

BOROUGH OF BRANCHVILLE

COUNTY OF SUSSEX

REPORT OF AUDIT

2025

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF BRANCHVILLE

COUNTY OF SUSSEX

REPORT OF AUDIT

2025

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BOROUGH OF BRANCHVILLE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Branchville
Branchville, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Branchville, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Borough as of December 31, 2025 and 2024 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Borough as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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 each fund and account group of the Borough as of December 31, 2025 and 2024, or the changes in financial position, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

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

The Honorable Mayor and Members
of the Borough Council
Borough of Branchville
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Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2026 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 2, 2026

NISIVOCCIA, LLP



Andrew Kucinski
Registered Municipal Accountant No. 583
Certified Public Accountant

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
CURRENT FUND

BOROUGH OF BRANCHVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 1,496,273.69	\$ 1,973,543.80
Change Fund		50.00	50.00
		<u>1,496,323.69</u>	<u>1,973,593.80</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	131,402.47	95,879.74
Tax Title Liens Receivable	A-7	19,666.47	18,733.02
Due from Federal and State Grant Fund	A	15,791.87	10,340.17
Due from Animal Control Fund	B	884.77	680.26
Due from Water Utility Operating Fund	D	15,000.00	
Total Receivables and Other Assets with Full Reserves		<u>182,745.58</u>	<u>125,633.19</u>
Total Regular Fund		<u>1,679,069.27</u>	<u>2,099,226.99</u>
Federal & State Grant Fund:			
Grants Receivable	A-9	<u>191,000.00</u>	<u>141,000.00</u>
Total Federal and State Grant Fund		<u>191,000.00</u>	<u>141,000.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,870,069.27</u>	<u>\$ 2,240,226.99</u>

BOROUGH OF BRANCHVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2025	2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-10		\$ 1,900.00
Unencumbered	A-3;A-10	\$ 39,783.29	91,966.75
		39,783.29	93,866.75
Prepaid Taxes		40,016.61	33,663.71
Tax Overpayments		6,065.77	25,304.65
County Taxes Payable		22.60	3,202.42
Regional High School Taxes Payable	A-12	509,828.02	164,624.66
Local School Taxes Payable	A-11	0.02	101,559.67
Due to State of New Jersey:			
Department of Community Affairs Training Fees			986.00
Senior Citizens & Veterans Deductions		2,171.29	2,489.35
Due to Other Trust Funds	B	36,853.77	30,737.79
Due to General Capital Fund	C		528,886.77
Due to Water Utility Operating Fund	D		549.66
Due to Payroll Fund			139,931.35
Reserve for:			
Pending Tax Appeals		36,750.00	36,750.00
Sale of Municipal Assets		319,890.43	391,218.00
		991,381.80	1,553,770.78
Reserve for Receivables and Other Assets	A	182,745.58	125,633.19
Fund Balance	A-1	504,941.89	419,823.02
Total Regular Fund		1,679,069.27	2,099,226.99
Federal & State Grant Fund:			
Due to General Capital Fund	C	81,536.80	81,536.80
Due to Current Fund	A	15,791.87	10,340.17
Appropriated Reserves	A-13	86,742.31	43,157.56
Unappropriated Reserves	A-14	6,929.02	5,965.47
Total Federal and State Grant Fund		191,000.00	141,000.00
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 1,870,069.27	\$ 2,240,226.99

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2025	2024
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	175,000.00	\$ 175,000.00
Miscellaneous Revenue Anticipated		1,050,476.19	1,118,660.12
Receipts from:			
Delinquent Taxes		95,060.13	63,710.13
Current Taxes		3,115,603.94	3,061,316.93
Nonbudget Revenue		207,169.82	70,094.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		14,053.66	45,879.41
Cancellation of Due from State - Municipal Relief Fund Aid			21,184.20
Interfunds Returned		11,020.43	10,614.29
Total Income		<u>4,668,384.17</u>	<u>4,566,460.06</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		1,413,713.97	1,469,268.36
County Taxes		689,234.09	706,384.66
Due County for Added and Omitted Taxes		22.60	3,202.42
Local School District Taxes		1,269,917.00	1,282,913.00
Regional High School District Taxes		1,003,701.00	901,216.00
Cancellation of Reserve for Municipal Relief Fund Aid			21,184.20
Interfunds Advanced		31,676.64	11,020.43
Total Expenditures		<u>4,408,265.30</u>	<u>4,395,189.07</u>
Excess in Revenue		260,118.87	171,270.99
<u>Fund Balance</u>			
Balance January 1		<u>419,823.02</u>	<u>423,552.03</u>
		679,941.89	594,823.02
Decreased by:			
Utilized as Anticipated Revenue		<u>175,000.00</u>	<u>175,000.00</u>
Balance December 31	A	<u>\$ 504,941.89</u>	<u>\$ 419,823.02</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 175,000.00		\$ 175,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages	1,575.00		1,575.00	
Municipal Court - Fines and Costs	4,000.00		4,807.40	\$ 807.40
Energy Receipts Tax	684,918.00		684,918.40	0.40
Uniform Construction Code Fees	16,000.00		26,996.50	10,996.50
Recycling Tonnage Grant	1,965.47		1,965.47	
Clean Communities Grant	4,000.00		4,000.00	
Stormwater Management Grant - Phase I	50,000.00		50,000.00	
Verizon Cell Tower Lease Agreement	50,000.00		51,543.73	1,543.73
AT&T Cell Tower Lease Agreement	130,000.00		138,342.12	8,342.12
Reserve for Sale of Municipal Assets	71,327.57		71,327.57	
General Capital Fund Balance	15,000.00		15,000.00	
	1,028,786.04		1,050,476.19	21,690.15
Receipts from Delinquent Taxes	45,000.00		95,060.13	50,060.13
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	284,793.61		248,229.25	36,564.36 *
Budget Totals	1,533,579.65		1,568,765.57	35,185.92
Nonbudget Revenue			207,169.82	207,169.82
	\$ 1,533,579.65	\$ -0-	\$ 1,775,935.39	\$ 242,355.74

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 3,115,603.94
Allocated to:		
Local School District Taxes	\$ 1,269,917.00	
Regional High School District Taxes	1,003,701.00	
County Taxes	689,234.09	
Due County for Added and Omitted Taxes	22.60	
		<u>2,962,874.69</u>
Balance for Support of Municipal Budget		<u>152,729.25</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>95,500.00</u>
Realized for Support of Municipal Budget		<u>\$ 248,229.25</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 95,060.13
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Analysis of Nonbudget Revenue:

Treasurer:		
Interest on Investments	\$ 6,102.49	
Senior Citizens' and Veterans Deductions		
Administrative Fee	155.00	
Interest and Costs on Taxes	12,580.95	
T-Mobile Cell Tower Lease Agreement	32,781.81	
Other Miscellaneous	32,807.07	
		<u>\$ 84,427.32</u>
Due from Animal Control Fund:		
Interest Earned		39.01
Statutory Excess in Reserve for Animal Control Fund		845.76
Due from Other Trust Fund:		
Interest Earned		62.52
Due from Sewer Operating Utility Fund:		
Tax Receipts Collected on Behalf of Current Fund		121,030.22
Due from General Capital Fund:		
Interest Earned		<u>764.99</u>
		<u>\$ 207,169.82</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Mayor and Council:					
Salaries & Wages	\$ 32,700.00	\$ 32,700.00	\$ 32,671.52	\$ 28.48	
Other Expenses	6,000.00	6,699.30	6,699.30		
Municipal Clerk:					
Salaries & Wages	52,000.00	52,043.94	52,043.94		
Other Expenses	13,500.00	13,579.81	13,579.81		
Financial Administration:					
Salaries & Wages	4,100.00	4,215.60	4,215.60		
Other Expenses	30,000.00	33,548.36	33,548.36		
Annual Audit	29,680.00	30,719.00	30,719.00		
Revenue Administration (Tax Collection):					
Salaries & Wages	25,000.00	25,000.00	24,792.75	207.25	
Other Expenses	8,000.00	19,100.00	19,097.38	2.62	
Tax Assessment Administration:					
Salaries & Wages	14,650.00	14,650.00	14,619.48	30.52	
Other Expenses	2,800.00	2,800.00	1,801.00	999.00	
Legal Services and Costs:					
Other Expenses - General	35,000.00	42,418.20	42,418.20		
Engineering Services and Costs:					
Other Expenses	5,000.00	5,225.00	5,220.33	4.67	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	2,400.00	6,500.00	6,456.92	43.08	
Other Expenses	3,500.00	3,500.00	1,446.70	2,053.30	
INSURANCE:					
General Liability Insurance	42,000.00	43,708.35	43,708.35		
Workers Compensation Insurance	38,000.00	38,000.00	38,000.00		
Group Insurance Plan for Employees	145,000.00	135,000.00	123,222.85	11,777.15	
Accumulated Leave Compensation	200.00	200.00	200.00		

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Budget After Modification	Expended By		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
PUBLIC SAFETY:						
Constable:						
Salaries & Wages	\$ 1.00	\$ 1.00		\$	1.00	
Other Expenses	6,500.00	11,614.32				
Emergency Management Services:						
Salaries & Wages	2,300.00	2,300.00		1,553.43	746.57	
Other Expenses	7,500.00	2,500.00		1,853.00	647.00	
Aid to Volunteer Fire Company	38,000.00	38,000.00		38,000.00		
First Aid Organization Contribution	2,500.00	2,500.00			2,500.00	
Fire:						
Fire Hydrant Service	1.00	1.00			1.00	
PUBLIC WORKS:						
Street Road Repairs and Maintenance:						
Salaries & Wages	175,000.00	175,000.00		172,131.95	2,868.05	
Other Expenses	32,000.00	19,574.87		14,086.97	5,487.90	
ShadeTree Committee:						
Other Expenses	1,000.00	1,000.00			1,000.00	
Purchase of Trees	7,000.00	2,500.00		1,694.50	805.50	
Sanitation:						
Trash Removal	160,000.00	148,258.60		148,258.60		
Public Building and Grounds:						
Salaries & Wages	2,250.00	2,250.00		2,207.67	42.33	
Other Expenses	24,000.00	20,259.58		19,888.74	370.84	
Vehicle Maintenance	7,500.00	7,500.00		5,827.68	1,672.32	
HEALTH AND WELFARE:						
Board of Health:						
Salaries & Wages	1.00	1.00			1.00	
Other Expenses	1.00	1.00			1.00	
Animal Control:						
Salaries & Wages	575.00	575.00			575.00	
Other Expenses	100.00	100.00			100.00	

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PARKS AND RECREATION:					
Board of Recreation Commissioners:					
Salaries & Wages	\$ 1.00	\$ 1.00	\$	\$ 1.00	
Other Expenses	7,000.00	7,000.00	\$ 7,000.00		
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	22,750.00	26,750.00	26,630.91	119.09	
Other Expenses	4,000.00	5,056.99	5,056.99		
UNCLASSIFIED:					
Electricity	9,300.00	9,300.00	9,300.00		
Street Lighting	24,000.00	24,000.00	23,578.17	421.83	
Telephone	25,000.00	25,000.00	24,954.60	45.40	
Fuel Oil	7,500.00	7,500.00	7,434.71	65.29	
Gasoline	5,000.00	7,062.08	7,062.08		
Total Operations Within "CAPS"	1,060,310.00	1,055,214.00	1,022,595.81	32,618.19	
Detail:					
Salaries & Wages	333,928.00	341,987.54	337,324.17	4,663.37	
Other Expenses	726,382.00	713,226.46	685,271.64	27,954.82	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Deferred Charges:					\$ 15,000.00
Anticipated Deficit - Water Operating Utility Fund	15,000.00	15,000.00			
Anticipated Deficit - Sewer Operating Utility Fund	37,976.18	37,976.18	37,976.18		
Statutory Expenditures:					
Public Employees' Retirement System	37,774.00	37,774.00	37,774.00		
Social Security System (O.A.S.I.)	30,000.00	34,200.00	27,537.90	6,662.10	
Unemployment Compensation Insurance	500.00	500.00		500.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	121,250.18	125,450.18	103,288.08	7,162.10	15,000.00
Total General Appropriations for Municipal Purposes Within "CAPS"	1,181,560.18	1,180,664.18	1,125,883.89	39,780.29	15,000.00

