

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 1, 2026**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**RATING: S&P: “A+”  
(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 Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

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

**\$37,000,000\*  
WATER UTILITY BONDS, SERIES 2026  
(CALLABLE)**

**Dated: Date of Delivery**

**Due: April 15, as Shown on the Inside Front Cover Page**

The \$37,000,000\* Water Utility Bonds, Series 2026 (the “Bonds”) of 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 the Bonds maturing in each year and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. See “THE BONDS – Book-Entry-Only System” herein.

Proceeds from the sale and issuance of the Bonds will be used to: (i) permanently finance the City’s \$37,000,000 Bond Anticipation Notes, Series 2025, dated and issued on April 29, 2025 and maturing on April 28, 2026; and (ii) pay the costs associated with the authorization, sale and issuance of the Bonds.

Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing on October 15, 2026. Principal of and interest due on the Bonds will be paid to DTC by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See “THE BONDS – Redemption” herein.

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

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

*The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the 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 Bonds. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about April 27, 2026.*

**BIDS FOR THE BONDS WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE UNTIL 11:00 A.M., ON THURSDAY, APRIL 9, 2026. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Preliminary, subject to change.

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

**\$37,000,000\* WATER UTILITY BONDS, SERIES 2026**

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

<u>Year</u> <u>(April 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$1,200,000	%	%	
2028	1,265,000			
2029	1,325,000			
2030	1,395,000			
2031	1,465,000			
2032	1,540,000			
2033	1,620,000			
2034	1,695,000			
2035	1,765,000			
2036	1,835,000			
2037	1,910,000			
2038	1,980,000			
2039	2,040,000			
2040	2,100,000			
2041	2,165,000			
2042	2,230,000			
2043	2,300,000			
2044	2,370,000			
2045	2,400,000			
2046	2,400,000			

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\* Preliminary; subject to change.

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

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

**MAYOR**

James M. Cahill

**CITY COUNCIL**

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

**CITY ADMINISTRATOR**

Michael K. 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 Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the 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 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 Bonds 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 Bonds referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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**OFFICIAL STATEMENT**  
**Relating to the**  
**CITY OF NEW BRUNSWICK,**  
**IN THE COUNTY OF MIDDLESEX, NEW JERSEY**  
**\$37,000,000\* WATER UTILITY BONDS, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of New Brunswick (the “City”), in the County of Middlesex (the “County”), New Jersey (the “State”), in connection with the sale and issuance of its \$37,000,000\* Water Utility Bonds, Series 2026 (the “Bonds”). 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 Bonds described herein.

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 BONDS**

**General Description**

The Bonds will be dated their date of delivery, will bear interest from their dated date and will mature on April 15 in each of the years and in the principal amounts set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing on October 15, 2026, at the rates set forth on the inside front cover page hereof.

The principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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

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\* Preliminary, subject to change.

successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC.

## **Redemption**

The Bonds maturing prior to April 15, 2034 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2034 are redeemable at the option of the City, in whole or in part, on any date on or after April 15, 2033 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

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

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

## **Book-Entry-Only System\***

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest, and other payments due on the Bonds to DTC Participants or Beneficial Owners (each as defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over

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\* Source: The Depository Trust Company.

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" and, together with the Direct Participants, the "DTC Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to

credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or paying agent, on payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the 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 applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The 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 does not take any responsibility for the accuracy thereof.

THE CITY AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

#### **Discontinuance 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 Bonds 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 interests 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 THE BONDS**

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State Statutes, as amended) (the

“Local Bond Law”), the bond ordinances adopted by the City Council of the City referred to in the chart below and a resolution duly adopted by the City Council on March 18, 2026 (the “Resolution”).

Proceeds from the sale and issuance of the Bonds will be used to: (i) permanently finance the City’s \$37,000,000 Bond Anticipation Notes, Series 2025, dated and issued on April 29, 2025 and maturing on April 28, 2026; and (ii) pay the costs associated with the authorization, sale and issuance of the Bonds.

<b>Water Utility Bonds</b>		
<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded from Bond Proceeds</b>
O-042105	Various Improvements to the Water System, finally adopted May 5, 2021.	\$16,000,000
O-022301	Various Improvements to the Water Utility, finally adopted February 15, 2023.	21,000,000
	Total:	\$37,000,000

**SECURITY AND SOURCE OF PAYMENT**

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

**RESILIENCY PLANNING**

**Weather Related Matters**

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the 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 Essex 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 additional bonds or notes within the next ninety (90) days, but does expect to issue a bond anticipation note in September of 2026, to currently refund an outstanding bond anticipation note maturing on September 8, 2026. The City may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2026.

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

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. 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 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of City, as annually determined by the State Director of Taxation, is included 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 shown in Appendix “A”, the City has not exceeded its statutory debt limit. As noted above, the statutory limit is 3½%.

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 bond 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 bond anticipation notes’ maturity to the end of the tenth fiscal year in which the bond anticipation 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 required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation enacted to address the COVID-19 pandemic, 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 fiscal year. Appropriation reserves may also be transferred during the first three months of the fiscal year to the previous year’s budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a “CAP” budget, no transfers may be made from excluded from “CAP” appropriations to within “CAP” appropriations nor can transfers be made between excluded from “CAP” appropriations.

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate” if the Index Rate is greater than 2.5%. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations

imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

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

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

Upon the filing of certified adopted budgets by the 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 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.

By State statute, 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**

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 Director of Finance/Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

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

## **TAX MATTERS**

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the City with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the

Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the 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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

### **Original Issue Discount**

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

## **Original Issue Premium**

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

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

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

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

## **Bank-Qualification**

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

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

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of

which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

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

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

### **FINANCIAL STATEMENTS**

The audited financial statements of the City as of and for the year ended December 31, 2024 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, 2025, 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 Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Further, 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.

### **SECONDARY MARKET DISCLOSURE**

Solely for the 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 following 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 City shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

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

(b) If any of the following events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the 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 Bonds, 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 (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect or is not in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule not or no longer in effect required the provision of such information, shall not or 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 is further authorized to amend such contracts or undertakings provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

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 being specifically limited 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 has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the 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 said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-

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

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

### **APPROVAL OF LEGAL PROCEEDINGS**

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

### **UNDERWRITING**

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

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

### **RATING**

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

### **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The

Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, 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 same 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, telephone (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, 08691, 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 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the City since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**CITY OF NEW BRUNSWICK**

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

Dated: April \_\_, 2026

**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 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 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 in and around 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 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 \$2.479 per \$100 valuation in 2021 and \$2.688 per \$100 valuation in 2025. The tax rate has been affectively managed with continued additions to the City’s ratable base.

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 re-zoned 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 invested in the City.

Revitalization projects have included:

The Cancer Institute	\$750,000,000	600 new jobs to the area
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	\$500,000,000	500k sf mixed-use redevelopment with flexible build-to-suite capabilities and 217 mixed-income housing units (Broke ground in 2021)
The HELIX Phase 3	\$500,000,000	Mixed-use office, laboratory, and residential building reaching 39 stories (Breaking ground this year)
Water Treatment Plant	\$50,000,000	Increased capacity of water production and quality to enable additional growth
Train Station Upgrades	\$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	\$220,000,000	550 apartments, 160 townhomes, mixed use
Blanquita Valenti School	\$55,000,000	Construction
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
21 Spring Street	TBD	340 units of mixed-income housing with ground floor commercial
44 Courtlandt Street	TBD	94 market rate apartment complex
90 Bayard Street	TBD	22-story mixed-use building containing office space and residential apartments
Georges Road Development	TBD	211 units of mixed-use housing
New Millenium Bank Development	TBD	450 units of market rate housing with ground floor commercial

### **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 the 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 rates 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.

