effective on January 1st of each year of each renewal period, co-tenant shall pay as rent, monthly in advance, the rent due during the previous calendar year increased by the index rate.

The Township has entered into a communication site lease agreement with New York SMSA, Limited Partnership, dba Verizon Wireless, leasing property designated as Block 57 Lots 31 on which there is an existing 160' monopole tower on the 13th day of April 2015 commencing the day following the expiration of the contingency period. The rent is paid monthly in advance starting at \$1,750 during the calendar year in which the lease commences. The monthly rent for the remainder of the initial term of this lease shall be increased effective January 1st of each year by the index rate (5%). The initial term shall be for five years. Co-tenant shall have the option of renewing this lease for four successive periods each. Effective on January 1st of each year of each renewal period, co-tenant shall pay as rent, monthly in advance, the rent due during the previous calendar year increased by the index rate.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2026

Township Committee of the
Township of Branchburg, in the
County of Somerset, New Jersey

Dear Committee Members:

We have acted as bond counsel to the Township of Branchburg, in the County of Somerset, New Jersey (the "*Township*"), in connection with the issuance by the Township of its \$19,330,000 General Improvement Bonds, Series 2026 (the "*Bonds*"), dated the date hereof. In order to render the opinions herein, we have examined such laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township adopted on March 23, 2026, in all respects duly approved, and the bond ordinance referred to therein, in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

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

Very truly yours,