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Shared Service Agreements:					
Fire:					
Salaries & Wages	\$ 1.00	\$ 1.00		\$ 1.00	
Other Expenses	1.00	1.00	\$ 1.00		
Municipal Court:					
Other Expenses	45,050.00	45,946.00	45,946.00		
Electrical/Plumbing:					
Other Expenses	1.00	1.00		1.00	
Dog Regulation - Town of Newton:					
Other Expenses - Wantage Joint Court	3,200.00	3,200.00	3,200.00		
State and Federal Programs Offset by Revenue:					
Matching Funds for Grants	1.00	1.00		1.00	
Stormwater Management Grant - Phase I	50,000.00	50,000.00	50,000.00		
Recycling Tonnage Grant	1,965.47	1,965.47	1,965.47		
Clean Communities Grant	4,000.00	4,000.00	4,000.00		
Total Operations Excluded from "CAPS"	104,219.47	105,115.47	105,112.47	3.00	
Detail:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	104,218.47	105,114.47	105,112.47	2.00	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Purchase of Fire Truck	25,000.00	25,000.00	25,000.00		
Purchase of Fire Equipment	8,700.00	8,700.00	8,700.00		
Purchase of Road Equipment	20,000.00	20,000.00	20,000.00		
Purchase of Turnout Gear	9,600.00	9,600.00	9,234.32		\$ 365.68

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Capital Improvements - Excluded from "CAPS" (Cont'd)					
Improvements to Municipal Property	\$ 9,000.00	\$ 9,000.00			\$ 9,000.00
Improvements to Street Lights	20,000.00	20,000.00	\$ 20,000.00		
Total Capital Improvements - Excluded from "CAPS"	102,300.00	102,300.00	92,934.32		9,365.68
Total Operations Excluded from "CAPS"					
Deferred Charges - Municipal - Excluded from "CAPS":					
Deferred Charges to Future Taxation:					
Ord #05-20	30,000.00	30,000.00	30,000.00		
Ord #04-20	20,000.00	20,000.00	20,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
Total General Appropriations - Excluded from "CAPS"	256,519.47	257,415.47	248,046.79	\$ 3.00	9,365.68
Subtotal General Appropriations	1,438,079.65	1,438,079.65	1,373,930.68	39,783.29	24,365.68
Reserve for Uncollected Taxes	95,500.00	95,500.00	95,500.00		
Total General Appropriations	\$ 1,533,579.65	\$ 1,533,579.65	\$ 1,469,430.68	\$ 39,783.29	\$ 24,365.68

Ref.

A

BOROUGH OF BRANCHVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 1,533,579.65	
		<u>\$ 1,533,579.65</u>	
Cash Disbursed			\$ 1,169,989.03
Due to General Capital Fund:			
Capital Improvement Fund			10,000.00
Purchase of Fire Truck			10,000.00
Purchase of Road Equipment			20,000.00
Improvements to Street Lights			20,000.00
Deferred Charges to Future Taxation - Unfunded			50,000.00
Due to Sewer Utility Operating Fund:			
Deferred Charges - Anticipated Deficit			37,976.18
Reserve for Uncollected Taxes			95,500.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			<u>55,965.47</u>
			<u>\$ 1,469,430.68</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
TRUST FUNDS

BOROUGH OF BRANCHVILLE
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 4,379.29	\$ 3,869.98
Due from State of New Jersey		74.60	1.40
		<u>4,453.89</u>	<u>3,871.38</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	80,779.64	80,703.94
Due from Current Fund	A	36,853.77	30,737.79
		<u>117,633.41</u>	<u>111,441.73</u>
<u>TOTAL ASSETS</u>		<u>\$ 122,087.30</u>	<u>\$ 115,313.11</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 884.77	\$ 680.26
Reserve for Animal Control Fund Expenditures	B-6	3,569.12	3,191.12
		<u>4,453.89</u>	<u>3,871.38</u>
Other Trust Funds:			
Due to Payroll Fund		20,000.00	
Due to General Capital Fund	C		20,000.00
Reserve for:			
Developers' Escrow		22,396.03	19,057.53
Affordable Housing		38,715.56	33,075.56
Storm Recovery		21,890.74	21,877.56
Accumulated Sick Leave		7,995.20	7,795.20
First Responders		3,326.61	3,326.61
Recreation		3,309.27	6,309.27
		<u>117,633.41</u>	<u>111,441.73</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 122,087.30</u>	<u>\$ 115,313.11</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
GENERAL CAPITAL FUND

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2025	2024
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 265,086.94	\$ 98,181.88
Department of Transportation Grant Receivable		142,524.00	
Due from Current Fund	A		528,886.77
Due from Federal & State Grant Fund	A	81,536.80	81,536.80
Due from Payroll Fund			30,000.00
Due from Other Trust Fund	B		20,000.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	513,016.01	631,923.00
<u>TOTAL ASSETS</u>		<u>\$ 1,002,163.75</u>	<u>\$ 1,390,528.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 217,158.55	\$ 353,148.22
Unfunded	C-5	225,000.00	313,906.99
Due to Water Utility Operating Fund	D		5,992.04
Capital Improvement Fund	C-6	350,616.58	340,616.58
Reserve for:			
Improvements to Various Roads		37,500.00	37,500.00
Road Equipment		119,188.14	99,188.14
Street Lights		37,524.00	175,000.00
Fire Equipment		4,800.00	19,800.00
Fire Truck		10,000.00	30,000.00
Fund Balance	C-1	376.48	15,376.48
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,002,163.75</u>	<u>\$ 1,390,528.45</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 15,376.48
Decreased by:		
Appropriated to 2025 Current Fund Budget Revenue		<u>15,000.00</u>
Balance December 31, 2025	C	<u><u>\$ 376.48</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
WATER UTILITY FUND

BOROUGH OF BRANCHVILLE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 186,427.25	\$ 80,796.93
Due from Current Fund	A		549.66
Due from General Capital Fund	C		5,992.04
Due from Water Utility Capital Fund	D	79,126.79	33,635.08
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	17,547.91	16,718.06
Total Operating Fund		283,101.95	137,691.77
Capital Fund:			
Cash and Cash Equivalents	D-4	30,537.64	81,739.70
Due from Payroll Fund			25,000.00
Fixed Capital	D-7	2,363,825.96	2,363,825.96
Fixed Capital Authorized & Uncompleted	D-8	4,700,000.00	2,200,000.00
Total Capital Fund		7,094,363.60	4,670,565.66
<u>TOTAL ASSETS</u>		<u>\$ 7,377,465.55</u>	<u>\$ 4,808,257.43</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 7,751.79	\$ 28,259.60
		7,751.79	28,259.60
Due to Current Fund	A	15,000.00	
Prepaid/Overpaid Water Rents		16,117.70	26,375.29
		38,869.49	54,634.89
Reserve for Receivables		17,547.91	16,718.06
Fund Balance	D-1	226,684.55	66,338.82
Total Operating Fund		283,101.95	137,691.77
Capital Fund:			
Improvement Authorizations:			
Funded	D-10	26,012.86	26,012.86
Unfunded	D-10	4,471,598.22	2,130,791.99
Due to Water Utility Operating Fund	D	79,126.79	33,635.08
Capital Improvement Fund	D-11	194,030.90	184,030.90
Reserve for Amortization	D-12	2,321,325.96	2,293,825.96
Fund Balance	D-1A	2,268.87	2,268.87
Total Capital Fund		7,094,363.60	4,670,565.66
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,377,465.55</u>	<u>\$ 4,808,257.43</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 18,000.00	\$ 28,000.00
Rents		145,727.52	111,217.44
Miscellaneous Revenue Not Anticipated		158,175.18	18,825.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		14,443.03	1,500.00
Total Income		<u>336,345.73</u>	<u>159,542.49</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		119,000.00	117,000.00
Capital Improvements		10,000.00	10,000.00
Deferred Charges and Statutory Expenditures		29,000.00	29,000.00
Total Expenditures		<u>158,000.00</u>	<u>156,000.00</u>
Excess in Revenue		<u>178,345.73</u>	<u>3,542.49</u>
<u>Fund Balance</u>			
Balance January 1		66,338.82	90,796.33
		244,684.55	94,338.82
Decreased by:			
Utilized as Anticipated Revenue		18,000.00	28,000.00
Balance December 31	D	<u>\$ 226,684.55</u>	<u>\$ 66,338.82</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Ref.

Balance December 31, 2024	D	\$ 2,268.87
Balance December 31, 2025	D	<u>\$ 2,268.87</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 18,000.00	\$ 18,000.00	
Rents	125,000.00	145,727.52	\$ 20,727.52
Deficit (General Budget)	15,000.00		15,000.00 *
	<u>158,000.00</u>	<u>163,727.52</u>	<u>35,727.52</u>
Nonbudget Revenue		<u>158,175.18</u>	<u>158,175.18</u>
	<u><u>\$ 158,000.00</u></u>	<u><u>\$ 321,902.70</u></u>	<u><u>\$ 193,902.70</u></u>

Analysis of Water Rents

Collections	\$ 119,352.23
Overpayments Applied	<u>26,375.29</u>
	<u><u>\$ 145,727.52</u></u>

Analysis of Nonbudget Revenue

Cash Received in Current Fund due to	
Water Utility Operating Fund	\$ 156,586.89
Due from Water Utility Capital Fund:	
Interest on Deposits	382.05
Interest on Deposits	<u>1,206.24</u>
	<u><u>\$ 158,175.18</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries & Wages	\$ 24,000.00	\$ 24,000.00	\$ 22,097.56	\$ 1,902.44
Other Expenses	95,000.00	95,000.00	89,150.65	5,849.35
Capital Improvements:				
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	
Deferred Charges:				
Unfunded (04-17) Improvements to Water Supply	27,500.00	27,500.00	27,500.00	
Statutory Expenditures:				
Social Security System (OASI)	1,500.00	1,500.00	1,500.00	
	<u>\$ 158,000.00</u>	<u>\$ 158,000.00</u>	<u>\$ 150,248.21</u>	<u>\$ 7,751.79</u>

Ref.