## **New Stormwater Utility**

In May 2024, New Brunswick became the first municipality in the state to establish a stormwater utility. The New Brunswick Stormwater Utility raised \$2.4 million in 2025 through its user fees, with the funds dedicated to stormwater infrastructure improvements, ongoing maintenance, and compliance with both local and federal environmental mandates. Major projects include storm drainage improvements on Paul Robeson Blvd. (\$5.5 million) and the Guilden & Delafield storm sewer replacement (\$750,000). These projects, along with others, aim to modernize aging infrastructure, reduce flood risks, and improve water quality.

As nearly half of the City's landmass is considered exempt from property taxes, this model replaces the reliance on general tax funding by establishing a dedicated fee based on the impervious surfaces of properties, such as roofs and paved areas, which contribute to runoff. Stormwater utilities provide a more sustainable funding mechanism that fairly allocates the financial responsibility for stormwater management across all property owners, ensuring long-term infrastructure maintenance and regulatory compliance.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**POPULATION**

<u>Year</u>	<u>Source</u>	<u>Population</u>
2025 (Estimate)	U.S. Census Bureau	55,035
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

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 7/1/25	\$26,339.00	\$51,865.00	\$55,036.00
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

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Source: U.S. Census Bureau

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**HOUSING CHARACTERISTICS - HOUSING UNITS - 2025**

	<u>City of New Brunswick</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
Total Number of Housing Units	<u>18,183</u>	<u>324,348</u>	<u>3,877,913</u>
Median Value Owned	<u>\$390,844</u>	<u>\$521,337</u>	<u>\$513,938</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>
2025	27,960	26,433	1,527	5.5 %
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

<u>Year</u>	<u>County of Middlesex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2025	450,336	427,354	22,982	5.1 %
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

<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>
2025	4,897,829	4,649,130	248,699	5.1 %
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

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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>2025 Assessed Valuation</u>
Johnson & Johnson	\$166,481,900
Raritan Heights, LLC	80,080,000
Golden Triangle	47,384,800
Raritan Brunswick, LP, et al	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	35,752,200
Regency Urban Renewal/Ad	30,000,000
Verizon - New Jersey	27,077,700

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Source: City of New Brunswick

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**REAL PROPERTY CLASSIFICATION - 2021 - 2025**

<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>
2025	\$37,712,900	\$1,546,671,800	\$952,925,000	\$427,091,800	\$662,161,400	\$3,626,562,900	\$7,868,000	\$3,634,430,900
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

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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>
2025	\$3,626,562,900.00	\$3,634,430,900.00	\$2.688	78.68%
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	3,483,447,100.00	3,493,447,100.00	2.479	94.99

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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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$2.688</u>	<u>\$2.619</u>	<u>\$2.543</u>	<u>\$2.489</u>	<u>\$2.479</u>
Apportionment of Tax Rate:					
Municipal - Including Library	\$1.184	\$1.151	\$1.119	\$1.080	\$1.088
County	0.403	0.400	0.386	0.398	0.387
School	1.063	1.032	1.004	0.977	0.972
County Open Space	<u>0.038</u>	<u>0.036</u>	<u>0.034</u>	<u>0.034</u>	<u>0.032</u>

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Source: City of New Brunswick.

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

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

Year	Tax Levy	Collections During Year of Levy		Added Taxes	Collections to Date Dec. 31,		*Uncollected Dec. 31	
		Amount	Percentage		Amount	Percentage		
2025**	\$97,805,315.77	\$97,799,327.85	99.98%	\$ -	\$97,799,327.85	99.98%	\$ 5,987.92	
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	-	
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

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\*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.

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Source: City of New Brunswick

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**DEBT STATEMENT AS OF DECEMBER 31, 2025**  
(Unaudited)

**Gross Debt**

School Debt:			
Serial Bonds Issued and Outstanding		\$	5,725,000.00
Municipal Debt:			
General:			
Serial Bonds Issued and Outstanding	\$ 38,440,000.00		
2003 Refunding Pension Bonds	1,160,913.50		
Parking Authority Guaranteed Bonds	181,260,000.00		
Green Acres Loan Payable	869,230.95		
Bond Anticipation Notes Issued	17,395,000.00		
MCIA Pooled Loan Program	984,978.97		
Bond Anticipation Notes Authorized Not Issued	<u>7,347,730.04</u>		
			247,457,853.46
Water Utility:			
Serial Bonds Issued and Outstanding	19,689,000.00		
N.J. Environmental Infrastructure Loan	8,832,644.85		
Bond Anticipation Notes Issued	51,000,000.00		
Bond Anticipation Notes Authorized Not Issued	<u>102,125,755.00</u>		
			181,647,399.85
Sewer Utility:			
Serial Bonds Issued and Outstanding	15,067,000.00		
Bond Anticipation Notes Authorized Not Issued	<u>13,300,000.00</u>		
			28,367,000.00
Stormwater Utility:			
Bond Anticipation Notes Authorized Not Issued	5,150,000.00		
N.J. Environmental Infrastructure Loan	<u>1,456,019.00</u>		
			<u>6,606,019.00</u>
Total Gross Debt			<u>469,803,272.31</u>

**Statutory Deductions\***

School Debt:			
Maximum (4% of Average Equalized Valuation \$187,666,534.77)			5,725,000.00
Municipal Debt:			
General:			
Pension Refunding - Capital Appreciation Bonds	1,160,913.50		
Reserve for Debt Service	234,484.60		
Reserve for Debt Service - NBPAC	50,133.82		
Water Utility Debt	181,647,399.85		
Sewer Utility Debt	28,367,000.00		
Stormwater Utility Debt	6,606,019.00		
Parking Authority Guaranteed Bonds	<u>181,260,000.00</u>		
			<u>399,325,950.77</u>
			<u>405,050,950.77</u>

Statutory Net Debt	<u>\$ 64,752,321.54</u>
Average Equalized Valuation of Real Property for 2023 - 2025	<u>\$4,691,663,369.33</u>
Net Debt Percentage - Statutory Debt Limit 3 1/2%	<u>1.380%</u>

**REMAINING STATUTORY BORROWING POWER**  
(Unaudited)

3 1/2% of Equalized Valuation Basis	\$ 164,208,217.93
Less: Statutory Net Debt	<u>64,752,321.54</u>
Remaining Municipal Borrowing Power December 31, 2025	<u>\$ 99,455,896.39</u>

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

**UNDERLYING DEBT - DECEMBER 31, 2025**  
**(Unaudited)**

County of Middlesex:	
*Gross Debt December 31, 2025	<u>\$844,209,499.00</u>
Apportionment to City of New Brunswick	<u>\$24,785,990.89</u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuations:	
City of New Brunswick - 2025	<u>\$4,669,706,110.00</u>
Total Middlesex County - 2025	<u>\$159,049,978,587.00</u>
Ratio - City of New Brunswick	<u>2.936%</u>

---

\*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, 2025	<u>\$469,803,272.31</u>	<u>\$494,589,263.20</u>
Aggregate Fair Value for 2025 - All Taxable Property:		
Assessed Valuation	\$3,634,430,900.00	
Amount Added for Equalization:		
Real Property Assessed at 78.68% of True Value	<u>1,035,275,210.00</u>	
Total - With Real Property at True Value	<u>\$4,669,706,110.00</u>	
Gross Debt as a Percentage of True Value	<u>10.061%</u>	<u>10.591%</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, 2024, 2023, 2022 and 2021. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated September 16, 2025. 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, 2024, 2023, 2022 and 2021 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 Water Utility Bonds, Series 2026 and were abstracted from audit reports issued under the periods referred to above as dated September 16, 2025, July 16, 2024, September 8, 2023 and August 26, 2022, 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  
September 16, 2025

