

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2025**

**NEW ISSUE - BOOK-ENTRY-ONLY**

**Rating: Not Rated**

*In the opinion of Gibbons P.C., Bond Counsel to the Township (as defined herein), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

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

**\$5,795,000 BOND ANTICIPATION NOTES, SERIES 2025B  
(BANK-QUALIFIED) (NON-CALLABLE)**

**Dated Date: August 28, 2025**

**Maturity Date: July 29, 2026**

**Interest Rate: \_\_\_\_\_%**

**Yield: \_\_\_\_\_%**

**CUSIP\*: \_\_\_\_\_**

The \$5,795,000 Bond Anticipation Notes, Series 2025B (the “Notes”) of the Township of Bridgewater, New Jersey (the “Township”) will be issued in registered form in the form of one certificate, and, when issued, will be registered in the name of Cede & Co. (“Cede”), as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearing house transactions, which will act as securities depository for the Notes. Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$5,000 each or any integral multiple thereof. See “THE NOTES – Book-Entry Only System” herein.

The principal of and interest on the Notes shall be paid on the maturity date to DTC by the Township, as paying agent (the “Paying Agent”), in accordance with the Notice of Sale. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the participants of DTC as listed on its records as of the close of business on July 22, 2026 (the “Record Date” for the payment of interest on the Notes). See “THE NOTES – Book-Entry Only System” herein.

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

The Notes are valid and legally binding general obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

*The Notes are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC on or about August 28, 2025, in New York, New York, or at such other place and time as may be agreed to by the Township.*

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE  
ON AUGUST 14, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW  
THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of 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 Notes.

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

**MAYOR**

Matthew C. Moench

**TOWNSHIP COUNCIL**

Howard Norgalis, Council President  
Filipe Pedroso, Council Vice President  
Michael Kirsh  
Allen Kurdyla  
Timothy Ring

**TOWNSHIP ADMINISTRATOR**

Michael Pappas

**TOWNSHIP CLERK**

Grace W. Njuguna, RMC

**CHIEF FINANCIAL OFFICER**

William B. Pandos, CMFO, QPA

**TOWNSHIP ATTORNEY**

Christopher Corsini, Esq.  
Savo, Schalk, Corsini, Warner, Gillespie, O'Grodnick & Fisher P.A.  
Somerville, New Jersey

**AUDITOR**

Suplee, Clooney & Company  
Westfield, New Jersey

**BOND COUNSEL**

Gibbons P.C.  
Newark, 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 Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by 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 of accuracy or completeness by the Underwriter or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale 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 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.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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**OFFICIAL STATEMENT  
OF  
THE TOWNSHIP OF BRIDGEWATER,  
IN THE COUNTY OF SOMERSET, NEW JERSEY  
RELATING TO**

**\$5,795,000 BOND ANTICIPATION NOTES, SERIES 2025B  
(BANK-QUALIFIED) (NON-CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Township of Bridgewater (the “Township”), in the County of Somerset (the “County”), State of New Jersey (the “State”), and provides certain information relating to the Township in connection with the sale and issuance of the \$5,795,000 Bond Anticipation Notes, Series 2025B (the “Notes”). 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 Notes described herein.

**THE NOTES**

**Description of the Notes**

The Notes shall be dated their date of delivery and will mature on the date and in the amounts shown on the front cover page thereof and will bear interest payable at the rate as set forth on the front cover page hereof. The Notes may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof through book-entries made on the books of The Depository Trust Company, New York, New York (“DTC”), acting as securities depository, and its participants.

The principal of and interest due on the Notes will be paid to DTC by the Township or its designated paying agent (the “Paying Agent”). Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the Participants of DTC as listed on the records of DTC as of the record date indicated on the front cover page hereof (the “Record Date” for the payment of interest on the Notes).

**Redemption**

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

**Book-Entry Only System**

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes and the Notes 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 Note certificate will be issued for the Notes, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or its designated paying agent 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or its designated paying agent 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 will be the responsibility of such Participant and not of DTC, the Township, or the Township's designated paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its designated paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or its designated paying agent. Under such circumstances, in the event that a successor depository is not obtained, Note 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, Note 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.

## AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized and are to be 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 (N.J.S.A. 40A:2-1 et seq.) (the "Local Bond Law"), and the bond ordinance adopted by the Township Council as set forth below. The proceeds of the Notes will be used to (i) provide \$5,795,000 in new money to fund various road improvements in and by the Township; and (ii) provide funds for the costs incurred in the connection with the authorization, sale and issuance of the Notes.

<b><u>Ordinance Number</u></b>	<b><u>Purpose</u></b>	<b><u>Aggregate Amount of Notes to be Issued</u></b>
25-07	Various road improvements, finally adopted July 10, 2025.	\$5,795,000
<b>Total:</b>		<b><u>\$5,795,000</u></b>

## **PAYMENT OF AND SECURITY FOR THE NOTES**

The Notes are general obligations of the Township and unless paid from other sources, the Township is authorized and required by law to levy *ad valorem* taxes on all property taxable by the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission whose powers have been vested in the Local Finance Board.

## **INFECTIOUS DISEASE OUTBREAK - COVID-19**

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

Generally, according to the Plan, the allowable use of the funds provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the Township has received \$4,602,067.02 from the Plan. The Township received its first installment under the Plan in the amount of \$2,301,033.51 in July of 2021, and its second installment under the Plan in the amount of \$2,301,033.51 in July of 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026.



To date, the overall finances and operations of the Township have not been materially adversely affected due to the COVID-19 outbreak. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact governmental entities, including the Township. The Township cannot quantify any such potential impacts at this time.

## **CYBER SECURITY**

The Township relies on a 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. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. There can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

## **MARKET PROTECTION**

On July 29, 2025, the Township issued its \$24,476,000 Bond Anticipation Notes, Series 2025A. The Township anticipates issuing \$975,000 aggregate principal amount of its Bond Anticipation Notes, Series 2025C within the next ninety (90) days, and during the remainder of 2025 may issue additional bond anticipation notes, as may be necessary. During the remainder of 2025, the Township does not anticipate issuing any bonds or tax anticipation notes.

## **PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT**

This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

### **Local Bond Law**

The Local Bond Law (N.J.S.A. 40A:2-1 et. seq.). The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital improvements and appropriations. The Local Bond Law requires 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 capital expenditures. All bonds and notes issued by the Township are general ("full faith and credit") obligations.

### **Debt Limits**

Debt Limits. The net authorized debt of all local units which are municipalities in the State of New Jersey is generally limited by statute to an amount equal to 3.5% of its equalized valuation basis. The equalized valuation basis of the local unit is set by statute as the average for the last three years of the sum of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Department of the Treasury, Division of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions To Debt Limits - Extensions Of Credit. The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the local unit must 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 ability of a local unit to meet its obligations or to provide essential services, and the Local Finance Board makes other statutory determinations, approval is granted.

School Debt. In the State, in a Type II school district without a Board of School Estimate, school debt authorized by the board of education must be approved by the registered voters of that school district. When the amount authorized exceeds the school district's limit, the district may use the municipality's share of available borrowing capacity upon approval of the proposed debt by the State Commissioner of Education and the Local Finance Board, and subsequently by the registered voters of the district. School debt of a Type I school district is authorized by a Board of School Estimate and the governing body of a local unit.

### **Local Budget Law**

The Local Budget Law (N.J.S.A. 40A:4-1, et seq.). The foundation of the State local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. 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 Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review focusing on anticipated revenues serves to protect the solvency of all local units. The budgets of local units must be in balance; i.e., total anticipated revenues must equal total appropriations.

If in any year a Local Unit's expenditures exceed (or are less than) its realized revenues for that year, then such deficit (excess) must be raised (accounted for) in the succeeding year's budget.

Real Estate Taxes. The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The Local Budget Law (N.J.S.A. 40A:4-29) provides that the maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the Local Unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-41) also provides with regard to current taxes that receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year.

This provision requires that an additional amount (the "Reserve For Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage collected of the prior year's tax levy is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The Reserve For Uncollected Taxes is calculated to be the levy required to balance a local unit's budget multiplied by the prior year's percentage of uncollected taxes (or a lesser percentage).

Miscellaneous Revenues. The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenue from any source shall 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 shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination in writing to the local unit.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

Appropriation and Tax Levy CAP Limitations. Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of-Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments; (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has been amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

Deferral of Current Expenses. A local unit may make emergency appropriations after the adoption of a budget and the determination of the tax rate, but only to meet unforeseen pressing needs to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance. With limited exceptions set forth below, such appropriations must be included in full in the following year's budget. If such emergency appropriations exceed 3% of the adopted operating budget, consent of the Director is required (N.J.S.A. 40A:4-46, -47, -49). The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over

three years, and tax map preparation, revision of ordinances, and master plan preparations, which may be amortized over five years (N.J.S.A. 40A:4-55, -55.3).

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year's final current operating appropriations must be raised within its limitations. Emergency resolutions for debt service, capital improvements, the Township's share of Federal or State grants and other statutorily permitted items are outside its limitation.

Budget Transfers. Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Capital Budget. In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over a period of up to six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of a local unit setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

Operation of Utilities. Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the current or operating budget.

## **Local Fiscal Affairs Law**

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1, et seq.). This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of a local unit must file annually with the Director a verified statement of the financial condition of the local unit. The statements of the Township are on file with its Clerk.

An independent examination of a local unit's financial statements must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of a local unit's financial procedures and must be filed with the Clerk within six months after the close of its fiscal year and, within five days thereafter, a certified duplicate copy must be filed in the office of the Director (N.J.S.A. 40A:5-6). The filing date of an audit may be extended by the Director upon a showing of good cause. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion (N.J.S.A. 40A:5-7). The entire annual audit report is on file with the Township's Chief Financial Officer and is available for review during business hours.

## **Municipal Bankruptcy**

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the Federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained (N.J.S.A. 52:27-40). The powers of the Municipal Finance Commission of New Jersey have been vested in the Local Finance Board.

## **LITIGATION**

In the opinion of Christopher Corsini, Esq., the Township Attorney, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Notes offered for sale or the levy or collection of any taxes to pay interest on or principal of the Notes, or in any manner questioning the authority of proceedings for the issuance of the Notes or for the levy or collection of said taxes. 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.

## **LEGAL MATTERS**

The legality of the Notes will be subject to the final approving opinion of Gibbons P.C., Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Township by the Township Attorney.

## **TAX MATTERS**

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

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Township will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Township, has relied upon the representations of the Township made in the tax certificate and has assumed 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 Notes from gross income for Federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes

pursuant to Section 103 of the Code and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code.