D

Cash Disbursed	\$ 89,150.65
Due to Current Fund	23,597.56
Due to Water Utility Capital Fund	<u>37,500.00</u>
	<u>\$ 150,248.21</u>

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
SEWER UTILITY FUND

BOROUGH OF BRANCHVILLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 140,617.87	\$ 200,286.44
Change Fund		50.00	50.00
		<u>140,667.87</u>	<u>200,336.44</u>
Due from Payroll Fund			50,000.00
		<u>140,667.87</u>	<u>250,336.44</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	51,043.89	30,592.41
Total Receivable with Full Reserve		<u>51,043.89</u>	<u>30,592.41</u>
Deferred Charges			
Deficit in Operations	E-1	11,629.56	
Total Operating Fund		<u>203,341.32</u>	<u>280,928.85</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	115,613.48	100,613.48
Fixed Capital	E-8	4,985,000.00	4,985,000.00
Fixed Capital Authorized & Uncompleted	E-10	3,000,059.80	3,000,059.80
Total Capital Fund		<u>8,100,673.28</u>	<u>8,085,673.28</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,304,014.60</u>	<u>\$ 8,366,602.13</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 1,493.77	\$ 9,554.57
		<u>1,493.77</u>	<u>9,554.57</u>
Prepaid/Overpaid Sewer Rents		2,582.80	4,072.30
Accrued Interest on Loans		29,373.28	29,988.17
		<u>33,449.85</u>	<u>43,615.04</u>
Reserve for Receivables	E	51,043.89	30,592.41
Fund Balance	E-1	118,847.58	206,721.40
Total Operating Fund		<u>203,341.32</u>	<u>280,928.85</u>
Capital Fund:			
Loans Payable	E-16	3,486,175.41	3,559,469.88
Improvement Authorizations:			
Funded	E-11	1,128.44	1,128.44
Unfunded	E-11	422,238.82	422,238.82
Capital Improvement Fund	E-12	75,000.00	60,000.00
Reserve for Capital Outlay		39,217.44	39,217.44
Reserve for Debt Service		267.60	267.60
Reserve for Amortization	E-13	3,652,585.77	3,579,291.30
Deferred Reserve for Amortization	E-14	424,059.80	424,059.80
Total Capital Fund		<u>8,100,673.28</u>	<u>8,085,673.28</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,304,014.60</u>	<u>\$ 8,366,602.13</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	Ref.	2025	2024
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 87,873.82	\$ 142,000.00
Rents		772,595.23	795,073.92
Additional Rents		128,000.00	
Deficit (General Budget)		37,976.18	
Miscellaneous Revenue Not Anticipated		3,892.75	9,000.74
Reserve for Debt Service			97,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		9,215.57	1,584.90
Total Income		1,039,553.55	1,044,659.56
<u>Expenditures</u>			
Budget Expenditures:			
Operating		871,700.00	802,607.91
Capital Improvements		15,000.00	15,000.00
Debt Service		162,683.11	162,866.59
Deferred Charges and Statutory Expenditures		1,800.00	38,516.19
Total Expenditures		1,051,183.11	1,018,990.69
Excess/(Deficit) in Revenue		(11,629.56)	25,668.87
Operating Deficit to be Raised in Budget in Succeeding Year			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	E	11,629.56	
Statutory Excess to Fund Balance			25,668.87
<u>Fund Balance</u>			
Balance January 1		206,721.40	323,052.53
		206,721.40	348,721.40
Decreased by:			
Utilized as Anticipated Revenue		87,873.82	142,000.00
Balance December 31	E	\$ 118,847.58	\$ 206,721.40

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Budget Anticipated	Realized	Excess/ Deficit*
Operating Surplus Anticipated	\$ 87,873.82	\$ 87,873.82	
Sewer Rents	798,000.00	772,595.23	\$ 25,404.77 *
Additional Rents	128,000.00	128,000.00	
Deficit (General Budget)	37,976.18	37,976.18	
	<u>1,051,850.00</u>	<u>1,026,445.23</u>	<u>25,404.77 *</u>
Nonbudget Revenue		3,892.75	3,892.75
	<u>\$ 1,051,850.00</u>	<u>\$ 1,030,337.98</u>	<u>\$ 21,512.02</u>

Analysis of Sewer Rents/ Rate Increase:

Collections	\$ 887,900.35
Prepaid/Overpaid Sewer Rents Applied	4,072.30
Due from Sewer Utility Capital Fund:	
Rents Collected on Behalf of Sewer Operating	<u>8,622.58</u>
	<u>\$ 900,595.23</u>

Analysis of Nonbudget Revenue

Interest on Investments	\$ 2,499.02
Due from Sewer Utility Capital Fund:	
Interest Due from Sewer Utility Capital Fund	<u>1,393.73</u>
	<u>\$ 3,892.75</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries & Wages	\$ 23,500.00	\$ 23,500.00	\$ 22,680.72	\$ 819.28	
Other Expenses	848,200.00	848,200.00	847,596.10	603.90	
Capital Improvements:					
Capital Outlay	15,000.00	15,000.00	15,000.00		
Debt Service					
Payment of Loan Principal	73,300.00	65,402.00	65,350.00		\$ 52.00
Interest on Loans	90,050.00	97,948.00	97,333.11		
Statutory Expenditures					
Social Security System	1,800.00	1,800.00	1,729.41	70.59	
	<u>\$ 1,051,850.00</u>	<u>\$ 1,051,850.00</u>	<u>\$ 1,049,689.34</u>	<u>\$ 1,493.77</u>	<u>\$ 52.00</u>

Ref.

E

Cash Disbursed	\$ 912,946.10
Due to Current Fund	24,410.13
Due to Sewer Utility Capital Fund	15,000.00
Accrued Interest on Loans	<u>97,333.11</u>
	<u>\$ 1,049,689.34</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
PUBLIC ASSISTANCE FUND

BOROUGH OF BRANCHVILLE
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	<u>\$ 2,948.71</u>	<u>\$ 2,926.67</u>
<u>TOTAL ASSETS</u>		<u><u>\$ 2,948.71</u></u>	<u><u>\$ 2,926.67</u></u>
<u>RESERVES:</u>			
Reserve for Public Assistance Expenditures		<u>\$ 2,948.71</u>	<u>\$ 2,926.67</u>
<u>TOTAL RESERVES</u>		<u><u>\$ 2,948.71</u></u>	<u><u>\$ 2,926.67</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
GENERAL FIXED ASSETS ACCOUNT GROUP

(UNAUDITED)

BOROUGH OF BRANCHVILLE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)

	December 31,	
	2025	2024
<u>ASSETS</u>		
Land / Buildings and Improvements	\$ 5,618,064.32	\$ 5,323,864.46
Machinery and Equipment	1,109,896.85	1,025,624.35
<u>TOTAL ASSETS</u>	<u>\$ 6,727,961.17</u>	<u>\$ 6,349,488.81</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 6,727,961.17</u>	<u>\$ 6,349,488.81</u>
<u>TOTAL RESERVES</u>	<u>\$ 6,727,961.17</u>	<u>\$ 6,349,488.81</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Branchville include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S. 40A:5-5. Accordingly, the financial statements do not include the operations of the volunteer fire company or volunteer aid.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

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

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned water utility.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Sewer Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. The operations of the State funded welfare program were transferred to the county in a prior year.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Borough is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Borough acquires and owns a fixed asset and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and General, Water and Sewer Utility Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or financed purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets (Unaudited) - In accordance with N.J.A.C. accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at estimated historical cost or assessed value in the year of acquisition. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund, general capital fund, and water and sewer utility funds. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current and Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
<u>Issued</u>			
Sewer Utility:			
Loans	\$ 3,486,175.41	\$ 3,559,469.88	\$ 3,630,944.38
Total Issued	<u>3,486,175.41</u>	<u>3,559,469.88</u>	<u>3,630,944.38</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	513,016.01	631,923.00	681,923.00
Water Utility:			
Bonds and Notes	4,742,500.00	2,270,000.00	2,297,500.00
Sewer Utility:			
Bonds and Notes	<u>422,238.82</u>	<u>422,238.82</u>	<u>422,238.82</u>
Total Authorized but Not Issued	<u>5,677,754.83</u>	<u>3,324,161.82</u>	<u>3,401,661.82</u>
Less:			
Reserve to Pay Debt Service:			
Sewer Utility Capital Fund	<u>267.60</u>	<u>267.60</u>	<u>97,267.60</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 9,163,662.64</u>	<u>\$ 6,883,364.10</u>	<u>\$ 6,935,338.60</u>

Summary of Statutory Debt Condition – Revised Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of 0.403%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 625,000.00	\$ 625,000.00	
Water Utility Debt	4,742,500.00	4,742,500.00	
Sewer Utility Debt	3,908,146.63	3,791,244.03	\$ 116,902.60
General Debt	<u>513,016.01</u>		<u>513,016.01</u>
	<u>\$ 9,788,662.64</u>	<u>\$ 9,158,744.03</u>	<u>\$ 629,918.61</u>

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

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

Net Debt: \$629,918.61 divided by Average Equalized Valuations of \$156,248,571.00 of Real Property = 0.403%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 5,468,699.99
Net Debt	<u>629,918.61</u>
Remaining Borrowing Power	<u><u>\$ 4,838,781.38</u></u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S. 40A:2-45 -

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 321,902.70
Deductions:	
Operating and Maintenance Costs	<u>120,500.00</u>
Excess in Revenue	<u><u>\$ 201,402.70</u></u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S. 40A:2-45 -

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,030,337.98
Deductions:	
Operating and Maintenance Costs	\$ 873,500.00
Debt Service	<u>162,683.11</u>
	<u>1,036,183.11</u>
Excess/(Deficit) in Revenue	<u><u>\$ (5,845.13)</u></u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Fund	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Loans Payable:				
Sewer Utility Capital Fund	\$ 3,630,944.38		\$ 71,474.50	\$ 3,559,469.88
	<u>\$ 3,630,944.38</u>	<u>\$ -0-</u>	<u>\$ 71,474.50</u>	<u>\$ 3,559,469.88</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025
Loans Payable:				
Sewer Utility Capital Fund	\$ 3,559,469.88		\$ 73,294.47	\$ 3,486,175.41
	<u>\$ 3,559,469.88</u>	<u>\$ -0-</u>	<u>\$ 73,294.47</u>	<u>\$ 3,486,175.41</u>

The Borough's debt issued and outstanding on December 31, 2025 is described as follows:

Sewer Utility Capital United States Department of Agriculture Loans Payable

Description	Final Maturity	Rate	Amount
United States Department of Agriculture Loan #1	09/02/56	2.25%	\$ 1,452,109.05
United States Department of Agriculture Loan #2	09/02/56	2.75%	2,034,066.36
Total Debt Issued and Outstanding			<u>\$ 3,486,175.41</u>

United States Department of Agriculture Loans Payable

The Borough entered into two loan agreements with the United States Department of Agriculture ("USDA") which are recorded in the Branchville Sewer Utility Capital Fund.

The USDA Loan #1 was entered into on September 6, 2016, for an amount of \$1,717,000.00 in the Sewer Utility Capital Fund. This loan is payable in semiannual installments of \$32,675.00 through September 2, 2056. Interest is calculated at 2.25% and included in the semiannual installment. The remaining balance as of December 31, 2025 was \$1,452,109.05.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

United States Department of Agriculture Loans Payable (Cont'd)

The USDA Loan #2 was entered into on September 6, 2016, for an amount of \$2,367,000.00 in the Sewer Utility Capital Fund. This loan is payable in semiannual installments of \$48,974.00 through September 2, 2056. Interest is calculated at 2.75% and included in the semiannual installment. The remaining balance as of December 31, 2025 was \$2,034,066.36.

