

OFFICIAL STATEMENT DATED SEPTEMBER 15, 2021

NEW ISSUE

RATING: S&P: "AA-"
(See "RATING" herein)

In the opinion of Bond Counsel, assuming compliance by the Township with certain tax covenants described herein, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$34,580,000
TOWNSHIP OF SOUTH BRUNSWICK
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL OBLIGATION BONDS OF 2021
consisting of:
\$10,430,000 General Improvement Bonds of 2021,
\$14,900,000 Water-Sewer Utility Bonds of 2021, and
\$9,250,000 Open Space Bonds of 2021
(BOOK-ENTRY ONLY) (CALLABLE)

Dated: Date of Delivery

Due: September 1, as shown on the inside front cover

The \$34,580,000 General Obligation Bonds of 2021, consisting of \$10,430,000 General Improvement Bonds of 2021 (the "General Improvement Bonds"), \$14,900,000 Water-Sewer Utility Bonds of 2021 (the "Water-Sewer Utility Bonds") and \$9,250,000 Open Space Bonds of 2021 (the "Open Space Bonds") and, collectively with the General Improvement Bonds and the Water-Sewer Utility Bonds, the "Bonds") of the Township of South Brunswick in the County of Middlesex, New Jersey (the "Township"), 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 taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Bonds will be issued as fully-registered bonds in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Bonds may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof, equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiples thereof. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

Principal of the Bonds is payable on September 1 in each of the years set forth on the inside front cover hereof. Interest on the Bonds is payable initially on March 1, 2022 and semiannually thereafter on September 1 and March 1 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), by various bond ordinances duly adopted by the Township Council, and by a resolution duly adopted by the Township Council on August 24, 2021 (the "Resolution").

The Bonds, along with other funds of the Township, are being issued to: (i) currently refund the Township's outstanding Bond Anticipation Notes, Series 2020A in the amount of \$22,618,300 maturing September 28, 2021 (the "Prior Notes"); (ii) permanently finance the cost of various improvements in and by the Township in the amount of \$12,748,300; and (iii) pay costs and expenses incidental to the issuance of the delivery of the Bonds.

The Bonds are subject to redemption prior to their stated maturities at the times and in the manner described herein. See "THE BONDS – Optional Redemption" herein.

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

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of McCarter & English, LLP, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Counsel, Donald J. Sears, Esq., South Brunswick, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor in connection with the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in Jersey City, New Jersey on or about September 27, 2021.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

\$34,580,000
TOWNSHIP OF SOUTH BRUNSWICK
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL OBLIGATION BONDS OF 2021
consisting of:
\$10,430,000 General Improvement Bonds of 2021,
\$14,900,000 Water-Sewer Utility Bonds of 2021, and
\$9,250,000 Open Space Bonds of 2021
(BOOK-ENTRY ONLY) (CALLABLE)

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

<u>Maturity</u> <u>(September 1)</u>	<u>General</u> <u>Improvement</u> <u>Bonds</u>	<u>Water-Sewer</u> <u>Utility</u> <u>Bonds</u>	<u>Open Space</u> <u>Bonds</u>	<u>Combined</u> <u>Principal</u> <u>Amounts</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number*</u>
2022	\$825,000	\$775,000	\$250,000	\$1,850,000	2.00%	0.20%	8367853G8
2023	825,000	855,000	280,000	1,960,000	2.00	0.29	8367853H6
2024	825,000	1,150,000	290,000	2,265,000	2.00	0.38	8367853J2
2025	825,000	1,210,000	290,000	2,325,000	2.00	0.50	8367853K9
2026	825,000	1,210,000	290,000	2,325,000	2.00	0.70	8367853L7
2027	825,000	1,210,000	300,000	2,335,000	2.00	0.82	8367853M5
2028	825,000	1,210,000	310,000	2,345,000	2.00	1.00	8367853N3
2029	775,000	1,210,000	315,000	2,300,000	2.00	1.10	8367853P8
2030	780,000	1,210,000	320,000	2,310,000	2.00	1.25	8367853Q6
2031	775,000	1,215,000	330,000	2,320,000	2.00	1.45	8367853R4
2032	775,000	1,215,000	345,000	2,335,000	2.00	1.60	8367853S2
2033	775,000	1,215,000	355,000	2,345,000	2.00	1.70	8367853T0
2034	775,000	1,215,000	365,000	2,355,000	2.00	1.80	8367853U7
2035			375,000	375,000	2.00	1.85	8367853V5
2036			385,000	385,000	2.00	1.90	8367853W3
2037			395,000	395,000	2.00	2.00	8367853X1
2038			400,000	400,000	2.00	2.05	8367853Y9
2039			410,000	410,000	2.00	2.10	8367853Z6
2040			425,000	425,000	2.125	2.15	8367854A0
2041			440,000	440,000	2.125	2.18	8367854B8
2042			450,000	450,000	2.125	2.21	8367854C6
2043			465,000	465,000	2.125	2.24	8367854D4
2044			475,000	475,000	2.25	2.27	8367854E2
2045			490,000	490,000	2.25	2.30	8367854F9
2046			500,000	500,000	2.25	2.33	8367854G7

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

**TOWNSHIP OF SOUTH BRUNSWICK
MUNICIPAL BUILDING
540 RIDGE ROAD
MONMOUTH JUNCTION, NJ 08852**

Mayor

Charles Carley

Township Council

Joseph Camarota, Deputy Mayor
Archana "Ann" Grover
Josephine "Jo" Hochman
Kenneth Bierman

Acting Township Manager

Bryan Bidlack

Township Clerk

Barbara Nyitrai

Chief Financial Officer

John Bolcato

Township Solicitor

Donald J. Sears, Esquire

Township Auditor

Wiss & Company, LLP
Florham Park, New Jersey

Bond Counsel

McCarter & English, LLP
Newark, New Jersey

Municipal Advisor

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from DTC, and the Township takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Township, and the Township makes no representation as the accuracy and completeness of such information.

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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The order and the placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

The presentation of information in this Official Statement is intended to show recent historic information and, except as expressly stated otherwise, it is not intended to indicate future or continuing trends in the financial condition or other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

This Official Statement is not to be construed as a contract or an agreement between the Township and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information estimates and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement or any sale of the Bonds made hereunder shall not, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE YIELDS STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWNSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

McCarter & English, LLP has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefore and will express no opinion with respect thereto.

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OFFICIAL STATEMENT
Relating to

\$34,580,000 GENERAL OBLIGATION BONDS OF 2021
consisting of:
\$10,430,000 General Improvement Bonds of 2021,
\$14,900,000 Water-Sewer Utility Bonds of 2021, and
\$9,250,000 Open Space Bonds of 2021
(BOOK-ENTRY ONLY) (CALLABLE)

OF THE
TOWNSHIP OF SOUTH BRUNSWICK
IN THE COUNTY OF MIDDLESEX, NEW JERSEY

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of South Brunswick in the County of Middlesex, New Jersey (the "Township") in connection with the sale and the issuance of \$34,580,000 General Obligation Bonds of 2021, consisting of \$10,430,000 General Improvement Bonds of 2021 (the "General Improvement Bonds"), \$14,900,000 Water-Sewer Utility Bonds of 2021 (the "Water-Sewer Utility Bonds") and \$9,250,000 Open Space Bonds of 2021 (the "Open Space Bonds" and, collectively with the General Improvement Bonds and the Water-Sewer Utility Bonds, the "Bonds"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Township.

Prior to the issuance of the Bonds, the Township will execute an agreement for the benefit of the holders of the Bonds to comply with the secondary market disclosure requirements of the Securities and Exchange Commission's Rule 15c2-12 ("Rule 15c2-12") applicable to the Bonds. See "SECONDARY MARKET DISCLOSURE" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

THE BONDS

General Description

The Bonds are dated their date of delivery, will mature on the dates and in the amounts and will bear interest payable semiannually, all as set forth on the inside front cover page hereof. The Bonds may be purchased in book-entry only form in the amount of \$5,000 and integral multiples of \$1,000 in excess

thereof, through book-entries made on the books of The Depository Trust Company ("DTC"), and its participants. Beneficial Owners of the Bonds will not receive certificates representing their interests in the Bonds. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign) as nominee for DTC.

Principal of the Bonds is payable on September 1 in each of the years set forth on the inside front cover hereof. Interest on the Bonds is payable initially on March 1, 2022 and semiannually thereafter on September 1 and March 1 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds 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 concerning these matters.

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or 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, its nominee, the paying agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

THE TOWNSHIP AND PAYING AGENT, IF ANY, CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO THE DIRECT PARTICIPANTS OR THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS: (I) PAYMENTS OF PRINCIPAL OR INTEREST THEREON; (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE TOWNSHIP NOR ANY PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DIRECT PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE TOWNSHIP AS BEING A HOLDER OF THE BONDS. THE TOWNSHIP AND ANY PAYING AGENT SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO: (I) ANY OWNERSHIP INTEREST IN THE BONDS; (II) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR INTEREST ON THE BONDS; (III) THE DELIVERY TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY REDEMPTION OR OTHER NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS HOLDER OF THE BONDS.

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.

Discontinuation of Book-Entry Only System

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

In the event that the book-entry only system for the Bonds is discontinued, the Township has provided that upon receipt of the Bond certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

Optional Redemption

The Bonds maturing prior to September 1, 2029 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after September 1, 2029 are subject to redemption at the option of the Township, in whole or in part on any date on or after September 1, 2028, upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the “Redemption Price”), plus in each case accrued interest to the date fixed for redemption.

Notice of Redemption (“Notice of Redemption”) shall be given by mailing by first class mail, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, in a sealed envelope with postage prepaid to the owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of any maturity of the Bonds prior to maturity, such Bonds shall be redeemed by the Township in inverse order of maturity and within any maturity shall be selected by the Township by lot.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest thereon to the date fixed for redemption.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized by and are issued pursuant to the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), by various bond ordinances duly adopted by the Township Council, and by a resolution duly adopted by the Township Council on August 24, 2021 (the “Resolution”).

The Bonds, along with other funds of the Township in the amount of \$600, are being issued to: (i) currently refund the Township’s outstanding Bond Anticipation Notes, Series 2020A in the amount of \$22,618,300 maturing September 28, 2021 (the “Prior Notes”); (ii) permanently finance the cost of various improvements in and by the Township in the amount of \$12,748,300; and (iii) pay costs and expenses incidental to the issuance of the delivery of the Bonds.

General Improvement Bonds of 2021

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Bonds</u>	<u>New Money</u>
2012-10	Various Improvements	\$590,000	\$0
2014-24	Various Capital Improvements	378,900	0
2015-24	Various Capital Improvements	824,950	0
2015-31	Open Space Acquisitions	285,000	0
2017-27	Various Capital Improvements	1,364,000	0
2018-22	Various Capital Improvements	1,988,500	0
2018-23	Purchase of a Bookmobile	225,000	0
2019-23	Acquisition of Land	5,200	0
2019-24	Various Capital Improvements	1,596,150	0
2021-01	Expansion, Renovation and Repair of South Brunswick Public Library	0	3,011,300
2021-16	Open Space Acquisitions	0	475,000
Total:		<u>\$7,257,700</u>	<u>\$3,486,300</u>
Total General Improvement Bonds:			<u>\$10,744,000</u>

Water-Sewer Utility Bonds of 2021

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Bonds</u>
2007-35	Various Utility Improvements	\$150
2011-21	Various Utility Improvements	514,500
2012-23	Various Utility Improvements	112,400
2015-25	Various Utility Improvements	8,124,900
2016-18	Various Utility Improvements	784,750
2017-28	Various Utility Improvements	2,006,350
2018-24	Various Utility Improvements	2,687,000
2019-25	Various Utility Improvements	1,129,950
Total Water-Sewer Utility Bonds:		<u>\$15,360,000</u>

Open Space Bonds of 2021

<u>Ordinance No.</u>	<u>Purpose</u>	<u>New Money</u>
2021-16	Open Space Acquisitions	\$9,262,000
Total Open Space Bonds:		<u>\$9,262,000</u>
Grand Total Bonds:		<u>\$35,366,000</u>

SECURITY

The Bonds are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Township is required by law to levy ad valorem taxes upon all the taxable property within the jurisdiction of the Township for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount if such Bonds are not paid from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes nor are any payments of principal or interest on the Township's indebtedness past due.

THE TOWNSHIP

General Information

The Township is located in the County of Middlesex, New Jersey. The governing board of the Township consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying-out the policies of the Township Council. The Chief Financial Officer heads the Finance Department which is responsible for tax collection, tax assessment, sewer and water utilities collection, data processing, treasury and purchasing.

For more information regarding the Township including the tax base, please see "Appendix A: General Information Regarding the Township of South Brunswick" and "Appendix B: Financial Statements of the Township of South Brunswick."

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the Township, as annually determined by the State Director of Taxation is \$9,636,050,458.67.

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

The Township has not exceeded its statutory debt limit. On December 31, 2020, the statutory net debt as a percentage of average equalized valuation was 0.346%. As noted above, the statutory limit is 3.5%.

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

A local unit may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditures. A local unit’s bond anticipation notes may be issued for periods not greater than one year and may be renewed from time to time for additional periods, none of which shall exceed one year; all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

School Debt Subject to Voter Approval

State law permits the school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized valuation of taxable real property in the district, by using the available borrowing capacity of the local unit. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the local unit, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

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

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

Tax anticipation notes are limited in amount by law and must be paid off within 120 days of the close of the fiscal year (six months in the case of counties).

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

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

The budget also must provide for any cash deficits of the prior year.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1 *et seq.*)

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

Additionally, legislation constituting P.L. 2007, c.62, effective April 3, 2007, 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 exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%.

Additionally, legislation constituting P.L. 2010, c.44, effective July 13, 2010, reduced the 4% cap on the tax of a municipality, county and school district to 2%, with certain exceptions, including increases required to be raised for debt service, for pension contributions and accrued liability for pension contributions in excess of 2%, for health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2% of the total health care costs in the prior year, subject to certain other limitations, and extraordinary costs incurred by a local unit directly related to a declared emergency. The voters may approve increases over 2% not otherwise permitted by a vote of a majority of the voters voting on a public question.

Neither the tax levy limitations nor the “Cap Law” limit the obligation of the local unit to levy ad valorem taxes upon all taxable property within the jurisdiction of the local unit to pay debt service on its bonds or notes.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: “No miscellaneous revenues 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 of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and off setting reserves.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: “The maximum which may be anticipated is the sum produced by 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.”

N.J.S.A. 40A:4-41 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 the preceding fiscal year.”

This provision and N.J.S.A. 40A:4-40 require 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 of the prior year’s tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows: the levy required to balance the budget, divided by the prior year’s percentage of current tax collections, equals the total taxes to be levied.

Deferral of Current Expenses

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, expenses of a municipal consolidation

commission, contractually required severance liabilities and sanitary or storm system map preparation which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project, and emergency appropriations for other purposes may be funded by a refunding bond ordinance over a period approved by the Local Finance Board.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Operations of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. 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 provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be funded from utility surplus, if any, are required to be raised in the "current" or operating budget.

Capital Budget

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

Tax Assessment and Collection Procedure

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

Upon the filing of certified adopted budgets by the Township's Local School District, Fire Districts and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq.

Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills for calendar-year municipalities are, generally, mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey Statutes. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to the taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. Delinquent taxes are included in a tax sale prior to the end of each fiscal year in accordance with New Jersey Statutes.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; experiences severe tax collection problems for two (2) successive years; has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Appeals

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

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

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

An independent examination of the local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," which must be completed within six (6) months after the close of its

fiscal year, includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2019 is on file with the Township Clerk and is available for review during business hours.

SECONDARY MARKET DISCLOSURE

The Township will covenant for the benefit of the Bondholders and the Beneficial Owners in a Continuing Disclosure Certificate dated the date of closing (the "Certificate") to be executed and delivered by the Township simultaneously with the delivery of the Bonds, to provide certain financial information and operating data (the "Annual Report") and to provide notices of certain enumerated events. The Annual Report will be filed by or on behalf of the Township with the State Repository, if any, and the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15(b)1 of the Securities Exchange Act of 1934 ("Act") as the same may be amended from time to time, through the Electronic Municipal Market Access system ("EMMA") or any other public or private repository or entity that shall hereafter be designated by the Security and Exchange Commission ("SEC") as a repository for purposes of Rule 15c2-12(b)(5) under the Act (the "Rule"), as may be amended from time to time. The specific nature of the secondary market disclosure is set forth in the Certificate which appears as Appendix D to this Official Statement. These covenants have been made by the Township to assist the Underwriter in complying with the provisions of the Rule.

The Township has previously entered into continuing disclosure undertakings under the Rule. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in March of 2013 to act as Continuing Disclosure Agent/Dissemination Agent to assist in the filing of certain information on EMMA as required under its obligations.

LITIGATION

To the knowledge of the attorney for the Township, Donald J. Sears, Esq., South Brunswick, New Jersey (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter of the Bonds at the closing.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds

and has covenanted not to take any action or permit any action that would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds be an item of tax preference under Section 57 of the Code.

In the opinion of Bond Counsel, assuming continuing compliance by the Township with the tax covenants referred to above, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Bond Counsel will render its opinion as of the date of issuance of the Bonds, and will assume no obligation to update the opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed.

Additional Federal Income Tax Consequences

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

The Internal Revenue Service (the "IRS") has established an on-going program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Township as the taxpayer, and the owners of the Bonds may have limited rights to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Original Issue Discount

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

properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

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

State Taxation

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

Changes in Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds.

RATING

The Township has requested a rating for the Bonds from S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"). The Rating Agency has assigned its rating of "AA-" to the Bonds.

An explanation of the significance of such credit rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. There is no assurance that such credit rating will continue for any period of time or that such rating will not be revised or withdrawn. Any such revision or withdrawal of such credit rating may have an adverse affect on the market price of the Bonds.

UNDERWRITER

The Bonds have been purchased from the Township at a public sale by Roosevelt & Cross Inc. and Associates (“Underwriter”). The proceeds of the Bonds total \$35,374,333.29. The Underwriter is obligated to purchase all of the Bonds if any Bonds are purchased.

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey served as municipal advisor to the Township (the “Municipal Advisor”) with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Municipal Advisor. 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 Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”), 11 U.S.C. Section 901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, a political subdivision or public agency or instrumentality of the State that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (the “Bankruptcy Court”) to adjust its debts. Chapter 9 of the Bankruptcy Code does not permit such entity to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed public entity to seek protection from its creditors by staying the commencement or continuation of certain actions against such public entity while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Township file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the Bonds, the holders of the Bonds would be considered creditors and would be bound by the Township’s plan of adjustment of its debt.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that any “political subdivision” of the State as defined therein, which includes the Township, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the “political subdivision” has obtained approval of the Municipal Finance Commission (the powers of the Municipal Finance Commission have been vested in the Local Finance Board). Section 903 of the Bankruptcy Code, 11 U.S.C. Section 903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; provided, however, that a state law

prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

THE ABOVE REFERENCES TO THE FEDERAL AND STATE BANKRUPTCY LAWS ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY LAWS OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE BONDS.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed on for the Township by its Counsel, Donald J. Sears, Esq., South Brunswick, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion and/or certification, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion and/or certification guarantee the outcome of any legal dispute that may arise out of the transaction.

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 Underwriter, by certificate signed by the Township's Chief Financial Officer, that to his 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 contained herein, in light of the circumstances under which they were made, not misleading.

Phoenix Advisors, LLC assisted in the preparation of this Official Statement but has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and accordingly, express no opinion with respect thereto.

Wiss & Company, LLP has not assisted in the preparation of this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and accordingly, express no opinion with respect thereto. Wiss & Company, LLP takes responsibility for the audited financial statements set forth in Appendix B to this Official Statement to the extent specified in their Independent Auditors' Report.

McCarter & English, LLP has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefore and will express no opinion with respect thereto.

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

FINANCIAL STATEMENTS

Appendix “B” contains certain unaudited financial data of the Township extracted from the Township’s Annual Financial Statement for the Township’s fiscal year ending December 31, 2020 and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2019 and December 31, 2018. The audited financial data was extracted from the report prepared by Wiss & Company, LLP, Florham Park, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, expresses no opinion with respect thereto.

RECENT HEALTHCARE DEVELOPMENTS

In addition to the general and financial information concerning the Township set forth in "APPENDIX A - Certain General and Demographic Information Concerning the Township of South Brunswick," the Township has provided the following information related to the effects of global health pandemic known as "COVID-19", a new strain of coronavirus that has impacted global travel, trade and economics since March of 2020 ("COVID-19"), upon the Township.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, Governor Phil Murphy signed into law P.L. 2020, c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five-year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five-year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. The Township does not expect to issue special emergency notes in order to address any financial impacts caused by the COVID-19 pandemic.

