

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 19, 2025**

**NEW ISSUE**

**RATING: Moody's: "MIG 1"  
(See "RATING" herein)**

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

**CITY OF NEW BRUNSWICK,  
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

**\$31,395,000 BOND ANTICIPATION NOTES, SERIES 2025**

**Consisting of:**

**\$17,395,000 General Improvement Bond Anticipation Note and  
\$14,000,000 Water Utility Bond Anticipation Note  
(Book-Entry-Only) (Non-Callable)**

**Interest Rate: \_\_\_\_%    Yield: \_\_\_\_%    CUSIP\*: \_\_\_\_\_**

**Dated: Date of Delivery**

**Due: September 8, 2026**

The \$31,395,000 Bond Anticipation Notes, Series 2025, consisting of the \$17,395,000 General Improvement Bond Anticipation Note (the "General Improvement Note") and the \$14,000,000 Water Utility Bond Anticipation Note (the "Water Utility Note"); and together with the General Improvement Note, the "Notes"), are being issued by the City of New Brunswick, in the County of Middlesex, New Jersey (the "City"), will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on its records as of one business day prior to maturity. See "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The principal of and interest on the Notes will be paid on the maturity date to DTC by the City or its designated paying agent. The Notes are not subject to redemption prior to their stated maturity. See "THE NOTES-Redemption" herein.

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

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

*The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by the City Attorney, T.K. Shamy, Esq., New Brunswick, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Notes. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about September 9, 2025.*

**ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED ON AUGUST 26, 2025 VIA THE  
PARITY ELECTRONIC BIDDING SYSTEM BY THE CITY'S MUNICIPAL ADVISOR IN ACCORDANCE  
WITH THE NOTICE OF SALE. FOR MORE INFORMATION ON HOW TO BID ELECTRONICALLY,  
VIEW THE NOTICE OF SALE POSTED AT: [WWW.MUNI.HUB.COM](http://WWW.MUNI.HUB.COM).**

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

**CITY OF NEW BRUNSWICK,  
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

**MAYOR**

James M. Cahill

**CITY COUNCIL**

John A. Anderson, Council President  
Manuel J. Castañeda, Council Vice President  
Rebecca Escobar  
Matthew B. Ferguson  
Glenn Fleming  
Petra N. Gaskins  
Suzanne M. Sicora Ludwig

**CITY ADMINISTRATOR**

Michael Drulis

**DIRECTOR OF FINANCE/CHIEF FINANCIAL OFFICER**

Richard J. Mulrine

**CITY CLERK**

Leslie R. Zeledon

**CITY ATTORNEY**

T.K. Shamy, Esq.  
New Brunswick, New Jersey

**INDEPENDENT AUDITORS**

Samuel Klein and Company, LLP  
Certified Public Accountants  
Newark, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

**MUNICIPAL ADVISOR**

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

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

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

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

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

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

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

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**OFFICIAL STATEMENT**  
**Relating to the**  
**CITY OF NEW BRUNSWICK,**  
**IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

**\$31,395,000 BOND ANTICIPATION NOTES, SERIES 2025**  
**Consisting of:**  
**\$17,395,000 General Improvement Bond Anticipation Note and**  
**\$14,000,000 Water Utility Bond Anticipation Note**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of New Brunswick (the “City”), in the County of Middlesex (the “County”), State of New Jersey (the “State”), in connection with the sale and the issuance of \$31,395,000 Bond Anticipation Notes, Series 2025, consisting of the \$17,395,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$14,000,000 Water Utility Bond Anticipation Note (the “Water Utility Note”; and together with the General Improvement Note, the “Notes”). This Official Statement has been executed by and on behalf of the City by its Director of Finance/Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

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

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

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE NOTES**

**General Description**

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry securities. Interest on the Notes

will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

## **Redemption**

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

## **BOOK-ENTRY-ONLY SYSTEM\***

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

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

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

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\* Source: The Depository Trust Company.

Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE CITY MAKES NO REPRESENTATIONS AS TO

THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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

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

#### **Discontinuation of Book-Entry-Only System**

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

#### **AUTHORIZATION AND PURPOSE OF NOTES**

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

Proceeds from the sale and issuance of the Notes will be used to: (i) provide new money in the amount of \$31,395,000 to temporarily finance the costs of various capital improvements in and for the City; and (ii) pay the costs associated with the authorization, sale and issuance of the Notes.



*General Improvement Note*

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount to be Issued</b>
O-062305	Supplemental for public facilities projects, finally adopted July 5, 2023.	\$523,500
O-072301	Supplemental for various 2020 roadway improvements, finally adopted July 19, 2023.	199,500
O-082309	Various capital improvements, finally adopted September 6, 2023.	6,555,000
O-102302	Various capital improvements, finally adopted October 18, 2023.	2,945,000
O-022507	Supplemental for various capital improvements, finally adopted March 5, 2025.	688,250
O-042502	Various capital improvements, finally adopted April 16, 2025.	6,483,750
<b>GENERAL IMPROVEMENT TOTAL:</b>		<b>\$17,395,000</b>

*Water Utility Note*

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount to be Issued</b>
O-102405	Various improvements to the water utility, finally adopted October 16, 2024.	\$14,000,000
<b>WATER UTILITY TOTAL:</b>		<b>\$14,000,000</b>

**SECURITY AND SOURCE OF PAYMENT**

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

## CERTAIN RISK FACTORS

### Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the “Plan”). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The City has received \$20,726,375 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

### Weather Related Matters

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

### Cybersecurity

The City relies upon a large and complex technology environment to conduct its various operations. As a result, the City faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks resulting from cybersecurity breaches, the City has insurance through its Joint Insurance Fund.

## **MARKET PROTECTION**

The City does not anticipate issuing any bonds within the next ninety (90) days. The City may issue additional bond anticipation notes, as necessary, during calendar year 2025.

## **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

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

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The City has not exceeded its statutory debt limit. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the City, as annually determined by the State Director of Taxation, is shown in Appendix A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating. As of December 31, 2024, after taking into account the deductions referred to in the prior sentence, the statutory net debt of the City as a percentage of average equalized valuation is shown in Appendix A.

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

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

that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

### **Tax Assessment and Collection Procedure**

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

Upon the filing of certified adopted budgets by the City’s local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00, of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

### **Tax Appeals**

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax

year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 for the City is on file with the Clerk and is available for review during business hours.

### **FINANCIAL STATEMENTS**

The audited financial statements of the City as of and for the year ended December 31, 2023 together with the Notes to the Financial Statements for the year then ended, as well as unaudited financial data of the City for the year ended December 31, 2024, are presented in Appendix "B" to this Official Statement. The audited financial statements referred to above have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, independent auditors, as stated in their Independent Auditor's Report appearing in Appendix "B" hereto.

### **LITIGATION**

To the knowledge of the City Attorney, T.K. Shamy, Esq., New Brunswick, New Jersey (the "City Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided.

### **TAX MATTERS**

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

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

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

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

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

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

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

### **Original Issue Premium**

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner’s tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price



equal to the owner's original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

### **Bank-Qualification**

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

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

### **Additional Federal Income Tax Consequences of Holding the Notes**

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

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

### **Changes in Federal Tax Law Regarding the Notes**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations, such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

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

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

## **SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the City shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access dataport (“EMMA”), notice of any of the following events with respect to the Notes:

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

- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the City, if any such event reflects financial difficulties.

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

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

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

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

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

The City has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations of the New Brunswick Parking Authority for which the City is an obligated person. The City appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **MUNICIPAL BANKRUPTCY**

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

of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel to the City, whose approving legal opinion will be delivered with the Notes substantially in the form as set forth in Appendix “C”. Certain legal matters will be passed on for the City by the City Attorney.

### **UNDERWRITING**

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the “Underwriter”) at a price of \$\_\_\_\_\_, which represents the par amount of the Notes, plus original issue premium in the amount of \$\_\_\_\_\_, less Underwriter's discount in the amount of \$\_\_\_\_\_. The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investments trusts) at a yield higher than the public offering yield set forth on the cover page of this Official Statement, and such yield may be changed, from time to time, by the Underwriter without prior notice.

### **RATING**

Moody’s Ratings (the “Rating Agency”) has assigned a rating of “MIG 1” to the Notes based upon the creditworthiness of the City.

The rating reflects only the view of the Rating Agency, and an explanation of the significance of such rating may only be obtained from the Rating Agency. The City provided the Rating Agency with certain information and materials concerning the Notes and the City. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Notes (the “Municipal

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

## **PREPARATION OF OFFICIAL STATEMENT**

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by a certificate signed by the Mayor and the Director of Finance/Chief Financial Officer of the City that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Auditor has participated in the preparation of the information contained in Appendix “A” hereto, but has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements described herein under the heading entitled “FINANCIAL STATEMENTS” and contained in Appendix “B” hereto.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Richard J. Mulrine, Director of Finance/Chief Financial Officer, City of New Brunswick, 78 Bayard Street, New Brunswick, New Jersey 08901, (732) 745-5045, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

## **MISCELLANEOUS**

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

**CITY OF NEW BRUNSWICK, IN THE  
COUNTY MIDDLESEX, NEW JERSEY**

**By:** \_\_\_\_\_  
Richard J. Mulrine  
Director of Finance/Chief Financial Officer

Dated: August \_\_, 2025

## **APPENDIX A**

### **CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF NEW BRUNSWICK, IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

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## **CERTAIN INFORMATION REGARDING THE CITY**

### **General**

The City of New Brunswick (the “City” or “New Brunswick”) is known nationally as the “Health Care City”. It is the home to Rutgers University, a nationally-recognized research university with an enrollment in excess of 50,000 students, Johnson and Johnson, a Fortune 50 company that is a world leader in pharmaceuticals, medical devices and consumer products, RWJ Barnabas Hospital, the primary teaching hospital for Rutgers - Robert Wood Johnson Medical School and St. Peter’s University Hospital, a teaching hospital also associated with Rutgers University.

Since 2000, commercial projects have included expansion of the healthcare sector, including the development of the Cancer Institute of New Jersey and a new project known as the New Jersey Innovation and Technology Hub. “The Hub” will aim to bring New Jersey researchers from across sectors under a single roof to help make the state a leader in medical learning, research and innovation. Together, Rutgers, Princeton University, RWJ Barnabas and Hackensack Meridian will provide an extraordinary opportunity for the City to become an epicenter in New Jersey for life science and medical education.

The City’s residential population has grown through the development of new housing. In the downtown area, the City has encouraged the development of mixed-use projects that have developed 2,000 housing units affordable to a wide range of income levels within a few blocks of the train station and major employers. Other residential development has occurred in neighborhoods outside of the downtown, including 727 units for off-campus Rutgers students and market-rate and affordable housing for both homeowners and renters.

New Brunswick is well positioned to attract growth in the coming years as it offers:

- A pro-growth development policy with a history of stable taxes,
- Excellent transportation options,
- A well-developed downtown with a mix of residential, retail and commercial uses,
- A wide range of housing options, including high-density urban environments and suburban-style single-family neighborhoods with a variety of units priced from luxury high-rise housing to affordable housing, and
- A growing local job base with a diverse labor market.

The exciting physical, economic, social and cultural renaissance is taking place in the setting of a historic City that was established over 325 years ago. Over the past two decades, the City has been making history again as a national model of the revitalization when public and private sectors join forces.

### **Location and Transportation**

Located in the center of New Jersey, on the Raritan River, New Brunswick is halfway between New York and Philadelphia.

The City’s highway system and links provide for excellent access to the City. The City is located at New Jersey Turnpike Exit 9, and travel into the center of the City is provided by the recently upgraded NJ Route 18. The Turnpike provides access into New York City in about 40 minutes and to Philadelphia in a little over an hour. Additionally, US Route 1 serves New Brunswick as the desirable Route 1 development corridor between Princeton and Edison. The highway system provides excellent access to New Brunswick for freight as well as passenger vehicles.

New Brunswick is also located on the Northeast Corridor rail line and is served by over 90 NJ Transit and Amtrak trains, with service to Newark, New York, Trenton and Philadelphia. The Northeast Corridor is the nation’s busiest rail corridor. Additionally, the City is well served with bus transit, including commuter routes into and out of the City connecting both suburban areas to the City and allowing for easy commutation to Newark, Jersey City and New York. Transit service within the City is particularly robust, with service provided by five different NJ Transit routes, as well as the Rutgers Campus bus system, the largest university bus system in the nation, which is accessible to the general public as well as students.

Air transportation is easily accessible via Newark Liberty Airport, which can be reached by car or train in less than 30 minutes. Newark Liberty is one of the nation’s busiest airports, providing flights throughout the country and around the world. JFK, La Guardia and Philadelphia International airports may be reached within about an hour’s time.

Port Newark and Port Elizabeth are about 30 minutes away, providing New Brunswick manufacturers and wholesalers with easy port access for their shipping needs.

### **Consumer Market and a Sound Economy**

New Brunswick is located in the heart of one of the largest, wealthiest consumer markets in the country, which is regularly ranked among the top markets for disposable income, housing expenditures and average spending.

The City's population increases from 55,708 to a daytime population of 70,221 as out-of-town workers arrive to work in New Brunswick's employment centers. Additionally, over 50,000 students attend Rutgers' New Brunswick campuses. New Brunswick residents, workers and students provide a ready consumer market for the City's retail base.

New Brunswick boasts a sound economy with a stable tax rate. Property owners paid \$3.53 per \$100 valuation in 1973 and \$2.274 per \$100 valuation in 2017 due to a revaluation. The tax rate increased to \$2.619 for the 2024 year with the continued additions to the City's ratable base. This only changed the annual tax bill by \$97 dollars for the average homeowner.

New Brunswick's unemployment rate has trended with County, State and national levels.

Revitalization progress, including the new jobs and sources of revenue it creates, ensures a bright economic future for New Brunswick.

### **Labor Market**

Approximately 45,000 people are employed in New Brunswick, according to the New Jersey Quarterly Census of Employment and Wages 2023 Municipal Report. The Education and Healthcare sectors are the largest employment sectors according to this report.

<u>Sector</u>	<u>% of Employment</u>
Public Sector (Minus Education)	7.03%
Education	31.65%
Construction	0.62%
Wholesale Trade	1.82%
Retail Trade	2.17%
Transportation/Warehousing	2.23%
Information	1.13%
Finance/Insurance	0.84%
Real Estate	0.93%
Professional/Technical	2.63%
Administrative/Waste Remediation	7.94%
Education	0.60%
Health/Social	26.53%
Arts/Entertainment	0.58%
Accommodations/Food	5.30%
Other Services	2.66%
Unclassifieds	0.11%

Source: NJ Quarterly Census of Employment and Wages Municipal Report 2023 -  
(<https://www.nj.gov/labor/labormarketinformation/employment-wages/quarterly-census/>)

Because the City is an easy commute from anywhere within a 35-mile radius, New Brunswick employers have access to a large, diversified work force. This labor pool includes persons with clerical experience as well as the professionals who staff research and development facilities in the area.