Schedule of Annual Debt Service for Principal and Interest for the Next Five
Years and Thereafter for Loans Issued and Outstanding

Calendar Year	Sewer Utility Capital		Total
	Principal	Interest	
2026	\$ 75,161.24	\$ 88,136.76	\$ 163,298.00
2027	77,076.03	86,221.97	163,298.00
2028	79,040.07	84,257.93	163,298.00
2029	81,054.64	82,243.36	163,298.00
2030	83,121.06	80,176.94	163,298.00
2031-2035	448,512.40	367,977.60	816,490.00
2036-2040	508,766.81	307,723.19	816,490.00
2041-2045	577,201.86	239,288.14	816,490.00
2046-2050	654,939.29	161,550.71	816,490.00
2051-2055	743,255.95	73,234.05	816,490.00
2056	158,046.06	3,017.65	161,063.71
Total	<u>\$ 3,486,175.41</u>	<u>\$ 1,573,828.30</u>	<u>\$ 5,060,003.71</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2025 which was included in the Current, Water Utility Operating and Sewer Utility Operating Funds' adopted budgets for the year ending December 31, 2026 is as follows:

Current Fund	\$ 175,000.00
Water Utility Fund	84,000.00
Sewer Utility Fund	56,000.00

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough has not elected to defer school taxes.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans

Borough employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to \$37,774 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$1,216 to the PERS for normal pension expense on behalf of the Borough.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to the legislation. 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 collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability was \$377,198 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Borough's proportion was .0028%, which was a decrease of 0.000316% from its proportion measured as of June 30, 2023.

The Borough has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

There was no State proportionate share of net pension liability attributable to the Borough as of June 30, 2024.

For the year ended December 31, 2025, the Borough recognized actual pension expense in the amount of \$37,774.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) 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' target asset allocation as of June 30, 2024 are summarized in the following table:

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 501,204	\$ 377,198	\$ 271,670

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Accrued Sick Benefits

The Borough permits employees to accrue a limited amount of unused sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$12,220.20 at December 31, 2025. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick Leave of \$7,995.20 reflected on the Other Trust Funds' balance sheet as of December 31, 2025.

Balance at December 31, 2024	\$ 11,535.30
Net Change	<u>684.90</u>
Balance at December 31, 2025	<u>\$ 12,220.20</u>
Amount Due with One year	<u>\$ -0-</u>

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

(Continued)

Note 7: Selected Tax Information (Cont'd)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate</u>	\$ 2.516	\$ 2.452	\$ 2.409
<u>Apportionment of Tax Rate</u>			
Municipal	0.220	0.198	0.186
County	0.535	0.552	0.580
Regional High School	0.777	0.702	0.649
Local School	0.984	1.000	0.994
<u>Assessed Valuations</u>			
2025	\$ 129,116,400		
2024		\$ 128,280,300	
2023			\$ 128,326,900

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 3,248,674.92	\$ 3,115,603.94	95.90%
2024	3,159,640.79	3,061,316.93	96.88%
2023	3,091,614.41	3,018,830.48	97.64%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Custodial Credit Risk – The Borough’s policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law” P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (5) may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2025, cash and cash equivalents of the Borough consisted of the following:

Fund	Cash on Hand	Checking Accounts	Totals
Current	\$ 50.00	\$ 1,496,273.69	\$ 1,496,323.69
Animal Control		4,379.29	4,379.29
Other Trust		80,779.64	80,779.64
General Capital		265,086.94	265,086.94
Water Utility Operating		186,427.25	186,427.25
Water Utility Capital		30,537.64	30,537.64
Sewer Utility Operating	50.00	140,617.87	140,667.87
Sewer Utility Capital		115,613.48	115,613.48
Public Assistance		2,948.71	2,948.71
	<u>\$ 100.00</u>	<u>\$ 2,322,664.51</u>	<u>\$ 2,322,764.51</u>

The carrying amount of the Borough's cash and cash equivalents at December 31, 2025, was \$2,322,764.51 and the bank balance was \$1,713,222.88.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage for property and liability. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Borough of Branchville is a member of the Statewide Insurance Fund, (the "Fund"). The Fund provides its members with workers' compensation insurance and surety bond coverage. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2025 audit report of the Statewide Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2024 is as follows:

	<u>Statewide Insurance Fund</u>
Total Assets	\$ 52,029,337
Net Position	\$ 6,502,450
Total Revenue	\$ 38,558,413
Total Expenses	\$ 43,908,474
Change in Net Position	\$ (5,350,061)
Members Dividends	\$ -0-

Financial statements for these funds are available at the Office of the Executive Director:

Statewide Insurance Fund
1 Sylvan Way, Suite 100
Parsippany, NJ 07054
(862) 260-2050

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough remits employee withholdings and employer's share of New Jersey Unemployment Compensation Insurance taxes to the State each pay period. The State makes all unemployment payments to former employees, and the Borough has no further liability.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2025:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 31,676.64	\$ 36,853.77
Federal and State Grant Fund		97,328.67
Animal Control Fund		884.77
Other Trust Fund	36,853.77	20,000.00
General Capital Fund	81,536.80	
Water Utility Operating Fund	79,126.79	15,000.00
Water Utility Capital Fund		79,126.79
Payroll Fund	20,000.00	
	\$ 249,194.00	\$ 249,194.00

The interfund receivable in the Current Fund represents interest due from the Animal Control Fund, statutory excess in Animal Control Fund due back to the Current Fund, Federal and State Grant Fund current year activity, and an anticipated budget amount due back from the Water Utility Operating Fund. The interfund payable in the Current Fund is due to the Other Trust Fund for a prior year interfund plus current year receipts and disbursements collected and paid out of the Current Fund. The Water Utility Capital Fund owes the Water Utility Operating Fund for a prior year interfund and current year interest earned. The Payroll Fund interfund receivable is due from the Other Trust Fund for monies advanced to pay current year salaries. The interfund receivable in the General Capital Fund represents a prior year interfund due from the Federal and State Grant Fund.

Note 11: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Various tax appeals have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals has not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments. The Borough has recorded a reserve for pending tax appeals as of December 31, 2025 in the amount of \$36,750.00 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 12: Economic Dependency

The Borough receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 13: Deferred Compensation Plans

The Borough offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by National Life Group and Lincoln Financial, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 14: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided (Cont'd)

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

The Borough offers post retirement benefits on a case by case basis. It is done via resolution. The last resolution (done years ago) included the 2 retirees that are currently receiving benefits and a DPW employee who retired on December 31, 2022. Coverage offered to the retirees is for single coverage only. The DPW employee who retired pays a percentage of the benefits based on his pension. Total Retiree health benefits for 2025 was \$37,774.00.

Contributions

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2023 OPEB information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this report.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense (Cont'd)

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

At June 30, 2024, the Borough had a liability of \$1,319,094 for its proportionate share of the net OPEB liability. At June 30, 2024, the Borough's proportion was .007367% which was a decrease of .000307% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 the Borough's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$14,241.

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

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

Pre-Retirement Healthy Mortality

Pre-retirement mortality rates for PERS were based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Post-Retirement Healthy Mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled Retiree Mortality

Disabled retiree mortality rates for PERS future disabled retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Disabled Retiree Mortality (Cont'd)

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PERS-experience study prepared for July 1, 2018 – June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Current Discount Rate (3.93%)	At 1% Increase (4.93%)
Borough's proportionate share of the Net OPEB Liability	\$ 1,536,603	\$ 1,319,094	\$ 1,144,889

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the Net OPEB Liability	\$ 1,115,684	\$ 1,319,094	\$ 1,580,622

Note 15: Leases

The Borough entered into three lease agreements for the lease of space on the Borough's property for the development of the premises as a wireless communications facility including the structure, equipment and related facilities. The initial term of the Verizon lease shall be 10 years commencing in August 2010 or 30 days after the installation. The lessee can extend the lease for three renewal terms of five years each. The initial annual lease payment was \$32,010 and shall increase by the greater of a 3% increase of the initial lease payment or by using the renewal rent calculation in the contract. The initial term of the AT&T lease shall be five years commencing in May 2002 or 30 days after the installation. The lessee can extend the lease for five renewal terms of five years each. The initial annual lease payment was \$43,416 and shall increase by the greater of a 5% increase of the initial lease payment or by using the renewal rent calculation in the contract. The initial annual lease payment will also increase by a factor of the number of additional towers or antennas installed. The initial term of the T-Mobile lease shall be 10 years commencing in September 2022 or 30 days after the installation. The lessee can extend the lease for three renewal terms of five years each. The initial annual lease payment was \$30,000 and shall increase annually by 3% of the initial lease payment. In 2025 the Borough collected \$222,667.66 of lease for their three payments.

Note 16: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2025, the following deferred charges are shown on the balance sheets of the Sewer Utility Operating Fund:

	Balance Dec. 31 2025	Balance to Succeeding Year's Budgets
Sewer Utility Operating Fund:		
Deficit in Operations	\$ 11,629.56	\$ 11,629.56
	<u>\$ 11,629.56</u>	<u>\$ 11,629.56</u>

The appropriations in the 2027 budget will not be less than that required by the statute.

BOROUGH OF BRANCHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 17: Fixed Assets (Unaudited)

The following is a summarization of general fixed assets for the years ended December 31, 2025 and 2024:

	Balance Dec. 31, 2024	Additions	Deletions	Balance Dec. 31, 2025
Land/ Land Improvements and Buildings	\$ 5,323,864.46	\$ 294,199.86		\$ 5,618,064.32
Machinery and Equipment	1,025,624.35	84,272.50		1,109,896.85
	<u>\$ 6,349,488.81</u>	<u>\$ 378,472.36</u>	<u>\$ -0-</u>	<u>\$ 6,727,961.17</u>
	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land/ Land Improvements and Buildings	\$ 5,323,864.46			\$ 5,323,864.46
Machinery and Equipment	762,102.32	\$ 263,522.03		1,025,624.35
	<u>\$ 6,085,966.78</u>	<u>\$ 263,522.03</u>	<u>\$ -0-</u>	<u>\$ 6,349,488.81</u>

BOROUGH OF BRANCHVILLE

SUPPLEMENTARY DATA

BOROUGH OF BRANCHVILLE
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2025

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Anthony Frato Sr.	Mayor		
Richard Van Stone	Council President		
Beverly Bathgate	Councilperson		
H. Lee Doremus	Councilperson		
Russell Bellis Jr	Councilperson		
Jeffrey Lewis	Councilperson		
Tania Bansemer	Councilperson		
Kathryn L. Leissler	Municipal Clerk; Municipal Registrar; Tax Collector; Water Rent Collector;		
	Improvement Search Officer; Tax Search Officer;	(a)	Statewide Insurance Fund
Karen Braun	Deputy Clerk; Deputy Registrar; Sewer Rent Collector;		
	Secretary Planning/Zoning Board	(a)	Statewide Insurance Fund
Christine Rolef	Chief Financial Officer	(a)	Statewide Insurance Fund
Kristy Lockburner	Tax Assessor	(a)	Statewide Insurance Fund
Harold Pellow	Engineer		
M. Richard Valenti	Attorney		
Cathrine Whitehead	Animal Control Officer , Finance Assistant	(a)	Statewide Insurance Fund
Virgil Rome, Jr.	Fire & Building Subcode Inspector	(a)	Statewide Insurance Fund
Rich Bizik (To 10/20/2025)	Construction Official, Plumbing Sub-Code Inspector,		
	Building Inspector	(a)	Statewide Insurance Fund
Paul Black (From 10/20/2025)	Construction Official, Plumbing Sub-Code Inspector,		
	Building Inspector	(a)	Statewide Insurance Fund

All bonds were examined and were properly executed

- (a) - Blanket Bond coverage is provided for all officials and employees in the amount of \$1,000,000 through Statewide Insurance Fund.
The coverage type provided by the Blanket Bond is for employee theft.