### **Tax Treatment of Original Issue Premium**

The initial public offering price of the Notes is greater than the principal amount of such Notes payable at maturity. An amount equal to the excess of the purchase price of the Notes over its stated redemption price at maturity constitutes premium on the Notes. A purchaser of the Notes must amortize any premium over the Note’s term using constant yield principles, based on the Note’s yield to maturity. As premium is amortized, the purchaser’s basis of the Notes and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of the Note prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of the Notes, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning the Notes.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Notes should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Notes have been designated by the Township as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code. The Township intends that, by such designation of the Notes, the Notes will not be subject to Section 265(b)(1) of the Code, which relates to the complete disallowance of deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291(a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, interest on the Notes not constituting an item of tax preference under Section 57 of the Code, and interest on the Notes being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

### **State Taxation**

Bond Counsel is of the opinion that, under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

## **Miscellaneous**

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Notes, the exclusion of interest on the Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.**

## **SECONDARY MARKET DISCLOSURE**

The Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Notes, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (“MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Notes, the Township will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements (as more specifically described in the following sentence) for the benefit of the beneficial holders of the Notes pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the enumerated events is set forth in Appendix C. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

The Township has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12 with respect to its own obligations and obligations of the Somerset County Improvement Authority for which the Township is an obligated person. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB as required under its prior secondary market disclosure undertakings.

## **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof, all banks, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies and other persons carrying on banking business, all insurance companies and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the Notes, and such Notes are authorized security for any and all public deposits.

## **UNDERWRITING**

The Notes have been purchased at a public sale from the Township for reoffering by \_\_\_\_\_ (the “Underwriter”) at an aggregate purchase price of \$ \_\_\_\_\_. The Underwriter has purchased the Notes in accordance with the Notice of Sale.

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. The public offering yield of the Notes may be changed from time to time by the Underwriter.

## **RATING**

The Notes have not been rated.

## **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 Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **FINANCIAL STATEMENTS**

Certain unaudited financial data of the Township for the fiscal year ending December 31, 2024 and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2023 are presented in Appendix “B” to this Official Statement (the “Financial Statements”). The Financial Statements have been prepared by Suplee, Clooney & Company, Westfield, New Jersey, an independent auditor (the “Auditor”), as stated in its report appearing in Appendix “B” hereto.

## **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Notes, by certificates signed by the Chief Financial Officer of the Township, that to its 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 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.



The Auditor takes responsibility for the audited financial statements presented in Appendix “B” to the extent specified in their Independent Auditor’s Report and has not participated in the review or preparation of this Official Statement and has not verified the accuracy or completeness thereof and accordingly, expresses no opinion or other assurance or assumes any responsibility with respect thereto.

Bond Counsel has not verified the accuracy, completeness or fairness of the information contained herein, except under “TAX MATTERS” and, accordingly, assumes no responsibility therefor and will express 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 William B. Pandos, Chief Financial Officer, 100 Commons Way, Bridgewater, New Jersey 08807, telephone (908) 725-6300 or to the 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**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes. This Official Statement has been duly executed and delivered by the Chief Financial Officer for and on behalf of the Township.

### **TOWNSHIP OF BRIDGEWATER**

By: \_\_\_\_\_  
William B. Pandos, CMFO, QPA  
Chief Financial Officer

Dated: August \_\_, 2025

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## **APPENDIX A**

### **GENERAL INFORMATION OF THE TOWNSHIP OF BRIDGEWATER**

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## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

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

### **General Information**

The Township encompasses approximately 33 square miles and is located in the central portion of the County. The Township is located approximately 50 miles from New York City, 35 miles from Trenton, and 40 miles from Philadelphia. It is bounded on the west by Branchburg Township and Bedminster Township, on the north by Bernards Township and Warren Township, on the east by Green Brook Township and Bound Brook Borough, and on the south by South Bound Brook Borough, Franklin Township, Manville Borough, Somerville Borough, Raritan Borough and Hillsborough Township. U.S. Route 22, Interstate 287 and Interstate 78 run through the Township.

The Township was originally purchased from a local Indian tribe. Chartered by King George of England in 1749, and incorporated in 1899, the Township is a modern suburban municipality with a balance of residential and commercial uses. In the early years, the Township was known as a farming town. What is now Somerville and Raritan were once part of the Township until they broke away years after the chartering.

The Township is a diverse and thriving township with a mix of both urban and suburban life. The Township is prime ground for many new and large businesses, including Sanofi-Aventis, Johnson & Johnson and Met Life. The Township has progressed rapidly from its roots and will continue to grow in the future.

### **Form of Government**

In 1974, the voters passed a referendum to change their form of government from the Township Committee to Mayor-Council Plan B under the Faulkner Act. The Mayor is elected to a four-year term. The Township Council, which consists of five (5) members, is elected to overlapping four (4)-year terms.

The business activities are conducted by a full time Business Administrator.

### **Parks and Recreation**

The Township maintains numerous active parks consisting of 280 acres. In addition, there is a Senior Citizens center to serve the senior citizens which also offers trips and shopping. The Recreation Department offers many programs for children and adults of all ages. The In-Town Soccer Program has over 2,200 children involved. The office also works with many private organizations involved in Pop Warner Football, Baseball, Lacrosse, Softball and Field Hockey. Within the Township, the County Park System maintains lighted tennis courts, a nine-hole pitch

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<sup>1</sup> Source: The Township, unless otherwise indicated.

and putt course, regulation golf course and Duke Island Park, which has playgrounds and ball fields.

### **Library Services**

The County library is located within the Township.

### **Department of Public Works**

The department maintains all 230 miles of roads and has a staff of full time employees.

### **Police Department**

The Police Department consists of sworn full time officers.

### **Fire Department**

The Township is served by four (4) fire districts with volunteer firemen using approximately 30 pieces of equipment.

### **Rescue Squads**

The Township is served by four (4) rescue squads with active volunteers. Each squad is equipped with ambulances and “crash” trucks.

### **Utilities**

Public water is provided by New Jersey American Water Company and sewerage service is provided by the Township Sewer Utility Division (the “Sewer Utility”), a municipally-created, self-liquidating Sewer Utility. The Sewer Utility is responsible for managing the use and construction of sanitary sewerage facilities throughout the Township. The Sewer Utility maintains major pumping stations, oversees meter stations and residential grinder pumps.

The Sewer Utility operations are divided into four major functional groups, consisting of: Administration, Construction Inspection, Engineering, and Maintenance. Responsibilities are shared among three municipal departments: Engineering, Finance, and Public Works with support from the Building Code and Enforcement Division, and the Health Department. Each year, the Township Council approves a separate annual operating budget for Sewer Utility activities. The expense of these programs is recovered through a program of annual sewer use charges.

Electricity and natural gas is provided by the Public Service Electric and Gas (PSE&G) and Jersey Central Power and Light JCP&L.

### **Education**

The Township’s school facilities are a part of the Bridgewater-Raritan Regional School District (the “School District”) which also includes the adjacent community of the Borough of Raritan. The Township contributes approximately 88% of the annual school costs with the Borough of Raritan contributing the balance. The School District is under the jurisdiction of an

elected nine (9) member Board of Education and operates under New Jersey Statutes and is completely independent of the Township.

The Superintendent of Schools is the chief administrative officer of the School District. The Board Secretary/Business Administrator oversees the business functions of the School District and reports through the Superintendent to the Board of Education.

There are full-time and part-time employees of the School District, of which approximately 75% are teaching professionals and the remainder administrative, maintenance, transportation and clerical personnel.

### **Pension and Retirement Systems**

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

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

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

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

## **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:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2024	23,975	23,072	903	3.8%
2023	23,905	23,064	841	3.5
2022	23,643	22,940	703	3.0
2021	23,190	21,997	1,193	5.1
2020	22,857	21,188	1,669	7.3
<b><u>County</u></b>				
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
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3
2022	4,756,002	4,572,879	183,123	3.9
2021	4,654,243	4,342,075	312,168	6.7
2020	4,643,700	4,204,301	439,399	9.5

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

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

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$170,641	\$135,960	\$101,050
Median Family Income	203,953	167,353	123,892
Per Capita Income	70,442	70,321	53,118

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



## **Population**

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

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2024 Est.	46,871	1.94%	357,467	3.51%	9,500,851	2.28%
2020	45,977	3.40	345,361	6.78	9,288,994	5.65
2010	44,464	3.55	323,444	8.72	8,791,894	4.49
2000	42,940	32.09	297,490	23.81	8,414,350	8.85
1990	32,509	11.43	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:

<b><u>Taxpayers</u></b>	<b><u>2024</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Ortho Pharmaceutical Corp.	\$212,496,000	1.90%
Bridge Walk, LLC	56,000,000	0.50
Ortho Diagnostic Systems Inc.	52,298,000	0.47
CL River Park L.P.	46,500,000	0.41
Johnson & Johnson	45,506,000	0.41
Laboratory Corp of America	32,925,100	0.29
Levin Management Corporation	14,977,000	0.13
Raritan Johnson Associates, LLC	12,569,100	0.11
RRE Property, LLC	8,623,000	0.08
Raritan Crossing, LLC	<u>8,500,000</u>	<u>0.08</u>
<b>Total</b>	<b><u>\$490,394,200</u></b>	<b><u>4.38%</u></b>

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

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

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024U	\$219,645,750	\$218,190,627	99.34%
2023	208,067,098	206,852,589	99.42
2022	201,453,285	199,995,808	99.28
2021	199,279,970	198,083,098	99.40
2020	194,920,058	193,629,842	99.34

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

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

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024U	\$169,643	\$1,394,443	\$1,564,086	0.71%
2023	163,595	1,171,031	1,334,626	0.64
2022	160,694	1,133,824	1,294,518	0.64
2021	155,501	1,144,310	1,299,812	0.65
2020	151,390	1,241,985	1,393,374	0.71

U: Unaudited

Source: 2024 Annual Financial Statements and Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024U	\$422,300
2023	422,300
2022	422,300
2021	422,300
2020	422,300

U: Unaudited

Source: 2024 Annual Financial Statements and Annual Audit Reports of the Township

## **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.

	<b>Regional</b>			
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2024	\$0.243	\$1.321	\$0.360	\$1.924
2023	0.234	1.337	0.387	1.958
2022	0.238	1.401	0.395	2.034
2021	0.238	1.437	0.404	2.079
2020	0.238	1.433	0.404	2.075

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

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2024	\$11,198,176,100	\$12,110,063,913	92.47%	\$10,521,500	\$12,120,585,413
2023	10,421,495,900	11,053,771,638	94.28	10,377,100	11,064,148,738
2022	9,744,315,900	11,069,312,621	88.03	10,077,200	11,079,389,821
2021	9,368,566,300	10,058,585,248	93.14	9,855,522	10,068,440,770
2020	9,224,543,400	9,573,000,623	96.36	9,558,763	9,582,559,386

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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2024	\$99,832,800	\$8,408,899,800	\$4,875,500	\$1,950,616,500	\$622,037,900	\$111,913,600	\$11,198,176,100
2023	98,997,700	7,699,844,000	4,593,800	1,930,578,200	580,897,800	106,584,400	10,421,495,900
2022	91,714,300	7,041,261,100	4,293,600	1,952,849,500	542,263,000	111,934,400	9,744,315,900
2021	92,102,000	6,788,671,200	4,194,300	1,878,985,600	498,009,000	106,604,200	9,368,566,300
2020	94,182,500	6,680,686,700	4,171,900	1,876,065,800	482,554,500	86,882,000	9,224,543,400

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 fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

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

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$6,300,000	\$7,435,404	\$3,395,000	\$6,188,500	\$5,778,641
Miscellaneous Revenues	17,274,133	16,080,572	18,421,580	16,126,101	16,830,711
Receipts from Delinquent Taxes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Amount to be Raised by Taxation	<u>22,325,336</u>	<u>23,220,842</u>	<u>24,398,196</u>	<u>27,239,044</u>	<u>27,919,183</u>
Total Revenue:	<u>\$46,899,469</u>	<u>\$47,736,817</u>	<u>\$47,214,776</u>	<u>\$50,553,645</u>	<u>\$51,528,534</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$34,356,929	\$35,263,036	\$35,529,032	\$37,108,840	\$37,420,353
Operations (Excluded from CAPS)	1,834,788	1,940,269	1,165,087	1,988,815	2,253,494
Deferred Charges and Statutory Expenditures	884,675	230,000	100,000	346,107	100,000
Capital Improvement Fund	595,000	575,000	625,000	780,000	420,665
Municipal Debt Service	6,428,077	6,928,512	6,995,656	7,229,883	7,934,023
Reserve for Uncollected Taxes	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,100,000</u>	<u>3,400,000</u>
Total Appropriations:	<u>\$46,899,469</u>	<u>\$47,736,817</u>	<u>\$47,214,776</u>	<u>\$50,553,645</u>	<u>\$51,528,534</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 fiscal years ending December 31.