Finally, organizations within the City itself are training unemployed or underemployed people for the new jobs being created by revitalization projects. Further, programs such as the County's Work Force Development Office address training and work force readiness issues.

## Receptive Business Climate

In New Brunswick, a favorable business climate means more than a polite reception. The City has rezoned the downtown area to encourage high-density, mixed-use development. The City's Planning and Development Department assists developers and businesses with site location assistance and financing incentives through local, state and federal programs and assists them in navigating the regulatory approval process efficiently.

Locating in New Brunswick also qualifies businesses and developers for assistance from local, State and county economic development agencies. Programs range from low interest loans arranged through the New Jersey Economic Development Authority to financial assistance for relocation feasibility studies micro-enterprise loans. Portions of the City have also been designated as an Urban Enterprise Zone (UEZ) by the State, making businesses eligible to charge 50% of the regular sales tax on retail sales and to make purchases by the business 100% sales tax exempt. The City has also been designated by the State of New Jersey as an Innovation and Technology District.

The City also often works with the non-profit New Brunswick Development Corporation (Devco) in developing public-private partnerships to undertake new development projects. Through partnerships with Devco and other private developers, the City has been able to help developers assemble development sites, obtain project financing and navigate the regulatory approval process to develop new projects that have increased revenue to the City and created new jobs in New Brunswick.

New Brunswick is the home base of Johnson & Johnson, the international medical device, pharmaceutical and health care products manufacturer. Other corporate City residents are Bristol-Myers Squibb and Verizon. Firms such as the commercial laundry company, Unitex, have moved to New Brunswick. Large corporations such as Merck, Black Rock, Dow Jones, Novo Nordisk, Prudential, Ericsson and Hess Corporation are just minutes away in nearby communities.

Eleven local banks and credit unions offer a complete range of banking services for businesses and individuals at their main and branch offices throughout the City.

The 300-room Hyatt Regency Hotel and Conference Center and 250-room Heldrich Hotel and conference center in downtown New Brunswick provide convenient, luxurious accommodations. The conference centers are able to serve the meeting needs of 10 to 1,200 people. Accommodations also are available in other nearby conference centers.

The City is served by the Home News Tribune. Cable television service is provided by both Cablevision and Verizon FIOS. Both systems provide opportunities for local programming.

New Brunswick is also the home of a major Verizon switching facility. This facility allows technology companies locating in downtown New Brunswick to obtain low cost, high-speed telecommunications access. Rutgers University has also developed a \$100 million project, RU Net, that installed a fiber optic network throughout its campuses in the New Brunswick area.

## New Development

Since 2000, over \$1.2 billion of private and public sector dollars have been and are being invested in the City.

Revitalization projects have included:

The Cancer Institute	\$750,000,000	600 new jobs to the area
NBPA Parking Deck		Being built in conjunction with Cancer Institute
The HELIX Phase 1	\$750,000,000	570k sf lab, medical, R&D redevelopment site with flexible build-to-suite capabilities (Broke ground in 2021)

The HELIX Phase 2 and 3	TBD	500k sf mixed-use redevelopment with flexible build-to-suite capabilities and 217 mixed-income housing units (Broke ground in 2021)
Jersey Avenue	Approximately \$200,000,000	660 new apartments
Water Treatment Plant	Approximately \$50,000,000	Increased capacity of water production and quality to enable additional growth
Train Station Upgrades	Approximately \$50,000,000	Increased utility of our most important piece of infrastructure that enables work, live, and play in the City without the need for a car
Sears	Approximately \$220,000,000	550 apartments, 160 townhomes, mixed use
Jersey Avenue	Approximately \$200,000,000	660 apartments, 100k+off office/lab/retail, mixed use
Kirkpatrick Street	Approximately \$105,000,000	225 apartments, mixed use
Blanquita Valenti School	\$55,000,000	Construction
Wolfson Park	\$3,000,000	Renovations
Plum II by AST Development	\$100,000,000	230k sq. ft. medical office

And more recently approved and/or in the works:

The Liv Development	TBD	407 units of market rate housing with ground floor commercial
11 Spring Street	TBD	340 units of mixed-income housing with ground floor commercial
NB Plaza Development	TBD	800 units of mixed-income housing with ground floor commercial
County Office Building	TBD	200k GFA of new office space for the County

### **Suburban Living, Urban Convenience**

The Greater New Brunswick area offers the choice of urban or suburban living styles. Those who prefer a suburban setting can live in places such as Princeton, Bedminster, East Brunswick, Somerset, or even the New Jersey shore, and be less than 30 minutes from New Brunswick. For those who seek an urban environment, New Brunswick offers a full range of detached housing, apartments and condominiums at reasonable prices.

After work hours, the City offers a range of dining, entertainment and cultural offerings, including concerts at the 1,800 seat State Theater, award-winning regional professional theater at George Street Playhouse and Crossroads Theater, a 16-screen multiplex movie theater, a dozen fine dining restaurants and scores of moderately priced restaurants, as well as galleries and museums such as the Zimmerli fine arts museum and Rutgers Geology Museum. Broadway shows and other New York City entertainment are also easily accessible from the City.

## **Medical and Education Center**

New Brunswick is the home of Rutgers, The State University of New Jersey and its Robert Wood Johnson Medical School. Rutgers has three campuses in New Brunswick: College Avenue main campus, Douglass, Cook - home of the School of Environmental and Biological Sciences and the Rutgers Robert Wood Johnson Medical Campus, located in downtown adjacent to Robert Wood Johnson University Hospital. In addition, the Mason Gross School of Arts and Bloustein School of Planning and Public Policy are located in downtown New Brunswick. Rutgers is one of the nation's leading research universities, with over 50,000 undergraduate and graduate students at the New Brunswick campuses. The University joined the prestigious Big 10 conference in 2014, joining other prestigious public research universities such as Penn State, Ohio State and Michigan.

Middlesex County College has a New Brunswick campus and is based in nearby Edison, and Princeton University is about 15 miles south.

The health center "hub" of central New Jersey, New Brunswick is the site of two excellent hospitals, the Robert Wood Johnson Barnabas Hospital ("RWJ Barnabas") and St. Peter's University Hospital plus the nationally recognized Cancer Institute of NJ. These institutions provide highly sophisticated medical care and are considered among the leading hospitals in New York metropolitan region. Robert Wood Johnson is the primary teaching hospital for the Rutgers Robert Wood Johnson Medical School and St. Peter's University Hospital is also affiliated with Rutgers RWJ Medical School. RWJ Barnabas' facilities include the Bristol-Myers Squibb Children's Hospital and the Cancer Hospital of New Jersey and Children's Specialized Hospital. Additionally, the Rutgers RWJ Medical School's Cancer Institute of New Jersey and Child Health Institute provide cutting-edge medical research and services.

The massive project known as "The Hub" broke ground in October 2021 after years of planning. This project will join research teams including RWJ Barnabas, Hackensack Meridian, and Rutgers along with New Brunswick and the State of New Jersey, to provide a single space for innovative leaders. It will include lab space where doctors and researchers will work shoulder to shoulder on innovative treatments and solutions, from bench to bedside. Phase 1 is expected to be completed this year.

The City is also home to the Chandler Community Health Center. They provide many area residents with a total health care package, making them an asset to the City.

## **Cultural Center**

New Brunswick is a statewide cultural center with professional theaters, a ballet company, and music and art groups and is less than an hour away from New York and Broadway, Lincoln Center, the Metropolitan Museum of Art and more.

Locally, the City boasts three active professional theaters: The George Street Playhouse, with over 4,000 subscribers, the Tony Award-winning Crossroads Theater and the State Theater. These three theaters, along with the American Repertory Ballet, comprise the resident companies at the New Brunswick Cultural Center. As part of Devco's New Brunswick Performing Arts Center project, two new theaters are being constructed to accommodate performances by George Street Playhouse, Crossroads Theater, American Repertory Ballet and the Mason Gross School of the Arts. Additional concerts are presented throughout the year by Rutgers University, the New Brunswick Jazz Project and local promoters. The Jane Voorhees Zimmerli Art Museum at the Rutgers College Campus is a prominent regional museum that hosts nationally-recognized exhibitions. The public can also enjoy exhibits at the New Jersey Agricultural Museum, as well as its performing arts programs, and at the American Hungarian Cultural Center.

The renovation of the State Theatre has restored the 1,847 seat theatre to its original elegance and attracts theatergoers from all over central New Jersey.

The City's rich ethnic history is reflected in festivals that annually attract thousands of people to downtown New Brunswick, including Hungarian and Hispanic festivals, and food and music festivals.

## **Public Safety Agencies**

The City's 148 member police department operates from their headquarters on Kirkpatrick Street. Their facilities provide the police department with current technology for crime fighting and public safety. Specialized Enforcement Programs are administered from a substation on Remsen Avenue.

A 97-member professional fire department operates from three stations within the City. Emergency Medical Services facilities are housed at RWJUH, providing advanced life support services. A "911" dispatching facility is performing efficiently.

## **Fiscal**

The City government has achieved and maintained essential property tax stabilization despite the pressures of inflation. Revenues derived from the influx of commercial and industrial ratables and the State's Municipal Aid Program provide the funding necessary for neighborhood improvement programs.

## **Infrastructure**

The City has invested in public infrastructure. Recent projects include rebuilding of storm sewers along Remsen Avenue and the installation of one of the largest municipal solar projects in New Jersey, which allows the City, school district and parking authority to reduce their energy costs.

In 2023, the City approved a \$36 million plan to make sweeping improvements to its water treatment plant and expand its membrane plant to where water is filtered. It will also embark on a \$21 million project to replace some of the City's water mains, most of which are more than 100 years old. The improvements to the water treatment plant, including a complete update of the treatment train, will allow for a more efficient approach to dealing with contaminants that are periodically updated by the Department of Environmental Protection.

The New Brunswick train station will also be upgraded near the future site of the New Jersey Innovation and Technology Hub by extending and replacing well-worn passenger platforms and rehabbing and replacing bulky escalators and elevators. The state will fund the installation of brighter and more energy-efficient lighting, the upgrade of heating and air conditioning systems, and other improvements both internal and external.

Nokia announced plans to relocate its campus in Murray Hill, New Jersey by 2028 to a new state-of-the-art research and development (R&D) facility in the burgeoning innovation and technology hub in New Brunswick. The new leading-edge R&D facility will propel Nokia Bell Labs to adapt and evolve to remain at the forefront of cutting-edge technology and continue contributing to a legacy of innovation in New Jersey. As the industrial research arm of Nokia, Nokia Bell Labs has always moved ahead of the times to deliver some of the world's most important technological breakthroughs. From the creation of the world's first transistor and solar cell to the birth of cellular and satellite communications, Unix, and today's AI, 6G and industrial automation research, Nokia Bell Labs' Murray Hill campus has been the home to this cutting-edge innovation.

The City has a capital improvement program that annually budgets funds for streets, parks, water and sewer improvements to maintain public infrastructure in good order. The City additionally takes advantage of many grant opportunities to offset regular operating and capital costs.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**POPULATION**

<u>Year</u>	<u>Source</u>	<u>Population</u>
2024 (Estimate)	U.S. Census Bureau	55,389
2023 (Estimate)	U.S. Census Bureau	55,998
2022 (Estimate)	U.S. Census Bureau	55,828
2021 (Estimate)	U.S. Census Bureau	55,708
2020 (Estimate)	U.S. Census Bureau	55,266

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**ECONOMIC INFORMATION**

<b>Per Capita Income</b>			
<u>Year</u>	<u>City of New Brunswick</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
As of 7/1/24	\$25,558.00	\$51,596.00	\$54,360.00
As of 7/1/23	22,858.00	48,376.00	51,378.00
As of 7/1/22	20,699.00	48,167.00	50,570.00
As of 7/1/21	17,258.00	42,600.00	44,633.00
As of 7/1/20	16,354.00	40,410.00	43,560.00

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Source: U.S. Census Bureau



CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**HOUSING CHARACTERISTICS - HOUSING UNITS - 2024**

	City of New Brunswick	County of Middlesex	State of New Jersey
Total Number of Housing Units	<u>18,154</u>	<u>322,942</u>	<u>3,856,291</u>
Median Value Owned	<u>\$368,648</u>	<u>\$493,729</u>	<u>\$488,818</u>

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Source: U.S. Census Bureau

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**LABOR FORCE ESTIMATES**

<u>Year</u>	<u>City of New Brunswick</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	29,100	27,800	1,300	4.5 %
2023	28,800	27,600	1,200	3.9
2022	28,500	27,700	800	2.7
2021	28,017	26,428	1,589	5.7
2020	26,500	24,300	2,200	8.0

<u>Year</u>	<u>County of Middlesex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	469,400	449,000	20,400	4.3 %
2023	465,800	446,900	18,900	4.1
2022	459,700	447,500	12,200	2.7
2021	453,161	427,204	25,957	5.7
2020	436,300	398,300	38,000	8.7

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	4,827,300	4,602,600	224,700	4.7 %
2023	4,819,800	4,604,100	215,700	4.5
2022	4,731,600	4,584,500	147,100	3.1
2021	4,641,600	4,430,300	211,300	4.6
2020	4,495,200	4,055,300	439,900	9.8

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Source: New Jersey Department of Labor, Office of Labor Planning and Analysis, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>2024 Assessed Valuation</u>
Johnson & Johnson	\$166,481,900
Raritan Heights, LLC	80,080,000
Golden Triangle	47,384,800
Raritan Brunswick, LP	43,080,700
BPT, LLC	40,350,000
501 Jersey Avenue, LLC	40,000,000
DJN Raritan Crossing, LLC	36,220,800
571 Jersey Owner, LLC	35,752,000
Regency Urban Renewal/Ad	30,000,000
Verizon	27,077,700

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Source: City of New Brunswick

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**REAL PROPERTY CLASSIFICATION - 2020 - 2024**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total Real Property</u>	<u>Business Personal Property*</u>	<u>Net Valuation Taxable</u>
2024	\$40,447,600	\$1,541,267,000	\$ 945,160,800	\$416,460,900	\$654,093,200	\$3,597,429,500	\$ 8,268,000	\$3,605,697,500
2023	38,989,900	1,524,833,900	940,877,000	387,644,900	657,049,750	3,549,395,450	10,000,000	3,559,395,450
2022	16,614,100	1,521,686,700	980,232,100	355,169,000	633,231,450	3,506,933,350	10,000,000	3,516,933,350
2021	13,419,700	1,525,750,600	982,876,000	347,729,600	613,671,200	3,483,447,100	10,000,000	3,493,447,100
2020	23,015,000	1,455,442,100	1,012,494,100	325,727,300	600,701,800	3,417,380,300	10,000,000	3,427,380,300