Township revenues have not been materially impacted by COVID-19. Notwithstanding the relatively unaffected overall revenue position of the Township during the pendency of the pandemic to date, as set forth above (including careful budgeting for certain anticipated expenditures necessary to provide Township services), COVID-19 has resulted in certain additional and unanticipated expenses of the Township, including for, but not limited to, increased emergency services, core health and human services, public works and other services deemed necessary and essential for public needs. Such expenses have been, and continue to be, paid from available funds of the Township and from funding under the Federal Coronavirus Aid, Relief and Economic Security Act. The Township has not borrowed (and does not presently anticipate borrowing) monies to pay for any COVID-related expenses. Nor does

the Township anticipate that this year will result in any deficit amount that would necessitate any borrowing or special emergency appropriation.

Ultimately, the Township cannot predict, and does not predict, the duration, the severity or the ultimate economic impact of COVID-19 upon the Township, or any intervening legislative or gubernatorial measures in response thereto, and the Township makes no assurances, and cannot make any assurances, with respect to the ongoing and final impact of COVID-19 upon the Township.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to John Bolcato, Chief Financial Officer, Township of South Brunswick, Municipal Building, 540 Ridge Road, Monmouth Junction, New Jersey 08852, (732) 329-4000 or to Sherry L. Tracey, Senior Managing Director, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF SOUTH BRUNSWICK IN THE COUNTY OF MIDDLESEX, NEW JERSEY

By: /s/ John Bolcato
John Bolcato
Chief Financial Officer

Dated: September 15, 2021

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APPENDIX A

**GENERAL INFORMATION REGARDING THE
TOWNSHIP OF SOUTH BRUNSWICK**

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INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township encompasses 41.7 square miles in the southern part of the County and is a suburban environment that offers recreational opportunities, cultural opportunities and an outstanding school system.

Because of its location and access to various forms of transportation, the Township is an ideal area for businesses and commuters. New York City, Princeton, and Philadelphia are approximately sixty (60) miles, ten (10) miles, and sixty (60) miles away, respectively from the Township. Major airports are nearby, with Newark Liberty International Airport roughly thirty (30) minutes away, and LaGuardia, Kennedy and Philadelphia airports all within ninety (90) minutes. Furthermore, the Township has access to commuter rail services and a network of well-maintained roads. AMTRAK and New Jersey Transit operate their commuter rail service in nearby Princeton Junction and New Brunswick. Roads like, Route 1, Route 130, Route 27, Route 522 and the New Jersey Turnpike are connected to the Township.

Form of Government

The governing body of the Township consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. Terms are staggered by two-year intervals. The Township Council serves as a legislative arm of the government and establishes the policies of the Township. The Township Council conducts meetings on the second and fourth Tuesday of the month at which it enacts ordinances and resolutions. On the first Tuesday of each month, work sessions are held for the Township Council to discuss pending actions and policies. All meetings are held in accordance with the State’s Open Public Meetings Act. Since 1995, all meetings of the Township Council have been televised on the local television station.

The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying out the policies of the Township Council. The responsibilities of the Township Manager include being accountable for all employees, proposing the annual budget and coordinating all activities of all departments within the Township. Most of the Department Heads have professional and/or State licenses in their respective field, which greatly contributes to the high quality of municipal management. The Township employs a full-time licensed planner who advises the administration and elected and appointed officials on development within the Township. The Township employs approximately two hundred sixty-eight (268) full-time employees, and fifteen (15) part-time employees.

¹ Source: The Township, unless otherwise indicated.

Police and Fire Protection

The Police Department consists of eighty-seven (87) full-time professional officers. Additional employees serve on a full-time and part-time basis as dispatchers, auxiliary officers, school crossing guards, and administrative and clerical support. The department uses a state of the art Police Information Management System, operated on the Township's computer network. The Township equips police vehicles with Mobile Data Computers (MDCs) that give officers the latest in technology, efficiency, and safety, and most police vehicles are equipped with in-car video systems. The department's MDCs are among the first in the State. The Township provides and services nine area law enforcement departments with MDCs through interlocal service agreements. These agreements help defray the Township's cost of the program.

Three (3) volunteer fire companies (within independent fire districts with separate taxing power) provide fire protection to the Township.

Water and Sewer Utility

The Township-owned Water and Sewer Utility provides potable water and sewerage service. The utility pumps water from New Jersey's largest aquifer to storage facilities throughout the developed area of the Township. The Township has storage capacity for 10 million gallons representing two days' average usage.

The Township also uses an interconnection with the American Water Company to supplement its water supply. The Township currently draws 3.7 million gallons a day from the American Water source. The Township's water supply is sufficient to meet all approved development. The Township also has four (4) emergency interconnections with three (3) neighboring utilities.

The Township is a member of the Stony Brook Regional Sewerage Authority ("Stony Brook") and a customer of the Middlesex County Utilities Authority (the "MCUA"). All sanitary sewage is pumped by the Township to either the Stony Brook tertiary treatment facility or the MCUA secondary treatment facility. It is estimated that both facilities have sufficient capacity. No sewer moratoriums or bans are in effect in the Township.

The utility maintains a budget separate from the general Township operating fund, which is funded through water and sewer charges. Water and sewer rates are charged at levels sufficient to finance all operating costs and debt service for the current year to maintain the utility's self-liquidating status. The Township periodically reviews water and sewer rates to ensure a self-liquidating status. The last increases in water and sewer rates went into effect in 2014. Water and sewer utility charges are billed quarterly.

Solid Waste Disposal

The Township is currently under contract with a private hauler for the disposal of the Township's solid waste. The Township expects overall costs to remain stable due to the high level

of competition among the many private haulers in central New Jersey. The Township also has a highly successful recycling program that has been a model for other municipalities.

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 "DPB"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The DPB 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 DPB issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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 multiple-employer defined contribution pension fund which was established as of 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:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2020	24,844	23,168	1,676	6.7%
2019	25,472	24,840	632	2.5%
2018	25,168	24,450	718	2.9%
2017	25,295	24,453	842	3.3%
2016	24,954	24,017	937	3.8%
<u>County</u>				
2020	436,329	398,298	38,031	8.7%
2019	440,256	427,054	13,202	3.0%
2018	435,591	420,369	15,222	3.5%
2017	438,909	421,423	17,486	4.0%
2016	437,873	418,638	19,235	4.4%
<u>State</u>				
2020	4,495,200	4,055,300	439,900	9.8%
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%

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 2019)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$120,546	\$89,533	\$82,545
Median Family Income	139,202	107,149	102,260
Per Capita Income	53,383	39,599	42,745

Source: US Bureau of the Census, 2019 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2019 Estimate	45,685	5.22%	825,062	1.88%	8,882,190	1.03%
2010	43,417	15.06	809,858	7.96	8,791,894	4.49
2000	37,734	46.30	750,162	11.67	8,414,350	8.85
1990	25,792	50.59	671,780	12.74	7,730,188	4.96
1980	17,127	21.83	595,893	2.07	7,365,001	2.75

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2020 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Forsgate Industrial Complex	\$124,520,500	3.14%
Dow Jones & Company, Inc.	47,500,000	1.20%
Royal Oaks Apartments, LLC	29,460,200	0.74%
Windsor South Ridge LLC	28,392,000	0.72%
Heller SBIP, LLC.	27,950,200	0.71%
CNJ Company IV, LLC	25,618,500	0.65%
Middlesex Industrial Developers	25,494,000	0.64%
LIT/Greek Rt 130, LLC	25,401,300	0.64%
KTR NJI, LLC	24,985,400	0.63%
Haddad Docks Corner, LLC	<u>21,085,100</u>	<u>0.53%</u>
Total	<u>\$380,407,200</u>	<u>9.60%</u>

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

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Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2020U	\$204,310,024	\$202,451,434	99.09%
2019	200,132,075	198,805,262	99.34%
2018	191,348,198	190,497,028	99.56%
2017	187,883,736	186,836,254	99.44%
2016	182,247,838	180,465,008	99.02%

U: Unaudited
Source: Annual Audit Reports of the Township and 2020 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2020U	\$1,039,017	\$1,321,695	\$2,360,712	1.16%
2019	985,363	1,056,797	2,042,160	1.02%
2018	844,491	1,476,484	2,320,974	1.21%
2017	749,028	872,780	1,621,807	0.86%
2016	610,314	1,208,894	1,819,208	1.00%

U: Unaudited
Source: Annual Audit Reports of the Township and 2020 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2020U	\$771,640
2019	771,640
2018	771,640
2017	771,640
2016	771,640

U: Unaudited
Source: Annual Audit Reports of the Township and 2020 Annual Financial Statement

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2020	\$0.914	\$0.039	\$0.081	\$3.015	\$0.991	5.040
2019	0.887	0.040	0.087	3.040	1.031	5.085
2018	0.847	0.039	0.076	3.025	0.930	4.917
2017	0.836	0.040	0.077	3.019	0.938	4.910
2016	0.819	0.040	0.079	2.979	0.941	4.858

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2020	\$3,956,047,200	\$9,228,008,397	42.87%	\$6,517,147	\$9,234,525,544
2019	3,829,366,200	9,704,425,241	39.46%	6,085,307	9,710,510,548
2018	3,756,855,300	9,975,717,738	37.66%	6,783,915	9,982,501,653
2017	3,684,892,900	8,630,785,045	42.66%	6,662,532	8,637,447,577
2016	3,634,794,600	8,530,379,254	42.61%	6,523,012	8,536,902,266

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2020	\$66,996,000	\$2,530,375,600	\$16,739,200	\$361,390,100	\$922,014,300	\$88,993,700	\$3,986,508,900
2019	76,097,400	2,503,223,100	14,799,000	354,358,800	791,894,200	88,993,700	3,829,366,200
2018	80,825,100	2,475,693,900	15,986,900	284,554,900	810,800,800	88,993,700	3,756,855,300
2017	97,053,400	2,420,513,000	16,921,600	285,216,100	776,204,600	88,984,200	3,684,892,900
2016	95,056,600	2,377,216,400	16,951,300	272,150,800	784,435,300	88,984,200	3,634,794,600

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>
Fund Balance Utilized	\$3,700,000	\$4,150,000	\$3,000,000	\$3,000,000	\$0
Miscellaneous Revenues	16,305,839	16,207,209	17,164,534	16,339,503	22,398,452
Receipts from Delinquent Taxes	1,250,000	965,000	1,250,000	1,476,500	1,280,000
Amount to be Raised by Taxation	<u>33,709,664</u>	<u>34,784,757</u>	<u>37,346,110</u>	<u>39,428,874</u>	<u>42,111,459</u>
Total Revenue:	<u>\$54,965,503</u>	<u>\$56,106,966</u>	<u>\$58,760,644</u>	<u>\$60,244,877</u>	<u>\$65,789,912</u>
<u>Appropriations</u>					
General Appropriations	\$42,324,011	\$43,896,058	\$45,587,501	\$47,410,754	\$51,671,096
Operations (Excluded from CAPS)	3,764,471	3,844,656	4,419,021	4,158,833	4,232,691
Deferred Charges and Statutory Expenditures	415,000	370,000	355,000	305,000	230,000
Judgments	0	0	0	0	0
Capital Improvement Fund	410,000	100,000	361,000	100,000	1,613,599
Municipal Debt Service	6,191,124	6,663,844	6,351,315	6,439,750	6,152,103
Reserve for Uncollected Taxes	<u>1,860,897</u>	<u>1,232,408</u>	<u>1,686,807</u>	<u>1,830,540</u>	<u>1,890,423</u>
Total Appropriations:	<u>\$54,965,503</u>	<u>\$56,106,966</u>	<u>\$58,760,644</u>	<u>\$60,244,877</u>	<u>\$65,789,912</u>

*: Introduced
Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2020U	\$328,895	\$0
2019	3,328,895	3,000,000
2018	3,857,924	3,000,000
2017	4,528,287	4,150,000
2016	3,716,735	3,700,000

U: Unaudited
Source: Annual Audit Reports of the Township and 2020 Annual Financial Statement

Water and 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 Water and Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

Water and Sewer Utility Operating Fund		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2020U	\$224,169	\$0
2019	1,224,169	1,000,000
2018	2,139,331	2,135,000
2017	3,605,912	3,165,000
2016	4,380,823	1,500,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2020 Annual Financial Statement

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Township Indebtedness as of December 31, 2020

General Purpose Debt

Serial Bonds	\$24,481,000
Bond Anticipation Notes	7,257,700
Bonds and Notes Authorized but Not Issued	1,615,235
Other Bonds, Notes and Loans	0
Total:	<u>\$33,353,935</u>

Local School District Debt

Serial Bonds	\$48,985,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$48,985,000</u>

Self-Liquidating Debt

Serial Bonds	\$25,670,000
Bond Anticipation Notes	15,360,000
Bonds and Notes Authorized but Not Issued	8,738,872
Other Bonds, Notes and Loans	0
Total:	<u>\$49,768,872</u>

TOTAL GROSS DEBT

\$132,107,807

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	48,985,000
Self-Liquidating Debt	49,768,872
Total:	<u>\$98,753,872</u>

TOTAL NET DEBT

\$33,353,935

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2020)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$48,985,000	100.00%	\$48,985,000
Stony Brook Reg. Sew. Auth	18,793,584	40.45%	7,602,005
Middlesex County Improvement Authority (2019) County	296,803,939 615,856,124	8.52% 7.88%	25,287,696 <u>48,538,795</u>
Net Indirect Debt			\$130,413,495
Net Direct Debt			<u>33,353,935</u>
Total Net Direct and Indirect Debt			<u>\$163,767,430</u>

Debt Limit

Average Equalized Valuation Basis (2018, 2019, 2020)	\$9,636,050,459
Permitted Debt Limitation (3 1/2%)	337,261,766
Less: Net Debt	<u>33,353,935</u>
Remaining Borrowing Power	<u>\$303,907,831</u>
Percentage of Net Debt to Average Equalized Valuation	0.346%
Gross Debt Per Capita based on 2010 population of 43,417	\$3,043
Net Debt Per Capita based on 2010 population of 43,417	\$768

Source: Annual Debt Statement of the Township

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

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APPENDIX B

**FINANCIAL STATEMENTS OF THE
TOWNSHIP OF SOUTH BRUNSWICK**

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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2020**

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

UNAUDITED

CURRENT AND GRANT FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
ASSETS					
Current Fund:					
Cash and Cash Equivalents - Treasurer	\$ 11,090,336.46	\$ 10,758,927.55	Liabilities:	\$ 1,967,091.79	\$ 680,017.91
Investments	1,289,573.60	1,286,753.00	Appropriation Reserves	426,407.38	324,308.05
			Reserve for Encumbrances	81,640.16	227,577.10
			Accounts Payable	570,000.00	875,000.00
			Special Emergency Notes Payable	3,287,085.04	2,735,536.30
			Prepaid Taxes	73,797.85	81,306.27
Receivables and Other Assets With Offsetting Reserves:			Due to State of N.J. per Ch. 20, P.L. 1976	231,492.41	206,788.13
Taxes Receivable	1,321,695.36	1,056,797.28	Tax Overpayments	33,610.05	29,234.35
Tax Title Liens	1,039,016.73	985,363.14	Due to State of New Jersey	2,800,000.00	2,800,000.00
Property Acquired for Taxes (At Assessed Valuation)	771,640.00	771,640.00	Interfund Payable - Water Utility Capital Fund	3,282,039.73	1,605,483.61
Revenue Accounts Receivable	174,811.95	52,311.49	Interfund Payable - General Capital Fund	622,520.12	
Interfund Receivable - Grant Fund	2,968,636.88	92,450.59	Interfund Payable - Open Space Trust Fund	2,616,360.44	
Interfund Receivable - Utility Operating Fund	0.43	199,986.78	Interfund Payable - Other Trust Fund	270.00	270.00
Interfund Receivable - Other Trust Fund	38,197.33	38,198.46	Special District Taxes Payable	223,112.21	33,013.69
Interfund Receivable - Animal Control Trust Fund			Reserve for Various Deposits		
	6,313,998.68	3,196,747.74		16,215,427.18	9,598,535.41
Deferred Charges:					
Overexpenditure of an Appropriation Reserve	92,546.27	6,749.64			
Deficit in Operations	3,043,882.15				
Overexpenditure of Current Appropriations	457,984.48		Reserve for Receivables	6,313,998.68	3,196,747.74
Special Emergency Authorizations	570,000.00	875,000.00	Fund Balance	328,895.78	3,328,894.78
	22,858,321.64	16,124,177.93	Total Current Fund Liabilities, Reserves and Fund Balance	22,858,321.64	16,124,177.93
Total Current Fund Assets					
Federal and State Grant Fund:					
Grants Receivable	5,688,845.53	5,632,826.65	Federal and State Grant Fund:		
			Reserve for State and Federal Grants:		
			Appropriated	5,408,358.43	5,501,674.71
			Unappropriated		2,585.00
			Interfund Payable - Current Fund	174,811.95	92,450.59
			Reserve for Encumbrances	105,675.15	36,116.35
Total Federal and State Grant Fund Assets	5,688,845.53	5,632,826.65	Total Federal and State Grant Fund Liabilities and Reserves	5,688,845.53	5,632,826.65
Total Assets	\$ 28,547,167.17	\$ 21,757,004.58	Total liabilities, reserves and fund balance	\$ 28,547,167.17	\$ 21,757,004.58

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-1
1 of 2

UNAUDITED

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>YEAR 2020</u>	<u>YEAR 2019</u>
<u>REVENUES AND OTHER INCOME</u>		
Fund Balance Utilized	\$ 3,000,000.00	\$ 3,000,000.00
Miscellaneous Revenues Anticipated	14,725,456.69	16,114,697.21
Receipts from Delinquent Taxes	1,107,062.91	1,453,469.90
Receipts from Current Taxes	202,451,433.83	198,805,261.64
Non-Budget Revenue	121,384.14	528,535.91
Other Credits to Income:		
Unexpended Balance of Approp. Reserves	148,729.08	286,444.99
Interfund Loans Returned	345,525.67	296,217.39
	<u>221,899,592.32</u>	<u>220,484,627.04</u>
Total Revenues and Other Income		
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operations within CAPS	47,406,744.64	44,466,407.66
Operations Excluded from CAPS	4,517,690.58	
Capital Improvements	100,000.00	85,000.00
Municipal Debt Service	6,305,902.35	6,230,123.98
Def. Charges and Statutory Expend.	305,000.00	6,452,908.10
County Tax	36,204,736.52	36,471,639.26
County Open Space Taxes	3,014,334.48	3,062,315.16
Cty. Share of Added and Omitted Taxes	408,237.43	535,766.82
Local District School Tax	119,459,077.00	116,595,040.00
Special District Taxes	2,457,686.00	2,419,055.00
Municipal Open Space Taxes	1,582,418.88	1,534,000.00
Other		91,286.24
Interfunds Established	3,181,646.59	320,113.44
	<u>224,943,474.47</u>	<u>218,263,655.66</u>
Total Expenditures		

UNAUDITED

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>YEAR 2020</u>	<u>YEAR 2019</u>
(Deficiency) Excess in Revenues	<u>\$ (3,043,882.15)</u>	<u>\$ 2,220,971.38</u>
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year -		
Deficit in Operations	3,043,882.15	
Special Emergency Authorization		250,000.00
	<u>3,043,882.15</u>	<u>250,000.00</u>
Statutory Excess to Fund Balance		2,470,971.38
<u>FUND BALANCE</u>		
Balance - January 1	<u>3,328,895.78</u>	<u>3,857,924.40</u>
	3,328,895.78	6,328,895.78
Decreased by:		
Utilization as Anticipated Revenue	<u>3,000,000.00</u>	<u>3,000,000.00</u>
Balance - December 31	<u>\$ 328,895.78</u>	<u>\$ 3,328,895.78</u>