<b><u>Fund Balance - Current Fund</u></b>		
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024U	\$5,910,309	\$5,778,641
2023	6,602,227	6,188,500
2022	8,014,388*	7,435,404**
2021	8,227,321	7,435,404
2020	7,886,975	6,300,000

\*Includes Interfunds at Year-End

\*\*Includes Interfunds Advanced

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

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 fiscal years ending December 31.

<b><u>Fund Balance - Sewer Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024U	\$2,451,557	\$2,403,169
2023	4,381,020	2,925,980
2022	1,901,576	610,000
2021	1,014,888	500,000
2020	1,593,814	1,051,564

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

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**Township Indebtedness (as of December 31, 2024)**

**General Purpose Debt**

Serial Bonds	\$58,149,000
Bond Anticipation Notes	23,739,000
Bonds and Notes Authorized but Not Issued	2,559,235
Other Bonds, Notes and Loans	316,610
Total:	<u>\$84,763,845</u>

**Regional School District Debt**

Serial Bonds	\$12,743,592
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$12,743,592</u>

**Self-Liquidating Debt**

Serial Bonds	\$4,671,000
Bond Anticipation Notes	2,426,964
Bonds and Notes Authorized but Not Issued	200,000
Other Bonds, Notes and Loans	229,390
Total:	<u>\$7,527,354</u>

**TOTAL GROSS DEBT**

**\$105,034,790**

Less: Statutory Deductions	
General Purpose Debt	\$471,615
Local School District Debt	0
Regional School District Debt	12,743,592
Self-Liquidating Debt	7,527,354
Total:	<u>\$20,742,560</u>

**TOTAL NET DEBT**

**\$84,292,230**

Source: Annual Debt Statement of the Township

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**Overlapping Debt (as of December 31, 2024)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Regional School District	\$14,642,800	87.03%	\$12,743,592
Somerset Raritan Valley Sewerage Authority (2023) County	51,094,288 515,582,955	32.05% 14.54%	16,375,719 <u>74,975,234</u>
Net Indirect Debt			\$104,094,545
Net Direct Debt			<u>84,292,230</u>
Total Net Direct and Indirect Debt			<b><u>\$188,386,775</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$11,411,049,391
Permitted Debt Limitation (3 1/2%)	399,386,729
Less: Net Debt	<u>84,292,230</u>
Remaining Borrowing Power	<u>\$315,094,499</u>
Percentage of Net Debt to Average Equalized Valuation	0.739%

Gross Debt Per Capita based on 2020 population of 45,977	\$2,285
Net Debt Per Capita based on 2020 population of 45,977	\$1,833

Source: Annual Debt Statement of the Township

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<sup>2</sup> Township percentage of County and Authority debt is based on the Township's share of total equalized valuation in the County and usage of the Authority.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF BRIDGEWATER**

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and Members  
of the Township Council  
Township of Bridgewater  
County of Somerset  
Bridgewater, New Jersey 08807

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2024 Annual Financial Statement (AFS) of the Township of Bridgewater, New Jersey as of December 31, 2024, 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 generally accepted accounting principles.

A compilation is limited to representing in the form of financial statements information that is the representation of management of the Township of Bridgewater. 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.

Management of the Township of Bridgewater 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'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  
Certified Public Accountants

/s/ Robert W. Swisher

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

July 2, 2025



**SUPLEE, CLOONEY & COMPANY LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

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E-mail [info@scnco.com](mailto:info@scnco.com)

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Township Council  
Township of Bridgewater  
County of Somerset  
Bridgewater, New Jersey 08807

**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 Bridgewater (the "Township"), as of and for the year ended December 31, 2023 and 2022, 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, 2023, 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, 2023 and 2022, 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, 2023.

***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, 2023 and 2022, 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, 2022 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.

***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 25, 2024 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  
Certified Public Accountants

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

July 25, 2024

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Cash	\$ 12,934,417.83	\$ 17,312,219.37	\$ 17,274,428.43
Change Fund	410.00	410.00	410.00
Petty Cash	1,000.00	1,000.00	1,000.00
Due State of New Jersey - Senior Citizens and Veterans	58,426.44	29,500.44	5,500.00
	<u>\$ 12,994,254.27</u>	<u>\$ 17,343,129.81</u>	<u>\$ 17,281,338.43</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 1,366,107.74	\$ 1,171,030.94	\$ 1,133,823.61
Tax Title Liens Receivable	169,370.84	163,595.43	160,694.01
Property Acquired for Taxes - Assessed Valuation	422,300.00	422,300.00	422,300.00
Revenue Accounts Receivable	23,453.02	36,027.36	13,980.74
Interfunds Receivable	125,427.23	323,576.51	1,402,201.92
	<u>\$ 2,106,658.83</u>	<u>\$ 2,116,530.24</u>	<u>\$ 3,133,000.28</u>
Deferred Charges	\$ 100,000.00	\$ 446,106.50	\$ 546,106.50
	<u>\$ 15,200,913.10</u>	<u>\$ 19,905,766.55</u>	<u>\$ 20,960,445.21</u>
Grant Fund:			
Cash	\$ 296,410.43	\$ 458,008.14	\$ 627,257.18
Due Current Fund		684,043.01	18,534.46
Grants Receivable	1,895,839.45	1,985,700.03	2,087,813.06
	<u>\$ 2,192,249.88</u>	<u>\$ 3,127,751.18</u>	<u>\$ 2,733,604.70</u>
	<u>\$ 17,393,162.98</u>	<u>\$ 23,033,517.73</u>	<u>\$ 23,694,049.91</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriations Reserves	\$ 2,085,693.41	\$ 2,173,839.22	\$ 2,376,245.30
Prepaid Taxes	1,667,337.72	2,984,051.63	1,443,155.17
Encumbrances Payable	1,243,780.58	947,380.99	1,413,394.54
Accounts Payable	256,688.19	823,758.85	568,862.89
Tax Overpayments	1,211.80	1,305.97	2,107.02
County Taxes Added	70,314.27		
Interfunds Payable	1,002,434.73	2,853,979.78	4,856,376.00
Reserve For:			
Sale of Municipal Assets	5,436.03	51,854.98	48,394.24
Marriage Licenses - Due State of NJ	1,100.00	800.00	
Construction Code DCA - Due State of New Jersey	42,294.00	41,742.00	36,027.00
County Taxes Payable			31,931.96
Emergency Note Payable	100,000.00	200,000.00	300,000.00
Tax Appeals	483,939.86	483,939.86	483,939.86
Municipal Relief Aid		615,422.52	307,776.25
State Library	8,934.00	8,934.00	8,934.00
	\$ 6,969,164.59	\$ 11,187,009.80	\$ 11,877,144.23
Reserve for Receivables and Other Assets	2,106,658.83	2,116,530.24	3,133,000.28
Fund Balance	6,125,089.68	6,602,226.51	5,950,300.70
	\$ 15,200,913.10	\$ 19,905,766.55	\$ 20,960,445.21
Grant Fund:			
Reserve for Grants - Unappropriated	\$ 20,668.38	\$ 684,584.38	\$ 172,567.77
Reserve for Grants - Appropriated	2,110,508.88	2,400,274.59	2,110,425.23
Accounts Payable	61,072.62	42,892.21	450,611.70
	\$ 2,192,249.88	\$ 3,127,751.18	\$ 2,733,604.70
	\$ 17,393,162.98	\$ 23,033,517.73	\$ 23,694,049.91