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\*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

Source: Middlesex County Abstract of Ratables.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**ASSESSED VALUATION AND TAX RATES**

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2024	\$3,597,429,500.00	\$3,605,697,500.00	\$2.619	82.68%
2023	3,549,395,450.00	3,559,395,450.00	2.543	87.87
2022	3,506,933,350.00	3,516,933,350.00	2.489	91.06
2021	3,483,407,100.00	3,493,447,100.00	2.479	94.99
2020	3,417,380,300.00	3,427,380,300.00	2.470	96.11

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\*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

**COMPARISON OF COMPONENTS OF TAX RATE**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	<u>\$2.619</u>	<u>\$2.543</u>	<u>\$2.489</u>	<u>\$2.479</u>	<u>\$2.470</u>
Apportionment of Tax Rate:					
Municipal - Including Library	\$1.151	\$1.119	\$1.080	\$1.088	\$1.091
County	0.400	0.386	0.398	0.387	0.372
School	1.032	1.004	0.977	0.972	0.976
County Open Space	<u>0.036</u>	<u>0.034</u>	<u>0.034</u>	<u>0.032</u>	<u>0.031</u>

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Source: City of New Brunswick.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**TAX COLLECTION EXPERIENCE**  
**(Unaudited)**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections During</u> <u>Year of Levy</u>		<u>Added</u> <u>Taxes</u>	<u>Collections to Date</u> <u>Dec. 31,</u>		<u>*Uncollected</u> <u>Dec. 31</u>
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>	
2024**	\$94,625,341.93	\$94,534,609.49	99.63%	\$ -	\$94,534,609.49	99.63%	\$ 90,732.44
2023	90,320,290.10	90,265,483.34	99.39	-	90,272,840.46	99.47	126.58
2022	88,557,483.89	88,507,759.70	99.94	-	88,529,975.73	99.97	-
2021	87,442,812.89	86,890,042.36	99.36	94,615.34	86,988,954.76	99.48	-
2020	85,540,037.87	85,518,833.38	99.97	-	85,525,204.33	99.98	-
2019	83,213,166.64	83,062,446.69	99.82	-	83,182,100.51	99.96	-
Tax Title Liens							16,542.54
Property Acquired for Taxes at Assessed Valuation							5,353,500.00

\*Includes Special Improvement District and Added Taxes

\*\*Unaudited

\*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

Property taxes are based on the Assessor's valuation of real property and are levied for the calendar year. The taxes for City, Local School District and County purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the Local School District cover the current calendar year. Turnovers by the City to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The City remits County Taxes quarterly, on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the following months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The City in 1997 held an advance tax sale according to new State statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

Source: City of New Brunswick

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**DEBT STATEMENT AS OF DECEMBER 31, 2024**  
(Unaudited)

**Gross Debt**

School Debt:

Serial Bonds Issued and Outstanding	\$	7,730,000.00
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Municipal Debt:

General:

Serial Bonds Issued and Outstanding	\$ 42,050,000.00	
2003 Refunding Pension Bonds	1,504,505.60	
Parking Authority Guaranteed Bonds	187,620,000.00	
Green Acres Loan Payable	966,666.83	
Bond Anticipation Notes Issued	10,225,480.04	
MCIA Pooled Loan Program	<u>1,446,292.00</u>	
		243,812,944.47

Water Utility:

Serial Bonds Issued and Outstanding	21,875,000.00	
N.J. Environmental Infrastructure Loan	2,485,217.56	
Bond Anticipation Notes Issued	37,000,000.00	
Bond Anticipation Notes Authorized Not Issued	<u>96,425,755.00</u>	
		157,785,972.56

Sewer Utility:

Serial Bonds Issued and Outstanding		<u>16,132,000.00</u>
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Total Gross Debt

425,460,917.03

**Statutory Deductions\***

School Debt:

Maximum (4% of Average Equalized Valuation \$171,416,095.57)		7,730,000.00
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Municipal Debt:

General:

Pension Refunding - Capital Appreciation Bonds	1,504,505.60	
Reserve for Debt Service	150,133.82	
Reserve for Debt Service - NBPAC	187,620,000.00	
Water Utility Debt	157,785,972.56	
Sewer Utility Debt	<u>16,132,000.00</u>	
		363,192,611.98
		<u>370,922,611.98</u>

Statutory Net Debt

\$ 54,538,305.05

Average Equalized Valuation of Real Property for 2022 - 2024

\$4,285,402,389.33

Net Debt Percentage - Statutory Debt Limit 3 1/2%

1.273%

**REMAINING STATUTORY BORROWING POWER**  
(Unaudited)

3 1/2% of Equalized Valuation Basis	\$	149,989,083.63
Less: Statutory Net Debt		<u>54,538,305.05</u>

Remaining Municipal Borrowing Power December 31, 2024

\$ 95,450,778.58

\*Statutory deductions are used for the purpose of determining Municipal Borrowing Power under State Law. The Municipality is obligated to pay the full amount of its gross debt.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**UNDERLYING DEBT - DECEMBER 31, 2024**  
**(Unaudited)**

County of Middlesex:	
*Gross Debt December 31, 2024	<u>\$885,879,466.00</u>
Apportionment to City of New Brunswick	<u>\$26,851,006.61</u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuations:	
City of New Brunswick - 2024	<u>\$4,410,250,132.00</u>
Total Middlesex County - 2024	<u>\$145,526,677,143.00</u>
Ratio - City of New Brunswick	<u>3.031%</u>

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\*Includes both the Middlesex County Improvement Authority Guarantee of Bonds and Bonds Issued and Bonds Authorized but Not Issued - Capital Projects for County Colleges.

**GROSS DEBT COMPARED WITH TRUE VALUE**  
**(Unaudited)**

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2024	<u>\$425,460,917.03</u>	<u>\$452,311,923.64</u>
Aggregate Fair Value for 2024 - All Taxable Property:		
Assessed Valuation	\$3,605,697,500.00	
Amount Added for Equalization:		
Real Property Assessed at 82.68% of True Value	<u>804,552,632.00</u>	
Total - With Real Property at True Value	<u>\$4,410,250,132.00</u>	
Gross Debt as a Percentage of True Value	<u>9.647%</u>	<u>10.256%</u>



**APPENDIX B**

**UNAUDITED FINANCIAL DATA AND AUDITED FINANCIAL STATEMENTS OF THE CITY  
OF NEW BRUNSWICK, IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

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***SAMUEL KLEIN AND COMPANY, LLP***  
***CERTIFIED PUBLIC ACCOUNTANTS***

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of the City Council  
City of New Brunswick  
New Brunswick, New Jersey 08903

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the City of New Brunswick, State of New Jersey, as of and for the years ended December 31, 2023, 2022, 2021 and 2020. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated July 16, 2024. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom do not reflect the effects of events, if any that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the City of New Brunswick, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the City of New Brunswick, State of New Jersey.

**Management's Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

**Auditor's Responsibility**

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis presents fairly, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

## Opinion

In our opinion, the summary financial statements - regulatory basis of the City of New Brunswick, State of New Jersey as of and for the years then ended December 31, 2023, 2022, 2021 and 2020 referred to above presents fairly, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

## Emphasis-of-Matter

These summary financial statements - regulatory basis for the City of New Brunswick, State of New Jersey were prepared for the purpose of inclusion in an official statement for the issuance of Bond Anticipation Notes, Series 2025 consisting of a General Improvement Bond Anticipation Note and a Water Utility Bond Anticipation Note and were abstracted from audit reports issued under the periods referred to above as dated July 16, 2024, September 8, 2023, August 26, 2022 and August 20, 2021, respectively.

*SAMUEL KLEIN AND COMPANY, LLP*

SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

*JOSEPH J. FACCONI*

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
July 16, 2024

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #1

	Unaudited		Audited		
	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
<b>ASSETS AND DEFERRED CHARGES</b>					
<u>Regular Fund</u>					
Cash	\$26,043,997.91	\$22,434,005.71	\$27,674,451.27	\$41,714,044.56	\$18,527,676.34
Change Fund	1,835.00	1,535.00	1,535.00	1,535.00	1,535.00
Due from State of New Jersey - Ch. 20, P.L. 1971	47,302.22	47,802.22	45,049.11	44,549.11	42,104.11
	<u>26,093,135.13</u>	<u>22,483,342.93</u>	<u>27,721,035.38</u>	<u>41,760,128.67</u>	<u>18,571,315.45</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	90,859.02	30,184.99	22,216.03	105,545.50	136,148.40
Tax Title Liens Receivable	16,542.54	54,317.33	506,432.17	481,099.67	471,872.82
Other Municipal Liens		1,364.40	16,567.50	16,567.50	16,567.50
Property Acquired for Taxes - Assessed Valuation	5,353,500.00	5,353,500.00	5,353,500.00	5,353,500.00	5,353,500.00
Mortgage Receivable	0.20	0.20	0.20	0.20	0.20
Other Accounts Receivable			36,474.58	51,884.52	61,377.57
Sales Contracts Receivable	8,610.00	8,610.00	8,610.00	8,610.00	8,610.00
Revenue Accounts Receivable		185,630.59	205,028.66	130,524.25	63,800.07
Interfunds Receivable	25,837.51	24,503.93	9,999.58	2,352.74	2,395.84
Prepaid School Taxes				338,613.00	338,613.00
Special Improvement District Overpayment		10,000.00			
	<u>5,495,349.27</u>	<u>5,668,111.44</u>	<u>6,158,828.72</u>	<u>6,488,697.38</u>	<u>6,452,885.40</u>
<u>Deferred Charge</u>					
Special Emergency	4,240,000.00	4,880,000.00	5,520,000.00	6,160,000.00	6,200,000.00
Emergency Authorizations		1,415,624.47	556,342.20		
	<u>4,240,000.00</u>	<u>6,295,624.47</u>	<u>6,076,342.20</u>	<u>6,160,000.00</u>	<u>6,200,000.00</u>
35,828,484.40		34,447,078.84	39,956,206.30	54,408,826.05	31,224,200.85
<u>Federal and State Grant Fund</u>					
Federal and State Grants Receivable	10,242,831.11	9,765,648.92	10,037,414.25	5,600,007.65	5,577,880.73
Interfunds Receivable	3,468,280.37	2,033,859.79	1,256,723.27	11,318,857.71	1,980,414.49
Total Federal and State Grant Fund	<u>13,711,111.48</u>	<u>11,799,508.71</u>	<u>11,294,137.52</u>	<u>16,918,865.36</u>	<u>7,558,295.22</u>
	<u>\$49,539,595.88</u>	<u>\$46,246,587.55</u>	<u>\$51,250,343.82</u>	<u>\$71,327,691.41</u>	<u>\$38,782,496.07</u>

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #2

	Unaudited		Audited		
	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Regular Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 2,402,057.41	\$ 1,691,693.94	\$ 1,716,517.90	\$ 3,611,078.41	\$ 2,613,076.52
Unencumbered	1,499,681.16	449,769.65	1,356,326.76	3,561,217.71	4,232,999.62
Due to Library	70,984.93	108,966.93	108,199.93	79,741.93	49,459.93
Interfunds Payable	12,040,712.72	6,036,319.16	8,377,808.62	20,347,244.63	7,667,884.85
Tax Levy Overpayments	62,357.76	62,357.76	62,357.76	43,215.42	24,775.32
Reserve for Municipal Relief Aid		1,412,234.58	706,267.06		
Reserve for Opioid Settlement		45,444.85	606,289.85		
Accounts Payable	220,753.35	230,545.04	368,746.44	472,357.12	240,505.59
Due to Redflex Traffic Systems	1,129.10	1,129.10	1,129.10	1,129.10	1,129.10
Deposits on Sale of Property	760.00	760.00	760.00	760.00	760.00
Prepaid Taxes	518,835.40	620,696.29	964,507.34	1,221,880.55	857,772.91
Prepaid Special Improvement District Taxes		13,340.45	4,069.84	10,017.86	914.05
Prepaid Payment in Lieu of Taxes	185,870.79	113,133.14	53,411.71	64,749.95	150,979.93
Reserve for Health Benefits	4,031.43	7,873.85	2,612.00		199,639.39
Reserve for Revaluation	111,394.00	111,394.00	111,394.00	111,394.00	107,394.00
Innovation Challenge Pass-Through	0.01	0.01	0.01	0.01	50,000.01
Reserve for Open Space					342,688.03
Reserve for Master Plan	7,783.50	4,000.00	4,000.00	30,000.00	200,000.00
Due County - Added and Omitted		19,437.87			
Due to DCA - Lead Inspections					
Various Overpayments	30,880.00				
Sub-Total	10,165.54				130.00
Reserve for Receivables	17,167,397.10	10,929,096.62	14,444,398.32	29,554,786.69	16,740,109.25
Emergency Notes Payable	5,495,349.27	5,668,111.44	6,158,828.72	6,488,697.38	6,452,885.40
Fund Balance	4,240,000.00	4,880,000.00	5,520,000.00	6,160,000.00	200,000.00
	8,925,738.03	12,969,870.78	13,832,979.26	12,205,341.98	7,831,206.20
Total Regular Fund	35,828,484.40	34,447,078.84	39,956,206.30	54,408,826.05	31,224,200.85
<u>Federal and State Grant Fund</u>					
Encumbrances Payable	2,068,643.99	3,465,288.77	2,646,954.55	1,616,182.06	
Appropriated Reserves for Federal and State Grants	11,642,467.49	8,324,633.63	8,629,767.27	4,822,895.80	5,838,488.48
Unappropriated Reserves for Federal and State Grants		9,586.31	17,415.70	10,479,787.50	1,719,806.74
Total Federal and State Grant Fund	13,711,111.48	11,799,508.71	11,294,137.52	16,918,865.36	7,558,295.22
	\$49,539,595.88	\$46,246,587.55	\$51,250,343.82	\$71,327,691.41	\$38,782,496.07