UNAUDITED

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2020 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	\$ 3,000,000.00		\$ 3,000,000.00	
Total Surplus Anticipated	3,000,000.00		3,000,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	58,800.00		56,261.00	\$ (2,539.00)
Other	48,200.00		30,984.00	(17,216.00)
Fees and Permits:				
Other	615,100.00		452,288.83	(162,811.17)
Fines and Costs:				
Municipal Court	750,000.00		284,447.76	(465,552.24)
Interest and Costs on Taxes	188,600.00		348,910.98	160,310.98
Interest on Investments and Deposits	40,700.00		16,604.41	(24,095.59)
Cable TV Franchise Fee	491,000.00		474,494.68	(16,505.32)
Energy Receipts Tax	4,882,235.00		4,882,235.00	
Supplemental Energy Receipts Tax	281,706.00		281,706.00	
Watershed Moratorium Offset Aid	987.00		987.00	
Garden State Aid Trust Fund	26,751.00		26,751.00	
Uniform Construction Code Fees	1,450,000.00		1,612,746.85	162,746.85
Fire District #1 contract	143,500.00		132,954.68	(10,545.32)
Fire District #2 contract	230,400.00		220,960.45	(9,439.55)
Fire District #3 contract	110,500.00		119,398.13	8,898.13
Spotswood Contract - Data Processing	32,700.00		20,348.70	(12,351.30)
Milltown Contract - Data Processing	13,100.00		13,100.00	
Cranbury Contract - Data Processing	27,500.00		30,000.00	2,500.00
Monroe Contract - Data Processing	63,200.00		66,000.00	2,800.00
Middlesex County College:				
Contract - Data Processing	12,000.00		20,125.00	8,125.00
Interlocal Cranbury Dispatch	130,000.00		132,651.00	2,651.00
Public and Private Revenues Offset with Approp:				
English as a Second Language	54,135.00		54,135.00	
Body Armor Replacement Grant	417.45	\$ 7,466.57	7,884.02	
Clean Communities	89,247.67	80,470.27	169,717.94	
Recycling Tonnage Grant		261,467.07	261,467.07	
Drive Sober or Get Pulled Over		5,445.00	5,445.00	
Click it or Ticket	5,500.00		5,500.00	
Recreational Opportunities for Individuals with Disabilities (ROID)	4,022.00		4,022.00	
Pedestrian Safety	14,465.00		14,465.00	
Drunk Driving Enforcement	9,836.55		9,836.55	
Other Special items:				
Uniform Fire Safety Act - Life Hazard				
Use Fees	389,100.00		337,724.07	(51,375.93)
Site Leasing - Antennae	254,800.00		293,337.19	38,537.19
PILOT - South Brunswick Community				
Development Corp.	35,800.00		39,954.46	4,154.46
PILOT - VOA	2,200.00		2,751.48	551.48
PILOT - CIL Woods	12,900.00		10,565.25	(2,334.75)
PILOT- Oakwoods	42,000.00		41,710.81	(289.19)
Assessment Settlements	2,125,000.00		2,125,000.00	
Utility Payments for SW Chargebacks	1,400,000.00		1,400,000.00	
Hotel/Motel Tax	700,000.00		295,985.38	(404,014.62)
Reserve for Debt Service	12,000.00		12,000.00	
Reserve for Quasi Duty - Other Trust Fund	200,000.00		100,000.00	(100,000.00)
Planning - Land Use Charges	16,600.00			(16,600.00)
Prior Year Utility Surplus	1,000,000.00			(1,000,000.00)
School Resource Officer	374,500.00		310,000.00	(64,500.00)
Total Miscellaneous Revenues	16,339,502.67	354,848.91	14,725,456.69	(1,968,894.89)

UNAUDITED

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2020 BUDGET	N.J.S.A. 40A:4-87		
Receipts from Delinquent Taxes	\$ 1,476,500.00		\$ 1,107,062.91	\$ (369,437.09)
Subtotal General Revenues	<u>20,816,002.67</u>	\$ 354,848.91	<u>18,832,519.60</u>	<u>(2,338,331.98)</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Mun. Purposes	36,192,040.12		37,918,650.00	1,726,609.88
Minimum Library Tax Levy	<u>3,236,834.00</u>		<u>3,236,834.00</u>	
	<u>39,428,874.12</u>		<u>41,155,484.00</u>	<u>1,726,609.88</u>
Total Budget Revenues	60,244,876.79	354,848.91	59,988,003.60	(611,722.10)
Non-Budget Revenues			<u>121,384.14</u>	<u>121,384.14</u>
GRAND TOTALS	<u>\$ 60,244,876.79</u>	<u>\$ 354,848.91</u>	<u>\$ 60,109,387.74</u>	<u>\$ (490,337.96)</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

	CURRENT FUND							UNEXPENDED BALANCE CANCELLED
	STATEMENT OF EXPENDITURES - REGULATORY BASIS							
	YEAR ENDED DECEMBER 31, 2020							
	UNAUDITED			EXPENDED				
	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVEREXPENDED			
OPERATIONS WITHIN "CAPS"								
Mayor and Council	\$ 53,500.00	\$ 53,500.00	\$ 53,033.72	\$ 466.28				
Salaries and Wages	19,600.00	6,600.00	2,303.41	4,296.59				
Other Expenses								
General Administration	464,000.00	466,001.00	466,000.31	0.69				
Salaries and Wages	36,800.00	45,891.00	45,896.81					
Other Expenses								
Municipal Clerk	343,510.00	354,990.00	354,986.40	3.60				
Salaries and Wages	31,700.00	31,700.00	30,306.58	1,393.42				
Other Expenses								
Elections	4,500.00	2,500.00	2,279.67	220.33				
Salaries and Wages	22,750.00	2,750.00	698.55	2,051.45				
Other Expenses								
CATV Advisory Commission (N.J.S.A. 48A:56A-26)	2,000.00	2,000.00	1,797.08	202.92				
Salaries and Wages	1,000.00	1,500.00	1,388.24	111.76				
Other Expenses								
Financial Administration	410,500.00	360,500.00	359,901.56	598.44				
Salaries and Wages	27,950.00	22,950.00	19,606.75	3,343.25				
Other Expenses								
Purchasing	10,750.00	250.00		250.00				
Salaries and Wages	62,800.00	69,800.00	69,462.65	337.35				
Other Expenses								
Computerized Data Processing	355,000.00	350,000.00	346,822.31	3,177.69				
Salaries and Wages	176,700.00	171,200.00	169,298.18	1,901.82				
Other Expenses								
Tax Collection	273,000.00	272,000.00	271,645.95	354.05				
Salaries and Wages	16,700.00	15,200.00	14,273.55	926.45				
Other Expenses								
Audit Services	19,450.00	19,450.00						
Other Expenses								
Assessment of Taxes	290,500.00	286,500.00	285,748.02	751.98				
Salaries and Wages	119,365.00	114,365.00	110,739.84	3,625.16				
Other Expenses								
Law	205,750.00	203,250.00	202,948.06	301.94				
Salaries and Wages	48,500.00	46,000.00	45,734.12	265.88				
Other Expenses								

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
UNAUDITED

	2020 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	OVEREXPENDED	UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED				
OPERATIONS WITHIN "CAPS"							
Affordable Housing Agency	\$ 905,750.00	\$ 905,750.00	\$ 315,353.03	\$	590,396.97		
Other Expenses							
Planning Board							
Salaries and Wages	448,500.00	454,475.00	454,471.74		3.26		
Other Expenses	18,150.00	15,650.00	14,947.77		702.23		
Zoning Board							
Salaries and Wages	12,500.00	11,500.00	11,406.79		93.21		
Other Expenses	3,100.00	1,100.00	642.59		457.41		
Industrial Commission (N.J.S.A. 40A:55-56A-5)							
Salaries and Wages	1,500.00	1,000.00	900.00		100.00		
Other Expenses	1,000.00	300.00			300.00		
Environmental Commission (N.J.S.A. 40:56A-10)							
Salaries and Wages	500.00	700.00	650.00		50.00		
Other Expenses	350.00	350.00	75.00		275.00		
Transportation Advisory Committee							
Salaries and Wages	300.00	300.00			300.00		
Other Expenses	500.00	500.00			500.00		
Public Building and Grounds							
Salaries and Wages	355,500.00	354,500.00	353,809.42		690.58		
Other Expenses	208,500.00	196,500.00	193,363.70		3,136.30		
Maintenance of Parks							
Salaries and Wages	915,500.00	915,500.00	914,790.69		709.31		
Other Expenses	77,000.00	72,000.00	68,610.10		3,389.90		
Shade Tree Commission							
Salaries and Wages	500.00	500.00	303.60		196.40		
Other Expenses	1,500.00	1,500.00	1,169.88		330.12		
Streets and Road Maintenance							
Salaries and Wages	2,099,000.00	2,119,417.00	2,119,416.06		0.94		
Other Expenses	140,365.00	135,365.00	133,232.48		2,132.52		
Snow Removal							
Salaries and Wages	100,000.00	100,000.00	100,000.00				
Vehicle Maintenance							
Salaries and Wages	589,500.00	592,579.00	592,578.06		0.94		
Other Expenses	178,000.00	178,000.00	175,141.11		2,858.89		
Recycling							
Salaries and Wages	207,600.00	218,087.00	213,247.89		4,839.11		
Other Expenses	5,200.00	5,200.00	4,117.16		1,082.84		

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

	CURRENT FUND						UNEXPENDED BALANCE CANCELLED
	STATEMENT OF EXPENDITURES - REGULATORY BASIS						
	YEAR ENDED DECEMBER 31, 2020						
	UNAUDITED			EXPENDED			
	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVEREXPENDED		
OPERATIONS WITHIN "CAPS"							
Transit - Other Public Works Functions							
Salaries and Wages	\$ 396,850.00	\$ 368,850.00	\$ 366,146.55	\$ 2,703.45			
Other Expenses	6,950.00	1,950.00	883.71	1,066.29			
Aid to Volunteer Ambulance Companies							
Other Expenses	135,000.00	135,000.00	99,584.28	35,415.72			
Public Safety							
Fire Prevention Service							
Salaries and Wages	301,600.00	362,412.00	362,411.05	0.95			
Other Expenses	7,850.00	7,850.00	5,832.14	2,017.86			
Other Fire District Payments	13,122.00	13,122.00	13,122.00				
Police							
Salaries and Wages	11,260,000.00	11,260,000.00	11,008,512.99	251,487.01			
Other Expenses	328,508.00	328,508.00	274,079.91	54,428.09			
Crossing Guards							
Salaries and Wages	170,000.00	110,000.00	107,733.81	2,266.19			
Other Expenses	3,650.00	1,650.00	1,088.82	561.18			
Police Dispatch/911							
Salaries and Wages	915,000.00	915,000.00	906,556.08	8,443.92			
Other Expenses	19,703.00	9,703.00	8,479.46	1,223.54			
Emergency Management Services							
Salaries and Wages	13,000.00	13,000.00	12,604.02	395.98			
Other Expenses	2,500.00	2,500.00	669.46	1,830.54			
Municipal Prosecutor							
Other Expenses	43,000.00	46,738.00	46,737.50	0.50			
Health and Welfare							
Contribution to Social Service Agreement							
Other Expenses	50,000.00	50,000.00		50,000.00			
Public Health Services							
Salaries and Wages	313,500.00	313,500.00	313,357.76	142.24			
Other Expenses	73,500.00	70,500.00	69,976.92	523.08			
Animal Control Services							
Salaries and Wages	77,000.00	77,702.00	77,701.92	0.08			
Other Expenses	18,500.00	18,500.00	18,125.00	375.00			
Recreation Services and Programs							
Salaries and Wages	378,000.00	348,000.00	339,513.09	8,486.91			
Other Expenses	115,500.00	65,500.00	63,139.11	2,360.89			

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

	CURRENT FUND						UNEXPENDED BALANCE CANCELLED
	STATEMENT OF EXPENDITURES - REGULATORY BASIS						
	YEAR ENDED DECEMBER 31, 2020						
	UNAUDITED						
	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	OVEREXPENDED	
OPERATIONS WITHIN "CAPS"							
Social Services - Administration of Public Assistance	\$ 83,200.00	\$ 83,200.00	\$ 84,118.34			\$ (918.34)	
Salaries and Wages	1,700.00	700.00	836.40			(136.40)	
Other Expenses							
Senior Services							
Salaries and Wages	441,000.00	419,000.00	411,602.16	\$	7,397.84		
Other Expenses	44,105.00	22,105.00	18,862.28		3,242.72		
Solid Waste Collection							
Other Expenses	2,845,008.00	2,845,008.00	2,607,137.49		237,870.51		
Landfill/Solid Waste Disposal Costs							
Other Expenses	1,035,000.00	1,035,000.00	980,289.47		54,710.53		
Community Services Act							
Other Expenses	188,500.00	202,416.00	202,415.60		0.40		
Municipal Court							
Salaries and Wages	537,500.00	537,500.00	516,955.53		20,544.47		
Other Expenses	27,350.00	27,350.00	15,930.21		11,419.79		
Public Defender							
Other Expenses	35,000.00	35,000.00	34,790.00		210.00		
Insurance							
Group Insurance	8,835,500.00	9,149,288.00	9,150,506.08			(1,218.08)	
General Liability	478,100.00	478,100.00	472,011.82		6,088.18		
Workers Compensation	124,000.00	124,000.00	124,000.00				
Waiver of Health Benefits	127,800.00	127,800.00	113,800.49		13,999.51		
Construction Official							
Salaries and Wages	968,500.00	967,000.00	966,583.87		416.13		
Other Expenses	14,500.00	8,000.00	7,223.13		776.87		

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND						
STATEMENT OF EXPENDITURES - REGULATORY BASIS						
YEAR ENDED DECEMBER 31, 2020						
UNAUDITED						
	2020 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	OVEREXPENDED
			PAID OR CHARGED	UNEXPENDED BALANCE CANCELLED		
OPERATIONS WITHIN "CAPS"						
Utilities						
Electricity	\$ 600,500.00	\$ 531,505.00	\$ 394,172.99	\$ 137,332.01		
Street Lighting	548,500.00	548,500.00	455,664.88	92,835.12		
Telephone	140,000.00	140,000.00	137,723.75	2,276.25		
Water	29,000.00	29,000.00	11,066.36	17,933.64		
Sewerage Disposal	14,000.00	14,000.00	3,657.58	10,342.42		
Fuel Oil	82,500.00	82,500.00	43,141.17	39,358.83		
Gasoline	163,500.00	163,500.00	85,360.45	78,139.55		
Heating Oil	2,250.00	2,250.00		2,250.00		
Fire Hydrant	31,000.00	31,000.00	22,242.58	8,757.42		
COVID-19 Expenses			455,705.85			(455,705.85)
Other Expenses						
Total Operations Within "CAPS"	41,307,386.00	41,303,377.00	39,954,602.89	1,806,784.59		(457,984.48)
DETAIL:						
Salaries and Wages	23,200,568.00	22,611,284.00	22,243,621.23	367,662.77		
Other Expenses	18,106,818.00	18,692,093.00	17,710,981.66	1,439,095.82		(457,984.48)
DEFERRED CHARGES WITHIN CAPS						
Overexpenditure of Appropriation Reserves	6,749.64	6,749.64	6,749.64			
STATUTORY EXPENDITURES						
MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	1,539,077.00	1,539,077.00	1,538,439.45	637.55		
Social Security System (O.A.S.L.)	1,865,000.00	1,865,000.00	1,863,279.33	1,720.67		
Police and Firemen's Retirement System of NJ	2,669,041.00	2,669,041.00	2,655,622.40	13,418.60		
Defined Contribution Retirement Program	23,500.00	23,500.00	11,105.74	12,394.26		
Total Deferred Charges and Statutory Expenditures	6,103,367.64	6,103,367.64	6,075,196.56	28,171.08		
Municipal Within "CAPS"						
Total General Appropriations for Municipal Purposes Within "CAPS"	47,410,753.64	47,406,744.64	46,029,799.45	1,834,929.67		(457,984.48)

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	UNAUDITED					UNEXPENDED BALANCE CANCELLED
	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library						
Salaries and Wages	\$ 2,020,200.00	\$ 2,020,200.00	\$ 1,977,472.53	\$ 42,727.47		
Other Expenses	1,151,634.00	1,216,634.00	1,167,199.88	49,434.12		
Length of Service Award Program (LOSAP)						
Other Expenses	40,000.00	40,000.00		40,000.00		
Interlocal Municipal Services Agreement						
Fire Services						
Salaries and Wages	500,000.00	439,009.00	439,008.47	0.53		
Dispatch						
Salaries and Wages	130,000.00	130,000.00	130,000.00			
Data Processing						
Salaries and Wages	139,375.00	139,375.00	139,375.00			
Total Other Operations Excluded from "CAPS"	3,981,209.00	3,985,218.00	3,853,055.88	132,162.12		
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Drive Sober or Get Pulled Over						
Other Expenses		5,445.00	5,445.00			
Other Expenses	9,836.55	9,836.55	9,836.55			
Recycling Tonnage Grant		261,467.07	261,467.07			
English as Second Language Instructor						
Other Expenses	54,135.00	54,135.00	54,135.00			
Clean Communities						
Other Expenses	89,247.87	169,717.94	169,717.94			
Pedestrian Safety						
Other Expenses	14,465.00	14,465.00	14,465.00			

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	UNAUDITED			UNEXPENDED BALANCE CANCELLED
	2020 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	
OTHER OPERATIONS EXCLUDED FROM "CAPS"				
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES				
Body Armor Replacement Grant	\$ 417.45	\$ 7,884.02	\$ 7,884.02	
Other Expenses				
Recreational Opportunities for Individuals with Disabilities (ROID)	4,022.00	4,022.00	4,022.00	
Click it or Tick it Grant				
Other Expenses	5,500.00	5,500.00	5,500.00	
Total Public and Private Revenues Offset by Revenues	177,623.87	532,472.58	532,472.58	
Total Operations Excluded from "CAPS"	4,158,832.87	4,517,690.58	4,385,528.46	\$ 132,162.12
DETAIL:				
Salaries and Wages	2,659,575.00	2,598,584.00	2,555,856.00	42,728.00
Other Expenses	1,499,257.87	1,919,106.58	1,829,672.46	89,434.12
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	
Total Capital Improv. - Excl. from "CAPS"	100,000.00	100,000.00	100,000.00	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	5,075,000.00	5,075,000.00	5,075,000.00	\$ 2,893.99
Interest on Bonds	775,000.00	775,000.00	772,106.01	
Payment of Bond Anticipation Notes and Capital Notes	156,250.00	156,250.00	156,250.00	23,542.05
Interest on Notes	102,000.00	102,000.00	78,457.95	
Capital Lease Obligation - Principal and Interest	331,500.00	331,500.00	224,088.39	107,411.61
Total Mun. Debt Service - Excl. from "CAPS"	6,439,750.00	6,439,750.00	6,305,902.35	133,847.65

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	UNAUDITED				UNEXPENDED BALANCE CANCELLED
	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED RESERVED	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53)	\$ 305,000.00	\$ 305,000.00	\$ 305,000.00		
Total Deferred Charges - Municipal Excluded from "CAPS"	305,000.00	305,000.00	305,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	11,003,582.87	11,362,440.58	11,096,430.81	\$ 132,162.12	\$ 133,847.65
Subtotal General Appropriations	58,414,336.51	58,769,185.22	57,126,230.26	1,967,091.79	\$ (457,984.48)
Reserve for Uncollected Taxes	1,830,540.48	1,830,540.48	1,830,540.48		
Total General Appropriations	\$ 60,244,876.99	\$ 60,599,725.70	\$ 58,956,770.74	\$ 1,967,091.79	\$ (457,984.48)
					\$ 133,847.65

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

UNAUDITED

TRUST FUNDS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

ASSETS	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019	LIABILITIES AND RESERVES	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
Animal Control Fund:			Animal Control Fund:		
Cash and Cash Equivalents - Treasurer	\$ 96,034.45	\$ 78,318.26	Due to State of New Jersey	247.50	\$ 37.80
Due from State of New Jersey			Reserve for Encumbrances	57,589.62	40,082.00
			Reserve for Animal Control Expenditures	38,197.33	38,198.46
			Interfund Payable - Current	96,034.45	78,318.26
Total Animal Control Fund	<u>96,034.45</u>	<u>78,318.26</u>	Total Animal Control Fund	<u>96,034.45</u>	<u>78,318.26</u>
Other Trust Fund			Other Trust Fund		
Cash and Cash Equivalents - Treasurer	18,439,965.71	19,722,249.54	Interfund Payable - General Capital	100,000.00	100,000.00
Interfund Receivable - Payroll Trust		74,714.59	Interfund Payable - CDBG	28,411.21	63,821.95
Due from County of Middlesex	48,066.67	38,564.17	Interfund Payable - Current		199,986.78
Interfund Receivable - Current Fund	3,238,610.56		Reserve for:		
Interfund Receivable - Water Utility Operating Fund	100,000.00		Open Space	603,892.72	342,536.82
			Other Reserves	20,634,250.08	18,818,467.86
			Encumbrances	460,088.93	310,714.89
Total Other Trust Fund	<u>21,826,642.94</u>	<u>19,835,528.30</u>	Total Other Trust Fund	<u>21,826,642.94</u>	<u>19,835,528.30</u>
Community Development Block Grant Fund:			Community Development Block Grant Fund:		
Interfund Receivable - Other Trust Fund	28,411.21	63,821.95	Reserve for Program Expenditures	32,411.21	80,621.18
Accounts Receivable - Community Development Block Grant		16,799.23	Total Community Development Block Grant Fund	32,411.21	80,621.18
Total Community Development Block Grant Fund	<u>28,411.21</u>	<u>80,621.18</u>	Total Liabilities and Reserves	<u>\$ 21,955,088.60</u>	<u>\$ 19,994,467.74</u>
Total Assets	<u>\$ 21,951,088.60</u>	<u>\$ 19,994,467.74</u>			

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

	<u>BALANCE</u> DEC. 31, 2020	<u>BALANCE</u> DEC. 31, 2019
<u>ASSETS</u>		
Cash and Cash Equivalents - Treasurer	\$ 2,435,021.88	\$ 5,355,502.48
Grants Receivable - State of New Jersey	59,822.59	133,572.50
Investment in Bond Anticipation Notes		136,500.00
Interfund Receivable - Other Trust Fund	100,000.00	100,000.00
Interfund Receivable - Water Utility Operating Fund	183,068.55	
Interfund Receivable - Current Fund	3,282,039.73	1,605,483.61
Deferred Charges to Future Taxation:		
Funded	23,439,000.00	30,711,000.00
Unfunded	10,257,989.61	8,873,134.70
Total Assets	<u>\$ 39,756,942.36</u>	<u>\$ 46,915,193.29</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds Payable	\$ 23,439,000.00	\$ 30,711,000.00
Bond Anticipation Notes	7,257,700.00	4,530,000.00
Capital Leases Payable	504,154.91	
Reserve for Encumbrances	1,250,195.88	3,614,888.60
Improvement Authorizations:		
Funded	3,908,458.78	5,552,609.60
Unfunded	1,118,947.94	1,686,986.24
Interfund Payable - Water Utility Capital Fund	1,153,768.76	
Capital Improvement Fund	100,723.58	723.58
Reserve for Debt Service	217,963.04	12,955.80
Reserve for Contributions	805,215.07	795,215.07
Reserve for Preliminary Costs		10,000.00
Fund Balance	814.40	814.40
Total Liabilities, Reserves and Fund Balance	<u>\$ 39,756,942.36</u>	<u>\$ 46,915,193.29</u>

There were Bonds and Notes Authorized but Not Issued at December 31, 2020 and 2019 in the amounts of \$4,343,134.70 and \$4,343,134.70, respectively.