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



TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2024 (Unaudited)	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 6,188,500.00	\$ 3,395,000.00	\$ 7,435,404.00
Miscellaneous Revenue Anticipated	16,420,492.59	16,561,101.02	16,446,405.35
Receipts From Delinquent Taxes	1,130,956.70	1,147,521.97	1,143,844.87
Receipts From Current Taxes	218,199,825.75	206,852,588.97	199,995,808.28
Non-Budget Revenue	1,507,442.50	2,333,491.87	945,074.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	1,336,245.40	1,517,931.90	2,963,140.96
Accounts Payable Canceled	23,728.97	308,839.05	
Prior Year Senior Citizens Allowed	457,572.05	250.00	
Interfunds Returned	198,149.28		
Grant Reserves Canceled	18,285.57	12,671.47	
<u>TOTAL REVENUE AND OTHER INCOME</u>	<u>\$ 245,481,198.81</u>	<u>\$ 232,129,396.25</u>	<u>\$ 228,929,678.10</u>
<u>EXPENDITURES</u>			
Budget Appropriations	\$ 47,754,396.05	\$ 44,480,117.02	\$ 44,830,882.85
Special Fire District Taxes	3,551,095.12	3,389,700.90	2,810,740.00
County Taxes	40,361,635.46	40,451,876.24	38,547,671.83
Regional School District Taxes	148,049,923.00	139,448,832.00	136,586,423.00
Prior Year Senior Citizens Disallowed	5,000.00	8,568.49	8,902.67
Refund of Prior Year Revenue		6,728.01	495.00
Grant Receivables Canceled	18,285.57	20,624.57	
Interfunds Advanced	29,500.44	276,023.35	1,188,746.59
<u>TOTAL EXPENDITURES</u>	<u>\$ 239,769,835.64</u>	<u>\$ 228,082,470.58</u>	<u>\$ 223,973,861.94</u>
Excess in Revenue	\$ 5,711,363.17	\$ 4,046,925.67	\$ 4,955,816.16
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	\$	\$	\$ 202,567.46
Regulatory Excess to Fund Balance	\$ 5,711,363.17	\$ 4,046,925.67	\$ 5,158,383.62
Fund Balance, January 1	6,602,226.37	5,950,300.70	8,227,321.08
	\$ 12,313,589.54	\$ 9,997,226.37	\$ 13,385,704.70
Decreased by:			
Utilization as Anticipated Revenue	6,188,500.00	3,395,000.00	7,435,404.00
Fund Balance, December 31	<u>\$ 6,125,089.54</u>	<u>\$ 6,602,226.37</u>	<u>\$ 5,950,300.70</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	<u>ANTICIPATED</u>			<u>EXCESS OR (DEFICIT)</u>
	<u>ANTICIPATED BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	
Fund Balance Anticipated	\$ 3,395,000.00		\$ 3,395,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 90,000.00	\$	\$ 94,002.00	\$ 4,002.00
Other	48,000.00		50,999.00	2,999.00
Fees and Permits:				
Construction Code Official	1,495,000.00		1,720,917.00	225,917.00
Other	529,000.00		505,550.26	(23,449.74)
Municipal Court:				
Fines and Costs	222,000.00		284,184.66	62,184.66
Interest and Costs on Taxes	278,000.00		359,618.65	81,618.65
Interest on Investments and Deposits	336,000.00		1,010,055.16	674,055.16
Utility Operating Surplus of Prior year	266,805.63		266,805.63	
Recreation Fees	106,000.00		129,016.33	23,016.33
Municipal Relief Fund Aid	307,776.25		307,776.25	
Energy Receipts Tax	5,940,963.00		5,940,963.00	
Garden State Trust Fund	4,082.00		5,027.00	945.00
Joint Services with County Library	81,845.06		81,845.10	0.04
Shared Municipal Court	275,400.00		275,400.00	
Shared Resource Officer BOE	127,000.00			(127,000.00)
Shared Class III Officers	70,000.00			(70,000.00)
Recycling Tonnage Grant	185,376.66		185,376.66	
Clean Communities Program	99,731.71		99,731.71	
Youth Services Program	21,600.00		21,600.00	
Body Armor Replacement Fund	5,165.09		5,165.09	
Emergency Management	10,000.00		10,000.00	
Municipal Alliance- State Share	11,287.92		11,287.92	
Recreation Improvements- Kids Street		75,000.00	75,000.00	
Regional Center Partnership	15,000.00		15,000.00	
Life Hazard Use Fees	240,000.00		204,636.08	(35,363.92)
Suburban Cablevision Franchise Fee	533,000.00		508,539.47	(24,460.53)
Payment in Lieu of Taxes - Centerbridge I	108,000.00		108,776.80	776.80
Hotel Occupancy Tax	886,000.00		999,921.03	113,921.03
Host Benefit Fees	360,000.00		354,802.91	(5,197.09)
Bridgewater Commons Rent and Royalty - In Lieu of Taxes	1,140,000.00		786,211.00	(353,789.00)
Debt Service Reimbursement - Open Space Trust Fund	56,759.21		56,759.21	
General Capital Fund Surplus	207,601.15		207,601.15	
Cell Tower Rent	112,000.00		72,883.19	(39,116.81)
Sale of Liquor License	451,000.00		451,000.00	
Interfunds Advanced- Sewer Operating Fund	3,393,001.50		1,354,648.76	(2,038,352.74)
Interfunds Advanced- Grant Fund	408,184.60			(408,184.60)
<u>Total Miscellaneous Revenues</u>	<u>\$ 18,421,579.78</u>	<u>\$ 75,000.00</u>	<u>\$ 16,561,101.02</u>	<u>\$ (1,935,478.76)</u>
Receipts From Delinquent Taxes	\$ 1,000,000.00		\$ 1,147,521.97	\$ 147,521.97
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 24,398,195.90		\$ 26,362,179.83	\$ 1,963,983.93
<u>BUDGET TOTALS</u>	<u>\$ 47,214,775.68</u>	<u>\$ 75,000.00</u>	<u>\$ 47,465,802.82</u>	<u>\$ 176,027.14</u>
Non-Budget Revenues			2,333,491.87	2,333,491.87
	<u>\$ 47,214,775.68</u>	<u>\$ 75,000.00</u>	<u>\$ 49,799,294.69</u>	<u>\$ 2,509,519.01</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Collections	A-1:A-8	\$ 206,852,588.97
Allocated To:		
County Taxes	A-8	40,451,876.24
Regional School District Taxes	A-8	139,448,832.00
Special Fire District Taxes	A-8	3,389,700.90
		<u>\$ 183,290,409.14</u>
Balance for Support of Municipal Budget Appropriations		\$ 23,562,179.83
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,800,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 26,362,179.83</u></u>
Licenses - Other:		
Clerk		\$ 8,240.00
Health Officer		41,925.00
Registrar		<u>834.00</u>
	A-2:A-13	<u><u>\$ 50,999.00</u></u>
Other - Fees and Permits:		
Board of Health		\$ 4,550.00
Registrar		18,260.00
Police		79,310.91
Police Towing		41,200.00
Planning		24,263.00
Zoning Board of Adjustment		48,053.00
Tax Assessor		1,100.75
Township Clerk		9.50
Fire		262,147.00
Zoning		<u>26,656.10</u>
	A-2:A-13	<u><u>\$ 505,550.26</u></u>

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

TOWNSHIP OF BRIDGEWATER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:			
JIF Award	\$	53,464.81	
Engineering- Road Openings		20,600.00	
Shared Court- Prior Year		140,495.23	
Recycling		973.13	
Police Outside Overtime Administrative Fees		326,457.99	
Senior Citizens & Veterans Administrative Fees		3,568.63	
Forfeited Bail		540.50	
Rent		5,433.38	
Guru Reality Settlement		27,000.00	
Bad Check Fees		3,070.00	
PILOT Centerbridge II		106,000.00	
Tax Collector		2,695.00	
Hurricane IDA Reimbursement		1,562,838.40	
Miscellaneous		<u>64,379.44</u>	
			2,317,516.51
Excess Reserve for Animal Expenditures			<u>15,975.36</u>
<u>Total Non-Budget Revenue</u>			<u>\$ 2,333,491.87</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	APPROPRIATIONS		EXPENDED		UNEXPENDED CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
HUMAN RESOURCES:					
Salaries and Wages	\$ 130,000.00	\$ 106,000.00	\$ 104,217.31	\$ 1,782.69	\$
Other Expenses	50,000.00	50,000.00	16,280.57	33,719.43	
MAYOR'S OFFICE:					
Salaries and Wages	16,400.00	16,400.00	11,250.00	5,150.00	
Other Expenses	2,500.00	2,500.00	2,342.89	157.11	
TOWNSHIP COUNCIL:					
Salaries and Wages	27,000.00	27,001.00	27,000.24	0.76	
Other Expenses	8,750.00	8,750.00	8,066.31	683.69	
TOWNSHIP ADMINISTRATOR:					
Salaries and Wages	512,000.00	541,000.00	539,268.55	1,731.45	
Other Expenses	35,000.00	35,000.00	34,963.92	36.08	
PURCHASING DEPARTMENT:					
Salaries and Wages	81,000.00	81,000.00	70,314.38	10,685.62	
Other Expenses	32,000.00	32,000.00	28,223.06	3,776.94	
CENTRAL OFFICE SUPPLIES:					
Other Expenses	18,500.00	18,500.00	16,106.25	2,393.75	
POSTAGE:					
Other Expenses	15,500.00	15,500.00	12,797.75	2,702.25	
TOWNSHIP CLERK:					
Salaries and Wages	242,000.00	206,000.00	204,016.48	1,983.52	
Other Expenses	175,000.00	175,000.00	167,340.54	7,659.46	
ELECTIONS:					
Other Expenses	22,000.00	22,000.00	11,174.04	10,825.96	
FINANCIAL ADMINISTRATION:					
Salaries and Wages	185,000.00	185,000.00	180,897.85	4,102.15	
Other Expenses	60,000.00	60,000.00	49,328.99	10,671.01	
DIRECTOR OF FINANCE:					
Other Expenses	115,000.00	115,000.00	103,392.90	11,607.10	
Audit	65,000.00	65,000.00	65,000.00		
TAX COLLECTION:					
Salaries and Wages	125,000.00	125,000.00	121,526.71	3,473.29	
Other Expenses	43,000.00	48,000.00	47,463.80	536.20	
TAX ASSESSMENT:					
Salaries and Wages	205,000.00	232,000.00	225,978.94	6,021.06	
Other Expenses	48,000.00	48,000.00	16,825.75	31,174.25	
LEGAL SERVICES:					
Salaries and Wages	15,000.00	15,000.00	12,254.05	2,745.95	
Other Expenses	690,000.00	690,000.00	606,101.14	83,898.86	
ENGINEERING SERVICES:					
Salaries and Wages	255,000.00	217,000.00	215,326.35	1,673.65	
Other Expenses	155,000.00	155,500.00	155,041.60	458.40	
DIRECTOR OF MUNICIPAL SERVICES:					
Salaries and Wages	75,000.00	75,000.00	72,390.49	2,609.51	
Other Expenses	2,000.00	2,000.00	129.28	1,870.72	
INFORMATION TECHNOLOGY:					
Salaries and Wages	170,000.00	132,000.00	131,505.87	494.13	
Other Expenses	82,000.00	82,000.00	81,944.03	55.97	
REASSESSMENT PROGRAM:					
Other Expenses	30,000.00	30,000.00	30,000.00		
DIVISION OF PLANNING:					
Salaries and Wages	50,000.00	50,000.00	50,000.00		
Other Expenses	85,000.00	85,000.00	73,331.95	11,668.05	
PLANNING BOARD:					
Other Expenses	20,000.00	20,000.00	18,332.32	1,667.68	
BOARD OF ADJUSTMENT/ZONING:					
Salaries and Wages	110,000.00	85,000.00	82,088.27	2,911.73	
Other Expenses	22,000.00	22,000.00	7,801.74	14,198.26	
INSURANCE:					
Employee Group Insurance	6,430,000.00	6,157,523.92	5,966,282.11	191,241.81	
Other Insurance Premiums	870,000.00	890,500.00	890,424.00	76.00	
Health Benefits Waiver	80,000.00	95,000.00	95,000.00		
PUBLIC WORKS:					
STREETS AND ROADS:					
Salaries and Wages	1,148,000.00	1,008,000.00	981,750.48	26,249.52	
Other Expenses	225,000.00	252,926.08	245,938.84	6,987.24	
SNOW REMOVAL:					
Salaries and Wages	25,000.00	25,000.00		25,000.00	
Other Expenses	97,500.00	169,500.00	86,500.78	82,999.22	
PUBLIC BUILDINGS AND GROUNDS:					
Salaries and Wages	267,000.00	272,000.00	263,219.17	8,780.83	
Other Expenses	280,000.00	280,000.00	278,056.39	1,943.61	
VEHICLE MAINTENANCE:					
Salaries and Wages	353,000.00	353,000.00	280,059.59	72,940.41	
Other Expenses	160,000.00	160,000.00	154,213.62	5,786.38	
PARK MAINTENANCE:					
Salaries and Wages	580,000.00	517,000.00	505,648.90	11,351.10	
Other Expenses	60,000.00	60,000.00	51,949.57	8,050.43	