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Unaudited	Audited			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 7,044,324.47	\$ 5,652,000.00	\$ 2,852,000.00	\$ 2,152,000.00	\$ 2,150,000.00
Miscellaneous Revenue Anticipated	72,794,575.93	64,240,010.65	63,660,402.23	60,566,384.01	51,683,591.45
Receipts from Current Taxes	94,282,579.62	90,265,483.34	88,507,759.70	86,890,042.36	85,518,833.38
Receipts from Delinquent Taxes	7,357.12				
Nonbudget Revenue	1,021,953.19	2,067,915.59	1,291,464.45	729,034.20	844,049.79
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	790,300.17	1,569,210.81	1,888,507.94	3,747,219.55	3,409,980.41
Interfunds Liquidated				43.10	11,194.65
Other Accounts Receivable Cancelled	25,392.80				
SID Overpayment Liquidated	10,000.00				
Reserve for Prepaid School Taxes Liquidated			338,613.00		
COVID-19 Special Emergency					6,000,000.00
Grant Reserves/Tax Overpayments Cancelled				62.69	47,458.71
	<u>175,976,483.30</u>	<u>163,794,620.39</u>	<u>158,538,747.32</u>	<u>154,084,785.91</u>	<u>149,665,108.39</u>
<u>Expenditures</u>					
Budget and Emergency Appropriations	119,649,651.35	109,615,791.72	104,187,280.15	98,340,318.08	94,891,147.48
Special Improvement District Taxes	648,125.17	655,201.39	665,879.98	666,787.58	594,434.57
Interfunds Established		14,504.35	7,646.84		
Overpayments Established	1,333.58	10,000.00			
State Tax Court Judgments	266,359.43		314,072.59	794,852.67	161,532.07
County Share of PILOTS	338,505.35		166,876.14	164,211.79	166,929.93
County Taxes	15,722,938.00	14,961,542.53	15,171,052.46	14,608,682.07	13,795,659.29
Municipal Open Space	360,569.75	355,939.55	351,693.34	349,344.71	342,688.03
Reserve for Prepaid School Tax					338,613.00
Prior Years Refunds	25,641.95	378,920.93	88,453.84	165.28	3,104.66
Due County for Added and Omitted Taxes		19,437.87	95,636.70	77,880.95	69,884.38
Local School District Taxes	35,963,167.00	34,410,015.00	33,010,518.00	32,556,407.00	31,963,087.00
	<u>172,976,291.58</u>	<u>160,421,353.34</u>	<u>154,059,110.04</u>	<u>147,558,650.13</u>	<u>142,327,080.41</u>
Statutory Excess to Fund Balance	3,000,191.72	3,373,267.05	4,479,637.28	6,526,135.78	7,338,027.98
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which Are					
By Statute Deferred Charges to Budget					
of Succeeding Years		1,415,624.47			200,000.00
Statutory Excess to Fund Balance	3,000,191.72	4,788,891.52	4,479,637.28	6,526,135.78	7,538,027.98
<u>Fund Balance</u>					
Balance January 1	12,969,870.78	13,832,979.26	12,205,341.98	7,831,206.20	2,443,178.22
	15,970,062.50	18,621,870.78	16,684,979.26	14,357,341.98	9,981,206.20
Decreased by:					
Amount Utilized as Anticipated Revenue	7,044,324.47	5,652,000.00	2,852,000.00	2,152,000.00	2,150,000.00
Balance December 31	<u>\$ 8,925,738.03</u>	<u>\$ 12,969,870.78</u>	<u>\$ 13,832,979.26</u>	<u>\$ 12,205,341.98</u>	<u>\$ 7,831,206.20</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENT OF MISCELLANEOUS REVENUE REALIZED - CURRENT FUND - REGULATORY BASIS

	<u>Unaudited</u> <u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Audited</u> <u>2021</u>	<u>2020</u>
Local Revenues Including Payments in Lieu of Taxes	\$33,290,138.79	\$31,743,253.03	\$32,986,465.76	\$32,734,851.33	\$26,007,854.98
State Aid Without Offsetting Appropriations	15,813,071.64	15,039,244.10	14,239,388.00	13,539,388.00	13,539,388.02
State Aid Building Aid Allowance for Schools	1,176,549.00	1,223,218.00	1,272,320.00	1,321,420.00	1,368,224.00
State - Business Personal Property Tax - Schools	743,533.00	739,735.00	738,882.00	744,093.00	744,093.00
Uniform Construction Code Fees	2,013,570.00	1,245,873.00	1,182,131.00	1,842,873.00	843,588.00
Shared Service Agreements	4,687,485.73	4,579,914.49	4,320,000.00	4,020,000.00	2,545,000.00
Public and Private Revenues	10,777,730.01	4,120,163.08	7,900,819.53	3,582,851.01	4,326,324.61
Miscellaneous	4,292,497.76	5,548,609.95	1,020,395.94	2,780,907.67	2,309,118.84
	<u>\$72,794,575.93</u>	<u>\$64,240,010.65</u>	<u>\$63,660,402.23</u>	<u>\$60,566,384.01</u>	<u>\$51,683,591.45</u>

See accompanying notes to financial statements.



CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - CURRENT FUND - REGULATORY BASIS

	Unaudited		Audited		
	2024	2023	2022	2021	2020
<u>Appropriations</u>					
<u>Operations:</u>					
General Government	\$ 888,927.92	\$ 768,706.37	\$ 730,128.44	\$ 760,277.00	\$ 867,869.00
Administration	24,708,270.56	23,021,432.13	18,085,541.60	17,170,655.00	15,603,706.42
Policy and Economic Development	193,597.16	515,975.98	482,435.68	481,685.00	704,269.94
Law	766,736.67	623,537.65	580,589.18	634,540.00	594,023.16
Finance	1,769,443.14	1,537,857.63	1,577,280.09	1,574,702.00	1,494,656.92
Engineering	394,396.23	371,086.87	292,616.78	296,316.00	284,023.00
Public Works	5,193,992.23	5,206,267.98	4,879,535.29	5,840,365.00	5,806,022.54
Social Services	1,431,423.01	1,373,848.12	1,090,902.00	1,133,162.00	1,454,809.75
Police	20,844,123.16	21,344,654.05	19,999,658.39	19,413,281.00	20,446,528.24
Fire	12,722,115.37	12,384,530.96	11,557,775.06	11,770,385.00	11,909,620.99
Uniform Construction Code - Construction Official	460,958.06	445,030.91	451,155.35	404,970.00	463,511.73
Municipal Court	1,350,386.14	1,238,483.87	1,242,545.62	1,163,361.00	1,190,174.26
Human and Community Services	1,212,934.15	1,040,702.39	1,043,202.94	1,040,272.00	
Maintenance of Free Public Library	1,705,460.49	1,585,894.08	1,589,072.80	1,482,391.08	1,162,070.34
Interlocal Municipal Service Agreements	4,687,485.73	4,579,914.49	4,320,000.00	4,020,000.00	2,545,000.00
Lease Agreement		1,118,302.50	1,276,711.25		
Unclassified	4,526,279.00	2,866,507.23	2,857,647.00	4,291,796.50	4,072,889.50
Contingent	100.00	100.00	100.00		
Public and Private Programs Offset By Revenue	10,777,730.01	3,418,516.08	7,900,819.53	3,586,394.01	4,355,089.11
Capital Improvements		707,161.00		256,100.00	189,000.00
Recycling - State Tax (P.L. 2007, C. 311)	55,500.00	55,500.00	55,500.00	55,500.00	55,500.00
<u>Statutory Expenditures:</u>					
Public Employees' Retirement System	2,024,856.87	2,027,166.44	1,950,831.00	2,039,775.00	1,530,855.38
Social Security System (OASI)	1,589,325.10	1,352,186.14	1,702,200.00	1,407,447.00	1,502,398.17
Police and Firemen's Retirement System	10,063,602.00	10,094,341.00	9,391,816.00	9,143,190.00	8,225,358.00
State Unemployment Insurance Fund		102,000.00	10,000.00	184,000.00	82,215.00
DCRP	41,000.00	36,000.00	51,000.00	34,000.00	50,750.00
Deferred Charges	2,055,624.47	1,389,472.19	833,129.99	233,129.99	353,129.99
Debt Service - Municipal	7,020,850.88	7,164,888.20	6,879,041.16	6,460,368.00	6,394,625.54
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 and 17.3)	743,533.00	739,735.00	738,882.00	744,093.00	738,613.00
Debt Service - Type I School District	2,421,000.00	2,516,162.50	2,617,163.00	2,718,162.50	2,814,437.50
	<u>\$119,649,651.35</u>	<u>\$109,625,961.76</u>	<u>\$104,187,280.15</u>	<u>\$98,340,318.08</u>	<u>\$94,891,147.48</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Animal Control Trust Fund</u>					
Cash	\$ 32,901.13	\$ 24,388.01	\$ 19,380.57	\$ 9,615.35	\$ 2,306.23
Due from State of New Jersey	13.20	1.20			70.40
Due from Current Fund				494.80	
	<u>32,914.33</u>	<u>24,389.21</u>	<u>19,380.57</u>	<u>10,110.15</u>	<u>2,376.63</u>
<u>Payroll Trust Fund</u>					
Cash		448,110.80	450,288.64	888.72	420,674.37
<u>Other Trust Funds</u>					
Cash - Treasurer - Checking	8,565,304.66	7,804,571.46	7,419,701.54	6,426,851.46	5,982,234.83
Interfunds Receivable	4,260,207.14	938,644.37	3,370,064.85	4,442,174.32	3,537,710.60
	<u>12,825,511.80</u>	<u>8,743,215.83</u>	<u>10,789,766.39</u>	<u>10,869,025.78</u>	<u>9,519,945.43</u>
<u>Federal and State Grant Trust Fund</u>					
Cash - Checking		2,321,992.75	2,157,820.15	2,704,004.27	2,232,813.65
Due from Department of Housing and Development		1,876,733.66	2,514,419.60	1,238,531.20	1,056,301.65
		<u>4,198,726.41</u>	<u>4,672,239.75</u>	<u>3,942,535.47</u>	<u>3,289,115.30</u>
<u>CDBG - Trust</u>					
Cash	104,798.18				
HOME Receivable	3,921,781.52				
HOME ARP Receivable	1,902,967.00				
CDBG Receivable	191,559.58				
Due from Department of Housing and Development	1,948,113.04				
	<u>8,069,219.32</u>				
<u>Municipal Open Space</u>					
Cash	1,547,735.38	1,187,165.63	693,726.08	342,032.74	
	<u>\$22,475,380.83</u>	<u>\$14,601,607.88</u>	<u>\$16,625,401.43</u>	<u>\$15,164,592.86</u>	<u>\$13,232,111.73</u>

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance Dec. 31, 2024</u>	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2021</u>	<u>Balance Dec. 31, 2020</u>
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	\$	\$	\$ 11.40	\$ 9.60	\$ 18.00
Reserve for Animal Control Fund Expenditures	32,914.33	24,389.21	19,369.17	10,100.55	2,358.63
	<u>32,914.33</u>	<u>24,389.21</u>	<u>19,380.57</u>	<u>10,110.15</u>	<u>2,376.63</u>
<u>Payroll Trust Fund</u>					
Payroll Deductions		448,110.80	450,288.64	888.72	419,877.99
Interfunds					796.38
		<u>448,110.80</u>	<u>450,288.64</u>	<u>888.72</u>	<u>420,674.37</u>
<u>Other Trust Funds</u>					
Payroll Deductions Payable	5,765.07				
Reserve for UDAG Funds	1,319,588.06				
Public Library Fund	125,613.55	122,775.00	119,086.87	52,688.99	29,388.64
Street Opening Deposits	557,703.37	636,020.64	607,433.43	594,317.72	584,128.49
Reserve for Developer's Escrow	2,811,483.64	2,704,513.82	2,366,917.72	2,054,510.06	1,444,141.53
Special Reserves	8,000,094.80	5,274,643.06	7,691,065.06	8,162,245.70	7,457,023.46
Fund Balance	5,263.31	5,263.31	5,263.31	5,263.31	5,263.31
	<u>12,825,511.80</u>	<u>8,743,215.83</u>	<u>10,789,766.39</u>	<u>10,869,025.78</u>	<u>9,519,945.43</u>
<u>Federal and State Grant Trust Fund</u>					
Reserves for:					
Community Development Block Grants		1,995,292.56	2,581,302.76	1,923,599.47	1,341,667.65
Repayment of Urban Development Action Grants		2,203,063.21	2,090,309.96	2,018,936.00	1,947,447.65
Interfunds Payable		370.64	627.03		
		<u>4,198,726.41</u>	<u>4,672,239.75</u>	<u>3,942,535.47</u>	<u>3,289,115.30</u>
<u>CDBG - Trust</u>					
Due to Current Fund	4,989.28				
Reserve for Expenditures	6,572,882.12				
Encumbrances Payable	1,491,347.92				
	<u>8,069,219.32</u>				
<u>Municipal Open Space</u>					
Reserve for Open Space	1,547,735.38	1,187,165.63	693,726.08	342,032.74	
	<u>\$22,475,380.83</u>	<u>\$14,601,607.88</u>	<u>\$16,625,401.43</u>	<u>\$15,164,592.86</u>	<u>\$13,232,111.73</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Unaudited	Audited			
	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
<u>ASSETS AND DEFERRED CHARGES</u>					
General Capital:					
Cash	\$ 4,545,664.03	\$ 9,623,416.51	\$ 9,405,131.13	\$ 13,678,131.11	\$ 15,215,322.96
Investment	1,840,000.00	2,480,000.00	3,120,000.00	3,160,000.00	200,000.00
	<u>6,385,664.03</u>	<u>12,103,416.51</u>	<u>12,525,131.13</u>	<u>16,838,131.11</u>	<u>15,415,322.96</u>
CDBG Grants Receivable		625,000.00	625,000.00		
Deferred Charges to Future Taxation:					
Funded	53,697,464.43	52,177,742.07	58,178,565.00	64,434,971.22	66,864,907.56
Unfunded	10,225,480.04	18,303,480.04	8,465,610.03	8,658,740.02	8,851,870.01
	<u>\$70,308,608.50</u>	<u>\$83,209,638.62</u>	<u>\$79,794,306.16</u>	<u>\$89,931,842.35</u>	<u>\$91,132,100.53</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Capital:					
Reserve to Pay Debt	\$ 150,133.82	\$ 72,839.56	\$ 47,583.87	\$ 54,756.90	\$ 79,690.31
Reserve for Cost of Issuance	25,954.72	25,954.72	25,954.72	25,954.72	30,654.72
Capital Improvement Fund	88,709.80	88,709.80	763,209.80	763,209.80	57,109.80
Reserve for Regional Contribution					
Agreements	2,567,371.25	2,481,144.27	2,397,183.37	4,375,072.71	4,353,811.51
Reserve for Future Improvements	35,871.50	35,871.50	35,871.50	35,871.50	35,871.50
Due to Current Fund	9,462.70	14,402.08	4,297.38	1,191.43	2,395.84
Improvement Authorizations:					
Funded	4,594,913.62	7,399,233.87	9,406,756.23	9,434,794.65	8,207,569.21
Unfunded	8,854,011.70	12,785,732.58	3,934,876.12	6,156,019.42	6,850,090.08
MCIA Loan Payable		1,881,961.81	2,301,450.36	3,052,544.00	
Bond Anticipation Notes		8,078,000.00	4,650,000.00	4,650,000.00	4,650,000.00
Green Acres Loan Payable	2,412,958.83	1,064,102.71	1,161,538.59	1,258,974.47	1,387,041.71
General Serial Bonds	43,554,505.60	37,605,000.00	40,675,000.00	43,640,000.00	46,515,000.00
School Refunding Bonds	7,730,000.00	9,755,000.00	11,775,000.00	13,795,000.00	15,815,000.00
Capital Appreciation Bonds		1,871,677.55	2,265,576.05	2,688,452.75	3,147,865.85
Fund Balance	284,714.96	50,008.17	350,008.17		
	<u>\$70,308,608.50</u>	<u>\$83,209,638.62</u>	<u>\$79,794,306.16</u>	<u>\$89,931,842.35</u>	<u>\$91,132,100.53</u>
Bonds and Notes Authorized but Not Issued:					
General	<u>\$ 1,225,480.04</u>	<u>\$10,225,480.04</u>	<u>\$ 3,815,610.03</u>	<u>\$ 4,201,870.01</u>	<u>\$ 4,201,870.01</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY - REGULATORY BASIS