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
CURRENT FUND

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2024	<u>Ref.</u> A	\$ 1,973,543.80
Increased by Receipts:		
Taxes Receivable	\$ 3,147,622.79	
Prepaid Taxes	40,016.61	
Tax Overpayments	7,039.06	
Revenue Accounts Receivable	923,183.15	
Miscellaneous Revenue Not Anticipated	84,427.32	
Due to the State of New Jersey:		
DCA Training Fees	629.00	
Veterans and Senior Citizens' Deductions	7,750.00	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	6,929.02	
Due Animal Control Fund:		
Prior Year Interfunds Returned	680.26	
Due Other Trust Funds:		
Reserve for Accumulated Sick Leave Collected		
in Current Fund	200.00	
Reserve for Developer's Escrow Collected		
in Current Fund	3,338.50	
Reserve for Affordable Housing Collected		
in Current Fund	5,626.82	
Reserve for Storm Recovery Collected		
in Current Fund	13.18	
Due Water Utility Operating Fund:		
Collected on Behalf of Water Utility Operating Fund	156,586.89	
Interfund Advanced	1,461.01	
Due Water Utility Capital Fund:		
Interfund Advanced	54,188.60	
Due Sewer Utility Operating Fund		
Interfund Advanced	1,595,440.35	
		<u>6,035,132.56</u>
		8,008,676.36

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2025 Appropriation Expenditures	\$ 1,169,989.03	
2024 Appropriation Reserves	79,813.09	
Local School Taxes	1,371,476.65	
Regional High School Taxes	658,497.64	
County Taxes	692,436.51	
Tax Overpayments Refunded	4,968.43	
Due to the State of New Jersey:		
DCA Training Fees	1,615.00	
Due to/from Federal and State Grant Fund:		
Appropriated Reserves	12,380.72	
Due to General Capital Fund:		
Capital Improvement Fund	10,000.00	
Improvements to Street Lights	20,000.00	
Purchase of Road Equipment	20,000.00	
Purchase of Fire Truck	10,000.00	
Deferred Charges to Future Taxation - Unfunded	50,000.00	
Interfund Advanced	467,529.78	
Improvement Authorization Expenditures	60,592.00	
Due to/from Water Utility Operating Fund:		
Interfund Advanced	135,000.00	
Anticipated Deficit	15,000.00	
Paid on Behalf of Water Utility Operating Fund	23,597.56	
Due to/from Water Utility Capital Fund:		
Interfund Advanced	50,000.00	
Paid on Behalf of Water Utility Capital Fund	4,188.60	
Due to/from Sewer Utility Operating Fund		
Interfund Advanced	1,450,000.00	
Anticipated Deficit	37,976.18	
Paid on Behalf of Sewer Utility Operating Fund	24,410.13	
Due from Other Trust Funds:		
Reserve for Recreation Expenditures		
in Current Fund	3,000.00	
Due to Payroll Fund:		
Prior Year Interfund Returned	139,931.35	
		6,512,402.67
Balance December 31, 2025	A	\$ 1,496,273.69

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2024	Collections		Overpayments Applied	NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2025
		2024	2025					
2024	\$ 95,879.74		\$ 84,073.18	\$ 10,736.95	\$ 250.00			\$ 819.61
2025		\$ 33,663.71	\$ 3,063,549.61	10,572.56	7,818.06	\$ 223.72	\$ 2,264.40	130,582.86
	\$ 95,879.74	\$ 33,663.71	\$ 3,147,622.79	\$ 21,309.51	\$ 8,068.06	\$ 223.72	\$ 2,264.40	\$ 131,402.47

Ref. A

Analysis of 2025 Property Tax Levy

Tax Yield:		
General Purpose Tax	\$ 3,248,568.62	
Added, Omitted & Rollback Taxes	106.30	
	<u>\$ 3,248,674.92</u>	
Tax Levy:		
Local School District Taxes	\$ 1,269,917.00	
Regional High School District Taxes	1,003,701.00	
County Taxes	\$ 689,234.09	
Due County for Added and Omitted Taxes	22.60	
	<u>689,256.69</u>	
	<u>2,962,874.69</u>	
Local Tax for Municipal Purposes Levied	284,793.61	
Additional Taxes Levied	1,006.62	
	<u>285,800.23</u>	
	<u>\$ 3,248,674.92</u>	

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2024	A	\$ 18,733.02
Increased by:		
Transfer from Taxes Receivable		2,264.40
		<u>20,997.42</u>
Decreased by:		
Tax Title Lien Cancellations		1,330.95
		<u>1,330.95</u>
Balance December 31, 2025	A	<u>\$ 19,666.47</u>

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Accrued</u>	<u>Collected</u>
Licenses:		
Alcoholic Beverage Licenses	\$ 1,575.00	\$ 1,575.00
Fines and Costs:		
Municipal Court	4,807.40	4,807.40
Energy Receipts Tax	684,918.40	684,918.40
Uniform Construction Code Fees	26,996.50	26,996.50
Verizon Cell Tower Rental Agreement	51,543.73	51,543.73
AT&T Cell Tower Rental Agreement	138,342.12	138,342.12
General Capital Fund Balance	15,000.00	15,000.00
	<u>\$ 923,183.15</u>	<u>\$ 923,183.15</u>

BOROUGH OF BRANCHVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2024	Budget Revenue Realized	Transferred From Unappropriated Reserves	Balance Dec. 31, 2025
Clean Communities Grant - 2025		\$ 4,000.00	\$ 4,000.00	
Recycling Tonnage Grant - 2025		1,965.47	1,965.47	
NJ Department of Community Affairs:				
Recreation Grant - 2023	\$ 71,000.00			\$ 71,000.00
Recreation Grant - 2024	70,000.00			70,000.00
Stormwater Assistance Grant - 2025		50,000.00		50,000.00
	<u>\$ 141,000.00</u>	<u>\$ 55,965.47</u>	<u>\$ 5,965.47</u>	<u>\$ 191,000.00</u>
	A			A

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Mayor and Council:				
Salaries & Wages	\$ 5.00	\$ 365.00	\$ 360.00	5.00
Municipal Clerk:				
Salaries & Wages	77.04	119.66	42.62	\$ 77.04
Financial Administration:				
Salaries & Wages	10.00	870.00	860.00	10.00
Revenue Administration (Tax Collection):				
Salaries & Wages	395.88	395.88		395.88
Tax Assessment Administration:				
Salaries & Wages	256.40	256.40		256.40
Other Expenses	878.52	878.52	20.00	858.52
Engineering Services and Costs:				
Other Expenses	1,395.61	1,395.61	613.00	782.61
Municipal Land Use Law:				
Planning Board:				
Salaries & Wages	99.40	99.40		99.40
Land Use:				
Other Expenses	1,091.99	1,091.99	779.92	312.07
General Liability Insurance	52,195.69	55,849.11	55,849.11	
Constable:				
Salaries & Wages	1.00	1.00		1.00
Other Expenses	819.68	819.68		819.68
First Aid Organization Contribution	10,000.00			
Fire:				
Fire Hydrant Services	1.00	1.00		1.00
Street and Road Repairs and Maintenance:				
Other Expenses	2,490.08	2,490.08	795.08	1,695.00
ShadeTree Committee:				
Other Expenses	2,000.00	2,000.00		2,000.00
Purchase of Trees	4,990.00	2,392.60	1,900.00	492.60
Sanitation - Trash Removal:				
Other Expenses	1,615.62	2,969.25	2,969.25	
Public Building and Grounds:				
Salaries & Wages	126.40	5,741.43	5,615.03	126.40
Other Expenses				
Vehicle Maintenance	373.38	1,854.12	1,854.12	
Board of Health:				
Salaries & Wages	1.00	1.00		1.00
Other Expenses	1.00	1.00		1.00

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Animal Control:				
Salaries & Wages	\$ 575.00	\$ 575.00		\$ 575.00
Other Expenses	100.00	100.00		100.00
Board of Recreation Commissioners:				
Salaries & Wages	1.00	1.00		1.00
Construction Code Official:				
Salaries & Wages	938.24	938.24		938.24
Other Expenses	2,760.00	60.00		60.00
Unclassified:				
Electricity	2,161.11	4,310.89	\$ 2,149.78	2,161.11
Street Lighting	284.74	284.74		284.74
Fuel Oil	3,915.61	15.61		15.61
Gasoline	2,322.00	5,255.18	5,255.18	
Contributions to:				
Social Security System (O.A.S.I.)	1,976.36	1,976.36		1,976.36
Shared Service Agreement:				
Fire:				
Salaries & Wages	1.00	1.00		1.00
Other Expenses	1.00	750.00	750.00	
Municipal Court - Borough Share	4.00	4.00		4.00
Electrical/Plumbing Inspections	1.00	1.00		1.00
State and Federal Programs Offset by Revenues:				
Municipal Drug Alliance - Local Match	1.00	1.00		1.00
	<u>\$ 93,866.75</u>	<u>\$ 93,866.75</u>	<u>\$ 79,813.09</u>	<u>\$ 14,053.66</u>
<u>Balance December 31, 2024:</u>	<u>Ref.</u>			
Unencumbered	A \$ 91,966.75			
Encumbered	A 1,900.00			
	<u>\$ 93,866.75</u>			

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

Balance December 31, 2024	\$ 101,559.67
Increased by:	
Levy - Calendar Year 2025	1,269,917.00
Decreased by:	
Payments to Local School District	1,371,476.65
Balance December 31, 2025	\$ 0.02

BOROUGH OF BRANCHVILLE
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

Balance December 31, 2024	\$ 164,624.66
Increased by:	
Levy - Calendar Year 2025	1,003,701.00
Decreased by:	
Payments to Regional High School District	658,497.64
Balance December 31, 2025	\$ 509,828.02

BOROUGH OF BRANCHVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2024	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2025
Recycling Tonnage Grant:				
2022	\$ 0.01		\$ 0.01	
2024	2,923.92		2,923.92	
2025		\$ 1,965.47	1,965.47	
Alcohol Education and Rehabilitation Fund:				
2018	581.23			\$ 581.23
2022	157.93			157.93
2023	519.18			519.18
Stormwater Management Reserve	7.48		7.48	
Stormwater Management Grant - Phase I	22,700.00		3,770.02	18,929.98
Stormwater Management Grant - 2025		50,000.00		50,000.00
Clean Communities Grant:				
2020	1,188.22		747.82	440.40
2021	4,000.00			4,000.00
2023	4,000.00			4,000.00
2024	4,000.00			4,000.00
2025		4,000.00		4,000.00
Playground Grant	1,574.64		1,461.05	113.59
NJ Department of Community Affairs:				
Recreation Improvement Grant - 2024	1,504.95		1,504.95	
	<u>\$ 43,157.56</u>	<u>\$ 55,965.47</u>	<u>\$ 12,380.72</u>	<u>\$ 86,742.31</u>

Ref.