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Balance, December 31, 2020 and 2019

\$ 814.40

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

UNAUDITED

WATER AND SEWER UTILITY FUNDS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019		BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
Assets			Liabilities, Reserves and Fund Balance		
Operating Fund:			Operating Fund:		
Cash and Cash Equivalents	\$ 4,942,555.06	\$ 3,047,766.67	Appropriation Reserves	\$ 750,510.50	\$ 680,790.56
Cash - Change Fund	4,942,555.06	3,047,966.67	Reserve for Encumbrances	376,592.39	312,347.94
			Accounts Payable	3,650,317.17	30,537.67
			Interfund Payable - Utility Capital Fund	76,592.41	437,641.76
			Prepaid Rents	276,370.17	76,592.41
			Accrued Interest on Bonds and Notes	5,130,382.64	319,368.67
				1,857,279.01	
Receivables With Offsetting Reserves:			Reserve for Receivables	2,155,747.84	1,198,260.98
Consumer Accounts Receivable with Offsetting Reserve	2,155,747.84	1,198,260.98	Fund Balance	224,168.91	1,224,168.91
Deferred Charges	411,996.49	33,481.25			
Interfund Receivable - Utility Capital Fund			Total Operating Fund	7,510,299.39	4,279,708.90
Total Operating Fund	7,510,299.39	4,279,708.90	Assessment Trust Fund:		
Assessment Trust Fund:			Cash and Cash Equivalents	124,606.54	124,606.54
Cash and Cash Equivalents	124,606.54	124,606.54	Total Assessment Trust Fund	124,606.54	124,606.54
Total Assessment Trust Fund	124,606.54	124,606.54	Capital Fund:		
Capital Fund:			Cash and Cash Equivalents	4,962,776.07	3,633,397.06
Cash and Cash Equivalents	4,962,776.07	3,633,397.06	Interfund Receivable - Current Fund	2,800,000.00	2,800,000.00
Interfund Receivable - Utility Operating Fund	398,611.74	437,641.76	Interfund Receivable - Utility Operating Fund	101,752,267.57	101,752,267.57
Fixed Capital	46,785,537.10	46,560,537.10	Fixed Capital - Authorized and Uncompleted	1,153,768.76	
Fixed Capital - Authorized and Uncompleted	1,153,768.76		Interfund Receivable - General Capital Fund		
Interfund Receivable - General Capital Fund					
			Serial Bonds Payable	25,420,000.00	30,047,000.00
			Bond Anticipation Notes Payable	15,360,600.00	10,456,000.00
			Improvement Authorizations:		
			Funded	299,003.34	582,610.42
			Unfunded	14,364,418.58	17,982,835.88
			Capital Improvement Fund	81,109.68	81,109.68
			Interfund Payable - Utility Operating Fund		
			Reserves for:		
			Encumbrances	3,415,015.02	1,987,933.26
			Preliminary Engineering Costs	3,450.00	3,450.00
			Debt Service	270,345.63	30,880.26
			Amortization	98,569,333.67	93,942,333.67
			Deferred Amortization	69,000.00	69,000.00
			Fund Balance	685.32	690.32
Total Capital Fund	157,852,961.24	155,183,843.49	Total Capital Fund	157,852,961.24	155,183,843.49
Total Assets	\$ 165,487,867.17	\$ 159,588,158.93	Total Liabilities, Reserves and Fund Balance	\$ 165,487,867.17	\$ 159,588,158.93

There were Water and Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2020 and 2019 in the amounts of \$14,023,471.80 and \$13,798,471.80, respectively.

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

UNAUDITED

**WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Year 2020	Year 2019
<u>REVENUES AND OTHER INCOME</u>		
Fund Balance Utilized	\$ 1,000,000.00	\$ 2,135,000.00
Rents	25,258,742.92	25,887,362.45
Water and Sewer Connection Fees and Charges	1,163,653.00	2,218,036.00
Miscellaneous	444,590.66	604,575.36
Reserve for Debt Service	30,000.00	186,000.00
Other Credits to Income:		
Appropriation Reserves Lapsed	209,590.57	576,285.07
Total Revenues and Other Income	28,106,577.15	31,607,258.88
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operations	21,728,396.00	21,719,650.00
Debt Service	5,426,071.55	5,609,826.49
Deferred Charges and Statutory Expenditures	889,531.25	952,944.12
Surplus (General Budget)	62,578.35	2,105,000.00
Total Expenditures	28,106,577.15	30,387,420.61
Excess in Revenues and Statutory Excess to Fund Balance	-	1,219,838.27
<u>FUND BALANCE</u>		
Balance - January 1	1,224,168.91	2,139,330.64
Decreased By:	1,224,168.91	3,359,168.91
Utilization as Anticipated Revenue	1,000,000.00	2,135,000.00
Balance - December 31	\$ 224,168.91	\$ 1,224,168.91

Exhibit D-2

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

UNAUDITED

**WATER AND SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance - December 31, 2020 and 2019

\$ 124,606.54

Exhibit D-3
UNAUDITED

**WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance - December 31, 2020 and 2019

\$ 685.32

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

UNAUDITED

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 BUDGET	REALIZED	EXCESS (DEFICIENCY)
Utility Operating Surplus	\$ 1,000,000.00	\$ 1,000,000.00	
Water / Sewer Rents	25,651,060.25	25,258,742.92	\$ (392,317.33)
Water and Sewer Connection Fees	2,175,000.00	1,163,653.00	(1,011,347.00)
Miscellaneous	255,446.00	255,466.49	20.49
Reserve for Debt Service	30,000.00	30,000.00	
	<u>29,111,506.25</u>	<u>27,707,862.41</u>	<u>(1,403,643.84)</u>
Total budget revenues			
Non-budget revenues		<u>189,124.17</u>	<u>189,124.17</u>
TOTALS	<u>\$ 29,111,506.25</u>	<u>\$ 27,896,986.58</u>	<u>\$ (1,214,519.67)</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Expended		
			Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 4,787,000.00	\$ 4,787,000.00	\$ 4,612,581.05	\$ 174,418.95	
Other Expenses	16,941,396.00	16,941,396.00	16,379,194.83	562,201.17	
Total Operating	21,728,396.00	21,728,396.00	20,991,775.88	736,620.12	
Debt Service:					
Payment of Bond Principal	4,025,000.00	4,025,000.00	4,025,000.00		
Payment of Bond Anticipation Notes and Capital Notes	327,000.00	327,000.00	327,000.00		
Interest on Bonds	928,376.00	928,376.00	891,003.00		\$ 37,373.00
Interest on Notes	213,202.50	213,202.50	183,068.55		30,133.95
Total Debt Service	5,493,578.50	5,493,578.50	5,426,071.55		67,506.95
Deferred Charges and Statutory Expenditures:					
Deferred Charge- Prior Year Overexpenditure	33,481.25	33,481.25	33,481.25		
Contribution to:					
Public Employees Retirement System	616,050.00	616,050.00	616,050.00		
Social Security System	240,000.00	240,000.00	226,109.62		13,890.38
Total Deferred Charges and Statutory Expenditures	889,531.25	889,531.25	875,640.87	13,890.38	
Surplus - General Budget	1,000,000.00	1,000,000.00	62,578.35		937,421.65
Total Appropriations	\$ 29,111,505.75	\$ 29,111,505.75	\$ 27,356,066.65	\$ 750,510.50	\$ 1,004,928.60

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

UNAUDITED

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2020</u>	<u>BALANCE DEC. 31, 2019</u>
Cash and Cash Equivalents	<u>\$ 2,397,927.46</u>	<u>\$ 338,795.78</u>
Total Assets	<u>\$ 2,397,927.46</u>	<u>\$ 338,795.78</u>
 <u>LIABILITIES</u>		
Payroll Deductions Payable	<u>\$ 2,397,927.46</u>	<u>\$ 264,081.19</u>
Interfund Payable - Unemployment Fund		<u>74,714.59</u>
Total Liabilities	<u>\$ 2,397,927.46</u>	<u>\$ 338,795.78</u>

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**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2019**

**TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY**

**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019 AND 2018**

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY NEW JERSEY
REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
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D-5	Water and Sewer Utility Operating Fund - Statement of Expenditures
E	Payroll Fund - Comparative Balance Sheets
F	General Fixed Assets Account Group - Comparative Balance Sheets

Notes to the Regulatory Basis Financial Statements



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Township Council
Township of South Brunswick
Middlesex County, New Jersey

Report on the Financial Statements

We have audited the accompanying basic financial statements – regulatory basis of the Township of South Brunswick (the “Township”), County of Middlesex, State of New Jersey, which comprise the comparative balance sheets – regulatory basis of the various funds and account group as of December 31, 2019 and 2018, and the related comparative statements of operations and changes in fund balances – regulatory basis and the related notes to the financial statements for the years then ended, and the related statements of changes in fund balance - regulatory basis, statements of revenue – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2019 as listed in the regulatory basis financial statements section of the accompanying table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the requirements prescribed by the Division. Those standards and the requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected were based on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township’s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WISS & COMPANY, LLP

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

As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” 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 Township as of December 31, 2019 and 2018 or the results of its operations and changes in fund balances for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects the comparative balance sheets-regulatory basis of the various funds and account group of the Township as of December 31, 2019 and 2018, and the results of its operations and changes in fund balances of such funds – regulatory basis for the years then ended, and the revenues - regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2019 in accordance with the financial reporting provisions of the Division as described in Note 2.

Scott A. Clelland

Scott A. Clelland
Registered Municipal Accountant
No. 455

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
July 12, 2021

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT AND GRANT FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS		REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018
Current Fund:					Liabilities:			
Cash and Cash Equivalents - Treasurer		A-4	\$ 10,758,927.55	\$ 5,960,696.91	Appropriation Reserves	A-3, A-12	\$ 680,017.91	\$ 1,092,348.18
Investments		A-5	1,286,753.00	2,688,584.60	Reserve for Encumbrances	A-21	324,308.05	373,822.43
					Accounts Payable	A-16	227,577.10	41,871.85
					Special Emergency Notes Payable	A-24	875,000.00	980,000.00
					Prepaid Taxes	A-14	2,735,536.30	2,690,146.43
Receivables and Other Assets With Offsetting Reserves:					Due to State of N.J. per Ch. 20.P.L. 1976	A-8	81,306.27	80,056.27
Taxes Receivable		A-7	1,056,797.28	1,476,483.67	Tax Overpayments	A-17	206,788.13	215,952.89
Tax Title Liens		A-9	985,363.14	844,490.54	Due to State of New Jersey	A-13	29,234.35	172,308.35
Property Acquired for Taxes (At Assessed Valuation)		A-10	771,640.00	771,640.00	Interfund Payable - Water Utility Capital Fund	A-6	2,800,000.00	
Revenue Accounts Receivable		A-11	52,311.49	59,842.93	Interfund Payable - General Capital Fund	A-6	1,605,483.61	
Interfund Receivable - Grant Fund		A-28	92,450.59	125,032.57	Interfund Payable - Grant Fund	A-28		123,524.12
Interfund Receivable - General Capital Fund		A-6	4,478.93	4,478.93	Special District Taxes Payable	A-18	270.00	270.00
Interfund Receivable - Other Trust Fund		A-6	199,986.78	150,309.80	Reserve for Various Deposits	A-15	33,013.69	33,013.69
Interfund Receivable - Animal Control Trust Fund		A-6	38,198.46	16,390.99				
Interfund Receivable - Payroll Fund		A-6		5.10				
		A	3,196,747.74	3,448,674.53			9,598,555.41	5,803,314.21
Deferred Charges:								
Overexpenditure of an Appropriation Reserve		A-12, A-23	6,749.64	3,359.42				
Overexpenditure of Current Appropriations		A-23	875,000.00	38,597.68	Reserve for Receivables	Reserve	3,196,747.74	3,448,674.53
Special Emergency Authorizations		A-22		980,000.00	Fund Balance	A-1	3,328,894.78	3,857,924.40
Total Current Fund Assets			16,124,177.93	13,109,913.14	Total Current Fund Liabilities, Reserves and Fund Balance		16,124,177.93	13,109,913.14
Federal and State Grant Fund:								
Grants Receivable		A-25	5,632,826.65	5,516,395.65	Federal and State Grant Fund:			
Interfund Receivable - Current Fund		A-28		123,524.12	Reserve for State and Federal Grants:			
					Appropriated	A-27	5,501,674.71	5,439,692.40
Deferred Charges:					Unappropriated	A-26	2,585.00	19,560.00
Overexpenditure of Grants		A-23		8,625.00	Interfund Payable - Current Fund	A-28	92,450.59	125,032.57
					Reserve for Encumbrances	A-21	36,116.35	64,259.80
Total Federal and State Grant Fund Assets			5,632,826.65	5,648,544.77	Total Federal and State Grant Fund Liabilities and Reserves		5,632,826.65	5,648,544.77
Total Assets			\$ 21,757,004.58	\$ 18,758,457.91	Total liabilities, reserves and fund balance		\$ 21,757,004.58	\$ 18,758,457.91

See accompanying notes to the financial statements.

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>REF.</u>	<u>YEAR 2019</u>	<u>YEAR 2018</u>
<u>REVENUES AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 3,000,000.00	\$ 4,150,000.00
Miscellaneous Revenues Anticipated	A-2	16,114,697.21	21,551,162.14
Receipts from Delinquent Taxes	A-2	1,453,469.90	880,830.16
Receipts from Current Taxes	A-2	198,805,261.64	189,662,277.40
Non-Budget Revenue	A-2	528,535.91	168,085.24
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	A-12	286,444.99	275,746.02
Cancelation of Local District School Tax			1.50
Cancelation of Various Reserves			14,141.36
Cancelation of Appropriated Grant Reserves			399,027.75
Interfund Loans Returned	A	296,217.39	203,112.79
		<u>220,484,627.04</u>	<u>217,304,384.36</u>
Total Revenues and Other Income			
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	24,689,634.00	23,509,614.82
Other Expenses	A-3	19,776,773.66	23,762,768.14
Capital Improvements	A-3	85,000.00	100,000.00
Municipal Debt Service	A-3	6,230,123.98	6,620,201.06
Def. Charges and Statutory Expend.	A-3	6,452,908.10	6,103,804.26
County Tax	A-7, A-19	36,471,639.26	32,292,393.00
County Open Space Taxes	A-7, A-19	3,062,315.16	2,639,238.23
Cty. Share of Added and Omitted Taxes	A-7, A-19	535,766.82	670,747.55
Local District School Tax	A-7, A-20	116,595,040.00	113,829,247.00
Special District Taxes	A-7, A-18	2,419,055.00	2,323,890.00
Municipal Open Space Taxes	A-4, A-7	1,534,000.00	1,505,455.00
Refund of Prior Year Revenue and Tax Appeals			150,726.84
Cancellation of Grants Receivable			524,041.59
Refund of Prior Year Revenue	A-4	84,537.60	
Prior Year Overexpenditure	A-12	6,749.64	
Interfunds Established	A	320,113.44	296,217.39
		<u>218,263,656.66</u>	<u>214,328,344.88</u>
Total Expenditures			

See accompanying notes to the financial statements.

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>REF.</u>	<u>YEAR 2019</u>	<u>YEAR 2018</u>
Excess in Revenues		<u>\$ 2,220,970.38</u>	<u>\$ 2,976,039.48</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Year -			
Overexpenditure of Appropriations	A, A-3		28,597.68
Special Emergency Authorization	A-22	<u>250,000.00</u>	<u>475,000.00</u>
		250,000.00	503,597.68
Statutory Excess to Fund Balance		2,470,970.38	3,479,637.16
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>3,857,924.40</u>	<u>4,528,287.24</u>
		6,328,894.78	8,007,924.40
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>3,000,000.00</u>	<u>4,150,000.00</u>
Balance - December 31	A	<u>\$ 3,328,894.78</u>	<u>\$ 3,857,924.40</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		2019 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	A-1	\$ 3,000,000.00		\$ 3,000,000.00	
Total Surplus Anticipated		3,000,000.00		3,000,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	58,000.00		58,847.00	\$ 847.00
Other	A-11	55,000.00		48,233.00	(6,767.00)
Fees and Permits:					
Other	A-11	679,000.00		669,359.94	(9,640.06)
Fines and Costs:					
Municipal Court	A-11	700,000.00		787,730.82	87,730.82
Interest and Costs on Taxes	A-11	272,000.00		188,687.02	(83,312.98)
Interest on Investments and Deposits	A-2	195,000.00		79,781.52	(115,218.48)
Cable TV Franchise Fee	A-11	491,000.00		491,140.76	140.76
Energy Receipts Tax	A-11	4,882,235.00		4,882,235.00	
Supplemental Energy Receipts Tax	A-11	281,706.00		281,706.00	
Watershed Moratorium Offset Aid	A-11	987.00		987.00	
Garden State Aid Trust Fund	A-11	26,751.00		26,751.00	
Uniform Construction Code Fees	A-11	2,610,000.00		1,491,373.30	(1,118,626.70)
Fire District #1 contract	A-11	144,000.00		143,596.00	(404.00)
Fire District #2 contract	A-11	208,000.00		230,420.05	22,420.05
Fire District #3 contract	A-11	114,000.00		110,553.51	(3,446.49)
Spotswood Contract - Data Processing	A-11	26,175.00		32,735.00	6,560.00
Milltown Contract - Data Processing	A-11	13,100.00		13,100.00	
Cranbury Contract - Data Processing	A-11	24,000.00		27,532.32	3,532.32
Monroe Contract - Data Processing	A-11	60,000.00		63,203.52	3,203.52
Middlesex County College:					
Contract - Data Processing	A-11	16,100.00		12,075.00	(4,025.00)
Interlocal Cranbury Dispatch	A-11	130,000.00		130,050.00	50.00
Public and Private Revenues Offset with Approp:					
Distracted Driver	A-25	5,500.00		5,500.00	
Body Armor Replacement Grant	A-25	7,961.89		7,961.89	
Clean Communities	A-25		\$ 89,247.67	89,247.67	
Recycling Tonnage Grant	A-25	190,633.10		190,633.10	
Middlesex County Recycling Grant	A-25	16,205.00		16,205.00	
Drive Sober or Get Pulled Over	A-25	3,630.00		3,630.00	
NJ DOT Major Road	A-25	276,000.00		276,000.00	
National Crime Statistic	A-25	72,656.00		72,656.00	
Click it or Ticket	A-25		5,500.00	5,500.00	
NJ Department of Justice - Vest Replacement	A-25		417.45	417.45	
Recreational Opportunities for Individuals with Disabilities (ROID)	A-25	10,000.00	4,022.00	14,022.00	
Pedestrian Safety	A-25		14,465.00	14,465.00	
Drunk Driving Enforcement	A-25		9,836.55	9,836.55	
NJ Division of Highway Safety - Safe Corridor	A-25	5,600.00		5,600.00	
Cops in Shops	A-25	3,960.00		3,960.00	
Other Special items:					
Uniform Fire Safety Act - Life Hazard					
Use Fees	A-11	355,000.00		389,127.68	34,127.68
Site Leasing - Antennae	A-11	269,000.00		254,846.21	(14,153.79)
PILOT - South Brunswick Community					
Development Corp.	A-11	37,000.00		35,883.44	(1,116.56)
Contribution from Library Board of Trustees					
PILOT - CIL Woods	A-11	15,800.00		15,202.23	(597.77)
PILOT- Oakwoods	A-11	42,000.00		42,091.80	91.80
Utility Payments for SW Chargebacks	A-11	1,400,000.00		1,400,000.00	
Hotel/Motel Tax	A-11	840,000.00		754,073.36	(85,926.64)
Reserve for Debt Service	A-11	41,533.53		41,533.53	
Reserve for Quasi Duty - Other Trust Fund	A-11	130,000.00		200,000.00	70,000.00
Planning - Land Use Charges	A-11	50,000.00		16,661.54	(33,338.46)
Prior Year Utility Surplus	A-2	2,105,000.00		2,105,000.00	
School Resource Officer	A-11	300,000.00		374,545.00	74,545.00
Total Miscellaneous Revenues	A-1, A-2	17,164,533.52	123,488.67	16,114,697.21	(1,173,324.98)