	Unaudited Balance Dec. 31, 2024	Balance Dec. 31, 2023	Audited Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
<b>ASSETS</b>					
<u>Operating Fund</u>					
Cash	\$ 25,918,909.99	\$ 24,617,954.47	\$ 13,787,809.45	\$ 1,277,920.18	\$ 2,228,246.93
Interfunds Receivable	2,381,381.12	1,526,518.65	11,013,321.21	2,163,348.24	1,291,520.21
Receivables and Inventory with Full Reserves:					
Consumers' Accounts Receivable	2,062,977.17	1,269,663.23	1,489,567.76	1,798,086.55	2,111,520.98
Water Utility Liens		79,615.41	72,840.82	71,559.18	66,615.70
Other Accounts Receivable	248,829.79	446,679.08	245,433.05	139,377.04	404,254.48
Inventory of Materials and Supplies	271,188.79	271,188.79	271,188.79	271,188.79	271,188.79
	<u>2,582,995.75</u>	<u>2,067,146.51</u>	<u>2,079,030.42</u>	<u>2,280,211.56</u>	<u>2,853,579.95</u>
Total Operating Fund	<u>30,883,286.86</u>	<u>28,211,619.63</u>	<u>26,880,161.08</u>	<u>5,721,479.98</u>	<u>6,373,347.09</u>
<u>Capital Fund</u>					
Cash	7,505,719.49	21,496,058.83	1,732,888.89	3,361,014.99	7,434,440.58
Fixed Capital	110,007,127.83	110,007,127.83	90,589,242.28	90,589,242.28	85,712,944.11
Fixed Capital Authorized and Uncompleted	115,065,849.80	54,640,849.80	17,058,735.35	17,058,735.35	5,935,033.52
Total Capital Fund	<u>232,578,697.12</u>	<u>186,144,036.46</u>	<u>109,380,866.52</u>	<u>111,008,992.62</u>	<u>99,082,418.21</u>
	<u>\$263,461,983.98</u>	<u>\$214,355,656.09</u>	<u>\$136,261,027.60</u>	<u>\$116,730,472.60</u>	<u>\$105,455,765.30</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Encumbered	1,929,538.34	\$ 1,416,700.98	\$ 5,444,579.86	\$ 814,619.50	\$ 808,822.65
Unencumbered	1,106,811.43	249,001.35	16,021,230.68	1,423,021.10	484,210.89
Interfunds Payable	223,353.70			65,128.55	24,551.02
Accounts Payable	18,534,261.93	19,289,604.98	128,180.56	128,180.56	701.99
Prepaid Water Rents	203,499.76	203,499.76	203,499.76	203,499.76	56,949.91
Accrued Interest on Loans	69,697.15	45,260.42	58,364.58	80,212.95	103,750.95
Accrued Interest on Notes	25,227.50	17,194.44	17,194.44		
Accrued Interest on Bonds	239,165.63	239,165.63	265,277.92	290,443.75	312,232.92
Water Rents Overpaid	52,862.83	52,862.83	52,862.83	52,862.83	154,061.51
	<u>22,384,418.27</u>	<u>21,513,290.39</u>	<u>22,191,190.63</u>	<u>3,057,969.00</u>	<u>1,945,281.84</u>
Reserve for Receivables and Inventory	2,582,995.75	2,067,146.51	2,079,030.42	2,280,211.56	2,853,579.95
Fund Balance	5,915,872.84	4,631,182.73	2,609,940.03	383,299.42	1,574,485.30
Total Operating Fund	<u>30,883,286.86</u>	<u>28,211,619.63</u>	<u>26,880,161.08</u>	<u>5,721,479.98</u>	<u>6,373,347.09</u>
<u>Capital Fund</u>					
Serial Bonds	21,875,000.00	18,075,000.00	19,450,000.00	20,785,000.00	21,970,000.00
Refunding Bonds			461,000.00	927,000.00	1,403,000.00
Bond Anticipation Notes	37,000,000.00	43,015,000.00	6,190,000.00	6,190,000.00	6,190,000.00
Interfunds Payable	2,519,869.11	88,964.75	9,004,248.55	192.27	1,296.49
Environmental Infrastructure Loan Payable		3,700,999.95	4,903,153.38	6,089,633.11	7,259,269.01
Capital Improvement Fund	875,907.00	875,907.00	875,907.00	875,907.00	125,907.00
Reserves for:					
Reserve for Debt Service	1,743,123.34	1,401,020.07	788,630.76	938,863.16	884,886.36
Amortization	66,908,897.07	63,748,114.68	60,405,361.25	57,417,881.52	54,587,245.62
Deferred Amortization	378,108.00	108,108.00	235,708.00	235,708.00	235,708.00
Improvement Authorizations:					
Funded	6,302,754.96	87,730.18	334,026.50	921,557.12	1,899,065.98
Unfunded	94,484,965.43	54,553,119.62	6,242,758.87	16,137,178.23	4,035,967.54
Fund Balance	490,072.21	490,072.21	490,072.21	490,072.21	490,072.21
Total Capital Fund	<u>232,578,697.12</u>	<u>186,144,036.46</u>	<u>109,380,866.52</u>	<u>111,008,992.62</u>	<u>99,082,418.21</u>
	<u>\$263,461,983.98</u>	<u>\$214,355,656.09</u>	<u>\$136,261,027.60</u>	<u>\$116,730,472.60</u>	<u>\$105,455,765.30</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 96,425,755.00</u>	<u>\$ 36,000,755.00</u>	<u>\$ 16,002,755.00</u>	<u>\$ 16,002,755.00</u>	<u>\$ 2,755.00</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - WATER UTILITY - REGULATORY BASIS

	Unaudited <u>2024</u>	<u>2023</u>	<u>2022</u>	Audited <u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance - Surplus	\$ 16,385,576.03	\$ 14,470,025.84	\$ 250,000.00	\$ 750,000.00	\$ 14,065,319.97
Rents			13,960,344.12	12,904,064.47	2,455,251.93
Services to Other Systems	3,152,488.66	2,573,293.46	2,326,662.12	2,614,670.78	1,020,437.65
Miscellaneous Service Revenue	2,461,144.09	2,332,011.47	574,908.18	501,371.25	
Reserve for Debt			200,000.00		
ARP Funds			20,726,375.00		
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	958,379.81	368,424.45	1,387,823.92	655,550.62	80,967.32
	<u>22,957,588.59</u>	<u>19,743,755.22</u>	<u>39,426,113.34</u>	<u>17,425,657.12</u>	<u>17,621,976.87</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating	12,742,207.19	11,630,859.62	10,750,047.61	9,813,021.00	9,317,547.55
Capital Improvements	131,500.00	81,500.00	20,743,375.00	770,000.00	20,000.00
Debt Service	5,884,949.89	4,201,958.64	3,854,248.42	3,843,461.00	3,805,609.01
Prior Year Refund	6,121.50		1,561.07		
Deferred Charges and Statutory Expenditures	608,119.90	556,411.53	1,600,240.63	690,361.00	899,457.89
Surplus - General Budget	<u>19,372,898.48</u>	<u>16,470,729.79</u>	<u>36,949,472.73</u>	<u>17,116,843.00</u>	<u>16,263,496.70</u>
Statutory Excess to Fund Balance	3,584,690.11	3,273,025.43	2,476,640.61	308,814.12	1,358,480.17
<u>Fund Balance</u>					
Balance January 1	4,582,965.46	2,609,940.03	383,299.42	1,574,485.30	1,316,005.13
Adjustment	<u>48,217.27</u>				
	<u>8,215,872.84</u>	<u>5,882,965.46</u>	<u>2,859,940.03</u>	<u>1,883,299.42</u>	<u>2,674,485.30</u>
Decreased by:					
Amount Anticipated in Budget			250,000.00	750,000.00	1,100,000.00
Amount Utilized as Current Fund Revenue	2,300,000.00	1,300,000.00		750,000.00	
Balance December 31	<u>\$ 5,915,872.84</u>	<u>\$ 4,582,965.46</u>	<u>\$ 2,609,940.03</u>	<u>\$ 383,299.42</u>	<u>\$ 1,574,485.30</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - SEWER UTILITY - REGULATORY BASIS

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
<b>ASSETS</b>					
<u>Operating Fund</u>					
Cash	\$ 4,099,779.26	\$ 2,091,951.22	\$ 2,655,776.25	\$ 916,955.73	\$ 730,653.81
Interfunds Receivable	2,056,907.58	1,645,503.04	1,751,642.93	2,488,486.76	995,996.20
Receivables with Full Reserves:					
Consumer Accounts Receivable	2,375,785.20	1,527,414.88	1,739,197.05	2,743,162.18	2,581,365.19
Sewer Utility Liens		85,095.76	74,185.43	73,329.87	69,820.75
	<u>2,375,785.20</u>	<u>1,612,510.64</u>	<u>1,813,382.48</u>	<u>2,816,492.05</u>	<u>2,651,185.94</u>
Total Operating Fund	<u>8,532,472.04</u>	<u>5,349,964.90</u>	<u>6,220,801.66</u>	<u>6,221,934.54</u>	<u>4,377,835.95</u>
<u>Capital Fund</u>					
Cash	8,112,897.31	9,171,218.30	8,800,809.31	9,958,121.74	9,476,596.80
Due from State of New Jersey	348,818.00	348,818.00	348,818.00	348,818.00	348,818.00
Fixed Capital	35,526,670.54	35,526,670.54	33,855,055.48	32,667,239.39	32,627,372.74
Fixed Capital Authorized and Uncompleted	8,872,134.16	8,872,134.16	10,543,749.22	11,422,565.31	11,462,431.96
Total Capital Fund	<u>52,860,520.01</u>	<u>53,918,841.00</u>	<u>53,548,432.01</u>	<u>54,396,744.44</u>	<u>53,915,219.50</u>
	<u>\$ 61,392,992.05</u>	<u>\$ 59,268,805.90</u>	<u>\$ 59,769,233.67</u>	<u>\$ 60,618,678.98</u>	<u>\$ 58,293,055.45</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Encumbered	\$ 217,779.06	\$ 156,640.98	\$ 162,943.56	\$ 206,230.51	\$ 108,615.18
Unencumbered	832,287.23	173,463.17	623,453.85	1,804,203.51	570,422.64
Accrued Interest on Bonds	157,348.68	156,609.94	171,270.57	185,792.25	199,282.25
Accrued Interest on Notes		28,750.00	28,750.00	3,720.16	5,257.68
Accrued Interest on Loans			1,065.15		
Sewer Rents Overpaid	106,573.52	106,573.52	106,573.52	71,400.69	2,811.57
Prepaid Revenue	2,204.31	2,204.31	2,204.31	2,204.31	
	1,316,192.80	624,241.92	1,096,260.96	2,273,551.43	886,389.32
Reserve for Receivables	2,375,785.20	1,612,510.64	1,813,382.48	2,816,492.05	2,651,185.94
Fund Balance	<u>4,840,494.04</u>	<u>3,113,212.34</u>	<u>3,311,158.22</u>	<u>1,131,891.06</u>	<u>840,260.69</u>
Total Operating Fund	<u>8,532,472.04</u>	<u>5,349,964.90</u>	<u>6,220,801.66</u>	<u>6,221,934.54</u>	<u>4,377,835.95</u>
<u>Capital Fund</u>					
Serial Bonds	16,132,000.00	12,542,000.00	13,601,000.00	14,675,000.00	15,719,000.00
Bond Anticipation Notes		4,691,000.00	2,760,000.00	2,760,000.00	2,760,000.00
Interfunds Payable	14,224.93	19,241.94	9,695.09	1,381.83	4,057.44
Waste Water Treatment Loan Payable			253,662.86	518,061.22	777,080.42
Capital Improvement Fund	612,685.88	503,000.00	503,000.00	503,000.00	3,000.00
Reserve for Amortization	27,555,304.70	26,660,304.70	25,276,641.84	23,938,243.48	22,635,224.28
Deferred Reserve for Amortization	711,500.00	505,500.00	505,500.00	196,500.00	196,500.00
Reserve for Payment of Debt Service	169,558.78	124,034.85	93,557.65	71,367.25	47,300.05
Improvement Authorizations:					
Funded	6,863,620.37	6,404,476.16	7,349,795.22	7,307,013.03	7,346,879.68
Unfunded	800,000.00	2,467,658.00	3,193,954.00	4,115,552.28	4,115,552.28
Fund Balance	<u>1,625.35</u>	<u>1,625.35</u>	<u>1,625.35</u>	<u>310,625.35</u>	<u>310,625.35</u>
Total Capital Fund	<u>52,860,520.01</u>	<u>53,918,841.00</u>	<u>53,548,432.01</u>	<u>54,396,744.44</u>	<u>53,915,219.50</u>
	<u>\$ 61,392,992.05</u>	<u>\$ 59,268,805.90</u>	<u>\$ 59,769,233.67</u>	<u>\$ 60,618,678.98</u>	<u>\$ 58,293,055.45</u>
Bonds and Notes Authorized but Not Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002,000.00</u>	<u>\$ 2,002,000.00</u>	<u>\$ 2,002,000.00</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE- SEWER UTILITY - REGULATORY BASIS