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

Sheet #1

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Unaudited		Audited		Balance Dec. 31, 2021
	Balance Dec. 31, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	
<b>ASSETS AND DEFERRED CHARGES</b>					
<u>Regular Fund</u>					
Cash	\$34,922,134.46	\$26,043,997.91	\$22,434,005.71	\$27,674,451.27	\$41,714,044.56
Change Fund	1,935.00	1,835.00	1,535.00	1,535.00	1,535.00
Due from State of New Jersey - Ch. 20, P.L. 1971	47,027.22	47,302.22	47,802.22	45,049.11	44,549.11
	<u>34,971,096.68</u>	<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>Receivables and Other Assets with Full Reserves:</u>					
Delinquent Property Taxes Receivable	5,987.92	90,859.02	30,184.99	22,216.03	105,545.50
Tax Title Liens Receivable	17,778.24	16,542.54	54,317.33	506,432.17	481,099.67
Other Municipal Liens			1,364.40	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	21,620.38			36,474.58	51,884.52
Sales Contracts Receivable	8,610.00	8,610.00	8,610.00	8,610.00	8,610.00
Revenue Accounts Receivable		514,030.05	185,630.59	205,028.66	130,524.25
Interfunds Receivable	47,550.18	31,841.11	24,503.93	9,999.58	2,352.74
Prepaid School Taxes					338,613.00
Special Improvement District Overpayment			10,000.00		
	<u>5,455,046.92</u>	<u>6,015,382.92</u>	<u>5,668,111.44</u>	<u>6,158,828.72</u>	<u>6,488,697.38</u>
<u>Deferred Charge</u>					
Special Emergency Authorization (40A:4-53)	3,600,000.00	4,240,000.00	4,880,000.00	5,520,000.00	6,160,000.00
Emergency Authorizations	3,600,000.00	4,240,000.00	6,295,624.47	556,342.20	6,160,000.00
	<u>44,026,143.60</u>	<u>36,348,518.05</u>	<u>34,447,078.84</u>	<u>39,956,206.30</u>	<u>54,408,826.05</u>
<u>Federal and State Grant Fund</u>					
Federal and State Grants Receivable	15,172,092.54	10,235,941.14	9,765,648.92	10,037,414.25	5,600,007.65
Interfunds Receivable	4,659,078.50	3,478,445.91	2,033,859.79	1,256,723.27	11,318,857.71
Total Federal and State Grant Fund	<u>19,831,171.04</u>	<u>13,714,387.05</u>	<u>11,799,508.71</u>	<u>11,294,137.52</u>	<u>16,918,865.36</u>
	<u>\$63,857,314.64</u>	<u>\$50,062,905.10</u>	<u>\$46,246,587.55</u>	<u>\$51,250,343.82</u>	<u>\$71,327,691.41</u>

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

Sheet #2

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Unaudited		Audited		Balance Dec. 31, 2021
	Balance Dec. 31, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Regular Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 2,781,177.26	\$ 2,402,057.41	\$ 1,691,693.94	\$ 1,716,517.90	\$ 3,611,078.41
Unencumbered	1,980,658.96	1,499,681.16	449,769.65	1,356,326.76	3,561,217.71
Due to Library	18,910.33	70,984.93	108,966.93	108,199.93	79,741.93
Interfunds Payable	15,272,621.17	12,047,868.42	6,036,319.16	8,377,808.62	20,347,244.63
Tax Levy Overpayments	62,357.76	62,357.76	62,357.76	62,357.76	43,215.42
Reserve for Municipal Relief Aid			1,412,234.58	706,267.06	
Reserve for Opioid Settlement			45,444.85	606,289.85	
Accounts Payable	341,232.50	220,753.35	230,545.04	368,746.44	472,357.12
Due to Redflex Traffic Systems	1,129.01	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	561,776.03	518,835.40	620,696.29	964,507.34	1,221,880.55
Prepaid Special Improvement District Taxes	12,718.30	2,881.72	13,340.45	4,069.84	10,017.86
Prepaid Payment in Lieu of Taxes	184,864.51	66,811.34	113,133.14	53,411.71	64,749.95
Reserve for Health Benefits		4,031.43	7,873.85	2,612.00	
Reserve for Revaluation	111,394.00	111,394.00	111,394.00	111,394.00	111,394.00
Innovation Challenge Pass-Through	0.01	0.01	0.01	0.01	0.01
Reserve for Master Plan	7,783.50	7,783.50	4,000.00	4,000.00	30,000.00
Due County - Added and Omitted			19,437.87		
Due to DCA - Lead Inspections		30,880.00			
Various Overpayments	120.00				
Sub-Total	794.92				
Reserve for Receivables	21,338,298.26	17,048,209.53	10,929,096.62	14,444,398.32	29,554,786.69
Emergency Notes Payable	5,455,046.92	6,015,382.92	5,668,111.44	6,158,828.72	6,488,697.38
Fund Balance	3,600,000.00	4,240,000.00	4,880,000.00	5,520,000.00	6,160,000.00
Total Regular Fund	13,632,798.42	9,044,925.60	12,969,870.78	13,832,979.26	12,205,341.98
Total Regular Fund	44,026,143.60	36,348,518.05	34,447,078.84	39,956,206.30	54,408,826.05
<u>Federal and State Grant Fund</u>					
Encumbrances Payable	1,244,152.06	2,077,740.87	3,465,288.77	2,646,954.55	1,616,182.06
Appropriated Reserves for Federal and State Grants	18,581,018.98	11,626,480.64	8,324,633.63	8,629,767.27	4,822,895.80
Unappropriated Reserves for Federal and State Grants	6,000.00	10,165.54	9,586.31	17,415.70	10,479,787.50
Total Federal and State Grant Fund	19,831,171.04	13,714,387.05	11,799,508.71	11,294,137.52	16,918,865.36
	\$63,857,314.64	\$50,062,905.10	\$46,246,587.55	\$51,250,343.82	\$71,327,691.41