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	2019 BUDGET	N.J.S.A. 40A:4-87		
Receipts from Delinquent Taxes	A-1, A-2	\$ 1,250,000.00	\$ 1,453,469.90	\$ 203,469.90
Subtotal General Revenues		21,414,533.52	20,568,167.11	(969,855.08)
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Mun. Purposes	A-7	34,018,610.09	36,546,751.92	2,528,141.83
Minimum Library Tax Levy	A-7	3,327,500.00	3,327,500.00	
	A-2	37,346,110.09	39,874,251.92	2,528,141.83
Total Budget Revenues		58,760,643.61	60,442,419.03	1,558,286.75
Non-Budget Revenues	A-1, A-4, Below		528,535.91	528,535.91
GRAND TOTALS	REF.	\$ 58,760,643.61	\$ 60,970,954.94	\$ 2,086,822.66
		A-3	A-3	
<u>ANALYSIS OF REALIZED REVENUES</u>				
Receipts from Delinquent Taxes:				
Cash Receipts - Taxes	A-7		\$ 1,443,775.02	
Cash Receipts - Tax Title Liens	A-9		9,694.88	
Delinquent Tax Collections	A-1, A-2		\$ 1,453,469.90	
Allocation of Current Tax Collections:				
2019 Cash Collections	A-7		\$ 195,993,251.50	
Prepaid Taxes Applied	A-7, A-14		2,690,146.43	
State Share for Senior Citizen and Veteran Deductions	A-7, A-8		121,863.71	
	A-1		198,805,261.64	
Allocated to:				
School, County, Open Space and Special District Taxes	A-7		160,617,816.24	
			38,187,445.40	
Add: Reserve For Uncollected Taxes	A-3		1,686,806.52	
	A-2		\$ 39,874,251.92	
<u>Analysis of Miscellaneous Revenue Anticipated</u>				
Revenue Accounts Receivable	A-11		\$ 13,255,078.13	
Federal and State Grants Receivable	A-25		715,634.66	
Due from General Capital	A-6	\$ 38,974.38		
Due from Animal Control Fund	A-6	10.04		
Due from Utility Capital Fund	A-6	2,105,000.00		
			2,143,984.42	
	A-2		\$ 16,114,697.21	
<u>Analysis of Interest Earned on Investments</u>				
Due from General Capital Fund	A-6	\$ 38,974.38		
Due from Animal Control Fund	A-6	10.04		
			\$ 38,984.42	
Cash Receipts	A-11		40,797.10	
	A-2		\$ 79,781.52	
<u>Analysis of Non-Budget Revenues</u>				
Various Departments			113,250.90	
Miscellaneous			361,893.98	
Sr. Citizen and Veteran Administration Fee			2,622.27	
PILLOT			1,000.00	
Wellness Rent			27,962.00	
Cash Receipts	A-4		506,729.15	
Animal Control Fund Statutory Excess	A-6		21,806.76	
	Above		\$ 528,535.91	

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED			
OPERATIONS WITHIN "CAPS"							
Township Council							
Salaries and Wages	\$ 52,000.00	\$ 52,000.00	\$ 51,487.57		\$	\$ 512.43	
Other Expenses	61,215.00	52,090.00	22,686.90		29,322.03	81.07	
Township Manager							
Salaries and Wages	407,974.00	405,974.00	403,896.41			2,077.59	
Other Expenses	90,600.00	71,200.00	71,144.60			55.40	
Township Clerk							
Salaries and Wages	302,000.00	318,300.00	318,259.70			40.30	
Other Expenses	40,975.00	37,075.00	37,053.85			21.15	
Elections							
Salaries and Wages	4,400.00	3,400.00	3,178.36			221.64	
Other Expenses	17,250.00	23,250.00	22,819.86			430.14	
CATV Advisory Commission (N.J.S.A. 48A:56A-26)							
Salaries and Wages	5,500.00	2,600.00	2,321.99			278.01	
Other Expenses	500.00	2,400.00	2,391.00			9.00	
Financial Administration							
Salaries and Wages	451,250.00	419,250.00	418,449.10			800.90	
Other Expenses	27,950.00	29,700.00	28,647.99			1,052.01	
Purchasing							
Salaries and Wages	128,900.00	135,030.00	134,201.81			828.19	
Other Expenses	78,000.00	49,500.00	46,398.97		2,997.60	103.43	
Computerized Data Processing Center							
Salaries and Wages	324,925.00	311,025.00	310,967.70			57.30	
Other Expenses	180,700.00	165,700.00	151,436.86		12,874.19	1,388.95	
Collection of Taxes							
Salaries and Wages	267,950.00	280,350.00	280,286.56			63.44	
Other Expenses	6,700.00	8,450.00	8,391.57		50.00	8.43	
Annual Audit							
Other Expenses	19,100.00	19,100.00			18,333.32	766.68	
Assessment of Taxes							
Salaries and Wages	279,000.00	277,500.00	276,928.00			572.00	
Other Expenses	99,365.00	165,365.00	115,314.26		16,166.61	33,884.13	
Legal Service and Costs							
Salaries and Wages	65,250.00	65,250.00	64,614.79			635.21	
Other Expenses	43,500.00	66,500.00	32,726.09		26,220.50	7,553.41	

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Affordable Housing Agency	\$ 275,000.00	\$ 165,500.00	\$ 138,312.04	\$ 1,030.92	\$ 26,157.04	
Other Expenses						
Planning Board	441,672.00	432,672.00	432,537.77		134.23	
Salaries and Wages	22,950.00	13,950.00	12,682.04	361.99	905.97	
Other Expenses						
Zoning Board	13,500.00	13,000.00	12,807.96		192.04	
Salaries and Wages	7,100.00	1,600.00	1,569.90		30.10	
Other Expenses	2,000.00	1,500.00	1,233.96		266.04	
Industrial Commission (N.J.S.A. 40A:55-56A-5)	2,500.00	500.00			500.00	
Salaries and Wages						
Other Expenses	1,000.00	1,000.00	959.20		40.80	
Environmental Commission (N.J.S.A. 40:56A-10)	500.00	500.00	350.00		150.00	
Other Expenses						
Transportation Advisory Committee	300.00	300.00			300.00	
Salaries and Wages	500.00	500.00			500.00	
Other Expenses						
Public Building and Grounds	294,300.00	300,600.00	300,491.80		108.20	
Salaries and Wages	208,500.00	205,060.00	195,311.52	9,741.17	7.31	
Other Expenses						
Maintenance of Parks	879,000.00	894,500.00	893,440.40		1,059.60	
Salaries and Wages	81,200.00	81,200.00	79,125.06	2,050.00	24.94	
Other Expenses						
Shade Tree						
Salaries and Wages	700.00	700.00	448.68		251.32	
Other Expenses	2,595.00	1,595.00	1,085.00		510.00	
Streets and Roads Maintenance						
Salaries and Wages	2,000,000.00	2,025,000.00	2,024,781.11		218.89	
Other Expenses	150,365.00	157,865.00	148,183.96	1,867.76	7,813.28	
Snow Removal						
Salaries and Wages	150,000.00	150,000.00	150,000.00			
Vehicle Maintenance						
Salaries and Wages	567,700.00	568,900.00	568,835.36		64.64	
Other Expenses	171,825.00	178,325.00	164,811.76	13,266.27	246.97	
Recycling						
Salaries and Wages	174,100.00	199,900.00	198,391.83		1,508.17	
Other Expenses	7,200.00	5,200.00	4,596.67		603.33	

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED			
OPERATIONS WITHIN "CAPS"							
Transit - Other Public Works Functions	\$ 384,150.00	\$ 379,650.00	\$ 379,594.02		\$	\$ 56.98	
Salaries and Wages			2,397.35		773.15	1,079.50	
Other Expenses	9,250.00	4,250.00					
Aid to Volunteer Ambulance Companies							
Contractual	105,000.00						
Other Expenses	30,000.00	135,000.00	101,250.00			33,750.00	
Public Safety							
Fire Prevention Service							
Salaries and Wages	229,890.00	266,140.00	266,016.57			123.43	
Other Expenses	7,850.00	8,000.00	7,957.74		25.00	17.26	
Other Fire District Payments	13,122.00	13,122.00	13,122.00				
Police							
Salaries and Wages	10,795,000.00	10,789,500.00	10,731,266.49			58,233.51	
Regular Police							
School Crossing Guards	150,000.00	172,200.00	172,123.98			76.02	
Other Expenses							
Regular Police	351,777.00	301,777.00	243,648.58		49,578.84	8,549.58	
School Crossing Guards	3,230.00	1,230.00	785.00		217.05	227.95	
Police Dispatch/911							
Salaries and Wages	881,900.00	1,005,900.00	1,005,854.64			45.36	
Other Expenses	18,093.00	13,093.00	7,692.14		3,222.68	2,178.18	
Emergency Management Services							
Salaries and Wages	13,000.00	13,000.00	12,604.02			395.98	
Other Expenses	2,500.00	2,000.00	1,596.77			403.23	
Municipal Prosecutor							
Salaries and Wages	45,000.00	43,000.00	38,958.26		3,541.74	500.00	
Health and Welfare							
Contribution to Social Service Agreement							
Other Expenses	50,000.00	50,000.00				50,000.00	
Board of Health							
Salaries and Wages	298,500.00	304,150.00	304,101.17			48.83	
Other Expenses	73,300.00	74,400.00	72,360.19		1,955.88	83.93	
Animal Control Regulation							
Salaries and Wages	77,600.00	76,600.00	75,630.80			969.20	
Other Expenses	22,675.00	15,675.00	15,229.87			445.13	
Recreation Services and Programs							
Salaries and Wages	532,660.00	517,660.00	509,943.51			7,716.49	
Other Expenses	122,450.00	112,450.00	106,373.36		4,201.07	1,875.57	

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Social Services						
Salaries and Wages	\$ 80,560.00	\$ 80,060.00	\$ 79,786.25		\$ 273.75	
Other Expenses	1,300.00	1,700.00	1,690.27		9.73	
Senior Services						
Salaries and Wages	476,160.00	431,160.00	429,082.30		2,077.70	
Other Expenses	63,970.00	55,970.00	53,741.03	\$ 172.82	2,056.15	
Celebration of Public events						
Other Expenses	15,000.00	15,000.00	15,000.00			
Salary Adjustments						
Salaries and Wages						
Solid Waste Collection						
Other Expenses	2,486,700.00	2,566,700.00	2,566,327.46		172.54	
Landfill/Solid Waste Disposal Costs						
Other Expenses	995,000.00	995,000.00	923,435.84		71,564.16	
Condominium Services Act						
Other Expenses	168,000.00	184,000.00	179,372.81	4,237.64	389.55	
Municipal Court						
Salaries and Wages	519,320.00	519,320.00	498,129.56		21,190.44	
Other Expenses	24,280.00	24,280.00	22,635.76	1,385.15	259.09	
Public Defender						
Other Expenses	35,000.00	35,400.00	29,166.57	5,225.06	1,008.37	
Insurance						
Group Insurance	8,855,000.00	8,916,000.00	8,787,797.43		127,577.57	
General Liability	478,100.00	478,100.00	473,105.79		4,994.21	
Unemployment Insurance						
Workers Compensation	124,000.00	124,000.00	124,000.00			
Waiver of Health Benefits	125,000.00	127,800.00	127,755.02		44.98	
Construction Official						
Salaries and Wages	932,500.00	939,900.00	939,840.03		59.97	
Other Expenses	13,600.00	10,600.00	10,181.15		418.85	
Rent Leveling Board						
Salaries and Wages						
Accumulated Leave Expenses						
Salaries and Wages		250,000.00	250,000.00			

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Utilities	\$ 475,000.00	\$ 455,000.00	\$ 453,274.64	\$	\$ 1,725.36	
Electricity	495,000.00	445,000.00	418,859.19		26,140.81	
Street Lighting	140,000.00	135,000.00	130,572.19	\$ 736.53	3,691.28	
Telephone	29,000.00	29,000.00	28,373.93		626.07	
Water	14,000.00	14,000.00	10,464.86		3,535.14	
Sewerage Disposal	90,000.00	80,000.00	76,352.37		3,647.63	
Fuel Oil	183,500.00	173,905.00	152,063.58		21,841.42	
Gasoline	31,000.00	31,330.00	31,225.31		4.69	
Fire Hydrant						
Total Operations Within "CAPS"	39,477,448.00	39,777,898.00	39,014,598.76	209,779.97	553,519.27	
DETAIL:						
Salaries and Wages	22,229,661.00	22,121,259.00	22,016,318.68	3,541.74	101,398.58	
Other Expenses	17,247,787.00	17,656,639.00	16,998,280.08	206,238.23	452,120.69	
STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	1,562,695.00	1,623,945.00	1,623,903.04		41.96	
Social Security System (O.A.S.L)	1,850,000.00	1,864,800.00	1,861,085.47		3,714.53	
Police and Firemen's Retirement System of NJ	2,545,081.00	2,545,081.00	2,545,081.00			
Defined Contribution Retirement Program	20,000.00	23,500.00	23,134.40		365.60	
Total Statutory Expenditures Municipal Within "CAPS"	5,977,776.00	6,057,326.00	6,053,203.91	-	4,122.09	
Total General Appropriations for Municipal Purposes Within "CAPS"	45,455,224.00	45,835,224.00	45,067,802.67	209,779.97	557,641.36	

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
	\$ 1,825,000.00	\$ 1,963,000.00	\$ 1,956,742.63		\$ 6,257.37	
	1,502,500.00	1,364,500.00	1,173,450.11	\$ 102,977.15	88,072.74	
	40,000.00	40,000.00	13,351.44		26,648.56	
	466,000.00	466,000.00	464,602.12		1,397.88	
	139,375.00	139,375.00	139,375.00			
	4,102,875.00	3,972,875.00	3,747,521.30	102,977.15	122,376.55	

OTHER OPERATIONS EXCLUDED FROM "CAPS"

Maintenance of Free Public Library	
Salaries and Wages	
Other Expenses	
Length of Service Award Program (LOSAP)	
Other Expenses	
Interlocal Municipal Services Agreement	
Fire Services	
Salaries and Wages	
Data Processing	
Salaries and Wages	
Total Other Operations Excluded from "CAPS"	

OTHER OPERATIONS EXCLUDED FROM "CAPS"
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES

Distracted Driver	5,500.00	5,500.00	5,500.00
Other Expenses			
Drive Sober or Get Pulled Over	3,630.00	3,650.00	3,630.00
Other Expenses			
Drunk Driving Enforcement Fund		9,836.55	9,836.55
Other Expenses			
Recycling Tonnage Grant	190,633.10	190,633.10	190,633.10
Other Expenses			
Middlesex County Recycling Grant	16,205.00	16,205.00	16,205.00
Other Expenses			
NJ Department of Justice - Vest Replacement		417.45	417.45
Other Expenses			
Clean Communities		89,247.67	89,247.67
Other Expenses			
Pedestrian Safety		14,465.00	14,465.00
Other Expenses			
Safe Corridors	5,600.00	5,600.00	5,600.00
Other Expenses			

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Body Armor Replacement Grant	\$ 7,961.89	\$ 7,961.89	\$ 7,961.89			
Other Expenses						
National Crime Statistic Exchange	72,656.00	72,656.00	72,656.00			
Other Expenses	10,000.00	14,022.00	14,022.00			
Recreational Opportunities for Individuals with Disabilities (ROID)						
Other Expenses	3,960.00	3,960.00	3,960.00			
Cops in Shops	276,000.00	276,000.00	276,000.00			
Other Expenses						
New Jersey DOT Trust Fund Authority Act						
Other Expenses						
Click it or Tick it Grant						
Other Expenses						
Total Public and Private Revenues Offset by Revenues	592,145.99	715,634.66	715,634.66			
Total Operations Excluded from "CAPS"	4,695,020.99	4,688,509.66	4,463,155.96	\$ 102,977.15	\$ 122,376.55	
DETAIL:						
Salaries and Wages	2,430,375.00	2,568,375.00	2,560,719.75		7,655.25	
Other Expenses	2,264,645.99	2,120,134.66	1,902,436.21	102,977.15	114,721.30	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	85,000.00	85,000.00	85,000.00			
Total Capital Improv. - Excl. from "CAPS"	85,000.00	85,000.00	85,000.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	4,947,508.00	4,877,604.54	4,877,508.50			\$ 96.04
Interest on Bonds	917,900.00	987,803.46	987,803.46			298.97
Interest on Notes	160,400.00	160,400.00	160,101.03			120,796.01
Capital Lease Obligation - Principal and Interest	325,507.00	325,507.00	204,710.99			
Total Mun. Debt Service - Excl. from "CAPS"	6,351,315.00	6,351,315.00	6,230,123.98			121,191.02

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Deferred Charges:						
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53)	\$ 355,000.00	\$ 355,000.00	\$ 355,000.00			\$ 91,695.00
Overexpenditure of Grants	100,320.00	100,320.00	8,625.00			
Overexpenditure of Appropriation Reserves	31,957.10	31,957.10				
Total Deferred Charges - Municipal Excluded from "CAPS"	487,277.10	487,277.10	395,582.10			91,695.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	11,618,613.09	11,612,101.76	11,173,862.04	\$ 102,977.15	\$ 122,376.55	212,886.02
Subtotal General Appropriations	57,073,837.09	57,447,325.76	56,241,664.71	312,757.12	680,017.91	212,886.02
Reserve for Uncollected Taxes	1,686,806.52	1,686,806.52	1,686,806.52			
Total General Appropriations	\$ 58,760,643.61	\$ 59,134,132.28	\$ 57,928,471.23	\$ 312,757.12	\$ 680,017.91	\$ 212,886.02
REF	A-2	Below	Below	A-21	A	A-1
Adopted Budget		\$ 58,760,643.61				
Special Emergency Authorizations		250,000.00				
Approp. By N.J.S.A. 40A:4-87		123,488.67				
		\$ 59,134,132.28				
Cash Disbursed			\$ 55,130,447.95			
Deferred Charges - Special Emergency			355,000.00			
Deferred Charges			40,582.10			
Reserve for Uncollected Taxes			1,686,806.52			
Due to Federal and State Grant Fund:			715,634.66			
Reserve for Federal and State Grants Appropriated			\$ 57,928,471.23			

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS	REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018	LIABILITIES AND RESERVES	REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018
Animal Control Fund:				Animal Control Fund:			
Cash and Cash Equivalents - Treasurer	B-1	\$ 78,318.26	\$ 60,317.39	Due to State of New Jersey	B-6	\$ 37.80	\$ 44.40
Due from State of New Jersey				Reserve for Encumbrances	B-1		286.00
				Reserve for Animal Control Expenditures	B-9	40,082.00	43,596.00
				Interfund Payable - Current	B-2	38,198.46	16,590.99
Total Animal Control Fund		<u>78,318.26</u>	<u>60,317.39</u>	Total Animal Control Fund		<u>78,318.26</u>	<u>60,317.39</u>
Other Trust Fund				Other Trust Fund			
Cash and Cash Equivalents - Treasurer	B-1	19,722,249.54	17,538,341.54	Interfund Payable - General Capital	B-3	100,000.00	100,000.00
Interfund Receivable - Payroll Trust	B-3	74,714.59	74,714.59	Interfund Payable - CDBG	B-5	63,821.95	75,400.29
Due from County of Middlesex	B-4	38,564.17	29,744.16	Interfund Payable - Current	B-3	199,986.78	150,309.80
				Reserve for:			
				Open Space	B-11	342,536.82	35,820.70
				Other Reserves	B-10	18,818,467.86	16,841,525.10
				Encumbrances	B-10	310,714.89	439,744.40
Total Other Trust Fund		<u>19,835,528.30</u>	<u>17,642,800.29</u>	Total Other Trust Fund		<u>19,835,528.30</u>	<u>17,642,800.29</u>
Community Development Block Grant Fund:				Community Development Block Grant Fund:			
Interfund Receivable - Other Trust Fund	B-5	63,821.95	75,400.29	Reserve for Program Expenditures	B-8	80,621.18	146,348.11
Accounts Receivable - Community Development Block Grant	B-7	16,799.23	70,947.82	Total Community Development Block Grant Fund		<u>80,621.18</u>	<u>146,348.11</u>
Total Community Development Block Grant Fund		<u>80,621.18</u>	<u>146,348.11</u>	Total Liabilities and Reserves		<u>\$ 19,994,467.74</u>	<u>\$ 17,849,465.79</u>
Total Assets		<u>\$ 19,994,467.74</u>	<u>\$ 17,849,465.79</u>				

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

	REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018
<u>ASSETS</u>			
Cash and Cash Equivalents - Treasurer	C-2, C-3	\$ 5,355,502.48	\$ 11,849,714.64
Grants Receivable - State of New Jersey	C-10	133,572.50	207,322.41
Investment in Bond Anticipation Notes	C-12	136,500.00	552,375.00
Interfund Receivable - Other Trust Fund	C-13	100,000.00	100,000.00
Interfund Receivable - Current Fund	C-11	1,605,483.61	
Deferred Charges to Future Taxation:			
Funded	C-4	30,711,000.00	37,221,000.00
Unfunded	C-5	8,873,134.70	6,711,884.70
Total Assets		<u>\$ 46,915,193.29</u>	<u>\$ 56,642,296.75</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-14	\$ 30,711,000.00	\$ 37,221,000.00
Bond Anticipation Notes	C-16	4,530,000.00	4,530,000.00
Reserve for Encumbrances	C-15	3,614,888.60	3,302,271.80
Improvement Authorizations:			
Funded	C-6	5,552,609.60	8,748,983.48
Unfunded	C-6	1,686,986.24	2,022,573.08
Interfund Payable - Current Fund	C-11		4,478.93
Capital Improvement Fund	C-8	723.58	14,473.58
Reserve for Debt Service	C-7	12,955.80	41,533.53
Reserve for Contributions	C-9	795,215.07	746,167.95
Reserve for Preliminary Costs	C	10,000.00	10,000.00
Fund Balance	C-1	814.40	814.40
Total Liabilities, Reserves and Fund Balance		<u>\$ 46,915,193.29</u>	<u>\$ 56,642,296.75</u>

There were Bonds and Notes Authorized but Not Issued at December 31, 2019 and 2018 in the amounts of \$4,343,134.70 and \$2,181,884.70, respectively. See Exhibit C-17.