	Unaudited <u>2024</u>	<u>2023</u>	<u>2022</u>	Audited <u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$	\$	\$	\$	\$
Rents	20,441,463.83	17,438,523.36	16,950,582.98	16,113,965.38	17,477,728.19
Miscellaneous	528,923.55	351,457.05	150,423.80	225,661.17	277,639.80
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	244,216.03	494,989.92	1,303,491.27	644,020.12	150,616.31
Accrued Interest Cancelled	28,750.00	206.82	4,513.01	2,093.25	
	<u>21,243,353.41</u>	<u>18,285,177.15</u>	<u>18,409,011.06</u>	<u>17,485,739.92</u>	<u>17,905,984.30</u>
<u>Expenditures</u>					
Operating	13,217,742.19	11,326,406.78	9,435,142.17	10,145,754.00	10,862,107.52
Capital Improvements	909,685.88	59,685.88		500,000.00	
Debt Service	1,495,070.51	1,957,996.67	1,910,884.47	1,928,410.00	1,976,955.56
Statutory Expenditures and Deferred Charges	93,573.13	86,504.93	114,648.13	114,639.00	113,500.02
Surplus - General Budget	2,500,000.00	2,750,000.00	4,000,000.00	4,000,000.00	4,377,419.76
	<u>18,216,071.71</u>	<u>16,180,594.26</u>	<u>15,460,674.77</u>	<u>16,688,803.00</u>	<u>17,329,982.86</u>
Prior Year Rents Refunded		2,528.77	19,069.13	5,306.55	
	<u>18,216,071.71</u>	<u>16,183,123.03</u>	<u>15,479,743.90</u>	<u>16,694,109.55</u>	<u>17,329,982.86</u>
Excess in Revenue	3,027,281.70	2,102,054.12	2,929,267.16	791,630.37	576,001.44
<u>Fund Balance</u>					
Balance January 1	3,113,212.34	3,311,158.22	1,131,891.06	840,260.69	264,259.25
	<u>6,140,494.04</u>	<u>5,413,212.34</u>	<u>4,061,158.22</u>	<u>1,631,891.06</u>	<u>840,260.69</u>
Decreased by:					
Amount Utilized as Revenue	1,300,000.00	2,300,000.00	750,000.00	500,000.00	
Amount Utilized as Current Fund Revenue	<u>1,300,000.00</u>	<u>2,300,000.00</u>	<u>750,000.00</u>	<u>500,000.00</u>	
Balance December 31	<u>\$ 4,840,494.04</u>	<u>\$ 3,113,212.34</u>	<u>\$ 3,311,158.22</u>	<u>\$ 1,131,891.06</u>	<u>\$ 840,260.69</u>

See accompanying notes to financial statements.



CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - STORMWATER UTILITY - REGULATORY BASIS

	<u>Unaudited</u> <u>Balance</u> <u>Dec. 31, 2024</u>
<u>ASSETS</u>	
<u>Operating Fund</u>	
Cash	\$ 622,146.60
Interfunds Receivable	171,282.51
Receivables with Full Reserves:	
Consumer Accounts Receivable	<u>528,948.94</u>
Total Operating Fund	<u>1,322,378.05</u>
<u>Capital Fund</u>	
Cash	<u>25,115.82</u>
	<u><u>\$ 1,347,493.87</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
<u>Operating Fund</u>	
Liabilities:	
Appropriation Reserves:	
Encumbered	\$ 15,687.50
Unencumbered	<u>471,315.00</u>
	487,002.50
Reserve for Receivables	528,948.94
Fund Balance	<u>306,426.61</u>
Total Operating Fund	<u>1,322,378.05</u>
<u>Capital Fund</u>	
Interfunds Payable	<u>25,115.82</u>
	<u><u>\$ 1,347,493.87</u></u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES  
IN FUND BALANCE - STORMWATER UTILITY - REGULATORY BASIS

	<u>Unaudited</u> <u>2024</u>
<u>Revenue and Other Income Realized</u>	
Rents	\$839,321.96
Miscellaneous	<u>7,104.65</u>
	<u>846,426.61</u>
<u>Expenditures</u>	
Operating	<u>540,000.00</u>
Excess in Revenue	306,426.61
<u>Fund Balance</u>	
Balance January 1	<u>-</u>
Balance December 31	<u><u>\$306,426.61</u></u>

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See accompanying notes to financial statements.

***NOTES TO FINANCIAL STATEMENTS***

**CITY OF NEW BRUNSWICK**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of New Brunswick is organized as a Mayor-Council municipality. The City is “governed by an elected Council and by an appointed City Administrator, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of three years beginning on the first day of January next following their election. The Mayor is elected by the voters and serves for a four year term”.

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the City of New Brunswick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S. 40A:5-5.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Description of Funds**

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the City of New Brunswick conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of New Brunswick accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Fund, Payroll Fund and the Federal Grant Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

#### **Description of Funds (Continued)**

Utilities Funds - Water and Sewer Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the City as discussed under the caption of "Basis of Accounting".

#### **Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

#### **Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

#### **Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the City of New Brunswick budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

#### **Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt are raised on the cash basis and are not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Encumbrances**

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

**Appropriation Reserves**

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

**Compensated Absences**

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

**Property Acquired for Taxes**

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

**Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

**Interfunds Receivable**

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies**

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer Utilities are required, by regulation, to be prepared by City personnel for inclusion on the Water and Sewer Utility Operating Fund balance sheet. Annual charges in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Capital Fixed Assets**

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the City of New Brunswick has developed a fixed asset accounting and reporting system.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the City.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisitions.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

**C. Basic Financial Statements**

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Recent Accounting Pronouncements Not Yet Effective**

- *GASB Statement No. 99. Summaries/Status.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) Accounting and financial reporting for financial guarantees.

Effective Date: The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The City does not expect this Statement to impact its financial statements.

- *GASB No.101 Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

- *GASB No.102 Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for fiscal year beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

The City does not expect this Statement to impact its financial statements.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

### **A. Cash and Cash Equivalents**

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.



## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

### A. Cash and Cash Equivalents (Continued)

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

The City considers petty cash, change funds and cash in banks as cash and cash equivalents.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the City's Trustee in the City's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The City's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentrations - The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2023 and 2022, the City's cash, cash equivalents and investments consisted of:

	<u>2023</u>	<u>2022</u>
Bank of Princeton	\$ 31.24	\$ 2,093,085.93
TD Bank	71,982,480.09	19,114,302.03
Wells Fargo Bank	1,801,372.46	29,958,998.37
Amboy Bank	6,419,040.14	10,617,942.82
Magyar Savings Bank	22,392,703.41	11,570,411.13
New Millenium Bank	601,427.82	881,248.67
Investors Bank	0.35	0.35
Kearney Bank	2,305,120.92	
	<u>\$105,502,176.43</u>	<u>\$74,235,989.30</u>

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

### **A. Cash and Cash Equivalents (Continued)**

The carrying amount of the City's cash, cash equivalents and investments at December 31, 2023 was \$105,502,176.43. Of the bank balance, \$1,500,031.59 was covered by Federal Depository Insurance and \$104,002,144.84 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

During the year, the City had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2023 and 2022, no such investments were held by the City.

As of December 31, 2023 and 2022, the City had no investments.

### **B. Investments**

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

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities subject to special conditions.
- . In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

### **C. Risk Category**

As of December 31, 2023, the City had funds on deposit in checking, sweep accounts and governmental money market funds and New Jersey Cash Management Accounts. The amount of the City's cash and cash equivalents on deposit as of December 31, 2023 was \$105,502,176.43. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the City, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance. The City established a 2% fee of the total municipal charges on property subject to the tax sale. Said fee cannot be less than \$15.00 nor more than \$100.00.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

#### **Comparative Schedule of Tax Rates**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$2.543</u>	<u>\$2.489</u>	<u>\$2.479</u>	<u>\$2.470</u>	<u>\$2.423</u>
Apportionment of Tax Rate:					
Municipal	\$1.071	\$1.034	\$1.044	\$1.048	\$1.046
Municipal Open Space	0.010	0.010	0.010	0.010	
County	0.386	0.398	0.387	0.372	0.364
School	1.004	0.977	0.972	0.976	0.949
County Open Space	0.034	0.034	0.032	0.031	0.031
Municipal Library	0.038	0.036	0.034	0.033	0.033

#### **Assessed Valuations**

<u>Year</u>	<u>Amount</u>
2023	\$ 3,559,395,450.00
2022	3,516,933,350.00
2021	3,493,447,100.00
2020	3,426,880,300.00
2019	3,395,485,300.00

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

#### Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>		<u>Collections</u>	Percentage of <u>Collections</u>
2023	\$90,320,290.10	*	\$90,265,483.34	99.93 %
2022	88,557,483.89	*	88,507,759.70	99.94
2021	87,442,812.89	*	86,890,042.36	99.36
2020	85,540,037.87	*	85,518,833.38	99.97
2019	83,213,166.64	*	83,077,338.30	99.81

\*Net of Reduction Due to Tax Appeals.

#### Delinquent Taxes and Tax Title Liens

<u>Year</u>	Amount of <u>Tax Title Liens</u>	Amount of <u>Delinquent Taxes</u>	<u>Total Delinquent</u>	Percentage of <u>Tax Levy</u>
2023	\$ 54,317.33	\$ 30,184.99	\$ 84,502.32	0.094 %
2022	506,432.17	22,216.03	528,648.20	0.59
2021	481,099.67	105,545.50	586,645.17	0.67
2020	471,872.82	136,148.40	608,021.22	0.71
2019	461,313.33	286,951.71	748,265.04	0.90

### 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation, which is carried at assessed valuation in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2023	\$5,353,500.00
2022	5,353,500.00
2021	5,353,500.00
2020	5,353,500.00
2019	5,353,500.00

### 5. WATER ACCOUNTS RECEIVABLE

The City of New Brunswick maintains a utility fund for the billing and collection of water rents. The City bills on a quarterly basis for residential customers and municipalities and a monthly basis for industrial users in general. A comparison of Water Utility billings and collections for the past five years is as follows:

<u>Year</u>	<u>Billings</u>	<u>Cash Collections*</u>
2023	\$14,256,895.90	\$14,470,025.84
2022	13,653,106.97	13,960,344.12
2021	12,595,573.52	12,904,064.47
2020	14,804,252.27	14,065,319.97
2019	12,480,293.16	12,255,368.47

\*Cash collections include realization of prior year uncollected balances and water liens.

## 6. SEWER CONSUMER ACCOUNTS RECEIVABLE

The City of New Brunswick maintains a utility fund for the billing and collection of sewer rents. The City bills on a quarterly basis for residential customers and municipalities on a monthly basis for industrial users. A comparison of Sewer Utility billings and collections for the past five years is as follows:

<u>Year</u>	<u>Billings</u>	<u>Cash Collections*</u>
2023	\$ 17,237,651.52	\$ 17,438,523.36
2022	15,947,473.41	16,950,582.98
2021	16,279,271.49	16,113,965.38
2020	18,647,380.74	17,477,728.19
2019	16,362,184.83	16,524,570.00

\*Cash collections include realization of prior year uncollected balances and sewer liens.

**11. MUNICIPAL DEBT (Continued)**

A Schedule of Annual Debt Service for Principal and Interest for Bonded Debt is as follows:

Year	General Bonds		Water Utility Bonds		Sewer Utility Bonds	
	Original Issue	Interest	Original Issue	Interest	Original Issue	Interest
2024	\$ 3,170,000.00	\$ 1,417,112.50	\$ 1,945,000.00	\$ 607,855.00	\$ 895,000.00	\$ 440,261.26
2025	3,280,000.00	1,273,112.50	2,016,000.00	525,480.00	920,000.00	401,011.26
2026	3,390,000.00	1,129,112.50	1,375,000.00	442,640.00	940,000.00	360,761.26
2027	3,510,000.00	990,487.50	1,405,000.00	389,165.00	975,000.00	321,786.26
2028	2,540,000.00	873,937.50	1,420,000.00	338,665.00	1,004,000.00	284,061.26
2029	2,670,000.00	768,187.50	1,435,000.00	287,190.00	720,000.00	245,210.63
2030	2,810,000.00	669,337.50	1,435,000.00	238,840.00	725,000.00	220,507.50
2031	340,000.00	621,937.50	1,435,000.00	193,915.00	755,000.00	197,657.50
2032	380,000.00	610,887.50	1,434,000.00	148,257.50	775,000.00	173,695.00
2033	420,000.00	598,537.50	835,000.00	112,725.00	775,000.00	149,245.00
2034	465,000.00	584,887.50	835,000.00	87,675.00	775,000.00	124,795.00
2035	510,000.00	569,775.00	835,000.00	62,625.00	775,000.00	100,195.00
2036	560,000.00	551,925.00	835,000.00	37,575.00	775,000.00	75,295.00
2037	615,000.00	532,325.00	835,000.00	12,525.00	775,000.00	50,245.00
2038	670,000.00	510,800.00			240,000.00	33,220.00
2039	730,000.00	487,350.00			240,000.00	23,920.00
2040	790,000.00	461,800.00			240,000.00	14,320.00
2041	860,000.00	430,200.00			238,000.00	
2042	935,000.00	395,800.00				
2043	1,010,000.00	358,400.00				
2044	1,095,000.00	318,000.00				
2045	1,180,000.00	274,200.00				
2046	1,270,000.00	227,000.00				
2047	1,365,000.00	176,200.00				
2048	1,465,000.00	121,600.00				
2049	1,575,000.00	63,000.00				
	<u>\$37,605,000.00</u>	<u>\$15,015,912.50</u>	<u>\$18,075,000.00</u>	<u>\$3,485,132.50</u>	<u>\$12,542,000.00</u>	<u>\$3,220,946.93</u>

## 8. PENSION PLANS

### Description of Systems

The following information under this Note is the latest information available as of the date of this audit. The State of New Jersey Public Employee's and New Jersey Police and Firemen's Retirement Systems have not issued the audit report as of June 30, 2023.

Substantially all of the City's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the City's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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. Specific information on actuarial assumptions and rates of return can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$13,558,532	\$13,009,039	\$12,821,168
Total Payroll	67,616,055	63,394,910	60,969,672
Actuarial Contribution			
Requirements	2,340,874	2,236,630	1,950,831
Total Contributions	3,357,908	3,212,089	2,912,420
Employer Share	2,340,874	2,236,630	1,950,831
% of Covered Payroll	17.26%	17.20%	15.22%
Employee's Share	1,017,034	975,459	961,589
% of Covered Payroll	7.50%	7.50%	7.50%
	PFRS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$29,909,819	\$28,000,154	\$27,485,392
Total Payroll	67,616,055	63,394,910	60,969,672
Actuarial Contribution			
Requirements	10,063,602	10,094,341	9,391,816
Total Contributions	13,054,584	12,894,356	12,140,365
Employer Share	10,063,602	10,094,341	9,391,816
% of Covered Payroll	33.65%	36.10%	34.17%
Employee's Share	2,990,982	2,800,015	2,748,549
% of Covered Payroll	10.00%	10.00%	10.00%

## **8. PENSION PLANS (Continued)**

### ***Assumptions***

The collective total PERS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

The collective total PFRS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through all future years 3.25% to 16.25% for PFRS based on years of service and an investment rate of return of 7.00%.