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			
	2025	2024	2023	2022	2021
<b>Revenue and Other Income Realized</b>					
Fund Balance Utilized	\$ 5,652,000.00	\$ 7,044,324.47	\$ 5,652,000.00	\$ 2,852,000.00	\$ 2,152,000.00
Miscellaneous Revenue Anticipated	79,110,714.74	72,932,813.50	64,240,010.65	63,660,402.23	60,566,384.01
Receipts from Current Taxes	97,793,602.23	94,282,579.62	90,265,483.34	88,507,759.70	86,890,042.36
Receipts from Delinquent Taxes	23,754.76				
Nonbudget Revenue	3,265,693.97	1,060,706.71	2,067,915.59	1,291,464.45	729,034.20
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	2,022,180.78	790,300.17	1,569,210.81	1,888,507.94	3,747,219.55
Interfunds Liquidated					43.10
Other Accounts Receivable Cancelled	105,865.64				
SID Overpayment Liquidated		10,000.00			
Reserve for Prepaid School Taxes Liquidated				338,613.00	
Grant Reserves/Tax Overpayments Cancelled	232,321.30				62.69
	<u>188,206,133.42</u>	<u>176,120,724.47</u>	<u>163,794,620.39</u>	<u>158,538,747.32</u>	<u>154,084,785.91</u>
<b>Expenditures</b>					
Budget and Emergency Appropriations	122,768,469.25	119,649,651.35	109,615,791.72	104,187,280.15	98,340,318.08
Special Improvement District Taxes	663,883.86	648,125.17	655,201.39	665,879.98	666,787.58
Interfunds Established	15,709.07	7,337.18	14,504.35	7,646.84	
Overpayments Established			10,000.00		
State Tax Court Judgments				314,072.59	794,852.67
County Share of PILOTS	580,288.05	338,505.35		166,876.14	164,211.79
County Taxes	16,085,917.55	15,722,938.00	14,961,542.53	15,171,052.46	14,608,682.07
Municipal Open Space Tax	370,978.46	360,569.75	355,939.55	351,693.34	349,344.71
Prior Years Refunds	866.00	311,051.38	378,920.93	88,453.84	165.28
Due County for Added and Omitted Taxes	40,315.36		19,437.87	95,636.70	77,880.95
Local School District Taxes	37,439,833.00	35,963,167.00	34,410,015.00	33,010,518.00	32,556,407.00
	<u>177,966,260.60</u>	<u>173,001,345.18</u>	<u>160,421,353.34</u>	<u>154,059,110.04</u>	<u>147,558,650.13</u>
Statutory Excess to Fund Balance	10,239,872.82	3,119,379.29	3,373,267.05	4,479,637.28	6,526,135.78
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Years			<u>1,415,624.47</u>		
Statutory Excess to Fund Balance	10,239,872.82	3,119,379.29	4,788,891.52	4,479,637.28	6,526,135.78
<b>Fund Balance</b>					
Balance January 1	9,044,925.60	12,969,870.78	13,832,979.26	12,205,341.98	7,831,206.20
	<u>19,284,798.42</u>	<u>16,089,250.07</u>	<u>18,621,870.78</u>	<u>16,684,979.26</u>	<u>14,357,341.98</u>
Decreased by:					
Amount Utilized as Anticipated Revenue	<u>5,652,000.00</u>	<u>7,044,324.47</u>	<u>5,652,000.00</u>	<u>2,852,000.00</u>	<u>2,152,000.00</u>
Balance December 31	<u>\$ 13,632,798.42</u>	<u>\$ 9,044,925.60</u>	<u>\$ 12,969,870.78</u>	<u>\$ 13,832,979.26</u>	<u>\$ 12,205,341.98</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>2025</u>	<u>Unaudited</u> <u>2024</u>	<u>2023</u>	<u>Audited</u> <u>2022</u>	<u>2021</u>
Local Revenues Including Payments in Lieu of Taxes	\$40,235,218.94	\$33,428,376.36	\$31,743,253.03	\$32,986,465.76	\$32,734,851.33
State Aid Without Offsetting Appropriations	14,400,837.06	15,813,071.64	15,039,244.10	14,239,388.00	13,539,388.00
State Aid Building Aid Allowance for Schools	1,127,448.00	1,176,549.00	1,223,218.00	1,272,320.00	1,321,420.00
State - Business Personal Property Tax - Schools	742,567.00	743,533.00	739,735.00	738,882.00	744,093.00
Uniform Construction Code Fees	2,163,523.00	2,013,570.00	1,245,873.00	1,182,131.00	1,842,873.00
Shared Service Agreements	4,053,114.00	4,687,485.73	4,579,914.49	4,320,000.00	4,020,000.00
Public and Private Revenues	11,748,789.08	10,777,730.01	4,120,163.08	7,900,819.53	3,582,851.01
Miscellaneous	<u>4,639,217.66</u>	<u>4,292,497.76</u>	<u>5,548,609.95</u>	<u>1,020,395.94</u>	<u>2,780,907.67</u>
	<u>\$79,110,714.74</u>	<u>\$72,932,813.50</u>	<u>\$64,240,010.65</u>	<u>\$63,660,402.23</u>	<u>\$60,566,384.01</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

	Audited			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
	Unaudited			2021
<b>Appropriations</b>				
<b>Operations:</b>				
General Government	\$ 829,382.03	\$ 888,927.92	\$ 768,706.37	\$ 730,128.44
Administration	23,693,114.10	23,798,316.56	23,021,432.13	18,085,541.60
Policy and Economic Development	533,119.63	193,597.16	515,975.98	482,435.68
Law	595,149.55	766,736.67	623,537.65	580,589.18
Finance	1,700,373.47	1,769,443.14	1,537,857.63	1,577,280.09
Engineering	280,594.04	394,396.23	371,086.87	292,616.78
Public Works	5,994,178.62	5,193,992.23	5,206,267.98	4,879,535.29
Social Services	1,209,256.61	1,431,423.01	1,373,848.12	1,090,902.00
Police	21,977,624.14	20,844,123.16	21,344,654.05	19,999,658.39
Fire	13,298,604.48	12,722,115.37	12,384,530.96	11,557,775.06
Uniform Construction Code - Construction Official	497,243.65	460,958.06	445,030.91	451,155.35
Municipal Court	1,366,913.72	1,350,386.14	1,238,483.87	1,242,545.62
Human and Community Services	1,092,485.90	1,212,934.15	1,040,702.39	1,043,202.94
Maintenance of Free Public Library	1,762,085.80	1,996,347.49	1,585,894.08	1,589,072.80
Interlocal Municipal Service Agreements	4,053,114.00	4,687,485.73	4,579,914.49	4,320,000.00
Lease Agreement			1,118,302.50	1,276,711.25
Unclassified	4,458,779.00	4,526,279.00	2,866,507.23	2,857,647.00
Contingent	100.00	100.00	100.00	100.00
Public and Private Programs Offset By Revenue	11,748,789.08	10,777,730.01	3,418,516.08	7,900,819.53
Capital Improvements	300,000.00		707,161.00	256,100.00
Health Benefits	1,760,862.00	619,067.00		
Recycling - State Tax (P.L. 2007, C. 311)	55,500.00	55,500.00	55,500.00	55,500.00
Statutory Expenditures:				
Public Employees' Retirement System	2,023,731.51	2,024,856.87	2,027,166.44	1,950,831.00
Social Security System (OASI)	1,726,625.10	1,589,325.10	1,352,186.14	1,702,200.00
Police and Firemen's Retirement System	10,529,326.00	10,063,602.00	10,094,341.00	9,391,816.00
State Unemployment Insurance Fund			102,000.00	10,000.00
DCRP	55,000.00	41,000.00	36,000.00	34,000.00
Deferred Charges	640,000.00	2,055,624.47	1,389,472.19	833,129.99
Debt Service - Municipal	7,524,787.32	7,020,850.88	7,164,888.20	6,879,041.16
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 and 17.3)	742,567.00	743,533.00	739,735.00	738,882.00
Debt Service - Type I School District	2,319,162.50	2,421,000.00	2,516,162.50	2,617,163.00
	<u>\$ 122,768,469.25</u>	<u>\$ 119,649,651.35</u>	<u>\$ 109,615,791.72</u>	<u>\$ 104,187,280.15</u>
				<u>\$ 98,340,318.08</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, 2025</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>Animal Control Trust Fund</u>					
Cash	\$ 40,905.31	\$ 32,901.13	\$ 24,388.01	\$ 19,380.57	\$ 9,615.35
Due from State of New Jersey			1.20		
Due from Current Fund					494.80
	<u>40,905.31</u>	<u>32,901.13</u>	<u>24,389.21</u>	<u>19,380.57</u>	<u>10,110.15</u>
<u>Payroll Trust Fund</u>					
Cash		3,700.91	448,110.80	450,288.64	888.72
<u>Other Trust Funds</u>					
Cash - Treasurer - Checking	7,014,594.74	7,243,431.37	7,804,571.46	7,419,701.54	6,426,851.46
Interfunds Receivable	4,629,974.48	4,257,197.30	938,644.37	3,370,064.85	4,442,174.32
	<u>11,644,569.22</u>	<u>11,500,628.67</u>	<u>8,743,215.83</u>	<u>10,789,766.39</u>	<u>10,869,025.78</u>
<u>Federal Grant Trust Fund</u>					
Cash - Checking		1,424,386.24	2,321,992.75	2,157,820.15	2,704,004.27
Due from Department of Housing and Development		7,964,421.14	1,876,733.66	2,514,419.60	1,238,531.20
		<u>9,388,807.38</u>	<u>4,198,726.41</u>	<u>4,672,239.75</u>	<u>3,942,535.47</u>
<u>CDBG - Trust</u>					
Cash	1,364,295.21				
HOME Receivable	5,537,109.88				
Due from Department of Housing and Development	2,058,000.74				
	<u>8,959,405.83</u>				
<u>Municipal Open Space</u>					
Cash	1,918,713.84	1,547,735.38	1,187,165.63	693,726.08	342,032.74
	<u>\$22,563,594.20</u>	<u>\$22,473,773.47</u>	<u>\$14,601,607.88</u>	<u>\$16,625,401.43</u>	<u>\$15,164,592.86</u>