A

A

Cash Disbursed in Current Fund \$ 12,380.72

BOROUGH OF BRANCHVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Cash</u> <u>Received</u>	<u>Transferred</u> <u>to Grants</u> <u>Receivable</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Alcohol Education and Rehabilitation Fund:				
2025		\$ 619.00		\$ 619.00
Clean Communities Grant:				
2024	\$ 4,000.00		\$ 4,000.00	
2025		4,000.00		4,000.00
Recycling Tonnage Grant:				
2024	1,965.47		1,965.47	
2025		2,310.02		2,310.02
	<u>\$ 5,965.47</u>	<u>\$ 6,929.02</u>	<u>\$ 5,965.47</u>	<u>\$ 6,929.02</u>
<u>Ref.</u>	A			A
Cash Received in Current Fund		<u>\$ 6,929.02</u>		

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
TRUST FUNDS

BOROUGH OF BRANCHVILLE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2024	B	\$ 3,869.98	\$ 80,703.94
Increased by Receipts:			
Borough Dog License Fees		\$ 1,491.40	
Penalties on Dog License Fees		220.00	
State Dog License Fees		171.60	
Due Current Fund:			
Interest Earned		39.01	\$ 62.52
Reserve for:			
Affordable Housing			13.18
		<u>1,922.01</u>	<u>75.70</u>
Decreased by Disbursements:			
Animal Control Expenditures		487.64	
Due to State of New Jersey:			
State Dog License Fees		244.80	
Due Current Fund:			
Prior Year Interfund Returned		<u>680.26</u>	
		<u>1,412.70</u>	
Balance December 31, 2025	B	<u>\$ 4,379.29</u>	<u>\$ 80,779.64</u>

BOROUGH OF BRANCHVILLE
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2024	B	\$ 3,191.12
Increased by:		
Dog License Fees	\$ 1,491.40	
Penalties on Dog License Fees	<u>220.00</u>	
		<u>1,711.40</u>
		4,902.52
Decreased by:		
Expenditures Under R.S. 4:19-15.11	487.64	
Due to Current Fund:		
Statutory Excess	<u>845.76</u>	
		<u>1,333.40</u>
	B	
Balance December 31, 2025		<u><u>\$ 3,569.12</u></u>

<u>License Fees Collected</u>	
2023	\$ 2,006.72
2024	<u>1,562.40</u>
Maximum Allowable Reserve	<u><u>\$ 3,569.12</u></u>

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
GENERAL CAPITAL FUND

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 98,181.88
Increased by:		
Due from/to Current Fund:		
Interest Earned	\$ 764.99	
Interfund Advanced	467,529.78	
Capital Improvement Fund	10,000.00	
Improvements to Street Lights	20,000.00	
Purchase of Road Equipment	20,000.00	
Purchase of Fire Truck	10,000.00	
Deferred Charges to Future Taxation - Unfunded	50,000.00	
Due from/to Payroll Fund:		
Interfund Advanced	50,000.00	
		628,294.77
		726,476.65
Decreased by:		
Due to Current Fund:		
General Capital Fund Balance Anticipated	15,000.00	
Due to Water Operating Utility Fund:		
Prior Year Interfund Returned	5,992.04	
Improvement Authorization Expenditures	440,397.67	
		461,389.71
Balance December 31, 2025	C	<u>\$ 265,086.94</u>

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2024	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2025
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Budget Appropriation	Miscellaneous		From	To	
Capital Fund Balance	\$ 15,376.48				\$ 15,000.00					\$ 376.48
Capital Improvement Fund	340,616.58	\$ 10,000.00								350,616.58
Reserve for:										
Improvements to Various Roads	37,500.00									37,500.00
Road Equipment	99,188.14	20,000.00								119,188.14
Street Lights	175,000.00	20,000.00						\$ 157,476.00		37,524.00
Fire Equipment	19,800.00							15,000.00		4,800.00
Fire Truck	30,000.00	10,000.00						30,000.00		10,000.00
New Jersey Department of Transportation Grants Receivable								142,524.00		(142,524.00)
Due Other Trust Fund	(20,000.00)								\$ 20,000.00	
Due Water Utility Operating Fund	5,992.04					\$ 5,992.04				
Due Payroll Fund	(30,000.00)		\$ 50,000.00					20,000.00		(81,536.80)
Due from Federal & State Grant Fund	(81,536.80)									
Due Current Fund	(528,886.77)		468,294.77						60,592.00	(81,536.80)
Ord. No.	Improvement Description									
04-20	Improvements to Borough Property									
05-20	Acquisition/Installation of Generators									
06-22	Acquisition of a New Street Sweeper									
10-22	Acquisition of Land									
03-23	Storage Tank Upgrade									
15-23	Borough's Portion of Detention Basin									
01-24	Regional Detention Basin									
02-24	Repair of Sidewalks									
07-24	Drainpipe Repair on Fox Hill Road									
08-24	Borough Tree Project									
05-25	Improvements to Street Lighting									
06-25	Repairs to Fire Truck									
	\$ 98,181.88	\$ 110,000.00	\$ 518,294.77	\$ 440,397.67	\$ 15,000.00	\$ 5,992.04		\$ 425,592.00	\$ 425,592.00	\$ 265,086.94

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 340,616.58
Increased by:		
2025 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2025	C	<u><u>\$ 350,616.58</u></u>

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Funded by Budget Appropriation	Improvement Authorizations Cancelled	Balance Dec. 31, 2025
04-20	Improvements to Borough Property	\$ 245,000.00	\$ 20,000.00		\$ 225,000.00
05-20	Acquisition/Installation of Generators	149,423.00	30,000.00	\$ 68,906.99	50,516.01
06-22	Acquisition of a New Street Sweeper	237,500.00			237,500.00
		<u>\$ 631,923.00</u>	<u>\$ 50,000.00</u>	<u>\$ 68,906.99</u>	<u>\$ 513,016.01</u>

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
WATER UTILITY FUND

BOROUGH OF BRANCHVILLE
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2024	D	\$ 80,796.93	\$ 81,739.70
Increased by Receipts:			
Water Rents		\$ 119,352.23	
Prepaid/Overpaid Water Rents		16,117.70	
Interest on Deposits		1,206.24	\$ 382.05
Due Current Fund:			
Interfund Returned		135,000.00	50,000.00
Interfund Advanced - Anticipated Deficit		15,000.00	
Due Water Utility Operating Fund:			
Interfund Returned			55,000.00
Due General Capital Fund:			
Interfund Returned		5,992.04	
Due Payroll:			
Interfund Returned			25,000.00
		<u>292,668.21</u>	<u>130,382.05</u>
		373,465.14	212,121.75
Decreased by Disbursements:			
2025 Budget Appropriations		89,150.65	
2024 Appropriation Reserves		13,816.57	
Improvement Authorization Expenditures			127,395.51
Due from Current Fund			
Interfund Returned		1,461.01	54,188.60
Due Water Utility Capital Fund:			
Interfund Returned		55,000.00	
Improvement Authorization Expenditures		27,609.66	
		<u>187,037.89</u>	<u>181,584.11</u>
Balance December 31, 2025	D	\$ 186,427.25	\$ 30,537.64

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2024	Receipts	Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2025
			Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund								
	Fund Balance	\$ 184,030.90				\$ 10,000.00		\$ 194,030.90
	Due Water Utility Operating Fund	2,268.87						2,268.87
	Due Payroll Fund	33,635.08	\$ 55,382.05					79,126.79
	Due Current Fund	(25,000.00)	25,000.00					
			50,000.00		\$ 54,188.60		4,188.60	
	07-17	(97,500.00)					55,000.00	(42,500.00)
	01-23	26,012.86						26,012.86
	06-23; 03-25	(41,708.01)						
	Improvements to Water Supply System			\$ 127,395.51		86,798.26	27,500.00	(228,401.78)
		\$ 81,739.70	\$ 130,382.05	\$ 127,395.51	\$ 54,188.60	\$ 124,298.26	\$ 124,298.26	\$ 30,537.64

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 16,718.06
Increased by:		
Water Rent Billings		<u>146,557.37</u>
		163,275.43
Decreased by:		
Collections:		
Water Rents	\$ 119,352.23	
Prepaid/Overpaid Water Rents Applied	<u>26,375.29</u>	
		<u>145,727.52</u>
Balance December 31, 2025	D	<u><u>\$ 17,547.91</u></u>

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Description	Balance Dec. 31, 2024	Balance Dec. 31, 2025
Water Diversion Right of Way	\$ 10,000.00	\$ 10,000.00
Land	38,803.01	38,803.01
Plant	6,509.03	6,509.03
Distribution Mains and Accessories	352,357.48	352,357.48
Meters, Meter Boxes and Vaults	15,496.52	15,496.52
Fire Hydrants and Fire Cisterns	1,074.42	1,074.42
Equipment	9,641.44	9,641.44
Diversion Dam and Repairs	10,758.20	10,758.20
Engineering Study and Water Reservoir	22,742.86	22,742.86
Pilot Study - Water Infiltration	11,000.00	11,000.00
Digging Well, Purchase Pump Housing and Distribution Lines	54,804.43	54,804.43
Pumps	13,132.58	13,132.58
Purchase and Installation of By-Pass	2,866.28	2,866.28
Purchase and Repair of Chlorination System and Building	21,317.70	21,317.70
Improvements to Water Basin and Reservoir	41,941.33	41,941.33
Water Survey	2,500.00	2,500.00
Water Storage Tank	824,130.47	824,130.47
Water Main Improvements	51,250.21	51,250.21
Well House	400,000.00	400,000.00
Improvements to Well #1	23,500.00	23,500.00
Improvements to Well #2	280,000.00	280,000.00
Painting of Water Tower	70,000.00	70,000.00
Improvements and Repairs of Water System	100,000.00	100,000.00
	<u>\$ 2,363,825.96</u>	<u>\$ 2,363,825.96</u>
<u>Ref.</u>	D	D

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>2025</u> <u>Authorizations</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
06-23; 03-25	Improvements to the Water Supply and Distribution System	<u>\$ 2,200,000.00</u>	<u>\$ 2,500,000.00</u>	<u>\$ 4,700,000.00</u>
		<u><u>\$ 2,200,000.00</u></u>	<u><u>\$ 2,500,000.00</u></u>	<u><u>\$ 4,700,000.00</u></u>
	<u>Ref.</u>	D		D

BOROUGH OF BRANCHVILLE
WATER UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries & Wages	\$ 4,684.94	\$ 4,684.94		\$ 4,684.94
Other Expenses	17,631.30	17,631.30	\$ 13,816.57	3,814.73
Capital Improvements:				
Capital Outlay	4,443.36	4,443.36		4,443.36
Statutory Expenditures:				
Social Security System (OASI)	1,500.00	1,500.00		1,500.00
	<u>\$ 28,259.60</u>	<u>\$ 28,259.60</u>	<u>\$ 13,816.57</u>	<u>\$ 14,443.03</u>
			Cash Disbursed	
			<u>\$ 13,816.57</u>	
			<u>\$ 13,816.57</u>	
<u>Balance December 31, 2024</u>				
Unencumbered	D <u>\$ 28,259.60</u>			

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 184,030.90
Increased by:		
Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2025	D	<u><u>\$ 194,030.90</u></u>

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 2,293,825.96
Increased by:		
Budget Appropriation - Deferred Charges to Future Revenues		<u>27,500.00</u>
Balance December 31, 2025	D	<u><u>\$ 2,321,325.96</u></u>

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER CAPITAL SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	2025 Improvement Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2025
04-17	Improvements to Well #2	\$ 70,000.00		\$ 27,500.00	\$ 42,500.00
06-23; 03-25	Improvements to the Water Supply and Distribution System	2,200,000.00	\$ 2,500,000.00		4,700,000.00
		<u>\$ 2,270,000.00</u>	<u>\$ 2,500,000.00</u>	<u>\$ 27,500.00</u>	<u>\$ 4,742,500.00</u>