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>REF.</u>	
Balance, December 31, 2019 and 2018	C	\$ <u>814.40</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
WATER AND SEWER UTILITY FUNDS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

	REF.	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2018
Assets			
Operating Fund:			
Cash and Cash Equivalents	D-6	\$ 3,047,766.67	\$ 4,274,679.90
Cash - Change Fund	D	200.00	194.25
		<u>3,047,966.67</u>	<u>4,274,874.15</u>
Receivables With Offsetting Reserves:			
Consumer Accounts Receivable with Offsetting Reserve	D-10	1,198,260.98	1,404,473.79
Deferred Charges	D	33,481.25	146,425.37
Interfund Receivable - Utility Capital Fund	D-8		4,360.43
		<u>4,279,708.90</u>	<u>5,830,133.74</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	D-6	124,606.54	124,606.54
		<u>124,606.54</u>	<u>124,606.54</u>
Capital Fund:			
Cash and Cash Equivalents	D-6, D-7	3,633,397.06	8,478,579.64
Interfund Receivable - Current Fund	D-9	2,800,000.00	
Interfund Receivable - Utility Operating Fund	D-8	437,641.76	
Fixed Capital	D-18	101,752,267.57	100,812,267.57
Fixed Capital - Authorized and Uncompleted	D-19	46,560,537.10	44,466,537.10
		<u>155,183,843.49</u>	<u>153,757,384.31</u>
Total Capital Fund		\$ 155,183,843.49	\$ 153,757,384.31
Total Assets			
		<u>\$ 159,588,158.93</u>	<u>\$ 159,712,124.59</u>
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation Reserves	D-5, D-13	\$ 680,790.56	\$ 1,475,339.06
Reserve for Encumbrances	D-5, D-13	312,347.94	311,383.36
Accounts Payable	D-25	30,537.67	6,812.15
Interfund Payable - Utility Capital Fund	D-8	437,641.76	
Prepaid Rents	D-17	76,592.41	96,165.07
Accrued Interest on Bonds and Notes	D-12	319,368.67	396,629.67
		<u>1,857,279.01</u>	<u>2,286,329.31</u>
Reserve			
D-1		1,198,260.98	1,404,473.79
		<u>1,224,168.91</u>	<u>2,139,330.64</u>
		<u>4,279,708.90</u>	<u>5,830,133.74</u>
Assessment Trust Fund:			
Fund Balance	D-2	124,606.54	124,606.54
		<u>124,606.54</u>	<u>124,606.54</u>
Capital Fund:			
Serial Bonds Payable	D-20	30,047,000.00	33,942,000.00
Bond Anticipation Notes Payable	D-24	10,456,000.00	10,783,000.00
Improvement Authorizations:			
Funded	D-21	582,610.42	648,615.04
Unfunded	D-21	17,982,835.88	16,643,697.69
Capital Improvement Fund	D-16	81,109.68	81,109.68
Interfund Payable - Utility Operating Fund	D-8		4,360.43
Reserves for:			
Encumbrances	D-14	1,987,933.26	1,674,151.38
Preliminary Engineering Costs	D-15	3,450.00	3,450.00
Debt Service	D-11	30,880.26	186,976.10
Amortization	D-22	93,942,333.67	89,674,833.67
Deferred Amortization	D-23	69,000.00	114,500.00
		<u>690.32</u>	<u>690.32</u>
Total Capital Fund		\$ 155,183,843.49	\$ 153,757,384.31
Total Liabilities, Reserves and Fund Balance			
		<u>\$ 159,588,158.93</u>	<u>\$ 159,712,124.59</u>

There were Water and Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2019 and 2018 in the amounts of \$13,798,471.80 and \$10,764,471.80, respectively. See Exhibit D-26.

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

		<u>Year 2019</u>	<u>Year 2018</u>
<u>REVENUES AND OTHER INCOME</u>			
Fund Balance Utilized	D-4	\$ 2,135,000.00	\$ 3,165,000.00
Rents	D-4, D-10	25,887,362.45	25,442,540.64
Water and Sewer Connection Fees and Charges	D-4	2,218,036.00	2,282,835.00
Miscellaneous	D-4	604,575.36	218,322.77
Reserve for Debt Service	D-4, D-6	186,000.00	408,100.00
Other Credits to Income:			
Refunds			4,959.00
Appropriation Reserves Lapsed	D-13	576,285.07	282,465.41
Total Revenues and Other Income		<u>31,607,258.88</u>	<u>31,804,222.82</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations	D-5	21,719,650.00	22,177,575.00
Debt Service	D-5	5,609,826.49	5,603,890.37
Deferred Charges and Statutory Expenditures	D-5	952,944.12	845,764.00
Surplus (General Budget)	D-5	2,105,000.00	1,625,000.00
Total Expenditures		<u>30,387,420.61</u>	<u>30,252,229.37</u>
Excess in Revenues		1,219,838.27	1,551,993.45
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Year-			
Overexpenditure of an appropriation		-	146,425.37
Statutory Excess to Fund Balance		1,219,838.27	1,698,418.82
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>2,139,330.64</u>	<u>3,605,911.82</u>
		3,359,168.91	5,304,330.64
Decreased By:			
Utilization as Anticipated Revenue	D-4	<u>2,135,000.00</u>	<u>3,165,000.00</u>
Balance - December 31	D	<u>\$ 1,224,168.91</u>	<u>\$ 2,139,330.64</u>

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>REF.</u>	
Balance - December 31, 2019 and 2018	D	<u>\$ 124,606.54</u>

See accompanying notes to the financial statements.

**WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>REF.</u>	
Balance - December 31, 2019 and 2018	D	<u>\$ 690.32</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	REF.	2019 BUDGET	REALIZED	EXCESS (DEFICIENCY)
Utility Operating Surplus	D-1	\$ 2,135,000.00	\$ 2,135,000.00	
Water / Sewer Rents	D-1, D-10	25,441,000.00	25,887,362.45	\$ 446,362.45
Water and Sewer Connection Fees	D-1, D-6	2,282,000.00	2,218,036.00	(63,964.00)
Miscellaneous	D-1, Below	450,594.12	604,575.36	153,981.24
Reserve for Debt Service	D-1, D-6, D-11	186,000.00	186,000.00	
TOTALS	D-5	<u>\$ 30,494,594.12</u>	<u>\$ 31,030,973.81</u>	<u>\$ 536,379.69</u>
<u>Analysis of Miscellaneous:</u>				
Interest	D-6		\$ 74,660.84	
Other	D-6		529,914.52	
	Above		<u>\$ 604,575.36</u>	

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 Budget	Budget After Modification	Paid or Charged	Expended		Cancelled
				Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 4,670,300.00	\$ 4,670,300.00	\$ 4,666,436.22	\$	\$ 3,863.78	
Other Expenses	17,049,350.00	17,049,350.00	16,073,371.69	\$ 312,347.94	663,630.37	
Total Operating	21,719,650.00	21,719,650.00	20,739,807.91	312,347.94	667,494.15	
Debt Service:						
Payment of Bond Principal	3,895,000.00	3,895,000.00	3,895,000.00			
Payment of Bond Anticipation Notes and Capital Notes	327,000.00	327,000.00	327,000.00			
Interest on Bonds	1,142,000.00	1,142,000.00	1,069,953.99			\$ 72,046.01
Interest on Notes	333,000.00	333,000.00	317,872.50			35,127.50
Total Debt Service	5,717,000.00	5,717,000.00	5,609,826.49			107,173.51
Deferred Charges and Statutory Expenditures:						
Deferred Charge- Prior Year Overexpenditure	112,944.12	112,944.12	112,944.12			
Contribution to:						
Public Employees Retirement System	600,000.00	600,000.00	600,000.00			
Social Security System	240,000.00	240,000.00	226,703.59		13,296.41	
Total Deferred Charges and Statutory Expenditures	952,944.12	952,944.12	939,647.71		13,296.41	
Surplus - General Budget	2,105,000.00	2,105,000.00	2,105,000.00			
Total Appropriations	\$ 30,494,594.12	\$ 30,494,594.12	\$ 29,394,282.11	\$ 312,347.94	\$ 680,790.56	\$ 107,173.51
	D-4	D-4	Below	D	D	D-1
Cash Disbursed			\$ 25,788,511.50			
Utilized in Current Fund Budget			2,105,000.00			
Accrued Interest on Bonds and Notes			1,387,826.49			
Deferred Charge			112,944.12			
Above			\$ 29,394,282.11			

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2019</u>	<u>BALANCE DEC. 31, 2018</u>
Cash and Cash Equivalents	E-1	\$ 338,795.78	\$ 621,409.33
Total Assets		<u>\$ 338,795.78</u>	<u>\$ 621,409.33</u>
 <u>LIABILITIES</u>			
Payroll Deductions Payable	E-3	\$ 264,081.19	\$ 546,689.64
Interfund Payable - Unemployment Fund	E-2	74,714.59	74,714.59
Interfund Payable - Current Fund	E-1	<u>5.10</u>	<u>5.10</u>
Total Liabilities		<u>\$ 338,795.78</u>	<u>\$ 621,409.33</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2019</u>	<u>BALANCE DEC. 31, 2018</u>
Land	\$ 52,799,808.00	\$ 52,799,808.00
Land Improvements	3,256,487.00	3,256,487.00
Buildings and Improvements	48,119,844.00	48,119,844.00
Infrastructure	3,872,930.00	3,872,930.00
Machinery, Equipment, Furniture and Fixtures and Vehicles	<u>28,786,142.00</u>	<u>28,607,620.00</u>
Total General Fixed Assets	<u>\$ 136,835,211.00</u>	<u>\$ 136,656,689.00</u>
 <u>RESERVE</u>		
Investment in General Fixed Assets	<u>\$ 136,835,211.00</u>	<u>\$ 136,656,689.00</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1: FORM OF GOVERNMENT

The governing body of the Township of South Brunswick, in the County of Middlesex, New Jersey (the "Township") consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. Terms are staggered by two-year intervals. The Council serves as a legislative arm of the government and establishes the policies of the Township. The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying out the policies of the Township Council. The responsibilities of the Township Manager include being accountable for all employees, proposing the annual budget and coordinating all activities of all departments within the Township.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles ("GAAP") to provide detailed information about the governmental unit. This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the basic financial statements required by GAAP.

GASB established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services (the "Division") requires the financial statements of the Township of South Brunswick to be reported separately.

Except as noted below, the financial statements of the Township of South Brunswick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of South Brunswick, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of South Brunswick do not include the operations of the municipal library, first aid organizations or volunteer companies since their activities are administered by separate boards.

B. Description of Funds

The accounting policies of the Township of South Brunswick conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township 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 operations of a specific government activity. As required by the Division, the Township accounts for its financial transactions through the following individual funds and account group:

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Fund – records resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund – records receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the Community Development Block Grant fund are reported within the Trust Funds. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Funds:

- Assessment Trust Fund
- Other Trust Fund
- Animal Control Trust Fund

General Capital Fund – records resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current and Utility Funds, including the status of bonds, notes and loans authorized for said purposes. General bonds, notes and loans payable are recorded in this fund offset by deferred charges to future taxation.

Water and Sewer Utility Fund – records resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

Payroll Fund – records resources, deposits of gross salaries of municipal and utility operations into bank accounts of the payroll fund. Social Security and other payroll contributions are also deposited therein. Net salaries and remittances to all Federal, State and other agencies are paid from this fund.

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their acquisition value at the date of acquisition. No depreciation is recorded on general fixed assets.

C. Regulatory Basis Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the basic financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

D. Basis of Accounting and Measurement Focus

Basis of Accounting and Measurement Focus - The basis of accounting, as prescribed by the Division for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The most significant is the reporting of entity-

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget.

Receivables for property taxes and water and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility Fund, respectively. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves." Paid or charged refers to the Township's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

Compensated Absences - Expenditures for compensated absences, i.e., accumulations of earned but unused vacations and sick leave, are recorded in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utility) fund on a full accrual basis.

Deferred Charges - For the purposes of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets (Deferred Charges) on the balance sheets.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based upon the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or the revaluation of assessable real property, would represent the designation of fund balance.

Interfund Transfers - The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain transfers between funds, such as transfers from the Current Fund or Utility Operating Funds to a Self-insurance Trust Fund, transfers of anticipated operating surpluses among the Current Fund, Water and Sewer Utility Fund, transfers from utility operating funds to capital funds (i.e., finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in the Township's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, transfers are not recognized as expenditures.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized as a "component unit" of the Township and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the governmental fixed assets at the lower of cost or fair value.

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

Compensated Absences - The Township has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utility) fund on a full accrual basis.

Grants Received - Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 4 to the financial statements.

Fixed Assets - Property and equipment acquired by the Current, Community Development Block Grant and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment acquired by the Water and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements plus any costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

The Township has developed a general fixed asset accounting and reporting system that utilizes multiple dollar thresholds for the inclusion of certain assets and also utilizes estimated fair values, which are updated annually to reflect current appraisal values, for inventoried structures. Accordingly, a statement of general fixed assets, developed using recognized valuation methods and uniform capitalization rules, which is required pursuant to generally accepted accounting principles and accounting practices prescribed for municipalities by the State of New Jersey, is included in the financial statements.

Length of Service Award Program (LOSAP) – the Division does not require the LOSAP to be included as part of the balance sheet of the Trust Fund in the regulatory basis financial statements of the Township. GAAP requires the inclusion of such information to be recorded in the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Since the Township does not follow generally accepted accounting principles, the GASBs did not result in a change in the Township's assets, liabilities and contribution requirements. Refer to Note 9 for these disclosures.

Other Post Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, it did result in additional note disclosures as required by the GASB. The audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. The latest available audited information reported under the regulatory basis of accounting which differs from GAAP is presented in Note 10.

E. Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

F. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not determined the impact of the statement on the financial statements.

Note 3: DEFERRED COMPENSATION PLAN

The Employee Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The program balances are not recorded in the Trust Fund of the Township. The deferred compensation plans are administered by the ICMA Retirement Corporation, the Lincoln National Life Insurance Company, Metlife, Nationwide Mutual Insurance Company and MassMutual. The Township does not make any contributions to the plan and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of the 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

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 3: DEFERRED COMPENSATION PLAN (Continued)

custodial accounts. The plan's assets are not the property of the Township and therefore are not presented in the financial statements.

As of December 31, 2019 and 2018, the amounts held in trust amounted to \$23,060,111.81 and \$20,038,860.47, respectively.

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, N.J.S.A. 40A:2 et seq, governs the issuance of bonds and notes to finance municipal capital expenditures. All bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds. The Township's municipal debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>Year 2019</u>	<u>Year 2018</u>
General:		
Bond Anticipation Notes	\$ 4,530,000.00	\$ 4,530,000.00
Bonds	30,711,000.00	37,221,000.00
Water and Sewer Utility:		
Bond Anticipation Notes	10,456,000.00	10,783,000.00
Bonds	<u>30,047,000.00</u>	<u>33,942,000.00</u>
Total debt issued	75,744,000.00	86,476,000.00
Less:		
Funds temporarily held to pay		
Bonds and notes	<u>43,836.00</u>	<u>228,509.63</u>
	75,700,164.00	86,247,490.37
Authorized but not issued:		
General:		
Bonds and notes	4,343,134.70	2,181,884.70
Water and Sewer Utility:		
Bonds and notes	<u>13,798,471.80</u>	<u>10,764,471.80</u>
Total authorized but not issued	<u>18,141,606.50</u>	<u>12,946,356.50</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 93,841,770.50</u>	<u>\$ 99,193,846.87</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

B. Summary of Statutory Debt Condition - Annual Debt Statement – 2019

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of 0.419%.

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 61,375,000.00	\$ 61,375,000.00	
Water and sewer utility debt	53,231,471.80	53,231,471.80	
General debt	39,584,134.70	12,955.80	\$ 39,571,178.90
	\$ 154,190,606.50	\$ 114,619,427.60	\$ 39,571,178.90

Net Debt \$39,571,178.90 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,436,976,008.00 equals 0.419%.

EQUALIZED VALUATION BASIS

2017 Equalized Valuation Basis of Real Property	\$ 8,630,785,045.00
2018 Equalized Valuation Basis of Real Property	9,975,717,738.00
2019 Equalized Valuation Basis of Real Property	9,704,425,241.00
 Average Equalized Valuation	 \$ 9,436,976,008.00

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

3 1/2% of Equalized Valuation Basis Municipal	\$ 330,294,160.28
Net Debt	39,571,178.90
 Remaining Borrowing Power	 \$ 290,722,981.38

The Township's water and sewer utility fund was self-liquidating as of December 31, 2019 and 2018.