CITY OF NEW BRUNSWICK  
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Unaudited	Audited			
	Balance Dec. 31, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	\$ 12.00	\$	\$	\$ 11.40	\$ 9.60
Interfunds	17,390.13				
Reserve for Animal Control Fund Expenditures	23,503.18	32,901.13	24,389.21	19,369.17	10,100.55
	<u>40,905.31</u>	<u>32,901.13</u>	<u>24,389.21</u>	<u>19,380.57</u>	<u>10,110.15</u>
<u>Payroll Trust Fund</u>					
Payroll Deductions		3,700.91	448,110.80	450,288.64	888.72
Interfunds					
		<u>3,700.91</u>	<u>448,110.80</u>	<u>450,288.64</u>	<u>888.72</u>
<u>Other Trust Funds</u>					
Payroll Deductions Payable	92,355.48				
Public Library Fund	130,793.59	125,613.55	122,775.00	119,086.87	52,688.99
Other Reserves	599,058.42				
Street Opening Deposits	580,133.36	558,173.37	636,020.64	607,433.43	594,317.72
Reserve for Developer's Escrow		2,811,483.64	2,704,513.82	2,366,917.72	2,054,510.06
Special Reserves	10,236,965.06	8,000,094.80	5,274,643.06	7,691,065.06	8,162,245.70
Fund Balance	5,263.31	5,263.31	5,263.31	5,263.31	5,263.31
	<u>11,644,569.22</u>	<u>11,500,628.67</u>	<u>8,743,215.83</u>	<u>10,789,766.39</u>	<u>10,869,025.78</u>
<u>Federal Grant Trust Fund</u>					
Reserves for:					
Community Development Block Grants		2,073,289.30	1,995,292.56	2,581,302.76	1,923,599.47
Repayment of Urban Development Action Grants		1,319,588.06	2,203,063.21	2,090,309.96	2,018,936.00
Federal and State Grants		5,990,940.74			
Interfunds Payable		4,989.28	370.64	627.03	
		<u>9,388,807.38</u>	<u>4,198,726.41</u>	<u>4,672,239.75</u>	<u>3,942,535.47</u>
<u>CDBG - Trust</u>					
Due to Current Fund	4,989.28				
Reserve for Expenditures	7,741,918.56				
Encumbrances Payable	1,212,497.99				
	<u>8,959,405.83</u>				
<u>Municipal Open Space</u>					
Reserve for Open Space	1,918,713.84	1,547,735.38	1,187,165.63	693,726.08	342,032.74
	<u>\$22,563,594.20</u>	<u>\$22,473,773.47</u>	<u>\$14,601,607.88</u>	<u>\$16,625,401.43</u>	<u>\$15,164,592.86</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, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021
<b>ASSETS AND DEFERRED CHARGES</b>					
General Capital:					
Cash	\$ 13,728,666.89	\$ 4,545,664.03	\$ 9,623,416.51	\$ 9,405,131.13	\$ 13,678,131.11
Investment		1,840,000.00	2,480,000.00	3,120,000.00	3,160,000.00
	<u>13,728,666.89</u>	<u>6,385,664.03</u>	<u>12,103,416.51</u>	<u>12,525,131.13</u>	<u>16,838,131.11</u>
Interfunds	93,250.00				
Federal and State Grants Receivable	3,025,000.00				
CDBG Grants Receivable			625,000.00	625,000.00	
Deferred Charges to Future Taxation:					
Funded	47,180,123.42	53,697,464.43	52,177,742.07	58,178,565.00	64,434,971.22
Unfunded	24,742,730.04	10,225,480.04	18,303,480.04	8,465,610.03	8,658,740.02
	<u>\$ 88,769,770.35</u>	<u>\$ 70,308,608.50</u>	<u>\$ 83,209,638.62</u>	<u>\$ 79,794,306.16</u>	<u>\$ 89,931,842.35</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Capital:					
Reserve to Pay Debt	\$ 284,618.42	\$ 150,133.82	\$ 72,839.56	\$ 47,583.87	\$ 54,756.90
Reserve for Cost of Issuance	25,954.72	25,954.72	25,954.72	25,954.72	25,954.72
Capital Improvement Fund	4,209.80	88,709.80	88,709.80	763,209.80	763,209.80
Reserve for Regional Contribution Agreements	1,343,355.45	2,567,371.25	2,481,144.27	2,397,183.37	4,375,072.71
Reserve for Future Improvements	871.50	35,871.50	35,871.50	35,871.50	35,871.50
Due to Current Fund	25,170.77	9,462.70	14,402.08	4,297.38	1,191.43
Improvement Authorizations:					
Funded	6,654,647.77	4,751,126.28	7,399,233.87	9,406,756.23	9,434,794.65
Unfunded	15,710,853.54	8,697,799.04	12,785,732.58	3,934,876.12	6,156,019.42
MCIA Loan Payable	1,854,209.92	1,446,292.00	1,881,961.81	2,301,450.36	3,052,544.00
Bond Anticipation Notes	17,395,000.00		8,078,000.00	4,650,000.00	4,650,000.00
Green Acres Loan Payable		966,666.83	1,064,102.71	1,161,538.59	1,258,974.47
General Serial Bonds	39,600,913.50	42,050,000.00	37,605,000.00	40,675,000.00	43,640,000.00
School Refunding Bonds	5,725,000.00	7,730,000.00	9,755,000.00	11,775,000.00	13,795,000.00
Capital Appreciation Bonds		1,504,505.60	1,871,677.55	2,265,576.05	2,688,452.75
Fund Balance	144,964.96	284,714.96	50,008.17	350,008.17	
	<u>\$ 88,769,770.35</u>	<u>\$ 70,308,608.50</u>	<u>\$ 83,209,638.62</u>	<u>\$ 79,794,306.16</u>	<u>\$ 89,931,842.35</u>
Bonds and Notes Authorized but Not Issued:					
General	<u>\$ 7,347,730.04</u>	<u>\$ 10,225,480.04</u>	<u>\$ 10,225,480.04</u>	<u>\$ 3,815,610.03</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