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
SEWER UTILITY FUND

BOROUGH OF BRANCHVILLE
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2024	E	\$ 200,286.44	\$ 100,613.48
Increased by Receipts:			
Sewer Rents		\$ 887,900.35	
Prepaid/Overpaid Sewer Rents		2,582.80	
Due Current Fund:			
Interfund Advanced		1,450,000.00	
Taxes Collected on Behalf of Current Fund		121,030.22	
Anticipated Deficit		37,976.18	
Interest on Investments		2,499.02	\$ 1,393.73
Due Sewer Utility Operating Fund:			
Interfund Advanced			4,983.69
Sewer Rents Collected on Behalf of Sewer Utility Operating			8,622.58
Due Payroll Fund:			
Interfund Advanced		<u>50,000.00</u>	
		<u>2,551,988.57</u>	<u>15,000.00</u>
		<u>2,752,275.01</u>	<u>115,613.48</u>
Decreased by Disbursements:			
2025 Budget Appropriations		912,946.10	
2024 Appropriation Reserves		339.00	
Accrued Interest on Loans		97,948.00	
Due Sewer Utility Capital Fund:			
Interfund Advanced		4,983.69	
Due Current Fund:			
Interfund Advanced		<u>1,595,440.35</u>	
		<u>2,611,657.14</u>	
Balance December 31, 2025	E	<u><u>\$ 140,617.87</u></u>	<u><u>\$ 115,613.48</u></u>

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance Dec. 31, 2024	Receipts Miscellaneous	Transfers		Balance Dec. 31, 2025
			From	To	
Capital Improvement Fund					
Due to Sewer Utility Operating Fund	\$ 60,000.00	\$ 15,000.00	\$ 15,000.00		\$ 75,000.00
Reserve for Capital Outlay	39,217.44				39,217.44
Reserve for Debt Service	267.60				267.60
Ord. No.	Improvement Description				
04-06	1,128.44				1,128.44
	\$ 100,613.48	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 115,613.48

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2024	E	\$ 30,592.41
Increased by:		
Sewer Rents		921,046.71
		<u>951,639.12</u>
Decreased by:		
Collections:		
Sewer Rents	\$ 887,900.35	
Due from Sewer Utility Capital Fund:		
Rents Collected on Behalf of Sewer Operating	8,622.58	
Interest on Delinquent Sewer Rents		
Prepaid/Overpaid Sewer Rents Applied	<u>4,072.30</u>	
		<u>900,595.23</u>
Balance December 31, 2025	E	<u>\$ 51,043.89</u>

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Distribution Mains and Accessories	<u>\$ 4,985,000.00</u>	<u>\$ 4,985,000.00</u>
<u>Ref.</u>	E	E

BOROUGH OF BRANCHVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries & Wages	\$ 304.30	\$ 304.30		\$ 304.30
Other Expenses	<u>9,250.27</u>	<u>9,250.27</u>	<u>\$ 339.00</u>	<u>8,911.27</u>
	<u><u>\$ 9,554.57</u></u>	<u><u>\$ 9,554.57</u></u>	<u><u>\$ 339.00</u></u>	<u><u>\$ 9,215.57</u></u>
<u>Ref.</u>				
<u>Balance December 31, 2024</u>				
Unencumbered	E <u><u>\$ 9,554.57</u></u>			

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Balance Dec. 31, 2025
04-06	Construction of Sewer System	\$ 405,059.80	\$ 405,059.80
10-06	Construction of Sewer System	2,595,000.00	2,595,000.00
		<u>\$ 3,000,059.80</u>	<u>\$ 3,000,059.80</u>
	<u>Ref.</u>	E	E

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2024		Balance Dec. 31, 2025	
		Date	Amount	Funded	Unfunded	Funded	Unfunded
04-06	Construction of Sewer System	08/14/04	\$ 405,059.80	\$ 1,128.44		\$ 1,128.44	
10-06	Construction of Sewer System	10/20/10	2,595,000.00		\$ 422,238.82		\$ 422,238.82
				\$ 1,128.44	\$ 422,238.82	\$ 1,128.44	\$ 422,238.82
		<u>Ref.</u>		E	E	E	E

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	E	\$ 60,000.00
Increased by:		
Budget Appropriation		<u>15,000.00</u>
Balance December 31, 2025	E	<u><u>\$ 75,000.00</u></u>

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2024	E	\$ 3,579,291.30
Increased by:		
USDA Loans Payable:		
Paid by Utility Operating Budget		<u>73,294.47</u>
Balance December 31, 2025	E	<u><u>\$ 3,652,585.77</u></u>

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
04-06	Construction of a Sewer System	08/18/04	<u>\$ 424,059.80</u>	<u>\$ 424,059.80</u>
			<u><u>\$ 424,059.80</u></u>	<u><u>\$ 424,059.80</u></u>
		<u>Ref.</u>	E	E

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Loan #1</u>	<u>Loan #2</u>
Balance December 31, 2024	E	\$ 3,559,469.88	\$ 1,484,243.32	\$ 2,075,226.56
Decreased by:				
Loans Paid by Operating Budget		<u>73,294.47</u>	<u>32,134.27</u>	<u>41,160.20</u>
Balance December 31, 2025	E	<u><u>\$ 3,486,175.41</u></u>	<u><u>\$ 1,452,109.05</u></u>	<u><u>\$ 2,034,066.36</u></u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #1 OUTSTANDING DECEMBER 31, 2025

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,452,109.05
19	3/2/26	\$ 16,336.23	\$ 16,338.77	1,435,770.28
20	9/2/26	16,152.42	16,522.58	1,419,247.70
21	3/2/27	15,966.54	16,708.46	1,402,539.24
22	9/2/27	15,778.57	16,896.43	1,385,642.81
23	3/2/28	15,588.48	17,086.52	1,368,556.29
24	9/2/28	15,396.26	17,278.74	1,351,277.55
25	3/2/29	15,201.87	17,473.13	1,333,804.42
26	9/2/29	15,005.30	17,669.70	1,316,134.72
27	3/2/30	14,806.52	17,868.48	1,298,266.24
28	9/2/30	14,605.49	18,069.51	1,280,196.73
29	3/2/31	14,402.21	18,272.79	1,261,923.94
30	9/2/31	14,196.64	18,478.36	1,243,445.58
31	3/2/32	13,988.76	18,686.24	1,224,759.34
32	9/2/32	13,778.54	18,896.46	1,205,862.88
33	3/2/33	13,565.96	19,109.04	1,186,753.84
34	9/2/33	13,350.98	19,324.02	1,167,429.82
35	3/2/34	13,133.59	19,541.41	1,147,888.41

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #1 OUTSTANDING DECEMBER 31, 2025

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
36	9/2/34	\$ 12,913.74	\$ 19,761.26	\$ 1,128,127.15
37	3/2/35	12,691.43	19,983.57	1,108,143.58
38	9/2/35	12,466.62	20,208.38	1,087,935.20
39	3/2/36	12,239.27	20,435.73	1,067,499.47
40	9/2/36	12,009.37	20,665.63	1,046,833.84
41	3/2/37	11,776.88	20,898.12	1,025,935.72
42	9/2/37	11,541.78	21,133.22	1,004,802.50
43	3/2/38	11,304.03	21,370.97	983,431.53
44	9/2/38	11,063.60	21,611.40	961,820.13
45	3/2/39	10,820.48	21,854.52	939,965.61
46	9/2/39	10,574.61	22,100.39	917,865.22
47	3/2/40	10,325.98	22,349.02	895,516.20
48	9/2/40	10,074.56	22,600.44	872,915.76
49	3/2/41	9,820.30	22,854.70	850,061.06
50	9/2/41	9,563.19	23,111.81	826,949.25
51	3/2/42	9,303.18	23,371.82	803,577.43
52	9/2/42	9,040.25	23,634.75	779,942.68
53	3/2/43	8,774.35	23,900.65	756,042.03
54	9/2/43	8,505.47	24,169.53	731,872.50
55	3/2/44	8,233.57	24,441.43	707,431.07
56	9/2/44	7,958.60	24,716.40	682,714.67
57	3/2/45	7,680.54	24,994.46	657,720.21
58	9/2/45	7,399.35	25,275.65	632,444.56
59	3/2/46	7,115.00	25,560.00	606,884.56
60	9/2/46	6,827.45	25,847.55	581,037.01
61	3/2/47	6,536.67	26,138.33	554,898.68
62	9/2/47	6,242.61	26,432.39	528,466.29
63	3/2/48	5,945.23	26,729.77	501,736.52
64	9/2/48	5,644.54	27,030.46	474,706.06
65	3/2/49	5,340.44	27,334.56	447,371.50
66	9/2/49	5,032.93	27,642.07	419,729.43
67	3/2/50	4,721.96	27,953.04	391,776.39
68	9/2/50	4,407.48	28,267.52	363,508.87
69	3/2/51	4,089.47	28,585.53	334,923.34

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #1 OUTSTANDING DECEMBER 31, 2025

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
70	9/2/51	\$ 3,767.89	\$ 28,907.11	\$ 306,016.23
71	3/2/52	3,442.68	29,232.32	276,783.91
72	9/2/52	3,113.82	29,561.18	247,222.73
73	3/2/53	2,781.26	29,893.74	217,328.99
74	9/2/53	2,444.95	30,230.05	187,098.94
75	3/2/54	2,104.86	30,570.14	156,528.80
76	9/2/54	1,760.95	30,914.05	125,614.75
77	3/2/55	1,413.17	31,261.83	94,352.92
78	9/2/55	1,061.47	31,613.53	62,739.39
79	3/2/56	705.82	31,969.18	30,770.21
80	9/2/56	346.16	30,770.21	-0-
		<u>\$ 572,182.32</u>	<u>\$ 1,452,109.05</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #2 OUTSTANDING DECEMBER 31, 2025

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 2,034,066.36
19	3/2/26	\$ 27,968.47	\$ 21,005.53	2,013,060.83
20	9/2/26	27,679.64	21,294.36	1,991,766.47
21	3/2/27	27,386.84	21,587.16	1,970,179.31
22	9/2/27	27,090.02	21,883.98	1,948,295.33
23	3/2/28	26,789.12	22,184.88	1,926,110.45
24	9/2/28	26,484.07	22,489.93	1,903,620.52
25	3/2/29	26,174.84	22,799.16	1,880,821.36
26	9/2/29	25,861.35	23,112.65	1,857,708.71

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #2 OUTSTANDING DECEMBER 31, 2025