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

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
MUNICIPAL SERVICES REIMBURSEMENT-CONDOMINIUMS:					
Other Expenses	\$ 90,000.00	\$ 90,000.00	\$	\$ 90,000.00	\$
RECYCLING:					
Other Expenses	400,000.00	400,000.00	400,000.00		
MUNICIPAL COURT:					
Salaries and Wages	210,000.00	210,000.00	183,729.24	26,270.76	
Other Expenses	35,000.00	35,000.00	27,109.63	7,890.37	
PUBLIC DEFENDER:					
Other Expenses	30,000.00	38,000.00	28,400.00	9,600.00	
MAINTENANCE OF LIBRARY:					
Other Expenses	125,000.00	219,000.00	125,006.62	93,993.38	
VISITING NURSES SERVICES - CONTRIBUTION					
Other Expenses	11,000.00	11,000.00		11,000.00	
CONTRIBUTION TO REGIONAL CENTER PARTNERSHIP					
Other Expenses	15,000.00	15,000.00		15,000.00	
GREEN BROOK FLOOD CONTROL:					
Other Expenses	1,250.00	1,300.00	1,296.00	4.00	
FIRE OFFICIAL:					
Salaries and Wages	175,000.00	175,000.00	171,923.94	3,076.06	
Other Expenses	20,000.00	20,000.00	9,753.44	10,246.56	
POLICE:					
Salaries and Wages	9,479,400.00	9,869,400.00	9,859,719.00	9,681.00	
Salaries and Wages- ARPA	630,000.00	630,000.00	606,326.45	23,673.55	
Other Expenses					
OFFICE OF EMERGENCY MANAGEMENT:					
Salaries and Wages	9,900.00	9,900.00	7,500.00	2,400.00	
Other Expenses	4,400.00	4,400.00	2,274.75	2,125.25	
AID TO VOLUNTEER AMBULANCE COMPANY	50,000.00	50,000.00	50,000.00		
HEALTH AND HUMAN SERVICES DIRECTOR:					
Salaries and Wages	145,000.00	145,000.00	144,737.10	262.90	
Other Expenses	1,000.00	1,000.00		1,000.00	
PUBLIC HEALTH SERVICES:					
Salaries and Wages	145,000.00	181,000.00	179,065.57	1,934.43	
Other Expenses	125,000.00	125,000.00	119,363.96	5,636.04	
ENVIRONMENTAL SERVICES:					
Other Expenses	1,025.00	1,025.00	325.85	699.15	
SENIOR CITIZEN SERVICES:					
Salaries and Wages	110,000.00	113,900.00	113,900.00		
Other Expenses	40,000.00	40,000.00	25,080.25	14,919.75	
DIVISION OF RECREATION:					
Salaries and Wages	345,000.00	345,000.00	341,046.63	3,953.37	
Other Expenses	75,000.00	75,000.00	74,765.30	234.70	
STATE UNIFORM CONSTRUCTION CODE CODE OFFICIAL:					
Salaries and Wages	1,152,000.00	902,000.00	891,687.18	10,312.82	
Other Expenses	60,000.00	70,000.00	67,572.00	2,428.00	
Accumulated Leave Compensation	265,000.00	265,000.00	225,000.00	40,000.00	
SALARY ADJUSTMENTS	75,000.00	75,000.00		75,000.00	
STREET LIGHTING	300,000.00	340,000.00	283,803.55	56,196.45	
TELEPHONE SERVICE	185,000.00	211,000.00	183,513.14	27,486.86	
FIRE HYDRANT SERVICES	735,000.00	860,000.00	716,138.72	143,861.28	
UTILITIES	850,000.00	766,599.00	520,185.75	246,413.25	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 30,445,125.00	\$ 30,410,125.00	\$ 28,758,291.84	\$ 1,651,833.16	\$
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 30,445,125.00	\$ 30,410,125.00	\$ 28,758,291.84	\$ 1,651,833.16	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"			(232,500.00)	42,400.00	
STATUTORY EXPENDITURES					
CONTRIBUTION TO:					
Public Employees' Retirement System of NJ	\$ 869,802.00	\$ 904,802.00	\$ 904,329.92	\$ 472.08	\$
Social Security System (O.A.S.I.)	1,323,450.00	1,323,450.00	1,272,605.14	50,844.86	
Police & Firemen's Retirement System of NJ	2,805,655.00	2,805,655.00	2,805,655.00		
Unemployment Compensation Insurance	50,000.00	50,000.00		50,000.00	
DCRP	35,000.00	35,000.00	32,230.42	2,769.58	
TOTAL DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 5,083,907.00	\$ 5,118,907.00	\$ 5,014,820.48	\$ 104,086.52	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 35,529,032.00	\$ 35,529,032.00	\$ 33,773,112.32	\$ 1,755,919.68	\$

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
STORMWATER REGULATIONS:					
Other Expenses	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$	\$
COVID 19 RELATED EXPENSES	10,000.00	10,000.00		10,000.00	
LOSAP	74,000.00	74,000.00		74,000.00	
MUNICIPAL LIBRARY:					
Other Expenses	81,845.06	81,845.06	81,784.52	60.54	
MUNICIPAL COURT:					
Salaries and Wages	275,400.00	275,400.00	275,400.00		
POLICE DEPARTMENT-SHARED RESOURCE OFFICER-BOE					
Salaries and Wages	127,000.00	127,000.00		127,000.00	
ANIMAL CONTROL:					
Other Expenses	155,000.00	155,000.00	155,000.00		
BOE CLASS III OFFICERS:					
Salaries and Wages	70,000.00	70,000.00		70,000.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 802,245.06	\$ 802,245.06	\$ 521,184.52	\$ 281,060.54	\$
 <u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</u>					
Supplemental Fire Services Program Fire District	\$ 11,859.00	\$ 11,859.00	\$	\$ 11,859.00	\$
Clean Communities Program	99,731.71	99,731.71	99,731.71		
Body Armor Replacement Fund	5,165.09	5,165.09	5,165.09		
Recycling Tonnage Program	185,376.66	185,376.66	185,376.66		
Emergency Management Grant	10,000.00	10,000.00	10,000.00		
Youth Services	21,600.00	21,600.00	21,600.00		
DCA Local Recreation Grant (N.J.S.A. 40A-4-87 +\$75,000.00)		75,000.00	75,000.00		
State Share	11,287.92	11,287.92	11,287.92		
Local Match	2,821.92	2,821.92	2,821.92		
Regional Center Partnership	15,000.00	15,000.00	15,000.00		
TOTAL FOR STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES	\$ 362,842.30	\$ 437,842.30	\$ 425,983.30	\$ 11,859.00	\$
 TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 1,165,087.36	\$ 1,240,087.36	\$ 947,167.82	\$ 292,919.54	\$

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	APPROPRIATIONS		EXPENDED		UNEXPENDED CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00		\$
Purchase of Vehicles	125,000.00	125,000.00		125,000.00	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 625,000.00	\$ 625,000.00	\$ 500,000.00	125,000.00	\$
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 3,915,000.00	\$ 3,915,000.00	\$ 3,915,000.00		\$
Payment of Note Principal					
Interest on Bonds	2,400,800.00	2,400,800.00	2,400,800.00		
Interest on Notes	353,560.00	353,560.00	353,560.00		
Improvement Authority	326,296.32	326,296.32	316,637.66		9,658.66
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	\$ 6,995,656.32	\$ 6,995,656.32	\$ 6,985,997.66		\$ 9,658.66
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55)	100,000.00	100,000.00	100,000.00		\$
TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 8,885,743.68	\$ 8,960,743.68	\$ 8,533,165.48	\$ 417,919.54	\$ 9,658.66
SUBTOTAL GENERAL APPROPRIATIONS	\$ 44,414,775.68	\$ 44,489,775.68	\$ 42,306,277.80	\$ 2,173,839.22	\$ 9,658.66
RESERVE FOR UNCOLLECTED TAXES	\$ 2,800,000.00	\$ 2,800,000.00	\$ 2,800,000.00		\$
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 47,214,775.68</u>	<u>\$ 47,289,775.68</u>	<u>\$ 45,106,277.80</u>	<u>\$ 2,173,839.22</u>	<u>\$ 9,658.66</u>
Budget		\$ 47,214,775.68			
Appropriation by 40A:4-87		75,000.00			
		<u>\$ 47,289,775.68</u>			
Reserve for Encumbrances Payable			\$ 947,380.99		
Reserve for Grants Appropriated			425,983.30		
Deferred Charges			100,000.00		
Reserve for Uncollected Taxes			2,800,000.00		
Disbursements (net of refunds)			40,832,913.51		
			<u>\$ 45,106,277.80</u>		

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



"B"

TOWNSHIP OF BRIDGEWATER

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
Animal Control Fund:			
Cash	\$ 62,737.63	\$ 60,720.36	\$ 96,059.36
	<u>\$ 62,737.63</u>	<u>\$ 60,720.36</u>	<u>\$ 96,059.36</u>
Other Funds:			
Cash	\$ 11,157,224.23	\$ 13,013,856.27	\$ 12,979,729.20
Due Current Fund	1,002,434.73	1,949,349.43	1,894,601.01
Due Sewer Utility Operating Fund			54,220.99
Deferred Charge		376,732.07	376,732.07
	<u>\$ 12,159,658.96</u>	<u>\$ 15,339,937.77</u>	<u>\$ 15,305,283.27</u>
	<u>\$ 12,222,396.59</u>	<u>\$ 15,400,658.13</u>	<u>\$ 15,401,342.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State Department of Health	\$ 29.40	\$ 22.80	\$ 31.20
Due Current Fund	17,427.23	15,975.36	47,553.16
Reserve For Expenditures	45,260.00	44,722.20	45,967.00
Accounts Payable	21.00		2,508.00
	<u>\$ 62,737.63</u>	<u>\$ 60,720.36</u>	<u>\$ 96,059.36</u>
Other Funds:			
Due General Capital Fund	\$	\$ 601.12	\$
Reserve for State Unemployment Insurance	80,948.05	95,246.48	23,265.77
Reserve for Law Enforcement Trust Fund	15,810.28	21,599.14	12,580.55
Reserve for Municipal Open Space Trust Deposits	1,728,086.88	2,556,317.10	3,294,373.83
Reserve for Tax Sale Premiums	1,189,800.00	1,537,500.00	1,935,500.00
Reserve for Redemption of Outside Liens	100,378.91	107,702.21	1,081.86
Reserve for Various Trust Deposits	8,616,300.83	11,020,971.72	10,038,481.26
Reserve For Accounts Payable	428,334.01		
	<u>\$ 12,159,658.96</u>	<u>\$ 15,339,937.77</u>	<u>\$ 15,305,283.27</u>
	<u>\$ 12,222,396.59</u>	<u>\$ 15,400,658.13</u>	<u>\$ 15,401,342.63</u>

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

"C"