ASSETS	Unaudited	Audited			
	Balance Dec. 31, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021
<b>Operating Fund</b>					
Cash	\$ 15,308,650.40	\$ 25,918,909.99	\$ 24,617,954.47	\$ 13,787,809.45	\$ 1,277,920.18
Interfunds Receivable	2,999,744.65	2,381,381.12	1,526,518.65	11,013,321.21	2,163,348.24
Receivables and Inventory with Full Reserves:					
Consumers' Accounts Receivable	1,469,896.85	2,199,783.34	1,269,663.23	1,489,567.76	1,798,086.55
Water Utility Liens			79,815.41	72,840.82	71,559.18
Other Accounts Receivable	208,747.25	246,509.32	446,679.08	245,433.05	139,377.04
Inventory of Materials and Supplies	880,604.00	880,604.00	271,188.79	271,188.79	271,188.79
	<u>2,559,248.10</u>	<u>3,326,896.66</u>	<u>2,067,146.51</u>	<u>2,079,030.42</u>	<u>2,280,211.56</u>
<b>Total Operating Fund</b>	<u>20,867,643.15</u>	<u>31,627,187.77</u>	<u>28,211,619.63</u>	<u>26,880,161.08</u>	<u>5,721,479.98</u>
<b>Capital Fund</b>					
Cash and Investments	5,489,996.19	7,505,719.49	21,496,058.83	1,732,888.89	3,361,014.99
Fixed Capital	124,285,257.24	124,285,257.24	110,007,127.83	90,589,242.28	90,589,242.28
Fixed Capital Authorized and Uncompleted	120,487,720.39	100,787,720.39	54,640,849.80	17,058,735.35	17,058,735.35
Total Capital Fund	<u>250,262,973.82</u>	<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>\$271,130,616.97</u>	<u>\$264,205,884.89</u>	<u>\$214,355,656.09</u>	<u>\$136,261,027.60</u>	<u>\$116,730,472.60</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Operating Fund</b>					
Liabilities:					
Appropriation Reserves:					
Encumbered	\$ 2,349,905.38	\$ 1,929,538.34	\$ 1,416,700.98	\$ 5,444,579.86	\$ 814,619.50
Unencumbered	426,149.27	1,106,811.43	249,001.35	16,021,230.68	1,423,021.10
Interfunds Payable	223,353.70	223,353.70			65,128.55
Accounts Payable	7,417,952.40	18,534,261.93	19,289,604.98	128,180.56	128,180.56
Prepaid Water Rents			203,499.76	203,499.76	203,499.76
Accrued Interest on Loans	39,064.81	29,218.75	45,260.42	58,364.58	80,212.95
Accrued Interest on Notes	114,852.50	25,227.50	17,194.44	17,194.44	
Accrued Interest on Bonds	258,716.74	239,165.63	239,165.63	265,277.92	290,443.75
Water Rents Overpaid	134,486.20	134,486.20	52,862.83	52,862.83	52,862.83
	<u>10,964,481.00</u>	<u>22,222,063.48</u>	<u>21,513,290.39</u>	<u>22,191,190.63</u>	<u>3,057,969.00</u>
Reserve for Receivables and Inventory	2,559,248.10	3,326,896.66	2,067,146.51	2,079,030.42	2,280,211.56
Fund Balance	7,343,914.05	6,078,227.63	4,631,182.73	2,609,940.03	383,299.42
<b>Total Operating Fund</b>	<u>20,867,643.15</u>	<u>31,627,187.77</u>	<u>28,211,619.63</u>	<u>26,880,161.08</u>	<u>5,721,479.98</u>
<b>Capital Fund</b>					
Serial Bonds	19,689,000.00	21,875,000.00	18,075,000.00	19,450,000.00	20,785,000.00
Refunding Bonds				461,000.00	927,000.00
Bond Anticipation Notes	51,000,000.00	37,000,000.00	43,015,000.00	6,190,000.00	6,190,000.00
Interfunds Payable	20,034.10	34,651.55	88,964.75	9,004,248.55	192.27
Environmental Infrastructure Loan Payable	8,832,644.85	2,485,217.56	3,700,999.95	4,903,153.38	6,089,633.11
Capital Improvement Fund	875,907.00	875,907.00	875,907.00	875,907.00	875,907.00
Reserves for:					
Reserve for Debt Service	2,458,353.34	1,743,123.34	1,401,020.07	788,630.76	938,863.16
Amortization	70,710,205.78	67,287,005.07	63,748,114.68	60,405,361.25	57,417,881.52
Deferred Amortization			108,108.00	235,708.00	235,708.00
Encumbrances	75,534,950.44				
Improvement Authorizations:					
Funded	214,232.82	6,302,754.96	87,730.18	334,026.50	921,557.12
Unfunded	20,437,573.28	94,484,965.43	54,553,119.62	6,242,758.87	16,137,178.23
Fund Balance	490,072.21	490,072.21	490,072.21	490,072.21	490,072.21
<b>Total Capital Fund</b>	<u>250,262,973.82</u>	<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>\$271,130,616.97</u>	<u>\$264,205,884.89</u>	<u>\$214,355,656.09</u>	<u>\$136,261,027.60</u>	<u>\$116,730,472.60</u>
<b>Bonds and Notes Authorized but Not Issued</b>	<u>\$102,125,755.00</u>	<u>\$ 96,425,755.00</u>	<u>\$ 36,000,755.00</u>	<u>\$ 16,002,755.00</u>	<u>\$ 16,002,755.00</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