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
27	3/2/30	\$ 25,543.55	\$ 23,430.45	\$ 1,834,278.26
28	9/2/30	25,221.38	23,752.62	1,810,525.64
29	3/2/31	24,894.78	24,079.22	1,786,446.42
30	9/2/31	24,563.69	24,410.31	1,762,036.11
31	3/2/32	24,228.05	24,745.95	1,737,290.16
32	9/2/32	23,887.79	25,086.21	1,712,203.95
33	3/2/33	23,542.86	25,431.14	1,686,772.81
34	9/2/33	23,193.18	25,780.82	1,660,991.99
35	3/2/34	22,838.70	26,135.30	1,634,856.69
36	9/2/34	22,479.33	26,494.67	1,608,362.02
37	3/2/35	22,115.03	26,858.97	1,581,503.05
38	9/2/35	21,745.72	27,228.28	1,554,274.77
39	3/2/36	21,371.33	27,602.67	1,526,672.10
40	9/2/36	20,991.80	27,982.20	1,498,689.90
41	3/2/37	20,607.04	28,366.96	1,470,322.94
42	9/2/37	20,217.00	28,757.00	1,441,565.94
43	3/2/38	19,821.59	29,152.41	1,412,413.53
44	9/2/38	19,420.74	29,553.26	1,382,860.27
45	3/2/39	19,014.38	29,959.62	1,352,900.65
46	9/2/39	18,602.44	30,371.56	1,322,529.09
47	3/2/40	18,184.83	30,789.17	1,291,739.92
48	9/2/40	17,761.48	31,212.52	1,260,527.40
49	3/2/41	17,332.31	31,641.69	1,228,885.71
50	9/2/41	16,897.23	32,076.77	1,196,808.94
51	3/2/42	16,456.18	32,517.82	1,164,291.12
52	9/2/42	16,009.06	32,964.94	1,131,326.18
53	3/2/43	15,555.79	33,418.21	1,097,907.97
54	9/2/43	15,096.29	33,877.71	1,064,030.26
55	3/2/44	14,630.47	34,343.53	1,029,686.73
56	9/2/44	14,158.25	34,815.75	994,870.98
57	3/2/45	13,679.53	35,294.47	959,576.51
58	9/2/45	13,194.23	35,779.77	923,796.74
59	3/2/46	12,702.26	36,271.74	887,525.00
60	9/2/46	12,203.52	36,770.48	850,754.52

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE
LOAN #2 OUTSTANDING DECEMBER 31, 2025

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
61	3/2/47	\$ 11,697.93	\$ 37,276.07	\$ 813,478.45
62	9/2/47	11,185.38	37,788.62	775,689.83
63	3/2/48	10,665.79	38,308.21	737,381.62
64	9/2/48	10,139.05	38,834.95	698,546.67
65	3/2/49	9,605.07	39,368.93	659,177.74
66	9/2/49	9,063.75	39,910.25	619,267.49
67	3/2/50	8,514.98	40,459.02	578,808.47
68	9/2/50	7,958.67	41,015.33	537,793.14
69	3/2/51	7,394.71	41,579.29	496,213.85
70	9/2/51	6,823.00	42,151.00	454,062.85
71	3/2/52	6,243.42	42,730.58	411,332.27
72	9/2/52	5,655.87	43,318.13	368,014.14
73	3/2/53	5,060.25	43,913.75	324,100.39
74	9/2/53	4,456.44	44,517.56	279,582.83
75	3/2/54	3,844.32	45,129.68	234,453.15
76	9/2/54	3,223.79	45,750.21	188,702.94
77	3/2/55	2,594.72	46,379.28	142,323.66
78	9/2/55	1,957.01	47,016.99	95,306.67
79	3/2/56	1,310.52	47,663.48	47,643.19
80	9/2/56	655.15	47,643.19	-0-
		<u>\$ 1,001,645.98</u>	<u>\$ 2,034,066.36</u>	

BOROUGH OF BRANCHVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Balance Dec. 31, 2025
10-06	Construction of Sewer System	\$ 422,238.82	\$ 422,238.82
		<u>\$ 422,238.82</u>	<u>\$ 422,238.82</u>

BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
2025
PUBLIC ASSISTANCE FUND

BOROUGH OF BRANCHVILLE
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2024	F	\$ 2,926.67
Increased by Receipts:		
Interest Earned		<u>22.04</u>
Balance December 31, 2025	F	<u><u>\$ 2,948.71</u></u>

BOROUGH OF BRANCHVILLE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF BRANCHVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BRANCHVILLE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<u>Department of Environmental Protection:</u>							
Clean Communities Act:							
2021	765-042-4900-	01/01/21	12/31/26	\$ 4,000.00	\$	747.82	\$ 3,559.60
2025	004-178910	01/01/25	12/31/26	4,000.00	\$ 4,000.00		
					4,000.00	747.82	3,559.60
Recycling Tonnage Grant:							
2022	100-042-4910	01/01/22	12/31/25	3,606.84		0.01	3,606.84
2023	224-238490	01/01/23	12/31/25	3,435.18		2,923.92	3,435.17
2024		01/01/24	12/31/25	1,965.47		1,965.47	1,965.47
2025		01/01/25	12/31/26	2,310.02	2,310.02		
					2,310.02	4,889.40	9,007.48
Stormwater Management Protection							
	100-042-4850-						
	099-290400	01/01/23	12/31/26	25,000.00		3,770.02	6,070.02
Total Department of Environmental Protection							
					6,310.02	9,407.24	18,637.10
<u>Department of Community Affairs:</u>							
Local Recreation Improvement Grant:							
2024	N/A	01/01/24	12/31/25	70,000.00		1,504.95	70,000.00
Total Department of Community Affairs							
						1,504.95	70,000.00
Total State Awards							
				\$ 6,310.02	\$	10,912.19	\$ 88,637.10
N/A - Not Available							

SEE ACCOMPANYING NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BRANCHVILLE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Borough of Branchville under programs of the federal and state governments for the year ended December 31, 2025. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 4. UNITED STATES DEPARTMENT OF AGRICULTURE LOANS PAYABLE

At December 31, 2025, the Borough has \$1,452,109.05 and \$2,034,066.36 of USDA Loans Payable outstanding which are recorded in the Sewer Capital Utility Fund. The projects which relate to these loans are complete, and the Borough is repaying the loan balances. There were no loan receipts or expenditures in the current year.

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members
 of the Borough Council
 Borough of Branchville
 Branchville, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Branchville, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated June 2, 2026. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) *as a basis for designing* audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2025-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Borough Council
Borough of Branchville
Page 2

Report on Compliance and Other Matters

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

The Borough's Response to the Finding

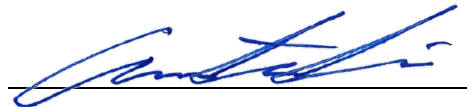
Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
June 2, 2026

NISIVOCCIA, LLP



Andrew Kucinski
Registered Municipal Accountant No. 583
Certified Public Accountant

BOROUGH OF BRANCHVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 25-12 for the year ended December 31, 2025 as both state and federal grant expenditures were less than the single audit thresholds of \$1,000,000 identified in the Uniform Guidance and NJOMB 25-12.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2025-001: Segregation of Duties

Criteria:

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition:

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments of the Borough are responsible for the issuance and collection of permits, licenses and court fines and costs; and recording of collections. The reconciliation of certain bank accounts and the preparation of the general ledger for the various funds are performed by the Chief Financial Officer.

Cause:

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

BOROUGH OF BRANCHVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2025-001: Segregation of Duties (Cont'd)

Effect or Potential Effect:

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation:

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response:

Administration has taken several measures in recent years to improve internal controls. All funds received directly in any department are turned over daily to the Collections department with a prenumbered receipt. In addition, monthly reports to the Chief Financial Officer are required by the other departments.

Findings and Responses for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Responses for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

BOROUGH OF BRANCHVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

The Borough's prior year audit finding 2024-001 regarding segregation of duties has not been resolved due to budget constraints and is included as finding 2025-001 on the Schedule of Findings and Responses.

BOROUGH OF BRANCHVILLE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF BRANCHVILLE
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection B. of Section 9 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of Subsection (1) of Section 5 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C. 440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in Section 2 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to Subsections B. and C. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 through June 30, 2025, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2025 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$53,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Branchville has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S.A. 40A:11-5.

BOROUGH OF BRANCHVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, assessments or utility charges on or before the date when they would become delinquent.

On January 1, 2025, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be assessed on delinquencies in excess of \$10,000 at year end.

It appears from an examination on a test basis of the Tax and Utility Collectors' records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on May 24, 2025 and was complete with respect to all items eligible for sale.

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

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

<u>Year</u>	<u>Number of Liens</u>
2025	2
2024	2
2023	2

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2025 and 2026 Taxes	20
Delinquent Taxes	15
Payment of 2025 Water Utility Charges	10
Delinquent Water Utility Charges	15
Payment of 2025 Sewer Utility Charges	10
Delinquent Sewer Utility Charges	15
Tax Title Liens	1

BOROUGH OF BRANCHVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2025. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

N.J.A.C. Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting and record system.
3. Fixed asset accounting and reporting system.

The Borough is currently in compliance with accounting requirements 1 and 3; however, the fixed assets accounting records are not adequately maintained. It is recommended that the Borough pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in the location of the Borough's fixed assets.

Treasurer's Records

Our audit of the Treasurer's records revealed that:

1. Reconciling items between the Borough's various bank accounts were not always in agreement. In addition, there were older outstanding checks listed as reconciling items. There were also interfunds that were not liquidated in a timely manner.
2. There were several deposits in transit which totaled a significant portion of the cash balance on the balance sheet of the Current Fund as of December 31, 2025 which were not found to have cleared the bank as of the date of this report. The delay in the deposits clearing is due to issues with the changeover of the Borough's bank from Lakeland Bank to Provident Bank, and the State of New Jersey sending physical checks to the wrong address. The Borough's CFO is aware of the issue and has been working it out with the State to ensure that the Borough does receive the full amount they are entitled to, and this issue will be resolved in 2026. There is no recommendation deemed necessary at this time.

It is recommended that:

1. All reconciling items between the Borough's bank accounts be in agreement, older outstanding reconciling items be reviewed for possible cancellation and that interfunds be liquidated in a timely manner.

Management's Response

The Borough will ensure that all reconciling items between bank accounts are in agreement, will review older outstanding reconciling items for possible cancellation and interfunds will be liquidated in a timely manner.

Fixed Assets

Our audit of the Borough's records revealed that:

1. The Fixed Assets records have not been updated and there are not sufficient records maintained on file to support the valuation for certain fixed assets included in the general fixed assets accounting group.

It is recommended that:

1. The Borough pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in the location of the Borough's fixed assets.

BOROUGH OF BRANCHVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Fixed Assets (Cont'd)

Management's Response

The Borough will determine whether there are sufficient funds in the current year's budget to engage an independent appraisal company to inventory the Borough's fixed assets.

Water Utility Operating Fund

During the audit, we noted that there were bonds authorized but not issued dating back to 2007. By not issuing this debt it has created negative cash positions on the ordinances in which the debt was intended to be issued for. The Borough will begin to raise funds that are authorized but not issued in future water utility budgets.

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2026

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2027

GASB Statement No. 105, Subsequent Events

Standard will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.

Animal Control Fund

It is suggested that amounts due to the State be reviewed to ensure that no duplicate or overpayments are made for license fees owed.

Water Utility Capital Fund

A deferred cash balance has remained outstanding for more than five years. It is suggested that management review the balance and supporting documentation to determine the proper disposition of the funds and record any necessary adjustments. Procedures should be implemented to periodically review and clear aged deferred cash balances.

Status of Prior Year Recommendations

The prior year recommendations regarding segregation of duties, reconciling items on bank reconciliations being reviewed and interfunds being liquidated, and the appraisal of fixed assets have not been resolved and are included as current year recommendations.

BOROUGH OF BRANCHVILLE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. All reconciling items between the Borough's bank accounts be in agreement, older outstanding reconciling items be reviewed for possible cancellation and that interfunds be liquidated in a timely manner.
3. The Borough pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in the location of the Borough's fixed assets.