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Cash	\$ 4,337,774.09	\$ 3,514,359.55	\$ 2,784,440.98
Deferred Charges to Future Taxation:			
Funded	58,465,609.84	63,476,910.33	67,774,613.15
Unfunded	24,835,126.15	18,698,926.78	11,098,926.78
Due Trust Other Fund		601.12	
Due Sewer Utility Operating Fund			899,367.81
Due Current Fund			2,943,240.53
	<u>\$ 87,638,510.08</u>	<u>\$ 85,690,797.78</u>	<u>\$ 85,500,589.25</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	58,149,000.00	63,111,000.00	\$ 67,156,000.00
Bond Anticipation Notes	23,739,000.00	16,139,000.00	8,539,000.00
Improvement Authority Loans Payable	316,609.84	365,910.33	618,613.15
Due Current Fund	108,000.00	207,601.15	
Due Sewer Utility Capital Fund			300,000.00
Capital Improvement Fund	336,097.88	186,097.88	86,097.88
Improvement Authorizations:			
Funded	278,801.46	270,827.61	1,560,119.58
Unfunded	1,795,086.54	1,907,393.10	2,310,316.44
Reserve for:			
Capital Projects	160,517.65	150,000.00	150,000.00
Debt Service	801.15	8,801.15	8,801.15
Preliminary Expenses	5,000.00	5,000.00	5,000.00
Contracts Payable	2,537,834.16	2,680,219.40	4,191,708.49
Fund Balance	211,761.40	658,947.16	574,932.56
	<u>\$ 87,638,510.08</u>	<u>\$ 85,690,797.78</u>	<u>\$ 85,500,589.25</u>

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

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	2024 (Unaudited)	2023
Balance, December 31,	\$ 658,947.16	\$ 574,932.56
Increased by:		
Fully Funded Ordinances Cancelled	78,620.61	142,277.29
Premium of Note Sale	133,140.81	149,338.46
	<u>211,761.42</u>	<u>291,615.75</u>
	\$ 870,708.58	\$ 866,548.31
Decreased by-		
Utilized as Anticipated Revenue Current Fund	<u>658,947.18</u>	<u>207,601.15</u>
Balance, December 31,	<u>\$ 211,761.40</u>	<u>\$ 658,947.16</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>OPERATING FUND:</u>			
Cash	\$ 3,580,316.80	\$ 4,515,215.80	\$ 5,911,731.58
Change Fund	100.00	100.00	100.00
Due Sewer Utility Capital Fund		495,113.00	
Due Current Fund		220,587.34	
	<u>\$ 3,580,416.80</u>	<u>\$ 5,231,016.14</u>	<u>\$ 5,911,831.58</u>
Receivables with Full Reserves:			
Sewer Charges Receivable	\$ 1,432,496.26	\$ 329,894.70	\$ 1,328,509.75
	<u>\$ 1,432,496.26</u>	<u>\$ 329,894.70</u>	<u>\$ 1,328,509.75</u>
<u>TOTAL OPERATING FUND</u>	<u>\$ 5,012,913.06</u>	<u>\$ 5,560,910.84</u>	<u>\$ 7,240,341.33</u>
<u>CAPITAL FUND - REGULAR:</u>			
Cash	\$ 2,893,665.20	\$ 10,979.98	\$ 1,462,048.41
Due Sewer Operating Fund			413,325.09
Due General Capital Fund			300,000.00
Fixed Capital	20,905,061.92	20,972,049.58	20,972,049.58
Fixed Capital Authorized and Uncompleted	13,868,400.39	14,150,200.00	14,150,200.00
<u>TOTAL CAPITAL FUND</u>	<u>\$ 37,667,127.51</u>	<u>\$ 35,133,229.56</u>	<u>\$ 37,297,623.08</u>
	<u>\$ 42,680,040.57</u>	<u>\$ 40,694,140.40</u>	<u>\$ 44,537,964.41</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Due Current Fund	\$	\$	\$ 1,354,648.76
Due Trust Other Fund			54,220.99
Due Sewer Utility Capital Fund			413,325.09
Due General Capital Fund			899,367.81
Appropriation Reserves	436,551.37	142,639.39	877,914.09
Encumbrances Payable	522,092.96	325,778.87	190,235.32
Accounts Payable	14,937.50	130,833.50	61,570.11
Sewer Overpayments	74,533.18	21,447.47	1,946.22
Sewer Connection Overpayment	550.00	550.00	550.00
Prepaid Sewer Charges		152,778.88	77,947.37
Accrued Interest on Bonds	74,039.36	74,039.36	70,760.83
Accrued Interest on Loans	1,928.69	1,928.69	1,768.69
Accrued Interest on Notes	4,470.00		
	\$ 1,129,103.06	\$ 849,996.16	\$ 4,004,255.28
Reserve for Receivables	1,432,496.26	329,894.70	1,328,509.75
Fund Balance	2,451,313.74	4,381,019.98	1,907,576.30
<u>TOTAL OPERATING FUND</u>	<u>\$ 5,012,913.06</u>	<u>\$ 5,560,910.84</u>	<u>\$ 7,240,341.33</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>			
<u>CAPITAL FUND - REGULAR:</u>			
Liabilities:			
Serial Bonds Payable	\$ 4,671,000.00	\$ 4,981,000.00	\$ 5,271,000.00
Special Emergency Note payable		200,000.00	300,000.00
Bond Anticipation Note Payable	2,426,964.00		
EIT Loan Payable	191,991.56	229,389.84	266,788.12
Due Sewer Utility Operating Fund		495,113.00	
Due Current Fund		100,000.00	
Capital Improvement Fund	175,843.56	843.56	843.56
Reserve for Equipment and Vehicle Purchase	565,698.50		
Improvement Authorizations:			
Funded	1,305,111.96	1,206,573.55	1,653,890.28
Unfunded	119,919.46	416,538.22	1,230,640.72
Contracts Payable	841,995.38	486,813.76	1,389,788.05
Reserve for Amortization	18,036,261.54	17,688,863.26	17,361,464.98
Deferred Reserve for Amortization	9,244,500.00	9,244,500.00	9,244,500.00
	\$ 37,579,285.96	\$ 35,049,635.19	\$ 36,718,915.71
Fund Balance	87,841.55	83,594.37	578,707.37
<u>TOTAL CAPITAL FUND</u>	\$ 37,667,127.51	\$ 35,133,229.56	\$ 37,297,623.08
	\$ 42,680,040.57	\$ 40,694,140.40	\$ 44,537,964.41

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (Unaudited)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	\$ 2,925,980.28	\$ 610,000.00	\$ 500,000.00
Sewer Use Charges	10,640,886.78	12,213,416.28	10,254,623.99
Township of Branchburg - Operating Costs	20,000.00	80,000.00	
Township of Warren - Debt Service	196,314.56	61,125.30	73,350.34
Sewer Capital Fund Balance		495,113.00	541,150.00
Miscellaneous Revenue Not Anticipated	249,414.18	481,502.81	637,018.89
Other Credits to Income:			
Accounts Payable Canceled	58,487.73		
Unexpended Balance of Appropriation Reserves	176,976.13	820,620.33	524,463.35
<u>TOTAL INCOME</u>	<u>\$ 14,268,059.66</u>	<u>\$ 14,761,777.72</u>	<u>\$ 12,530,606.57</u>
<u>EXPENDITURES</u>			
Operating	\$ 10,835,798.09	\$ 10,594,281.84	\$ 10,267,759.26
Debt Service	522,118.28	507,111.81	598,389.02
Deferred Charges and Statutory Expenditures	436,869.25	310,000.00	140,000.00
Fund Balance Applied to Sewer Use Charges		266,805.63	131,770.40
Refund of Prior Year Revenue		134.76	
<u>TOTAL EXPENDITURES</u>	<u>\$ 13,271,785.62</u>	<u>\$ 11,678,334.04</u>	<u>\$ 11,137,918.68</u>
Excess in Revenue	\$ 996,274.04	\$ 3,083,443.68	\$ 1,392,687.89
Balance, January 1	4,381,019.98	1,907,576.30	1,014,888.41
	<u>\$ 5,377,294.02</u>	<u>\$ 4,991,019.98</u>	<u>\$ 2,407,576.30</u>
Decreased by:			
Utilization by Sewer Operating Budget	2,925,980.28	610,000.00	500,000.00
Fund Balance, December 31	<u>\$ 2,451,313.74</u>	<u>\$ 4,381,019.98</u>	<u>\$ 1,907,576.30</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

Balance, December 31, 2022	\$	578,707.37
Decreased by:		
Disbursement - Sewer Operating Anticipated Revenue		<u>495,113.00</u>
Balance, December 31, 2023	\$	<u><u>83,594.37</u></u>

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



TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	\$ 610,000.00	\$ 610,000.00	\$
Sewer Use Charges	10,253,088.00	12,213,416.28	1,960,328.28
Sewer Capital Fund Balance	495,113.00	495,113.00	
Township of Branchburg- Share of Operating Costs	20,000.00	80,000.00	60,000.00
Township of Warren- Contribution	300,000.00	61,125.00	(238,875.00)
<u>BUDGET TOTALS</u>	<u>\$ 11,678,201.00</u>	<u>\$ 13,459,654.28</u>	<u>\$ 1,781,453.28</u>
Non - Budget Revenue		481,502.81	481,502.81
	<u>\$ 11,678,201.00</u>	<u>\$ 13,941,157.09</u>	<u>\$ 2,262,956.09</u>

ANALYSIS OF NON-BUDGET REVENUE:

Miscellaneous:	
Interest on Sewer Charges	\$ 210,447.19
Sewer Connection Fees	69,999.02
Interest on Investments and Deposits	166,471.03
Centerbridge Sewer PILOT	5,512.64
Miscellaneous	29,072.93
	<u>\$ 481,502.81</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
OPERATING:					
Salaries and Wages	\$ 1,800,000.00	\$ 1,800,000.00	\$ 1,760,977.57	\$ 39,022.43	\$
Other Expenses	888,000.00	888,000.00	835,899.18	52,100.82	
Somerset Raritan Valley Sewerage Authority	5,533,581.84	5,533,581.84	5,497,896.88	35,684.96	
Insurance:					
Group Health Insurance	2,000,000.00	2,000,000.00	1,998,943.09	1,056.91	
Liability Insurance	372,700.00	372,700.00	372,700.00		
<u>TOTAL OPERATING</u>	<u>\$ 10,594,281.84</u>	<u>\$ 10,594,281.84</u>	<u>\$ 10,466,416.72</u>	<u>\$ 127,865.12</u>	<u>\$</u>
DEBT SERVICE:					
Payment of Bond Principal	\$ 290,000.00	\$ 290,000.00	\$ 290,000.00	\$	\$
Interest on Bonds	164,713.53	164,713.53	164,713.53		
Interest on Notes	12,000.00	12,000.00	12,000.00		
NJEITF Principal	37,400.00	37,400.00	37,398.28		1.72
NJEITF Interest	3,000.00	3,000.00	3,000.00		
<u>TOTAL DEBT SERVICE</u>	<u>\$ 507,113.53</u>	<u>\$ 507,113.53</u>	<u>\$ 507,111.81</u>	<u>\$</u>	<u>\$ 1.72</u>
STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Public Employees Retirement System	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$	\$
Social Security	150,000.00	150,000.00	145,225.73	4,774.27	
Unemployment Compensation Insurance	10,000.00	10,000.00		10,000.00	
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 310,000.00</u>	<u>\$ 310,000.00</u>	<u>\$ 295,225.73</u>	<u>\$ 14,774.27</u>	<u>\$</u>
Surplus (General Budget)	\$ 266,805.63	\$ 266,805.63	\$ 266,805.63	\$	\$
	<u>\$ 11,678,201.00</u>	<u>\$ 11,678,201.00</u>	<u>\$ 11,535,559.89</u>	<u>\$ 142,639.39</u>	<u>\$ 1.72</u>
Disbursements			\$ 11,042,067.49		
Accrued Interest on Bonds			164,713.53		
Accrued Interest on Loans			3,000.00		
Encumbrances Payable			325,778.87		
			<u>\$ 11,535,559.89</u>		