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

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

The discount rate used to measure the total pension liability was 7.00% for PERS as of June 30, 2023 and 7.00% for PFRS as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions and investment policies can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

### ***Public Employees' Retirement System:***

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



## 8. PENSION PLANS (Continued)

### Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the City's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

### Sensitivity of the City's Proportionate Share of the Collective PERS Net Pension Liability to Changes in the Discount Rate

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$ 33,303,207</u>	<u>\$ 25,368,801</u>	<u>\$ 19,011,492</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$ 41,026,901</u>	<u>\$ 26,766,487</u>	<u>\$ 24,104,121</u>

## 8. PENSION PLANS (Continued)

### ***Special Funding Situation***

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer:

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$25,368,801.00	\$26,766,487.00
Non-employer Proportionate Share of the Net Pension Liability	<u>213,880.00</u>	<u>226,685.00</u>
	<u><u>\$25,582,681.00</u></u>	<u><u>\$26,993,172.00</u></u>

### ***Police and Firemen's Retirement System:***

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- . The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

## 8. PENSION PLANS (Continued)

### Police and Firemen's Retirement System: (Continued)

The following presents the City's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

#### **Sensitivity of the City's Proportionate Share of the Collective PFRS Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$ 137,823,796</u>	<u>\$ 83,526,489</u>	<u>\$ 66,517,300</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$ 127,783,947</u>	<u>\$ 88,841,741</u>	<u>\$ 56,422,165</u>

### Special Funding Situation

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

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$ 83,526,489.00	\$ 88,841,741.00
Non-employer Proportionate Share of the Net Pension Liability	<u>15,390,710.00</u>	<u>15,811,226.00</u>
	<u>\$ 98,917,199.00</u>	<u>\$ 104,652,967.00</u>

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

## 8. PENSION PLANS (Continued)

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2023 and 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2023 and 2022, respectively.

Following is the total of the City's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2023:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$25,368,801	\$83,526,489
Deferred Outflow of Resources	1,699,007	8,221,747
Deferred Inflow of Resources	4,266,006	15,538,312
Pension Expense (Benefit)	(1,109,975)	3,666,547
Contributions Made After Measurement Date	2,340,874	10,063,602

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2023 and 2022. The City's proportionate share of the collective net pension liability as of June 30, 2023 and 2022 was 0.1751459975% and 0.1773627936% for PERS and 0.75597910% and 0.77615741% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

## 8. PENSION PLANS (Continued)

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

At June 30, 2023, the amount determined as the City's proportionate share of the PERS net pension liability was \$25,368,801. For the year ended June 30, 2023, the City recognized PERS pension benefit of \$(1,109,975). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follow:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 242,558	\$ 103,700
Change of Assumptions	55,730	1,537,458
Net Difference Between Projected and Actual Investment Earnings	116,827	
Net Change in Proportions	1,283,892	2,624,848
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>2,340,874</u>	<u>                    </u>
	<u><u>\$4,039,881</u></u>	<u><u>\$4,266,006</u></u>

At June 30, 2023, the amount determined as the City's proportionate share of the PFRS net pension liability was \$83,526,489. For the year ended June 30, 2023, the City recognized PFRS pension expense of \$3,666,547. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 3,576,437	\$ 3,983,473
Change of Assumptions	180,280	5,640,039
Net Difference Between Projected and Actual Investment Earnings	4,253,846	
Net Change in Proportions	211,184	5,914,800
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>10,063,602</u>	<u>                    </u>
	<u><u>\$18,285,349</u></u>	<u><u>\$15,538,312</u></u>

## 8. PENSION PLANS (Continued)

### ***Long-Term Expected Rate of Return***

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

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

### ***Contributions Required and Made***

Contributions made by employees for PFRS are currently 10% of their base wages. Contributions made by employees for PERS were 7.50% of their base wages.

Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Township</u>	<u>Employees</u>	<u>Township</u>	<u>Employees</u>
2023	\$2,284,407.00	\$1,335,659.31	\$10,094,341.00	\$3,757,971.96
2022	1,950,831.00	1,289,437.30	9,391,816.00	3,499,096.00
2021	1,775,059.00	1,484,480.82	9,143,190.00	3,433,846.07

## **9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

### **General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drugs to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement 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 post-retirement 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement 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 providing 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.

The City does not offer postemployment health care benefits under the State Health Benefits Local Government Retired Employment Plan.

### **Plan Description**

The City of New Brunswick, by contractual agreement, provides medical benefits to City employees who retire in accordance with the provisions of the following:

#### **Eligibility**

a) Municipal (MEA)/Non-Union employees:

Date of Hire or before December 31, 1998. An employee must retire after age 62 with at least 15 years of service or with at least 25 years of service (no age requirement).

Date of Hire or after December 31, 1998. An employee must retire after age 62 with at least 20 years of service or with at least 25 years of service (no age requirement).

b) Police Officers (PBA)/Firefighters (FMBA):

An employee must retire with at least 25 years of service (no age requirement).

c) Spousal benefit upon retiree's death:

Coverage continued; spouse pays full coverage premium rate.

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### City Subsidy

The City will generally contribute 50% of the medical premium amounts for both individual and family coverage for MEA/Non-Union employees and 100% for PBA/FMBA employees.

### Funding Policy

The City's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., pay as you go).

Current New Jersey State Law prohibits municipalities from pre-funding retiree medical benefit obligations in a Trust.

GASB Statement 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, applies to government employees who provide OPEB plans to their employees. The primary objective of GASB Statement 75 is to improve accounting and financial reporting by state and local governments for Post-Employment Benefits other than pensions. GASB Statement 75 replaces the requirements of GASB Statement 45.

Contributions to pay for medical benefits of participating retirees are billed to the City of New Brunswick on a monthly basis.

The City of New Brunswick's contributions plus earnings for the year ended December 31, 2023 was \$7,052,172.

### Actuarial Valuations

The City of New Brunswick has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 75.

#### *Total OPEB Liability*

The Total OPEB Liability ("TOL") is the actuarial accrued liability. As of December 31, 2023, it is \$163,275,203 based upon a discount rate of 4.00% per annum and the plan provisions in effect on December 31, 2020.

#### *Net OPEB Liability*

The Net OPEB Liability ("NOL") as of December 31, 2023 is \$163,275,203 based upon a discount rate of 4.00% per annum and the plan provisions in effect on December 31, 2020. There are no plan assets to offset the liability. This liability is broken out as follows:

(1) TOL	\$163,275,203
(2) Fiduciary Net Position (Assets)	<hr/>
(3) NOL	<u><u>\$163,275,203</u></u>

### Actuarial Assumptions

The following assumptions were made by the actuarial in their calculations:

- Mortality                      Pub-2010 mortality table, MP-2021 projection
- Participation Rate            100% of eligible retirees are expected to participate
- Withdrawal                    Sarasson T-5 Table
- Disability                      N/A



## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Actuarial Assumptions (Continued)

- Annual Discount Rate 4.00% per annum (disclosures), 4.31% per annum (FY 23 Expense)
- CPI Increase 2.5%
- Rate of Salary Increase 3% per annum (for EAN)
- Inflation Rate 3% per annum
- Marital - Actives Assumed to be same age as spouse
- Attribution Period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Amortization Basis - Experience Gains/Losses Average expected future working lifetime for the whole group. Assumption Changes, average expected future working lifetime of the whole group.
- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the City increased annually by the rate of medical trend.
- Asset Valuation Method - Market Value

### Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Net OPEB Liability as of January 1, 2023	<u>\$138,852,611</u>
Changes Recognized for the Year:	
Service Cost	3,107,754
Interest on Total OPEB Liability Change in Assumptions	5,832,573
Difference Between Expected and Actual Experience	14,879,031
Changes in Assumptions	7,655,406
Benefit Payments Including Employee Refunds	<u>(7,052,172)</u>
Net Changes	<u>24,422,592</u>
Net OPEB Liability December 31, 2023	<u><u>\$163,275,203</u></u>

**9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability as of December 31, 2023 and 2022, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

December 31, 2023			
	At 1% Decrease (3.00%)	At Current Discount Rate (4.00%)	At 1% Increase (5.00%)
Liability	\$ 5,461,744	\$ 163,275,203	\$ 4,108,119

  

December 31, 2022			
	At 1% Decrease (3.31%)	At Current Discount Rate (4.31%)	At 1% Increase (5.31%)
Liability	\$ 160,509,719	\$ 138,852,611	\$ 121,418,735

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

The following presents the net OPEB liability as of December 31, 2023 and 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

December 31, 2023			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Liability	\$ 140,764,769	\$ 163,275,203	\$ 191,822,651

  

December 31, 2022			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Liability	\$ 120,213,258	\$ 138,852,611	\$ 162,410,433

**Total OPEB Expense**

The Total OPEB Expense ("TOE") is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the "Service Cost" (aka "normal cost") which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of gains and losses, and interest on the NOL during the year.

**Other Information**

Participant Information:

Active Employees	504
Retirees and Spouses	309

It should be noted that the above information is required with the regulations of GASB Statement No. 75 to be amended every two years.

## **9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

### ***Special Funding Situation***

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

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

The City as of December 31, 2022 has 219 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the City is \$44,943,091. This is the latest information available as of the date of this audit.

## **10. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

### **Description of System**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

## 10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

### Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution of their base wages.

During the year 2023, there were 61 officials or employees enrolled in the DCRP. During 2023, the City contributed the amount of \$32,604.95.

## 11. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 45,683,000.00	\$ 57,100,000.00	\$ 62,085,000.00
MCIA Pooled Loan	1,881,961.81	2,301,450.36	3,052,544.00
Green Trust Loan	1,064,102.71	1,161,538.59	1,258,974.47
Capital Appreciation Bonds	1,871,677.55	2,265,576.05	2,688,452.75
Water Utility:			
Bonds and Notes	61,090,000.00	25,640,000.00	26,975,000.00
Refunding Bonds		461,000.00	927,000.00
Environmental Infrastructure Loan	3,700,999.95	4,903,153.38	6,089,633.11
Sewer Utility:			
Bonds and Notes	17,233,000.00	16,172,000.00	17,027,000.00
Refunding Bonds		189,000.00	408,000.00
Waste Water Treatment Loan		253,662.86	518,061.22
	<u>132,524,742.02</u>	<u>110,447,381.24</u>	<u>121,029,665.55</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	10,225,480.04	4,201,870.01	4,201,870.01
Water Utility:			
Bonds and Notes	36,000,755.00	16,002,755.00	16,002,755.00
Sewer Utility:			
Bonds and Notes		2,002,000.00	2,002,000.00
	<u>46,226,235.04</u>	<u>22,206,625.01</u>	<u>22,206,625.01</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$178,750,977.06</u>	<u>\$132,654,006.25</u>	<u>\$143,236,290.56</u>

## 11. MUNICIPAL DEBT (Continued)

### Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.456%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 9,755,000.00	\$ 9,755,000.00	\$
Utilities	118,024,754.95	118,024,754.95	
General:			
Municipal	60,690,222.11	1,908,517.11	58,781,705.00
Outside Agencies -			
Guarantees	<u>194,215,000.00</u>	<u>194,215,000.00</u>	
	<u>\$382,684,977.06</u>	<u>\$323,903,272.06</u>	<u>\$58,781,705.00</u>

Net debt of \$58,781,705.00 divided by the Equalized Valuation Basis per N.J.S. 40:2-2, \$4,036,473,365.67 equals 1.456%.

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

3 1/2% of Equalized Valuation Basis	\$ 141,276,567.80
Net Debt	<u>58,781,705.00</u>
Remaining Borrowing Power	<u>\$ 82,494,862.80</u>

### School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

### Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$19,375,330.77
Deductions:		
Operating and Maintenance Costs	\$12,268,771.15	
Debt Service per Water Utility		
Operating Fund	<u>4,201,958.64</u>	
		<u>16,470,729.79</u>
Excess in Revenue		<u>\$ 2,904,600.98</u>

There being an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

## 11. MUNICIPAL DEBT (Continued)

### **Calculation of "Self-Liquidating Purposes" Sewer Utility per N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 17,789,980.41
Deductions:		
Operating and Maintenance Costs	\$ 11,472,597.59	
Debt Service per Sewer Utility		
Operating Fund	<u>1,972,657.30</u>	
		<u>13,445,254.89</u>
Excess in Revenue		<u>\$ 4,344,725.52</u>

There being an excess in revenue, all Sewer Utility Debt is deductible for Debt Statement purposes.

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

As of December 31, 2023, the City's long-term debt is as follows:

#### **General Obligation Bonds**

\$12,135,000, 2015 Bonds due in annual installments of \$1,100,000 through March 2027, interest at 3.00% to 4.00%.	<u>\$ 4,400,000.00</u>
--	------------------------

\$17,725,000, 2017 Bonds due in annual installments of \$95,000 to \$1,575,000 through 2049, interest at 3.25% to 5.00%.	<u>\$17,580,000.00</u>
--	------------------------

\$22,555,000, 2019 Bonds due in annual installments of \$1,975,000 to \$2,510,000 through February 2030, interest at 3.00% to 5.00%.	<u>\$15,625,000.00</u>
--	------------------------

#### **Capital Appreciation Bonds**

\$6,870,747.35, Issuance Value of Capital Appreciation. The Bond's interest rate is yield to maturity and paid once a year.	<u>\$ 1,871,677.55</u>
---	------------------------

#### **Water Utility Bonds**

\$3,271,000, 2010 Bonds due in annual installments of \$671,000 to \$700,000 through September 2025, interest at 3.75% to 4.00%.	<u>\$ 1,371,000.00</u>
--	------------------------

\$4,773,000, 2015 Bonds due in annual installments of \$525,000 to \$600,000 through March 2032, interest at 3.00% to 4.00%.	<u>\$ 5,324,000.00</u>
--	------------------------

\$13,500,000, 2019 Bonds due in annual installments of \$720,000 to \$835,000 through February 2037, interest at 3.000% to 5.000%.	<u>\$11,380,000.00</u>
--	------------------------

## **11. MUNICIPAL DEBT (Continued)**

### **Sewer Obligation Bonds**

\$4,554,000, 2010 Bonds due in annual installments of \$300,000 to \$304,000 through September 2028, interest at 3.75% to 4.00%.