The Township of South Brunswick Board of Education is a Type II School District. As such, the members of the Board of Education are elected by the citizens of the Township and school appropriations are set by the Board of Education. Bonds and notes authorized by voter referendum to finance capital expenditures are general obligations of the Board of Education and, as such, are reported on the balance sheet of the Board of Education.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

C. Schedule of Annual Debt Service for Principal and Interest for the
Next Five Years and in Five Year Increments Thereafter for Bonded Debt Issued and Outstanding

Fiscal Year	General		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2020	\$ 6,730,000.00	\$ 970,801.26	\$ 4,025,000.00	\$ 1,001,597.50	\$ 12,727,398.76
2021	6,050,000.00	721,910.63	4,120,000.00	850,997.50	11,742,908.13
2022	3,440,000.00	540,645.00	3,185,000.00	715,347.50	7,880,992.50
2023	2,655,000.00	444,395.00	3,210,000.00	605,347.50	6,914,742.50
2024	2,320,000.00	365,257.50	2,775,000.00	494,035.00	5,954,292.50
2025-2029	7,111,000.00	963,952.50	7,192,000.00	1,396,360.00	16,663,312.50
2030-2034	2,405,000.00	139,300.00	3,440,000.00	627,450.00	6,611,750.00
2035-2037	-	-	2,100,000.00	126,000.00	2,226,000.00
Total	<u>\$ 30,711,000.00</u>	<u>\$ 4,146,261.89</u>	<u>\$ 30,047,000.00</u>	<u>\$ 5,817,135.00</u>	<u>\$ 70,721,396.89</u>

General Capital Fund

\$3,190,000.00 2009 Refunding Bonds due in annual installments of \$265,000.00 to \$270,000 through September 1, 2021 at an interest rate of 4.000%	\$ 535,000.00
\$3,168,000.00 2010 Open Space Obligation Bonds due in annual installments of \$155,000.00 to \$200,000.00 through October 1, 2030 at interest rates ranging from 3.000% to 3.500%.	2,053,000.00
\$6,650,000.00 2010 Refunding Bonds due in annual installments of \$605,000.00 to \$620,000.00 through January 15, 2021 at interest rates ranging from 2.500% to 2.625%.	1,225,000.00
\$9,987,000.00 2011 Refunding Bonds due in annual installments of \$1,440,000.00 to \$1,455,000.00 through July 1, 2021 at interest rates ranging from 3.600% to 4.630%.	2,895,000.00
\$5,101,000.00 2012 General Improvement Bonds due in annual installments of \$420,000.00 to \$510,000.00 through November 15, 2025 at interest rates ranging from 2.000% to 3.000%.	2,901,000.00
\$1,438,000.00 2012 Open Space Bonds due in annual installments of \$80,000.00 to \$160,000.00 through November 15, 2025 at interest rates ranging from 2.000% to 3.000%.	878,000.00

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

General Capital Fund (continued)

\$4,638,000.00 2013 General Improvement Bonds due in annual installments of \$300,000.00 to \$400,000.00 through October 1, 2028 at interest rates ranging from 3.000% to 4.000%.	\$ 3,288,000.00
\$361,000.00 2013 Open Space Bonds due in annual installments of \$25,000.00 to \$26,000.00 through October 1, 2028 at interest rates ranging from 3.000% to 4.000%.	226,000.00
\$8,390,000.00 2014 General Improvement Refunding Bonds due in annual installments of \$290,000.00 to \$970,000.00 through September 1, 2024 at interest rates ranging from 4.000% to 5.000%.	3,050,000.00
\$3,545,000.00 2014 Open Space Refunding Bonds due in annual installments of \$100,000.00 to \$705,000.00 through September 1, 2023 at interest rates ranging from 4.000% to 5.000%.	1,035,000.00
\$5,396,000.00 2015 General Improvement Refunding Bonds due in annual installments of \$650,000.00 to \$1,180,000.00 through March 1, 2022 at an interest rate of 4.000%.	3,005,000.00
\$363,000.00 2015 Open Space Refunding Bonds due in annual installments of \$65,000.00 to \$75,000.00 through March 1, 2022 at an interest rate of 4.000%.	215,000.00
\$9,837,000.00 2017 General Improvement Bonds due in annual installments of \$450,000.00 to \$750,000.00 through April 1, 2032 at interest rates ranging from 2.000% to 4.000%.	9,030,000.00
\$416,000.00 2017 Open Space Bonds due in annual installments of \$25,000.00 to \$35,000.00 through April 1, 2032 at interest rates ranging from 2.000% to 4.000%.	<u>375,000.00</u>
	<u>\$ 30,711,000.00</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

Water and Sewer Utility Capital Fund

\$1,370,000.00 2009 Refunding Bonds due in annual installments of \$115,000.00 through July 15, 2021 at an interest rate of 4.000%.	\$ 230,000.00
\$5,942,000.00 2010 Bonds due in annual installments of \$500,000.00 to \$617,000.00 through October 1, 2025 at an interest rate of 3.000%.	3,417,000.00
\$7,608,000.00 2011 Refunding Bonds due in annual installments of \$965,000.00 through July 1, 2021 at interest rates ranging from 3.600% to 4.630%.	1,930,000.00
\$3,000,000.00 2012 Bonds due in annual installments of \$250,000.00 through November 15, 2025 at interest rates ranging from 2.000% to 3.000%.	1,500,000.00
\$7,760,000.00 2013 Bonds due in annual installments of \$550,000.00 to \$600,000.00 through October 1, 2028 at interest rates ranging from 3.000% to 4.000%.	5,350,000.00
\$7,465,000.00 Refunding Bonds due in annual installments pf \$445,000.00 to \$990,000.00 through September 1, 2024 at interest rates ranging from 4.000% to 5.000%.	4,135,000.00
\$2,561,000.00 2015 Refunding Bonds due in annual installments of \$225,000.00 to \$285,000.00 through March 1, 2027 at interest rates ranging from 3.480% to 5.000%.	2,090,000.00
\$12,147,000.00 2017 Bonds due in annual installments of \$425,000.00 to \$700,000.00 through October 1, 2037 at interest rates ranging from 2.000% to 4.000%.	11,395,000.00
	<u>\$ 30,047,000.00</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

The following is a rollforward of debt liabilities and amount due within one year:

	Beginning Balance	Reductions	Ending Balance	Due within One Year
General	\$ 37,221,000.00	\$ 6,510,000.00	\$ 30,711,000.00	\$ 6,730,000.00
Water and Sewer Utility	33,942,000.00	3,895,000.00	30,047,000.00	4,025,000.00
Total Debt	<u>\$ 71,163,000.00</u>	<u>\$ 10,405,000.00</u>	<u>\$ 60,758,000.00</u>	<u>\$ 10,755,000.00</u>

For detail of future year's serial bonds required debt principal payments see Exhibit C-14 and Exhibit D-20.

D. Notes

As of December 31, 2019, the Township had a special emergency note outstanding in the amount of \$875,000.00 in the current fund. These notes mature on December 13, 2020 with an interest rate of 2.50%.

As of December 31, 2019, the Township had outstanding bond anticipation notes in the general capital fund and water and sewer utility capital fund in the amount of \$4,530,000.00 and \$10,456,000.00, respectively. The notes mature on September 30, 2020 with an interest rate of 1.75%.

The following is an analysis of the increases and decreases to bond anticipation notes payable for the year ended December 31, 2019:

	Beginning Balance	Increase	Decrease	Ending Balance
General	\$ 4,530,000.00	\$ 4,530,000.00	\$ 4,530,000.00	\$ 4,530,000.00
Water and Sewer Utility	10,783,000.00	10,456,000.00	10,783,000.00	10,456,000.00
	<u>\$ 15,313,000.00</u>	<u>\$ 14,986,000.00</u>	<u>\$ 15,313,000.00</u>	<u>\$ 14,986,000.00</u>

Note 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018 were appropriated and included as anticipated revenue in their own respective funds for the "Fiscal Year" ending December 31, 2020 and 2019 as follows:

	2020	2019
Current fund	\$ 3,000,000.00	\$ 3,000,000.00
Water and Sewer Utility Operating fund	\$ 1,000,000.00	\$ 2,135,000.00

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years.

The following deferred charges were shown on the December 31, 2019 and 2018 balance sheets of the Township's Current Fund, Grant Fund and Water and Sewer Utility Operating Fund.

	2019	2018
Overexpenditure of Appropriation Reserves - Current Fund	\$ 6,749.64	\$ 3,359.42
Overexpenditure of Appropriations - Current Fund		28,597.68
Overexpenditure of Grants - Grant Fund		8,625.00
Special Emergency Authorizations (40A:4-53) - Current Fund	875,000.00	980,000.00
Overexpenditure of Appropriation - Water and Sewer Utility Operating Fund	33,481.25	146,425.37
	\$ 915,230.89	\$ 1,167,007.47

The overexpenditures represent budgetary over-expenditures of certain current year budgetary appropriations and reserve appropriations.

The special emergency authorizations consist of \$875,000.00 of appropriations to pay the costs associated with accumulated sick leave and severance payouts due to former employees who retired from the Township. Of these balances, one-fifth of the deferred charges for each year will be raised in the Township's Current Fund budget. The remaining deferred charges from the special emergencies in the current fund will be raised in the Township's 2020-2022 budgets.

Note 7: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds such as Pillar Funds, and are either any direct and general obligation of the United States of America and its agencies or certificates of deposit issued by any bank, savings and loan association or national banking association if qualified to serve as a depository for public funds under the provisions of the Government Unit Depository Protection Act. Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7: DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2019 and 2018, the book values of the cash and cash equivalents of the Township consisted of the following:

	Book Balance	
	2019	2018
Cash (Demand Accts)	\$ 40,453,839.83	\$ 43,801,600.57
NJ ARM	2,605,924.02	5,106,745.20
Change Funds (On-Hand)	200.00	194.25
Total	\$ 43,059,963.85	\$ 48,908,540.02

There was \$1,496,684.29 and \$621,161.12 of funds held in Township agency accounts at December 31, 2019 and 2018, respectively, that were not covered by GUDPA.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

The Township of South Brunswick had the following depository accounts:

	Bank Balance	
	2019	2018
Insured-FDIC	\$ 967,548.70	\$ 972,189.76
Insured-NJGUDPA (N.J.S.A. 17:941)	38,015,459.17	41,717,828.15
Total	\$ 38,983,007.87	\$ 42,690,017.91

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7: DEPOSITS AND INVESTMENTS (Continued)

4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located.
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section I of P.L. 1997, c. 281 (C.52:IXA-90G4);
8. Deposits with the New Jersey Asset and Rebate Management Fund ("NJARM"); or
9. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody collateralized is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.199-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

GASB Statement No. 40 - *Deposit and Investment Risk Disclosures* requires the Township to disclose its deposits and investment policies regarding certain types of investment risks.

New Jersey Asset and Rebate Management

The Township also invests funds in the New Jersey Asset and Rebate Management Fund ("NJARM"), which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Securities and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the Township's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At December 31, 2019 and 2018, the Township's balance in NJARM was \$2,605,924.02 and \$5,106,745.20, respectively. NJARM is rated AAA by Standard & Poors.

GASB Statement No. 72

GASB Statement No. 72 established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement.) The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Township has the ability to access.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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Note 7: DEPOSITS AND INVESTMENTS (Continued)

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Township's investments consisted of certificates of deposit and bond anticipation notes purchased by the Township during the year and all investments were held directly by the Township. The investments in certificates of deposit are considered level 1 investments as they are quoted prices for identical assets which are held for less than one year. The investments are held for one year.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7: DEPOSITS AND INVESTMENTS (Continued)

The balance of these investments at December 31, 2019 and 2018 were as follows:

Description of Investment	Interest Rates	Amount	
Current Fund		<u>2019</u>	<u>2018</u>
Township of Weymouth, NJ			
Bond Anticipation Notes - matured 6/18/2019	1.50%		\$ 458,000.00
Township of Weymouth, NJ			
Bond Anticipation Notes - matured 6/18/2019	1.50%		463,025.00
Borough of Buena, NJ			
Bond Anticipation Notes - matured 7/10/2019	1.50%		347,514.00
Borough of Buena, NJ			
Bond Anticipation Notes - matured 7/17/2019	1.50%		375,000.00
Borough of West Wildwood, NJ			
Bond Anticipation Notes - matured 3/22/2019	1.30%		134,398.00
Borough of West Wildwood, NJ			
Bond Anticipation Notes - matured 3/22/2019	1.30%		837,827.00
Town of Hammontown, NJ			
Special Emergency Notes - maturing 10/31/2020	2.10%	\$ 72,820.60	72,820.60
Borough of West Wildwood, NJ			
Bond Anticipation Notes - maturing 3/20/2020	2.50%	119,228.00	
Borough of Buena, NJ			
Bond Anticipation Notes - maturing 7/16/2020	2.00%	345,000.00	
Township of Weymouth, NJ			
Bond Anticipation Notes - maturing 6/18/2020	1.50%	822,525.00	
Total Current Fund		<u>\$ 1,359,573.60</u>	<u>\$ 2,688,584.60</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7: DEPOSITS AND INVESTMENTS (Continued)

Description of Investment	Interest Rates	Amount	
		2019	2018
<u>General Capital Fund</u>			
Borough of Pennington, NJ			
Bond Anticipation Notes - matured 8/28/2019	2.60%		\$ 324,000.00
Township of Mullica, NJ			
Bond Anticipation Notes - matured 5/7/2019	1.25%		228,375.00
Township of Mullica, NJ			
Bond Anticipation Notes - maturing 5/6/2020	1.25%	\$ 136,500.00	
Total General Capital Fund		<u>\$ 136,500.00</u>	<u>\$ 552,375.00</u>
Grand Total		<u>\$ 1,496,073.60</u>	<u>\$ 3,882,205.00</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Township generally limits its investment maturities to within two years of the date of purchase.

Credit Risk – As of December 31, 2019, the Township’s various investments with the Township of Weymouth, Borough of Buena, Borough of West Wildwood, Town of Hammontown and Township of Mullica were not rated by a nationally recognized bond rating agency.

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of the failure of the counter-party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Township. The Township manages custodial credit risk by limiting its investments to the debt of other governmental units within the State of New Jersey.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. As of December 31, 2019, the Township had amounts invested with the Township of Weymouth, Borough of Buena, Borough of West Wildwood, Town of Hammontown and Township of Mullica, representing 54.98%, 23.06%, 7.97, 4.87%, and 9.12%, respectively, of the total carrying amount of the Township’s investments.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the previous year's tax. The preliminary payments are due and payable on February 1st and May 1st. NJ Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

In addition, the Township has recorded prepaid taxes on its current fund balance sheets of \$2,735,536.30 and \$2,690,146.43 at December 31, 2019 and 2018, respectively.

Note 9: PENSION AND RETIREMENT PLANS

Substantially, all Township employees participate in the Public Employees' Retirement System ("PERS") and Police and Firemen's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available.

The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. In addition, the PERS and PFRS bills the Township annually at an actuarially determined rate for its required contribution. The current rate of required contribution of annual covered payroll is 7.50% for PERS employees and 10.00% for PFRS.

The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of the respective plans. The Township's contributions to the PERS for the years ended December 31, 2019, 2018 and 2017 were \$2,083,700, \$1,915,364.00, and \$1,816,742.00, respectively. The Township's contributions to the PFRS for the years ended December 31, 2019, 2018 and 2017 were \$2,419,509.00, \$2,195,753.00, and \$1,942,619.00, respectively. In 2009, the State of New Jersey permitted Municipalities to defer up to 50% of their contributions due in 2009. The Township elected this option, resulting in the deferral of their 2009 PERS and PFRS bills in the amounts of \$498,160.50 and

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 9: PENSION AND RETIREMENT PLANS (Continued)

\$814,062.00, respectively. In accordance with state regulations, the Township began repaying this liability in April 2012 over a 15 year period and included in the payments identified above during 2019 for PERS and PFRS were principal payments of \$70,724.00 and \$125,572.00, respectively for repayment of this deferred liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At December 31, 2019 and 2018, the Township's liability for its proportionate share of the net pension liability was \$38,318,025.00 and \$41,090,530.00, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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 entities, actuarially determined. At June 30, 2019, the Township's proportion was 0.2126595497 percent, which was an increase of 0.10039669597 from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,826,195.00	\$ 13,300,065
Difference between expected and actual experience	687,758.00	169,272.00
Net difference between projected and actual earnings on pension plan investments		604,865.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,398,314.00	25,342.00
Township contributions subsequent to the measurement date	1,037,882.00	
	\$ 6,950,149.00	\$ 14,099,544.00

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 6,771,039.00	\$ 13,138,567.00
Difference between expected and actual experience	783,603.00	211,876.00
Net difference between projected and actual earnings on pension plan investments		385,431.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,005,471.00	43,658.00
Township contributions subsequent to the measurement date	1,041,850.00	
	\$ 9,601,963.00	\$ 13,779,532.00

\$1,037,882.00 and \$1,041,850.00 as of December 31, 2019 and 2018, respectively, are reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with GAAP.

Year ended December 31:

2020	\$ (708,932.00)
2021	(3,183,006.00)
2022	(2,825,733.00)
2023	(1,345,410.00)
2024	(124,196.00)
	\$ (8,187,277.00)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increase through all future years	3.25 - 15.25% based on years of service
Investment rate of return	7.00%

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Mortality Rates

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-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Asset Class	Allocation	Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 will be made based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. 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 will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 9: PENSION AND RETIREMENT PLANS (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 as of December 31, 2019 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 were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28percent) than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
Township's proportionate share of the net pension liability	\$ 48,401,892.00	\$ 38,318,025.00	\$ 29,820,938.00

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 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 were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
Township's proportionate share of the net pension liability	\$ 51,666,607.00	\$ 41,090,530.00	\$ 32,217,878.00

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.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616.00
Deferred inflows of resources	\$ 7,645,087,574.00
Net pension liability	\$ 18,143,832,135.00
 Township's Proportion	 0.2126595497%

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302.00
Deferred inflows of resources	\$ 7,646,736,226.00
Net pension liability	\$ 19,689,501,539.00
 Township's Proportion	 0.2086925900%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 and June 30, 2018 were \$974,471,686.00 and \$1,099,708,157.00, respectively.

The average of the expected remaining service lives of all plan members is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019 and 2018, the Township's liability for its proportionate share of the net pension liability was \$30,406,366.00 and \$33,488,503.00, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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 entities, actuarially determined. At June 30, 2019, the Township's proportion was 0.2474828006 percent, which was a decrease of 0.0006197085 from its proportion measured as of June 30, 2018.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 9: PENSION AND RETIREMENT PLANS (Continued)

At December 31, 2019, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,041,888.00	\$ 9,827,059.00
Differences between expected and actual experience	256,669.00	192,508.00
Net difference between projected and actual earnings on pension plan investments		\$ 411,996.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	864,915.00	238,244.00
Township contributions subsequent to the measurement date	1,254,872.00	
	<u>\$ 3,418,344.00</u>	<u>\$ 10,669,807.00</u>

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,874,537.00	\$ 8,582,525.00
Differences between expected and actual experience	340,702.00	138,583.00
Net difference between projected and actual earnings on pension plan investments		\$ 183,212.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,117,642.00	365,841.00
Township contributions subsequent to the measurement date	1,209,754.50	
	<u>\$ 5,542,635.50</u>	<u>\$ 9,270,161.00</u>

\$1,254,872.00 and \$1,209,754.50 as of December 31, 2019 and 2018, respectively were reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with GAAP.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Year ended December 31:

2020	\$	(1,411,530.00)
2021		(3,093,408.00)
2022		(2,192,094.00)
2023		(1,170,096.00)
2024		(639,207.00)
		\$ (8,506,335.00)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increase through all future years		3.25 - 15.25%
		based on years of service
Investment rate of return		7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate		2.25%
Salary increase through 2026		2.10 - 8.98%
		based on age
Thereafter		3.10 - 9.98%
		based on age
Investment rate of return		7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.70%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

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MIDDLESEX COUNTY, NEW JERSEY
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability as of December 31, 2019 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 were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

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Note 9: PENSION AND RETIREMENT PLANS (Continued)

	At 1% decrease (5.85%)	At current discount rate (6.85%)	At 1% increase (7.85%)
Township's proportionate share of the net pension liability	\$ 41,098,327.00	\$ 30,406,366.00	\$ 21,557,228.00

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 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 were calculated using a discount rate that is 1-percentage-point lower (5.51 percent) or 1-percentage-point higher (7.51 percent) than the current rate:

	At 1% decrease (5.51%)	At current discount rate (6.51%)	At 1% increase (7.51%)
Township's proportionate share of the net pension liability	\$ 44,820,206.00	\$ 33,488,503.00	\$ 24,141,913.00

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 Police and Firemen's Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,198,936,924.00
Deferred inflows of resources	\$ 4,874,748,912.00
Net pension liability	\$ 14,170,193,618.00
Township's Proportion	0.2484622981%

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 1,988,215,695.00
Deferred inflows of resources	\$ 4,286,994,294.00
Net pension liability	\$ 15,369,699,278.00
Township's Proportion	0.2474828006%

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MIDDLESEX COUNTY, NEW JERSEY
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Note 9: PENSION AND RETIREMENT PLANS (Continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,270,762,352.00.

The average of the expected remaining service lives of all plan members is 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a non-employer contributing entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2019 and 2018 for police and fire is 0.2484622981% and 0.2474828006% respectively, and the non-employer contributing entities' contribution for the year ended June 30, 2019 and 2018 for police and fire was \$323,503.00 and \$269,402.00, respectively. The state's proportionate share of the net pension liability attributable to the Township as of June 30, 2019 and 2018 is \$4,801,223.00 and \$4,548,859.00, respectively.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – Township Plan

In addition to the pension and retirement plans described in Note 9, the Township provides post-retirement health care benefits, in accordance with State statute N.J.S.A. 40A:10-23 to employees who retire with at least 25 years of pension service credit and 15 years of consecutive service with the Township, or go out on disability with 10 years of service or more. The Township does not issue a publicly available financial report for the plan. Benefit provisions for the plan are established and amended with the approval of the Township's governing body and there is no statutory requirement for the Township to continue this plan for future Township employees. The plan is a contributory plan with all payments for plan benefits being funded by the Township.

GASB Statement 75 requires that the Township disclose its annual OPEB expense, liability and related changes in the liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actual amounts paid for the OPEB medical benefits, accounted for on the pay-as-you-go basis, for retired Township employees and their spouses during 2019, 2018 and 2017 totaled \$4,605,834.00, \$4,517,427.00 and \$4,037,779.56, respectively.

The Township hired an actuary to perform the calculation as of December 31, 2019 for the Township and the required information is presented on the following pages.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Employees Covered by Benefit Terms

At December 31, 2019, there were one-hundred and sixty-three retired employees and two-hundred and fifty-six active employees covered by the plan.