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

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TOWNSHIP OF BRIDGEWATER  
STATEMENT OF GENERAL FIXED ASSETS  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
FIXED ASSETS		
Land	\$ 122,863,410.00	\$ 122,863,410.00
Buildings	46,134,599.00	46,134,599.00
Machinery and Equipment	<u>13,555,414.00</u>	<u>13,696,637.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 182,553,423.00</u>	<u>\$ 182,694,646.00</u>
RESERVE		
Investments in General Fixed Assets	<u>\$ 182,553,423.00</u>	<u>\$ 182,694,646.00</u>

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

## TOWNSHIP OF BRIDGEWATER

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The Township of Bridgewater is governed by the Mayor-Council Plan A form of government under the Optional Municipal Charter Law of 1960., known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the mayor, who is assisted by the Business Administrator. Department Heads are appointed by the Mayor, with consent of Council. The five (5) member Township Council exercises legislative responsibilities.

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 local school district, first aid organization, volunteer fire organization or library, inasmuch as their activities are administered by a separate board.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the presentation of basic financial statements into three fund types, the

The accounting policies of the Township of Bridgewater 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 Bridgewater 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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 statutory 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

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.



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions & Benefits' reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2023 for PERS and PFRS was not available, therefore the information dated June 30, 2022 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)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

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.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions & Benefits' reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

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 as cash and cash equivalents.

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.

The Township of Bridgewater had the following cash and cash equivalents at December 31, 2023:

	Change Fund and Petty Cash	Cash in Bank	Additions	Deletions	Reconciled Balance
Current Fund	\$1,410.00	\$16,649,241.38	\$1,342,866.44	\$679,888.45	\$17,313,629.37
Grant Fund		461,255.45		3,247.31	458,008.14
Animal Control Fund		61,121.92		401.56	60,720.36
Trust Other Fund		13,298,280.64	1,081.46	285,505.83	13,013,856.27
General Capital Fund		4,265,326.03		750,966.48	3,514,359.55
Sewer Operating Fund	100.00	5,493,591.83		978,376.03	4,515,315.80
Sewer Capital Fund		37,957.73		26,977.75	10,979.98
	<u>\$1,510.00</u>	<u>\$40,266,774.98</u>	<u>\$1,343,947.90</u>	<u>\$2,725,363.41</u>	<u>\$38,886,869.47</u>

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 policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$1,250,000.00 was covered by Federal Depository Insurance and \$39,016,774.98 was covered by NJ GUDPA. The Township has no foreign currency risk exposure.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Township is 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;
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.
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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

8. Agreements for the repurchase of fully collateralized securities if:
- the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - the custody of collateral is transferred to a third party;
  - the maturity of the agreement is not more than 30 days;
  - 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
  - a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Bridgewater's had no investments at December 31, 2023.

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 statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.763%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 105,539,470.60	\$ 105,539,470.60	\$
Sewer Utility Debt	8,188,886.32	8,188,886.32	
General Debt	<u>81,809,926.78</u>	<u>8,801.15</u>	<u>81,801,125.63</u>
	<u>\$ 195,538,283.70</u>	<u>\$ 113,737,158.07</u>	<u>\$ 81,801,125.63</u>

Net debt of \$81,801,125.63 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of \$10,727,223,169.00 equals 0.763%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2023</u>	<u>YEAR 2022</u>	<u>YEAR 2021</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 79,250,000.00	\$ 76,313,613.15	\$ 73,706,230.69
Sewer Utility:			
Bonds, Notes and Loans	<u>5,410,389.84</u>	<u>5,837,788.12</u>	<u>5,882,186.40</u>
Total Issued	<u>\$ 84,660,389.84</u>	<u>\$ 82,151,401.27</u>	<u>\$ 79,588,417.09</u>
Less:			
Reserve for Debt Service	\$ <u>8,801.15</u>	\$ <u>8,801.15</u>	\$ <u>7,601.15</u>
Total Deductions	<u>\$ 8,801.15</u>	<u>\$ 8,801.15</u>	<u>\$ 7,601.15</u>
Net Debt Issued	<u>\$ 84,651,588.69</u>	<u>\$ 82,142,600.12</u>	<u>\$ 79,580,815.94</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 2,559,926.78	\$ 2,559,926.78	\$ 2,317,194.78
Sewer Utility:			
Bonds and Notes	<u>2,778,496.48</u>	<u>2,678,496.48</u>	<u>2,678,496.48</u>
Total Authorized But Not Issued	<u>\$ 5,338,423.26</u>	<u>\$ 5,238,423.26</u>	<u>\$ 4,995,691.26</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 89,990,011.95</u></u>	<u><u>\$ 87,381,023.38</u></u>	<u><u>\$ 84,576,507.20</u></u>

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

Equalized Valuation Basis* - December 31, 2023	<u>\$ 10,727,223,169.00</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 375,452,810.92
Net Debt	<u>81,801,125.63</u>
Remaining Borrowing Power	<u><u>\$ 293,651,685.29</u></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 Bridgewater for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 13,941,157.09
Deductions:		
Operating and Maintenance Cost	\$ 10,594,281.84	
Debt Service	507,111.81	
Deferred Charges and Statutory Expenses	310,000.00	
Total Deductions		<u>11,411,393.65</u>
Excess in Revenue - Self Liquidating		<u>\$ 2,529,763.44</u>

SCHEDULE OF DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR  
BONDED DEBT ISSUED AND OUTSTANDING AT DECEMBER 31, 2023

Calendar Year	General Capital		Sewer Utility	
	Principal	Interest	Principal	Interest
2024	\$4,120,000.00	\$2,205,070.00	\$310,000.00	\$161,060.00
2025	4,340,000.00	2,039,520.00	320,000.00	146,360.00
2026	4,425,000.00	1,850,920.00	330,000.00	131,160.00
2027	4,505,000.00	1,683,513.75	335,000.00	122,685.00
2028	4,590,000.00	1,508,220.00	345,000.00	112,560.00
2029	4,645,000.00	1,329,095.00	355,000.00	102,110.00
2030	4,700,000.00	1,150,688.75	365,000.00	91,335.00
2031	4,765,000.00	992,645.00	375,000.00	80,210.00
2032	4,812,000.00	841,585.00	381,000.00	68,830.00
2033	3,850,000.00	705,875.00	355,000.00	57,850.00
2034	3,905,000.00	586,075.00	370,000.00	47,200.00
2035	4,055,000.00	474,900.00	380,000.00	36,100.00
2036	3,129,000.00	355,893.76	380,000.00	24,225.00
2037	2,675,000.00	262,050.00	380,000.00	12,350.00
2038	1,500,000.00	176,300.00		
2039	1,535,000.00	123,800.00		
2040	1,560,000.00	62,400.00		
	<u>\$63,111,000.00</u>	<u>\$16,348,551.26</u>	<u>\$4,981,000.00</u>	<u>\$1,194,035.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

General Serial Bonds:

\$20,945,000.00 General Obligation Bonds of 2022 due in annual installments of \$780,000.00 to \$1,560,000.00 through 2040 at a variable interest rate	\$20,165,000.00
\$16,642,000.00 General Obligation Bonds of 2012 due in annual installments of \$510,000.00 to \$1,012,000.00 through 2032 at a variable interest rate	9,092,000.00
\$8,349,000.00 General Obligation Bonds of 2016 due in annual installments of \$250,000.00 to \$500,000.00 through 2036 at a variable interest rate	6,394,000.00
\$13,170,000.00 General Obligation Bonds of 2018 due in annual installments of \$450,000.00 to \$900,000.00 through 2037 at a variable interest rate	10,610,000.00
\$14,605,000.00 Governmental Loan Refunding Bonds of 2017 due in annual installments of \$30,000.00 to \$1,055,000.00 through 2035 at a variable interest rate	11,770,000.00
\$5,550,000.00 General Obligation Bonds of 2021 due in Annual installments of \$190,000.00 to \$375,000.00 through 2037 at a variable interest rate.	<u>5,080,000.00</u>
	<u>63,111,000.00</u>

Sewer Utility Serial Bonds:

\$636,000.00 General Obligation Bonds of 2012 due in annual installments of \$20,000.00 to \$40,000.00 through 2032 at a variable interest rate	\$356,000.00
\$5,740,000.00 General Obligation Bonds of 2018 due in annual installments of \$190,000.00 to \$380,000.00 through 2037 at a variable interest rate	<u>4,625,000.00</u>
	<u>\$4,981,000.00</u>



NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF SOMERSET COUNTY IMPROVEMENT AUTHORITY LOANS  
ISSUED AND OUTSTANDING AT DECEMBER 31, 2023

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$163,159.90	\$6,398.30	\$169,558.20
2025	79,834.86	3,468.30	83,303.16
2026	81,515.92	1,787.24	83,303.16
2027	41,399.65	251.93	41,651.58
	<u>\$365,910.33</u>	<u>\$11,905.77</u>	<u>\$377,816.10</u>

\$400,845.12 Improvement Authority Loan of 2019 due in monthly installments through 2024 at an interest rate of 2.7571% \$84,391.41

\$391,255.71 Improvement Authority Loan of 2021 due in monthly Installments through 2027 at an interest rate of 2.0856% 280,938.92

\$365,910.33

Bonds and Notes Authorized But Not Issued:

There is \$2,559,926.78 General Capital and \$2,778,496.48 Sewer Capital Bonds and Notes Authorized but not Issued at December 31, 2023.

NOTE 4: SHORT-TERM DEBT

The Township had the following short-term debt:

Bond Anticipation Notes:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund	4.50%	7/31/2024	<u>\$16,139,000.00</u>
Sewer Capital Fund	4.50%	7/31/2024	<u>\$ 200,000.00</u>

NOTE 4: SHORT-TERM DEBT (CONTINUED)

	Interest Rate	Maturity Date	Amount
Emergency Note:			
Current Fund	0.032%	7/31/2024	<u>\$200,000.00</u>

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, as introduced were as follows:

Current Fund	\$6,185,000.00 *
Sewer Utility Fund	\$2,925,980.28 *

\*As Introduced

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 Regional 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, 2023	BALANCE DECEMBER 31, 2022
Prepaid Taxes	<u>\$2,984,051.63</u>	<u>\$1,443,155.17</u>

NOTE 7: COMPENSATED ABSENCES

The Township of Bridgewater permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$913,271.14. 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, 2023.