\$1,504,000.00

\$4,773,000, 2015 Bonds due in annual installments of \$155,000 to \$240,000 through March 2041, interest at 3.00% to 4.00%.

\$3,828,000.00

\$8,690,000, 2019 Bonds due in annual installments of \$440,000 to \$535,000 through February 2037, interest at 3.000% to 5.000%.

\$7,210,000.00

# 11. MUNICIPAL DEBT (Continued)

A Schedule of Annual Debt Service for Principal and Interest for Bonded Debt is as follows:

Year	General Bonds		Water Utility Bonds		Sewer Utility Bonds	
	Original Issue	Interest	Original Issue	Interest	Original Issue	Interest
2024	\$ 3,170,000.00	\$ 1,417,112.50	\$ 1,945,000.00	\$ 607,855.00	\$ 895,000.00	\$ 440,261.26
2025	3,280,000.00	1,273,112.50	2,016,000.00	525,480.00	920,000.00	401,011.26
2026	3,390,000.00	1,129,112.50	1,375,000.00	442,640.00	940,000.00	360,761.26
2027	3,510,000.00	990,487.50	1,405,000.00	389,165.00	975,000.00	321,786.26
2028	2,540,000.00	873,937.50	1,420,000.00	338,665.00	1,004,000.00	284,061.26
2029	2,670,000.00	768,187.50	1,435,000.00	287,190.00	720,000.00	245,210.63
2030	2,810,000.00	669,337.50	1,435,000.00	238,840.00	725,000.00	220,507.50
2031	340,000.00	621,937.50	1,435,000.00	193,915.00	755,000.00	197,657.50
2032	380,000.00	610,887.50	1,434,000.00	148,257.50	775,000.00	173,695.00
2033	420,000.00	598,537.50	835,000.00	112,725.00	775,000.00	149,245.00
2034	465,000.00	584,887.50	835,000.00	87,675.00	775,000.00	124,795.00
2035	510,000.00	569,775.00	835,000.00	62,625.00	775,000.00	100,195.00
2036	560,000.00	551,925.00	835,000.00	37,575.00	775,000.00	75,295.00
2037	615,000.00	532,325.00	835,000.00	12,525.00	775,000.00	50,245.00
2038	670,000.00	510,800.00			240,000.00	33,220.00
2039	730,000.00	487,350.00			240,000.00	23,920.00
2040	790,000.00	461,800.00			240,000.00	14,320.00
2041	860,000.00	430,200.00			238,000.00	
2042	935,000.00	395,800.00				
2043	1,010,000.00	358,400.00				
2044	1,095,000.00	318,000.00				
2045	1,180,000.00	274,200.00				
2046	1,270,000.00	227,000.00				
2047	1,365,000.00	176,200.00				
2048	1,465,000.00	121,600.00				
2049	1,575,000.00	63,000.00				
	<u>\$37,605,000.00</u>	<u>\$15,015,912.50</u>	<u>\$18,075,000.00</u>	<u>\$3,485,132.50</u>	<u>\$12,542,000.00</u>	<u>\$3,220,946.93</u>



# 11. MUNICIPAL DEBT (Continued)

Capital Appreciation:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 367,171.95	\$1,161,331.51	\$1,528,503.46
2025	343,592.10	1,186,407.90	1,530,000.00
2026	319,957.00	1,207,475.23	1,527,432.23
2027	299,425.00	1,229,730.36	1,529,155.36
2028	279,748.50	1,248,607.54	1,528,356.04
2029	261,783.00	1,268,217.00	1,530,000.00
	<u>\$1,871,677.55</u>	<u>\$7,301,769.54</u>	<u>\$9,173,447.09</u>

## Green Trust Loans

The City of New Brunswick was issued loans from the New Jersey Department of Environmental Protection for the purpose of improvements to the City's parks at zero percent interest. Loans payable at December 31, 2023 in the amount of \$1,064,102.71 are as follows:

New Brunswick Landing	\$ 166,666.73
New Brunswick Landing	576,923.12 *
New Brunswick Landing	256,410.26 *
New Brunswick Landing	<u>64,102.60 *</u>
Balance December 31, 2023	<u>\$1,064,102.71</u>

\*Interest Free Loans

The following is a Schedule of Annual Principal and Interest for the Green Trust Loans:

<u>Year</u>	<u>Total</u>	<u>Principal</u>
2024	\$ 97,435.88	\$ 97,435.88
2025	97,435.88	97,435.88
2026	97,435.88	97,435.88
2027	97,435.88	97,435.88
2028	97,435.88	97,435.88
2029	97,435.88	97,435.88
2030	84,615.38	84,615.38
2031	71,794.86	71,794.86
2032	71,794.86	71,794.86
2033	71,794.86	71,794.86
2034	71,794.86	71,794.86
2035	71,794.86	71,794.86
2036	<u>35,897.75</u>	<u>35,897.75</u>
	<u>\$1,064,102.71</u>	<u>\$1,064,102.71</u>

## 11. MUNICIPAL DEBT (Continued)

### Environmental Infrastructure Loan - Water Utility

The City of New Brunswick was a recipient of an Environmental Infrastructure Loan in the sum of \$22,145,000.00 for the construction of a new water treatment plant.

The following is a Schedule of Annual Principal and Interest for the Loans:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$1,270,094.89	\$1,215,782.39	\$ 54,312.50
2025	1,272,263.21	1,237,200.71	35,062.50
2026	1,265,866.85	1,248,016.85	17,850.00
	<u>\$3,808,224.95</u>	<u>\$3,700,999.95</u>	<u>\$107,225.00</u>

### Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	4.75%	<u>\$ 8,078,000.00</u>
Water Capital Fund	4.75%/5.00%	<u>\$43,015,000.00</u>
Sewer Capital Fund	4.75%	<u>\$ 4,691,000.00</u>

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (budget appropriations) and permanent funding (bond issues) are summarized as follows:

<u>Notes Issued</u>	<u>Installments Due</u>	<u>Required as of May 1</u>
2021	2024 - 2031	2032

### Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec. 31, 2022</u>
General Capital Fund:		
General Improvements	\$10,225,480.04	\$ 4,201,870.01
Water Utility Capital Fund:		
Water Improvements	36,000,755.00	16,002,755.00
Sewer Utility Capital Fund:		
Sewer Improvements		2,002,000.00
	<u>\$46,226,235.04</u>	<u>\$22,206,625.01</u>

## 12. SCHOOL DEBT

The Board of Education of the City of New Brunswick is currently a Type II School District which voters approved in November 2012. Previously, the Board of Education was a Type I School District and the members of the Board of Education were appointed by the Mayor. A Board of School Estimate approves the school district tax levy after the final budget is determined by the Board of Education. The members of the Board of School Estimate include the Mayor, two members of the local school board and two members of the Governing Body. The school debt listed below was authorized by the Board of School Estimate, is obligations of the City and school debt service is raised as part of the school tax levy. School debt is reported on the balance sheet of the General Capital Fund and is detailed as follows:

\$29,505,000, 2010 Refunding Bonds due in annual installments of \$1,770,000 to \$2,025,000 through October 2028, interest at 4.00% to 4.25%.	<u>\$9,755,000.00</u>
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A Schedule of Annual Debt Service for Principal and Interest is as follows:

<u>Year</u>	<u>School Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$2,025,000.00	\$ 395,162.50
2025	2,005,000.00	314,162.50
2026	1,985,000.00	233,962.50
2027	1,970,000.00	149,600.00
2028	<u>1,770,000.00</u>	<u>70,800.00</u>
	<u>\$9,755,000.00</u>	<u>\$1,163,687.50</u>

### **Bond Anticipation Note**

There are no Type One School Bond Anticipation Notes outstanding at year end.

### **Bonds and Notes Authorized but Not Issued**

There were no Bonds and Notes Authorized but Not Issued for Type One School Debt at December 31, 2023.

## 13. DEBT GUARANTEED BY THE CITY OF NEW BRUNSWICK

The gross debt of the New Brunswick Parking Authority has been guaranteed by the City of New Brunswick and is summarized as follows:

	<u>Amount</u>
New Brunswick Parking Authority	<u>\$194,215,000.00</u>

## 14. LEASES

In June 2017, the Governmental Accounting Standards Board issued GASB No. 87, Leases.

The City has commitments to lease copying equipment under financing leases. The City also has building lease agreements for The USPS Building and 411 Joyce Kilmer Avenue. Future minimum lease payments are as follows:

#### 14. LEASES (Continued)

<u>Year</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 62,596.23	\$1,286,730.00
2025	43,442.16	1,536,730.00
2026	20,020.37	1,503,605.00
2027	1,920.60	1,500,632.50
2028		1,499,082.50
2029		1,498,690.00
Total Future Minimum Lease Payments	<u>\$127,979.36</u>	<u>\$8,825,470.00</u>

The City is also the lessor to several lease agreements involving cell towers and Farrington Manor. These leases were classified as operating leases. Future minimum lease receivables are as follows:

<u>Year</u>	<u>Operating Leases</u>
2024	\$ 41,581.68
2025	42,293.31
2026	43,019.15
2027	<u>37,759.54</u>
Total Future Minimum Lease Payments	<u>\$164,653.68</u>

#### 15. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

Pursuant to Paragraph 60-61 of GASB Statement No. 96 for disclosure requirements related to Subscription-Based Information Technology Arrangements (SBITAs) government units should disclose in notes to financial statements the following information about its SBITAs (which may be grouped for purposes of disclosure) other than short-term SBITAs: A general description of its SBITAs, including the basis, terms and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability; principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The City of New Brunswick reviewed all of their Subscription-Based Information Technology Arrangements and determined that they are considered short-term and require no disclosure under GASB Statement No. 96.

## 16. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2023, Interfund Receivables and Payables that resulted from various Interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 24,503.93	\$6,036,319.16
Federal and State Grant Fund	2,033,859.79	
General Trust Fund	938,644.37	
Animal Control Trust Fund		9,731.21
Grant Trust Fund		370.64
General Capital Fund		14,402.08
Water Operating Fund	1,526,518.65	
Water Capital Fund		88,964.75
Sewer Operating Fund	1,645,503.04	
Sewer Capital Fund		19,241.94
Totals	<u>\$6,169,029.78</u>	<u>\$6,169,029.78</u>

## 17. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Balance Dec. 31, 2023</u>
Buildings and Improvements	\$17,862,100.00	\$	\$17,862,100.00
Land	27,064,750.00		27,064,750.00
Vehicles and Other Equipment	<u>24,879,470.94</u>	<u>1,964,539.08</u>	<u>26,844,010.02</u>
	<u>\$69,806,320.94</u>	<u>\$1,964,539.08</u>	<u>\$71,770,860.02</u>

  

	<u>Balance Dec. 31, 2021</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2022</u>
Buildings and Improvements	\$17,862,100.00	\$	\$17,862,100.00
Land	27,064,750.00		27,064,750.00
Vehicles and Other Equipment	<u>25,594,120.72</u>	<u>714,649.78</u>	<u>24,879,470.94</u>
	<u>\$70,520,970.72</u>	<u>\$ 714,649.78</u>	<u>\$69,806,320.94</u>

## 18. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges were at December 31, 2023:

	Balance Dec. 31, 2023	2024 Budget Requirement
Current Fund:		
Special Emergency Authorization - Master Plan	<u>\$ 80,000.00</u>	<u>\$ 40,000.00</u>
*Special Emergency - COVID	<u>\$4,800,000.00</u>	<u>\$ 600,000.00</u>
Emergency Authorization	<u>\$1,415,624.47</u>	<u>\$1,415,624.47</u>

\*The City has received permission by the Local Finance Board to raise this emergency over 10 years starting in 2022.

## 19. DEFERRED COMPENSATION PLAN

The City of New Brunswick offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protection Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The City of New Brunswick authorized such modifications to their plan by resolution of the City Council adopted April, 1998.

The Administrators for the City of New Brunswick's Deferred Compensation Plan are the Equitable Assurance Company, ICMA Retirement Corporation and the Variable Annuity Life Insurance Company.

## 20. RISK MANAGEMENT

The City of New Brunswick is a member of the Middlesex County Municipal Joint Insurance Fund for various coverages.

Health Benefits:

The City maintains two HMO plans with Aetna - U.S. Healthcare and CIGNA - CoMed. These two plans are full indemnification plans.

In addition, the City has a self-insurance plan which is administered by Aetna - U.S. Healthcare. The coverage under this plan is as follows:

Aggregate: \$1,000,000 in excess of 125% of the ECC \$242.63 or \$1,564,976, whichever is greater.

Specific: \$1,000,000 any one person per annum up to a group maximum of \$2,000,000. Excess of \$110,000 per person per annum.

## **21. CONTINGENT LIABILITIES**

### **a. Compensated Absences**

The City of New Brunswick has various labor contracts with their employee unions. Payment of accrued sick time varies with each labor agreement and date of employment.

It is estimated that the sum of \$13,047,900.70 computed internally at the 2023 salary rates would be payable to officials and employees of the City of New Brunswick as of December 31, 2023 for accumulated sick days and unused vacation days.

The above amount represents a contingent liability and is not reflected on the financial statements. The amount has been calculated by management and is unaudited.

### **b. Tax Appeals**

There are a number of tax appeals pending before the New Jersey Tax Court and the Middlesex County Board of Taxation, not one of which has the potential to cause a significant adverse effect to the City.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the City to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

### **c. Federal and State Awards**

The City participates in several federal, state and county grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2023 may be impaired. In the opinion of management, there are no known significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

### **d. Arbitrage Rebate Calculation**

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances the ("rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

### **e. Litigation**

The City's Attorney letter indicated that there is no litigation pending that could have a material financial impact on the City.

## **22. *SECONDARY MARKET DISCLOSURE***

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the “MSRB”).

## **23. *SUBSEQUENT EVENTS***

The City of New Brunswick has evaluated subsequent events that occurred after the balance sheet date, but before July 16, 2024 and it was determined that there were no reportable items.



**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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\_\_\_\_\_, 2025

City Council of the  
City of New Brunswick, in the  
County of Middlesex, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of New Brunswick, in the County of Middlesex, New Jersey (the "City"), in connection with the issuance by the City of its \$31,395,000 Bond Anticipation Notes, Series 2025, consisting of the \$17,395,000 General Improvement Bond Anticipation Note and the \$14,000,000 Water Utility Bond Anticipation Note (collectively, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the City listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

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

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

Very truly yours,

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