Total and Net OPEB Liability

The total and net OPEB liability from the Township's plan as of December 31, 2019 and 2018 is \$159,968,051.00 and \$161,855,277.00, respectively.

Actuarial assumptions and other inputs

The total OPEB liability of \$159,968,051.00 was reported in the December 31, 2019 actuarial valuation prepared by the Township's actuary, Danziger and Markhoff LLP, which was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.26%
Healthcare cost trend rates	8.00% decrease to 5.00% increase

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of January 1, 2019.

Changes in the total OPEB liability reported for the year ended December 31, 2019 is as follows:

	<u>Total OPEB Liability</u>
Balance at January 1	\$ 161,855,277.00
Changes for the year:	
Service cost	2,809,031.00
Interest	5,807,706.00
Benefit payments	(4,605,834.00)
Effect of economic/demographic gains or losses	(5,958,129.00)
Net changes	<u>(1,887,226.00)</u>
Balance at December 31	<u>\$ 159,968,051.00</u>

Changes of assumptions and other inputs reflect a discount rate of 3.26% in 2019.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the total and net OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Township for retirees, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	At 1% Decrease (2.26%)		At Current Discount Rate (3.26%)		At 1% Increase (4.26%)
Net OPEB liability	\$ 186,192,024.00	\$	159,968,051.00		\$ 133,744,077.00

Sensitivity of the total OPEB liability to changes in the healthcare trend rates

The following presents the total OPEB liability of the Township for Township retirees, as well as what the Township's total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	At 1% Decrease		At Current Healthcare Trend Rate		At 1% Increase
Net OPEB liability	\$ 132,863,390.00	\$	159,968,051.00	\$	192,224,795.00

Funding Status and Funding Progress

As of December 31, 2019, the date of the most recent actuarial valuation, the plan is currently unfunded. The expense for the year ended December 31, 2019 was \$7,960,906.00.

The projection of future benefit payments for an ongoing plan involves estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees – 100% of Police Officers and Firefighters are assumed to retire at age 65 (which is mandated under New Jersey State Law), regardless of service and 100%.

Mortality – Life expectancies were based on the RF-2014 Mortality Table with MP-2016 Projection.

The cost of medical benefits range from \$285 through \$2,984 per month and for dental benefits range from \$18 through \$133 per month.

Plan Description – State Plan

Plan description and benefits provided

The Township participates in the State Health Benefit Local Government Retired Employees Plan (Plan), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the State of New Jersey Division of Pension and Benefits. The Plan covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan provides medical and prescription drug coverage to retirees and their covered dependents. Rules governing the operation and administration of the program are found in Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999. Additional information about the Plan is available from the State of New Jersey, Division of Pensions and Benefits Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2019. The actual 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:

Inflation Rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

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

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actual 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:

Inflation rate	2.50%
Salary increase through 2026	1.65 - 8.98%
	based on age
Thereafter	2.65% - 9.98%
	based on age

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. 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.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 "General" and "Safety" Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" and "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" and "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after seven years.

Police and Fire - Special Funding Situation

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

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
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YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net OPEB liability that is associated with the local participating employer. The State's proportionate share of the net OPEB liability associated with the Township as of June 30, 2019 was \$15,198,876.00. The Township's proportionate share was \$0. The State's proportionate share of the net OPEB liability associated with the Township as of June 30, 2018 was \$17,275,233.00. The Township's proportionate share was \$0.

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net OPEB liability associated with the Township was based on a projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2019, the State's proportionate share of the net OPEB liability associated with the Township was 0.275057 percent and included 82 plan members. At June 30, 2018, the State's proportionate share of the net OPEB liability associated with the Township was 0.278012 percent and included 79 plan members.

Note 11: RISK MANAGEMENT

The Township has maintained a limited self-insurance plan for worker's compensation coverage. Claims are paid from a fund provided through the annual budget appropriation. Also, individual stop loss and aggregate stop loss policies are purchased to protect the Township from catastrophic loss. There is a reserve in the Other Trust Fund to pay incurred costs if such were to exceed the annual budget appropriation. The governing body of the Township adopted this plan in accordance with N.J.S.A. 40A:10-36. The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disasters. The Township is a member of the Middlesex County Municipal Joint Insurance Fund ("JIF"). The JIF is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the JIF's obligations, no such additional premiums have been necessary as of December 31, 2019. The JIF is expected to be self-sustaining through member premiums of which the Township portion is reported as expenditure in the Township's financial statements and liabilities of the JIF are based on the estimated ultimate cost of settling the claims. The JIF participates in the AIG Municipal Excess Liability Program, which has a contract for excess liability insurance.

The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 12: COMPENSATED ABSENCES

The Township has established policies, which set forth the terms under which an employee may accumulate unused benefits. The Township's general policy is as follows:

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Vacation days shall be taken during the current year and shall not accumulate, except that vacation time may be carried over to the next succeeding year only. This carryover provision is not applicable to Police and Fire Officers. An employee who has separated his/her employment in good standing is entitled to time or pay for any earned vacation accumulated and not previously used.

The payroll office maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2019 and 2018, the total value of accumulated compensated absences, based upon the current pay rates, was \$6,364,506.74 and \$5,857,366.02, respectively. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made. Additionally, at December 31, 2019 and 2018, the Township has reserved funds in the Other Trust Fund of \$5,842.93 and \$32,905.74, respectively to help offset future costs incurred.

Note 13: LEASE COMMITMENTS

The Township has entered into lease/purchase agreements with TD Bank and First Constitution Bank for the acquisition of equipment and police vehicles.

The final lease payments and the present value of net minimum lease payment at December 31, 2019 is as follows:

Year Ended December 31		
2020	\$	104,670.96
2021		52,335.48
		157,006.44
Less: Amount representing interest / fees		3,664.80
Present value of net minimum lease payment	\$	153,341.64

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 14: TAX APPEALS

At December 31, 2019, there are several tax appeals pending before the New Jersey Tax Court requesting a reduction of assessed valuation for 2019 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from the Township's tax levy or through the issuance of refunding bonds per N.J.S. 40A:2-51. In accordance with the National Council on Governmental Accounting Statement 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the Township charges current fund operations for all State Board Judgments rendered during the year which will be paid from expendable available financial resources.

The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

Note 15: CONTINGENT LIABILITIES

At December 31, 2019, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation and liability insurance policy coverages. As more fully described in Note 11, the Township has participated in a joint insurance fund for general liability and is partially self-insured for workers compensation. Management indicates the Township is not involved in any pending or threatened litigation nor are there any unasserted claims or assessments requiring disclosure in the financial statements.

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2019, the Township does not believe that any material liabilities will result from such audits.

On May 1, 2013, the Council on Affordable Housing ("COAH"), State of New Jersey passed a resolution authorizing the COAH to begin the process of seizing "uncommitted" municipal affordable housing trust funds. The COAH issued letters to all municipalities in the State of New Jersey requesting them to certify the amount of funds held in trust that are committed and uncommitted and submit the information to COAH. On May 13, 2013, the Appellate Court of the State of New Jersey issued an injunction regarding the resolution passed by the COAH on May 1, 2013 no longer requiring local municipalities to certify the amount of committed and uncommitted funds held in trust. On May 28, 2013, the New Jersey Supreme Court kept in place the portion of the stay ordered by the Appellate Division, thereby enjoining the State from seeking the transfer of any affordable housing trust funds. However, the Court lifted the portion of the stay which prohibited the State from its administrative process of gathering and evaluating municipal submissions. On June 25, 2013, municipalities with affordable housing trust funds were issued a letter from the COAH giving all municipalities until August 2, 2013 to confirm or challenge the figures of funds that the COAH records indicate are being held by local municipalities for affordable housing. On September 26, 2013, the New Jersey Supreme Court again affirmed, in part, the Appellate Division Court decision passed on May 1, 2013 and also gave the COAH five months through February 26, 2014 to promulgate new regulations which would comply with the Fair Housing Act. On February 26, 2014, COAH filed an extension requesting to extend that time frame until May 1, 2014 which was granted by the New Jersey Supreme Court on March 14, 2014, subject to certain provisions, including the COAH to propose new regulations by May 1, 2014 and adopt such regulations on or before October 22, 2014. In October 2014,

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 15: CONTINGENT LIABILITIES (Continued)

the COAH failed to meet the deadline established by the New Jersey Supreme Court. In March 2015, the New Jersey Supreme Court made a determination that affordable housing obligations would be administered by the Court. As of December 31, 2019 and 2018, the Township held \$7,588,282.55 and \$6,486,660.25, respectively, of funds for the Council on Affordable Housing.

The Fair Housing Center filed two claims against the Township seeking orders to have the Township reimburse its Affordable Housing Trust Fund and payment of attorney's fees and costs. The Court has ruled and directed the Township to reimburse its Affordable Housing Trust Fund \$1,354,642.78 and to pay attorney's fees and costs to the Fair Share Housing Center in the amount of \$602,259.00. These funds are required to be paid out of the Township's Current Fund and/or through bonding. A refunding bond ordinance has recently been adopted by Township Council to pay these amounts and is submitting a Local Finance Board application to obtain approval to pay off the bonds over at least a two-year period commencing in the 2022 fiscal year. The Bond is pending approval from the Local Finance Board.

Note 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances, which represent short term loans between funds or interest due to other funds, remained on the balance sheets as of December 31, 2019:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 330,635.83	\$ 4,405,483.61
State and Federal Grant Fund		92,450.59
Other Trust Fund	74,714.59	299,986.78
Payroll Trust Fund		74,714.59
Animal Control Trust Fund		38,198.46
General Capital Fund	1,705,483.61	
Water and Sewer Utility Operating Fund		437,641.76
Water and Sewer Utility Capital Fund	3,237,641.76	
Total	<u>\$ 5,348,475.79</u>	<u>\$ 5,348,475.79</u>

All interfunds are expected to be liquidated within one year.

Note 17: UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal costs and employee contributions are deposited into a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2019 and 2018 totaled \$74,761.86 and \$74,955.36, respectively.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 18: LOSAP PROGRAM

The Township has established a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The LOSAP is an incentive award program for volunteers who meet specified service criteria and is a qualified plan under Internal Revenue Code Section 457(e). Funding for the plan is provided via Township budget appropriations and the Township has authorized Lincoln National Life Insurance, as the plan provider. As of December 31, 2019 and 2018, the cumulative balance of the Length of Service Award Program was \$1,158,163.64 and \$942,925.58, respectively.

In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors.

Note 19: GASB 77 TAX ABATEMENTS

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's tax abatement agreements for the years ended December 31, 2019 and 2018:

2019

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes if Billed	
				in Full	Abated Taxes
Oak Woods	1997	2037	\$ 42,965.00	\$ 98,191.35	\$ 55,226.35
CIL Woods	1998	2038	8,106.00	34,374.60	26,268.60
South Brunswick VOA	2005	2040	9,630.00	76,351.28	66,721.28
ARC - 9 Helen Drive	2013	2043	4,000.00	9,025.88	5,025.88
ARC - 24 Palmer Road	2013	2043	4,000.00	8,720.78	4,720.78
ARC - 125 Kendall Road	2013	2043	4,000.00	8,263.13	4,263.13
ARC - 24 Kindlsey Road	2013	2043	4,000.00	7,602.08	3,602.08
			<u>\$ 76,701.00</u>	<u>\$ 242,529.10</u>	<u>\$ 165,828.10</u>

2018

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes if Billed	
				in Full	Abated Taxes
Oak Woods	1997	2037	\$ 42,965.00	\$ 94,947.27	\$ 51,982.27
CIL Woods	1998	2038	8,106.00	33,238.92	25,132.92
South Brunswick VOA	2005	2040	9,630.00	73,828.76	64,198.76
ARC - 9 Helen Drive	2013	2043	4,000.00	8,727.68	4,727.68
ARC - 24 Palmer Road	2013	2043	4,000.00	8,432.66	4,432.66
ARC - 125 Kendall Road	2013	2043	4,000.00	7,990.13	3,990.13
ARC - 24 Kindlsey Road	2013	2043	4,000.00	7,350.92	3,350.92
			<u>\$ 76,701.00</u>	<u>\$ 234,516.34</u>	<u>\$ 157,815.34</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
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Note 20: LIQUIDITY, MANAGEMENT PLANS AND INTENTIONS

In March 2020, the World Health Organization declared a novel strain of coronavirus (“COVID-19”) a global pandemic which caused substantial economic volatility on a global scale. As a result, the Township of South Brunswick’s economically sensitive revenues (i.e. property taxes, interest earnings, fees, state and federal aid, hotel tax, and Municipal Court Fines) might be negatively impacted. Collection rates on real property taxes might be slowed as unemployment rates are expected to spike. Meanwhile, the Township of South Brunswick’s expenditures for public safety and health service functions and pension benefits (due to stock market declines) would all be expected to increase sharply. Credit markets may tighten and interest rates could fluctuate. Those factors were taken into consideration in the development of the 2020 adopted budget. Federal and State assistance to mitigate this volatility has been established. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Township of South Brunswick’s financial position at this time.

Due to the COVID-19 Pandemic, the Township had to adjust its operations on March 16, 2020 to continue to provide services for its taxpayers. The Pandemic did not have a significant impact on the financial statements of the Township for the year ended December 31, 2019. However, the Pandemic did result in the State of New Jersey taking steps to award additional grant monies to help offset some of the additional costs incurred related to public health. Additionally, the Township has prepared a balanced 2020 budget and considered the potential impact the Pandemic could have on Township operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Township of South Brunswick’s financial position at this time. Management believes that the fund balance available as of December 31, 2019, and the anticipated revenues from taxes, grants, and other revenues will be sufficient to meet the Township’s financial needs for one year from the date of the issuance of this report. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Township of South Brunswick’s financial position at this time.

Note 21: SUBSEQUENT EVENTS

The Township has reviewed and evaluated all events and transactions from December 31, 2019 through July 12, 2021, the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at December 31, 2019 have been recognized in the accompanying financial statements.

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APPENDIX C
FORM OF LEGAL OPINION

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APPENDIX C

FORM OF BOND COUNSEL OPINION
FOR GENERAL OBLIGATION BONDS OF 2021

[Date of Closing]

The Mayor and the Township Council of the
Township of South Brunswick, in the County
of Middlesex, New Jersey

Dear Mayor and Members of the Township Council:

We have acted as bond counsel to the Township of South Brunswick, in the County of Middlesex, New Jersey (the "Township") in connection with the issuance and sale by the Township of its \$34,580,000 aggregate principal amount of General Obligation Bonds of 2021 (collectively, the "Bonds") consisting of \$10,430,000 aggregate principal amount of General Improvement Bonds of 2021, \$14,900,000 aggregate principal amount of Water-Sewer Utility Bonds of 2021 and \$9,250,000 aggregate principal amount of Open Space Bonds of 2021. In this capacity, we have examined a certified copy of a record of proceedings of the Township Council and such other proofs, documents and instruments submitted to us which we deemed pertinent relative to the issuance and sale by the Township of the Bonds.

The Bonds are dated, mature (subject to prior redemption) and bear interest upon the terms and conditions stated therein and in the resolution adopted by the Township on August 24, 2021 (the "Resolution"). The Bonds are fully registered in form and are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the Revised Statutes of New Jersey (the "Local Bond Law"), the Resolution and the bond ordinances referred to therein, in all respects duly approved and published as required by law.

We are of the opinion that such proceedings, proofs, documents and instruments show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law and other applicable statutes, and that the Bonds are valid and legally binding obligations of the Township, all the taxable property within the jurisdiction of which is subject to the levy of ad valorem taxes for the ultimate payment of the principal of and interest on said Bonds without limitation as to rate or amount.

We are further of the opinion that based upon existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

We are further of the opinion that under existing law, interest on the Bonds and net gains from the sale of the Bonds 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 of the Bonds and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township has made representations in the Tax Certificate, dated as of the date hereof, as to various tax requirements with respect to the Bonds. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause the interest on the Bonds to lose the exclusion from gross income for federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be 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 we have assumed continuing compliance by the Township with the above covenants in rendering our federal income tax opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for purposes of the alternative minimum tax.

Attention is called to the fact that for purposes of this opinion 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, proofs, documents and instruments hereinabove referred to, 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 the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

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,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Certificate”) is made as of September 27, 2021 by the Township of South Brunswick, in the County of Middlesex, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

W I T N E S S E T H:

WHEREAS, the Issuer is issuing its General Obligation Bonds of 2021 consisting of General Improvement Bonds of 2021, Open Space Bonds of 2021 and Water-Sewer Utility Bonds of 2021, each dated the date hereof (collectively, the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the Revised Statutes of New Jersey, a resolution adopted by the Issuer on August 24, 2021 and the various bond ordinances adopted by the Issuer referred to therein; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. §240.15c2-12) (“Rule 15c2-12”) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer 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 material event notices to the MSRB (as defined herein); and

WHEREAS, the Issuer represented in the Notice of Sale dated September 27, 2021 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and material event notices on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on September 15, 2021, the Issuer accepted the bid of Roosevelt & Cross, Inc., as the underwriter (the “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Certificate	Rule 15c2-12
Issuer	SEC
Notice of Sale	Securities Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York City, New York or in the Township of South Brunswick, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“Final Official Statement” means the final Official Statement of the Issuer dated September 15, 2021 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and are of the type included in Appendix B to the Final Official Statement.

“Fiscal Year” means the fiscal year of the Issuer as determined by the Issuer from time to time. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the Issuer as may be in effect from time to time.

“Holders” or “Holder” or any similar term means the registered holders and beneficial owners of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board.

“Operating Data” means the financial and statistical information of the Issuer consisting of (i) Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) the Issuer’s most current adopted budget, (iii) property valuation information and (iv) tax rate, levy and collection data.

“Prescribed Form” means such electronic format accompanied by such identifying information as shall be prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than nine (9) months after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year of the Issuer ending December 31, 2021, an Annual Report in Prescribed Form in accordance with EMMA to the MSRB;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If not submitted as part of the Annual Report, then when and if available, in Prescribed Form in accordance with EMMA to the MSRB, audited financial statements for the Issuer; provided that unaudited Financial Statements of the Issuer in Prescribed Form shall be submitted in accordance with EMMA as part of the Annual Report to the MSRB if audited Financial Statements are not then available;

(d) Within ten (10) days of the occurrence of any of the following events, to the MSRB and in Prescribed Form, notice of any of the following events with respect to the Bonds (each, a "Disclosure Event"):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on the debt service reserve fund 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 or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

- (vii) Modifications to rights of Holders of the Bonds, 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 events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or Federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business 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;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence by the Issuer of a (A) debt obligation, (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (C) a guarantee of (A) or (B), excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule 15c2-12) has been provided to the MSRB consistent with the Rule 15c2-12 (each, a "Financial Obligation"), 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.

(e) In a timely manner, to the MSRB in accordance with EMMA and in Prescribed Form, notice of a failure by the Issuer to provide the Annual Report within the period described in subsections 2.1(a) and 2.1(b) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and Government Auditing standards issued by the Comptroller General of the United States.

(b) Financial Statements prepared annually shall be audited by an independent certified public accountant in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other information which is available to the public through EMMA or which has been filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities and Duties of the Issuer or the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence in the Prescribed Form and in accordance with EMMA with the MSRB (the "Disclosure Event Notice") in the form provided by the Issuer.

(b) The Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided in accordance with EMMA to the MSRB.

Section 2.5 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

REMEDIES

Section 3.1 Remedies.

(a) Any Holder, for the equal benefit and protection of all Holders similarly situated, may take whatever action at law or in equity against the Issuer and any of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents or employees, except for the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Holder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Holder, then and in every such case the Issuer and any Holder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Holder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.1(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Holders and in order to assist the Participating Underwriter in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication or (b) including any other information in any Annual Report or any Disclosure Event Notice in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 540 Ridge Road, Monmouth Junction, NJ 08852, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Holders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

(i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Holders, or to surrender any right or power conferred upon the Issuer by this Certificate;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the

Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification;

provided, that prior to approving any such amendment or modification, counsel nationally recognized as expert in federal securities law acceptable to the Issuer determines that such amendment or modification does not adversely affect the interests of the Holders in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the Dissemination Agent to deliver, in Prescribed Form in accordance with EMMA to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5 and Rule 15c2-12.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the Participating Underwriter to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by the Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey and the applicable federal laws of the United States of America.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall

terminate if and when either (a) the Bonds are no longer Outstanding or (b) the Issuer no longer remains an “obligated person” (as defined in Rule 15c2-12(f)(10)) with respect to the Bonds.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE TOWNSHIP OF SOUTH BRUNSWICK, IN THE COUNTY OF MIDDLESEX has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

[SEAL]

ATTEST:

THE TOWNSHIP OF SOUTH BRUNSWICK, IN
THE COUNTY OF MIDDLESEX, NEW JERSEY

Township Clerk

By: _____
Mayor