NOTE 8: PENSIONS 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 Firemen'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](http://www.nj.gov/treasury/pensions/annrpts.shtml).

*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 Firemen's Retirement System (PFRS)* - The Police and Firemen'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.

NOTE 8: PENSION PLANS (CONTINUED)

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 vested 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 vested. 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%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2023, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2023, the State contributed an amount less than the actuarially determined amount. During 2023, PFRS provides for employee contributions of 10.00% of employees' base salary.

NOTE 8: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The Township's share of pension, which is based upon the annual billings received from the state, amounted to \$3,859,984.92 for 2023, \$3,585,039.65 for 2022 and \$3,600,318.78 for 2021.

The Township's share for DCRP amounted to \$32,230.42 for 2023, \$23,517.71 for 2022 and \$17,762.37 for 2021.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2022

Public Employees Retirement System (PERS)

At June 30, 2022, the State reported a net pension liability of \$12,204,306.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the Township's proportion was 0.0808694025 percent, which was a decrease of 0.0153540957 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$2,120,457.00 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, 2022 billing was \$1,126,889.00.

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2022, 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	\$ 311,853.00	\$ 60,568.00
Changes of assumptions	555,616.00	7,171,200.00
Net difference between projected and actual earnings on pension plan investments	585,412.00	
Changes in proportion and differences between Township contributions and proportionate Share of contributions	<u>573,697.00</u>	<u>1,558,709.00</u>
	\$ <u>2,026,578.00</u>	\$ <u>8,790,477.00</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:

Year Ended <u>June 30,</u>	<u>Amount</u>
2021	(\$2,326,116.40)
2022	(2,156,341.40)
2023	(1,316,714.40)
2024	(649,795.40)
2025	<u>(294,931.40)</u>
	<u>(\$6,763,899.00)</u>

NOTE 8: 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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 8: 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, 2022) 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, 2022 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	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 8: 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, 2022 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, 2022		
	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	\$15,678,958.00	\$12,204,306.00	\$9,247,237.00

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, 2022, 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.

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of December 31, 2022 was 0.0811924885%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2022 was \$25,678.00.

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, 2022, the State reported a net pension liability of \$24,692,972.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the Township's proportion was 0.2157277900 percent, which was an increase of 0.0049663800 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension expense of \$165,806.00. The pension expense recognized in the Township's financial statements based on the April 1, 2022, billing was \$781,647.00.

NOTE 8: PENSION PLANS (CONTINUED)

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

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,117,670.00	\$ 1,512,780.00
Changes of assumptions	67,674.00	3,108,357.00
Net difference between projected and actual earnings on pension plan investments	2,261,151.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>557,154.00</u>	<u>1,376,444.00</u>
	\$ <u>4,003,649.00</u>	\$ <u>5,997,581.00</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>		
2023	\$	(1,398,900.00)
2024		(953,127.00)
2025		(915,724.00)
2026		1,406,674.00
2027		(148,722.00)
Thereafter		<u>15,867.00</u>
	\$	<u>(1,993,932.00)</u>

NOTE 8: 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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 8: 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, 2022) 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, 2022 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	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2022. 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.

NOTE 8: PENSION PLANS (CONTINUED)

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

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

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, 2022, 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, 2022		
	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	\$33,881,423.00	\$24,692,972.00	\$17,043,540.00

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. 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.

NOTE 8: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2022 and 2021 is 0.02157276300% and 0.2107611843% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2022 and 2021 was \$547,109.00 and \$376,371.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2022 and 2021 was \$507,023.00 and \$482,527.00, respectively.

At June 30, 2022 and 2021, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,394,625.00 and \$4,332,617.00, respectively.

At June 30, 2022, 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	\$24,692,972.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>4,394,625.00</u>
	<u>\$29,087,597.00</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 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, 2023, 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 2023 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has established a reserve for this purpose in the Current Fund, the balance of which is \$483,939.86 at December 31, 2023.

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>Employee Contributions</u>	<u>Township Contributions, Interest &amp; Other</u>	<u>Amount Reimbursed</u>		<u>Ending Balance</u>
2023	\$	21,840.52	\$ 151,525.49	\$ 101,385.30	\$	95,246.48
2022		23,433.12	283.50	25,702.25		23,265.77
2020		22,600.00		627.77		25,251.40



NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Township of Bridgewater adopted an ordinance establishing a Length of Service Awards Program effective for 2003 for the members of the Bridgewater First Aid/Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq. Under this program, each volunteer of the Bridgewater First Aid/Rescue Squad that performs the minimum amount of service will have an annual amount up to \$1,265.25 deposited into a tax deferred account. The Township budgeted \$74,000.00 for the program in 2023.

The accompanying financial statements do not include the Township's Length of Service Awards Program's activities. The Township's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

The plan is administered by Lincoln Financial.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 323,576.51	\$ 2,853,979.78
Grant Fund	684,043.01	
Animal Control Fund		15,975.36
Trust Other Fund	1,949,349.43	601.12
General Capital Fund	601.12	207,601.15
Sewer Utility Operating Fund	715,700.34	
Sewer Capital Fund		595,113.00
	<u>\$ 3,673,270.41</u>	<u>\$ 3,673,270.41</u>

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

**NOTE 15: 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 Nationwide Retirement Solutions, Mass Mutual and AXA-Equitable.

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 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Township is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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.

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.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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.

Contributions

The Township's contributions to SHBP was \$2,210,754.96 for 2023 and \$2,894,709.03 for 2022 which equaled the required contributions for the year.

Total Net OPEB Liability

At June 30, 2022, the Plan reported a Liability of \$48,940,703.00 for the Township's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The Township'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, 2021 through June 30, 2022.

At June 30, 2022, the Township's proportion was 0.303046 percent, which was an increase of 0.303046 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State reported OPEB expense of \$8,961,917.00. This OPEB expense was based on the OPEB plans June 30, 2022 measurement date.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$2,527,350.00	\$9,071,526.00
Changes of assumptions	6,531,340.00	16,702,518.00
Net difference between projected and actual earnings on OPEB plan investments	12,884.00	
Changes in proportion	<u>58,000,361.00</u>	<u></u>
	<u>\$67,071,935.00</u>	<u>\$25,774,044.00</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 OPEB will be recognized in the State's actuarially calculated OPEB (benefit)/expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2023	\$7,165,356.20
2024	7,161,441.20
2025	8,094,951.20
2026	10,034,664.20
2027	11,249,113.20
2028-2029	<u>(2,407,635.00)</u>
	<u>\$41,297,891.00</u>

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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%

Mortality

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

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

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

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

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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

The following presents the Net OPEB Liability associated with the Township's as of June 30, 2022, 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, 2022		
	1.00% <u>Decrease (2.54%)</u>	At Discount <u>Rate (3.54%)</u>	1.00% <u>Increase (4.54%)</u>
Township's proportionate share of the Net OPEB Liability	\$56,732,127.15	\$48,940,703.11	\$42,671,773.49

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

The following presents the total Net OPEB Liability associated with the Township's as of June 30, 2022, 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, 2022		
	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	\$41,517,871.87	\$48,940,703.11	\$58,447,259.75

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 17: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023:

	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Land	\$122,863,410.00			\$122,863,410.00
Buildings	46,134,599.00			46,134,599.00
Machinery and Equipment	<u>13,696,637.00</u>	<u>\$628,633.00</u>	<u>\$769,856.00</u>	<u>13,555,414.00</u>
	<u>\$182,694,646.00</u>	<u>\$628,633.00</u>	<u>\$769,856.00</u>	<u>\$182,553,423.00</u>

NOTE 18: DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023 the following deferred charges are shown on the balance sheets of the various funds.

	BALANCE DECEMBER 31, 2023	RAISED IN 2024 BUDGET	BALANCE DEFERRED TO BUDGETS OF SUCCEEDING YEARS
Current Fund:			
N.J.S.A. 40A:4-53:			
Severance Pay	\$200,000.00	\$100,000.00	\$100,000.00
Over-expenditure of Appropriations	202,567.46	202,567.46	
Over-expenditure of Appropriation Reserves	<u>43,539.04</u>	<u>43,539.04</u>	
	<u>\$446,106.50</u>	<u>\$346,106.50</u>	<u>\$100,000.00</u>
Trust Fund:			
Over-expenditure of Salary Settlement Reserve	<u>\$376,732.07</u>	<u>\$376,732.07</u>	

NOTE 19: SUBSEQUENT EVENTS

The Township of Bridgewater has evaluated subsequent events occurring after the financial statement date through July 25, 2024, which is the date the financial statements were available to be issue. No items were noted for disclosure or adjustment.



**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of August 1, 2025 by the Township of Bridgewater, in the County of Somerset, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$5,795,000 Bond Anticipation Notes, Series 2025B (the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

### **ARTICLE I**

#### **THE UNDERTAKING**

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Disclosure Event Notices. If a Disclosure Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, a Disclosure Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Disclosure Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Disclosure Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Disclosure Event Notice.

### **ARTICLE II**

#### **OPERATING RULES**

Section 2.1. Disclosure Event Notices. Each Disclosure Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer’s notices.

## ARTICLE III

### TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations

to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

## **ARTICLE IV**

### **DEFINITIONS**

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Disclosure Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(3) “Disclosure Event Notice” means notice of a Disclosure Event.

(4) “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Undertaking and as may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) “SEC” means the United States Securities and Exchange Commission.

(8) “State” means the State of New Jersey.

**IN WITNESS WHEREOF**, the Issuer has caused this Undertaking to be executed by its Chief Financial Officer as of the date first above written.

**TOWNSHIP OF BRIDGEWATER,  
COUNTY OF SOMERSET, NEW JERSEY**

By:\_\_\_\_\_

Name: William B. Pandos

Title: Chief Financial Officer

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**APPENDIX D**

**FORM OF APPROVING OPINION OF GIBBONS P.C.**

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**[FORM OF BOND COUNSEL OPINION]**

August \_\_, 2025

Mayor and Township Council  
Township of Bridgewater  
Municipal Building  
100 Commons Way  
Bridgewater, New Jersey 08807

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Township Council of the Township of Bridgewater, in the State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$5,795,000 Bond Anticipation Notes, Series 2025B (the "Notes"). The Notes are issued in registered form without coupons, are dated the date of delivery, bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ Hundredths Percent (\_\_\_\_%) per annum and are payable at maturity on July 29, 2026. The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law") and a bond ordinance in all respects duly approved and published as required by law. The Notes are not subject to redemption prior to maturity.

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are valid and legally binding obligations of the Township.

2. 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 principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Notes .

4. Under existing law, interest on the Notes and any net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent

conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.

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