	Audited				
	Unaudited 2025	2024	2023	2022	2021
<u>Revenue and Other Income Realized</u>					
Fund Balance - Surplus	\$ 17,965,815.86	\$ 16,507,452.42	\$ 14,470,025.84	\$ 250,000.00	\$ 750,000.00
Rents	2,712,650.27	3,152,488.66	2,573,293.46	13,960,344.12	12,904,064.47
Services to Other Systems	2,425,964.41	2,461,144.09	2,332,011.47	2,326,662.12	2,614,670.78
Miscellaneous Service Revenue				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	1,083,093.21	958,379.81	368,424.45	1,387,823.92	655,550.62
Accrued Interest on Loans Cancelled	24,187,523.75	23,119,943.38	19,743,755.22	39,426,113.34	17,425,657.12
<u>Expenditures</u>					
Budget Appropriations:					
Operating	14,521,036.55	12,742,207.19	11,630,859.62	10,750,047.61	9,813,021.00
Capital Improvements	120,000.00	131,500.00	81,500.00	20,743,375.00	770,000.00
Debt Service	6,107,000.00	5,884,949.89	4,153,741.37	3,854,248.42	3,843,461.00
Prior Year Refund	837.00	6,121.50		1,561.07	
Deferred Charges and Statutory Expenditures	872,963.78	608,119.90	556,411.53	1,600,240.63	690,361.00
Surplus - General Budget	21,621,837.33	19,372,898.48	16,422,512.52	36,949,472.73	17,116,843.00
Statutory Excess to Fund Balance	2,565,686.42	3,747,044.90	3,321,242.70	2,476,640.61	308,814.12
<u>Fund Balance</u>					
Balance January 1	6,078,227.63	4,631,182.73	2,609,940.03	383,299.42	1,574,485.30
	8,643,914.05	8,378,227.63	5,931,182.73	2,859,940.03	1,883,299.42
Decreased by:					
Amount Anticipated in Budget	1,300,000.00	2,300,000.00	1,300,000.00	250,000.00	750,000.00
Amount Utilized as Current Fund Revenue	7,343,914.05	6,078,227.63	4,631,182.73	2,609,940.03	750,000.00
Balance December 31	<u>\$ 7,343,914.05</u>	<u>\$ 6,078,227.63</u>	<u>\$ 4,631,182.73</u>	<u>\$ 2,609,940.03</u>	<u>\$ 383,299.42</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 Dec. 31, 2025	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021
<b>ASSETS</b>					
<b>Operating Fund</b>					
Cash	\$ 5,414,651.90	\$ 4,099,779.26	\$ 2,091,951.22	\$ 2,655,776.25	\$ 916,955.73
Interfunds Receivable	3,050,931.85	2,056,907.58	1,645,503.04	1,751,642.93	2,488,486.76
Receivables with Full Reserves:					
Consumer Accounts Receivable	1,631,059.96	2,598,245.54	1,527,414.88	1,739,197.05	2,743,162.18
Sewer Utility Liens			85,095.76	74,185.43	73,329.87
	<u>1,631,059.96</u>	<u>2,598,245.54</u>	<u>1,612,510.64</u>	<u>1,813,382.48</u>	<u>2,816,492.05</u>
Total Operating Fund	<u>10,096,643.71</u>	<u>8,754,932.38</u>	<u>5,349,964.90</u>	<u>6,220,801.66</u>	<u>6,221,934.54</u>
<b>Capital Fund</b>					
Cash and Investments	4,633,473.23	8,112,897.31	9,171,218.30	8,800,809.31	9,958,121.74
Due from State of New Jersey	348,818.00	348,818.00	348,818.00	348,818.00	348,818.00
Fixed Capital	37,535,184.33	37,535,184.33	35,526,670.54	33,855,055.48	32,667,239.39
Fixed Capital Authorized and Uncompleted	20,963,620.37	7,663,620.37	8,872,134.16	10,543,749.22	11,422,565.31
Total Capital Fund	<u>63,481,095.93</u>	<u>53,660,520.01</u>	<u>53,918,841.00</u>	<u>53,548,432.01</u>	<u>54,396,744.44</u>
	<u>\$73,577,739.64</u>	<u>\$62,415,452.39</u>	<u>\$ 59,268,805.90</u>	<u>\$ 59,769,233.67</u>	<u>\$60,618,678.98</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Operating Fund</b>					
<b>Liabilities:</b>					
Appropriation Reserves:					
Encumbered	\$ 228,051.22	\$ 217,779.06	\$ 156,640.98	\$ 162,943.56	\$ 206,230.51
Unencumbered	766,022.49	832,287.23	173,463.17	623,453.85	1,804,203.51
Accrued Interest on Bonds	180,010.75	157,348.68	156,609.94	171,270.57	185,792.25
Accrued Interest on Notes			28,750.00	28,750.00	3,720.16
Accrued Interest on Loans				1,065.15	
Sewer Rents Overpaid	257,381.81	257,381.81	106,573.52	106,573.52	71,400.69
Accounts Payable	167,491.02				
Prepaid Revenue			2,204.31	2,204.31	2,204.31
	<u>1,598,957.29</u>	<u>1,464,796.78</u>	<u>624,241.92</u>	<u>1,096,260.96</u>	<u>2,273,551.43</u>
Reserve for Receivables	1,631,059.96	2,598,245.54	1,612,510.64	1,813,382.48	2,816,492.05
Fund Balance	<u>6,866,626.46</u>	<u>4,691,890.06</u>	<u>3,113,212.34</u>	<u>3,311,158.22</u>	<u>1,131,891.06</u>
Total Operating Fund	<u>10,096,643.71</u>	<u>8,754,932.38</u>	<u>5,349,964.90</u>	<u>6,220,801.66</u>	<u>6,221,934.54</u>
<b>Capital Fund</b>					
Serial Bonds	15,067,000.00	16,132,000.00	12,542,000.00	13,601,000.00	14,675,000.00
Bond Anticipation Notes			4,691,000.00	2,760,000.00	2,760,000.00
Interfunds Payable	5,955.13	14,224.93	19,241.94	9,695.09	1,381.83
Waste Water Treatment Loan Payable				253,662.86	518,061.22
Capital Improvement Fund	612,685.88	612,685.88	503,000.00	503,000.00	503,000.00
Reserve for Amortization	28,826,304.70	27,761,304.70	26,660,304.70	25,276,641.84	23,938,243.48
Deferred Reserve for Amortization	1,305,500.00	1,305,500.00	505,500.00	505,500.00	196,500.00
Reserve for Payment of Debt Service	169,558.78	169,558.78	124,034.85	93,557.65	71,367.25
Encumbrances	1,459,164.01				
Improvement Authorizations:					
Funded	3,948,152.44	7,663,620.37	6,404,476.16	7,349,795.22	7,307,013.03
Unfunded	12,085,149.64		2,467,658.00	3,193,954.00	4,115,552.28
Fund Balance	<u>1,625.35</u>	<u>1,625.35</u>	<u>1,625.35</u>	<u>1,625.35</u>	<u>310,625.35</u>
Total Capital Fund	<u>63,481,095.93</u>	<u>53,660,520.01</u>	<u>53,918,841.00</u>	<u>53,548,432.01</u>	<u>54,396,744.44</u>
	<u>\$73,577,739.64</u>	<u>\$62,415,452.39</u>	<u>\$ 59,268,805.90</u>	<u>\$ 59,769,233.67</u>	<u>\$60,618,678.98</u>
Bonds and Notes Authorized but Not Issued	<u>\$13,300,000.00</u>	<u>\$ -</u>	<u>\$ -</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

	Audited				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 422,505.36	\$	\$	\$	\$ 500,000.00
Rents	21,815,257.38	20,292,859.85	17,438,523.36	16,950,582.98	16,113,965.38
Miscellaneous	773,491.68	528,923.55	351,457.05	150,423.80	225,661.17
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	1,014,234.29	244,216.03	494,989.92	1,303,491.27	644,020.12
Accrued Interest Cancelled		28,750.00	206.82	4,513.01	2,093.25
	<u>24,025,488.71</u>	<u>21,094,749.43</u>	<u>18,285,177.15</u>	<u>18,409,011.06</u>	<u>17,485,739.92</u>
<u>Expenditures</u>					
Operating	14,759,693.34	13,217,742.19	11,326,406.78	9,435,142.17	10,145,754.00
Capital Improvements		909,685.88	59,685.88		500,000.00
Debt Service	1,760,000.00	1,495,070.51	1,957,996.67	1,910,884.47	1,928,410.00
Statutory Expenditures and Deferred Charges	358,553.61	93,573.13	86,504.93	114,648.13	114,639.00
Surplus - General Budget	2,250,000.00	2,500,000.00	2,750,000.00	4,000,000.00	4,000,000.00
	<u>19,128,246.95</u>	<u>18,216,071.71</u>	<u>16,180,594.26</u>	<u>15,460,674.77</u>	<u>16,688,803.00</u>
Prior Year Rents Refunded			2,528.77	19,069.13	5,306.55
	<u>19,128,246.95</u>	<u>18,216,071.71</u>	<u>16,183,123.03</u>	<u>15,479,743.90</u>	<u>16,694,109.55</u>
Excess in Revenue	4,897,241.76	2,878,677.72	2,102,054.12	2,929,267.16	791,630.37
<u>Fund Balance</u>					
Balance January 1	4,691,890.06	3,113,212.34	3,311,158.22	1,131,891.06	840,260.69
	<u>9,589,131.82</u>	<u>5,991,890.06</u>	<u>5,413,212.34</u>	<u>4,061,158.22</u>	<u>1,631,891.06</u>
Decreased by:					
Amount Utilized as Revenue	422,505.36			750,000.00	500,000.00
Amount Utilized as Current Fund Revenue	2,300,000.00	1,300,000.00	2,300,000.00	750,000.00	500,000.00
	<u>2,722,505.36</u>	<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>\$ 6,866,626.46</u>	<u>\$ 4,691,890.06</u>	<u>\$ 3,113,212.34</u>	<u>\$ 3,311,158.22</u>	<u>\$ 1,131,891.06</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, 2025</u>	<u>Audited</u> <u>Balance</u> <u>Dec. 31, 2024</u>
<u>ASSETS</u>		
<u>Operating Fund</u>		
Cash	\$ 2,318,307.27	\$ 622,146.60
Interfunds Receivable	184,149.93	171,282.51
Receivables with Full Reserves:		
Consumer Accounts Receivable	<u>722,048.49</u>	<u>531,028.92</u>
Total Operating Fund	<u>3,224,505.69</u>	<u>1,324,458.03</u>
<u>Capital Fund</u>		
Cash	889,087.45	25,115.82
Fixed Capital	5,150,000.00	
Total Capital Fund	<u>6,039,087.45</u>	<u>25,115.82</u>
	<u>\$9,263,593.14</u>	<u>\$1,349,573.85</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	\$ 135,094.70	\$ 15,687.50
Unencumbered	110,099.78	471,315.00
Overpayments		<u>2,079.98</u>
	<u>245,194.48</u>	<u>489,082.48</u>
Reserve for Receivables	722,048.49	531,028.92
Fund Balance	2,255,182.74	304,346.63
Rent Overpayments	<u>2,079.98</u>	
Total Operating Fund	<u>3,224,505.69</u>	<u>1,324,458.03</u>
<u>Capital Fund</u>		
Loans Payable	1,456,019.00	
Improvement Authorizations - Unfunded	2,146,073.18	
Encumbrances	2,435,079.96	
Interfunds Payable	<u>1,915.31</u>	<u>25,115.82</u>
	<u>6,039,087.45</u>	<u>25,115.82</u>
	<u>\$9,263,593.14</u>	<u>\$1,349,573.85</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>2025</u>	<u>Audited</u> <u>2024</u>
<u>Revenue and Other Income Realized</u>		
Rents	\$ 2,568,503.78	\$837,241.98
Miscellaneous Revenue Not Anticipated	56,891.68	7,104.65
Prior Year Appropriation Lapsed	471,315.00	
	<u>3,096,710.46</u>	<u>844,346.63</u>
<u>Expenditures</u>		
Operating:		
Salaries and Wages	530,608.44	84,401.47
Other Expenses	604,215.21	455,598.53
	<u>1,134,823.65</u>	<u>540,000.00</u>
Prior Year Refund	11,050.70	
	<u>1,950,836.11</u>	<u>304,346.63</u>
Excess in Revenue	1,950,836.11	304,346.63
<u>Fund Balance</u>		
Balance January 1	<u>304,346.63</u>	<u>304,346.63</u>
Balance December 31	<u>\$2,255,182.74</u>	<u>\$304,346.63</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, 2024**

**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. 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.

- *GASB Statement No. 103. Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 104. Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures to capital assets held for sale.

Effective Date: The requirements of this Statement are effective for fiscal year beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

## **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.

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.

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

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

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, 2024 and 2023, the City's cash, cash equivalents and investments consisted of:

	<u>2024</u>	<u>2023</u>
Bank of Princeton	\$	\$ 31.24
TD Bank	58,329,574.79	71,982,480.09
Wells Fargo Bank	565,517.39	1,801,372.46
Amboy Bank	5,888,375.22	6,419,040.14
Magyar Savings Bank	19,381,795.69	22,392,703.41
New Millenium Bank	178,660.92	601,427.82
Citizens Bank	0.35	0.35
Ocean First Bank	5,125,731.84	
Keamy Bank		2,305,120.92
	<u>\$89,469,656.20</u>	<u>\$105,502,176.43</u>

The carrying amount of the City's cash, cash equivalents and investments at December 31, 2024 was \$89,469,656.20. Of the bank balance, \$1,428,661.27 was covered by Federal Depository Insurance and \$88,040,994.93 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 2024 and 2023, no such investments were held by the City.

As of December 31, 2024 and 2023, the City had no investments.

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

### **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, 2024, 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, 2024 was \$89,469,656.20. 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.

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.

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

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>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	\$1.101	\$1.071	\$1.034	\$1.044	\$1.048
Municipal Open Space	0.010	0.010	0.010	0.010	0.010
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	0.036	0.034	0.034	0.032	0.031
Municipal Library	0.040	0.038	0.036	0.034	0.033

**Assessed Valuations**

<u>Year</u>	<u>Amount</u>
2024	\$ 3,605,697,500.00
2023	3,559,395,450.00
2022	3,516,933,350.00
2021	3,493,447,100.00
2020	3,426,880,300.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>		<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$94,625,341.93 *		\$94,282,579.62	99.63 %
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

\*Net of Reduction Due to Tax Appeals.

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 16,542.54	\$ 90,859.02	\$107,401.56	0.11 %
2023	54,317.33	30,184.99	84,502.32	0.09
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

**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>
2024	\$5,353,500.00
2023	5,353,500.00
2022	5,353,500.00
2021	5,353,500.00
2020	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>
2024	\$ -	\$ -
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

\*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>
2024	\$ -	\$ -
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

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

**7. STORMWATER ACCOUNTS RECEIVABLE**

<u>Year</u>	<u>Billings</u>	<u>Cash Collections</u>
2024	\$1,368,270.90	\$837,241.98

**8. FUND BALANCES APPROPRIATED**

Year	Current Fund		Water Utility		Sewer Utility		Stormwater Utility	
	Balance December 31	Utilized in Budget of Succeeding Year	Balance December 31	Utilized in Budget of Succeeding Year	Balance December 31	Utilized in Budget of Succeeding Year	Balance December 31	Utilized in Budget of Succeeding Year
2024	\$ 8,925,738.03	\$ 5,652,000.00	\$ 5,915,872.84	\$ 2,300,000.00 *	\$ 4,640,494.04	\$ 1,300,000.00 *	\$ 304,346.63	\$ -
2023	12,969,870.78	7,044,324.47	4,631,182.73	2,300,000.00 *	3,113,212.34	1,300,000.00 *		
2022	13,832,979.26	5,652,000.00	2,609,940.03	1,300,000.00 *	3,311,158.22	2,300,000.00 *		
2021	12,205,341.98	2,852,000.00	383,107.15	250,000.00	1,131,891.06	750,000.00 *		
2020	7,831,206.20	2,152,000.00	1,574,485.30	750,000.00	840,260.69			

\*Anticipated in Current Fund

## 9. PENSION PLANS

### Description of Systems

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/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.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>2024</u>	<u>2023</u>	<u>2022</u>
Covered Employee Payroll	\$14,512,833	\$13,558,532	\$13,009,039
Total Payroll	56,374,948	55,876,416	52,301,435
Actuarial Contribution			
Requirements	2,339,549	2,340,874	2,236,630
Total Contributions	3,428,026	3,357,908	3,212,089
Employer Share	2,339,549	2,340,874	2,236,630
% of Covered Payroll	16.12%	17.26%	17.20%
Employee's Share	1,088,477	1,017,034	975,459
% of Covered Payroll	7.50%	7.50%	7.50%
	PFRS		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Covered Employee Payroll	\$31,434,444	\$29,909,819	\$28,000,154
Total Payroll	56,374,948	55,876,416	52,301,435
Actuarial Contribution			
Requirements	11,109,326	10,063,602	10,094,341
Total Contributions	14,252,770	13,054,584	12,894,356
Employer Share	11,109,326	10,063,602	10,094,341
% of Covered Payroll	35.34%	33.65%	36.10%
Employee's Share	3,143,444	2,990,982	2,800,015
% of Covered Payroll	10.00%	10.00%	10.00%

## 9. PENSION PLANS (Continued)

### **Assumptions**

The collective total PERS pension liability for June 30, 2024 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, 2024. 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, 2024 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, 2024. 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, 2024 and 7.00% for PFRS as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based 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.

**9. 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 ¼ 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, 2024 and 2023, 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 <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2024	<u>\$31,304,391</u>	<u>\$23,362,549</u>	<u>\$16,968,094</u>
	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2023	<u>\$33,303,207</u>	<u>\$25,368,801</u>	<u>\$19,011,492</u>

**9. 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>2024</u>	<u>2023</u>
Employer Net Pension Liability	\$23,362,549.00	\$25,368,801.00
Non-employer Proportionate Share of the Net Pension Liability	<u>196,656.00</u>	<u>213,880.00</u>
	<u>\$23,559,205.00</u>	<u>\$25,582,681.00</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.

**9. 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, 2024 and 2023, 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 <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2024	<u>\$141,860,044</u>	<u>\$82,936,880</u>	<u>\$63,834,280</u>
	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2023	<u>\$137,823,796</u>	<u>\$83,526,489</u>	<u>\$66,517,300</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>2024</u>	<u>2023</u>
Employer Net Pension Liability	\$82,936,880.00	\$83,526,489.00
Non-employer Proportionate Share of the Net Pension Liability	<u>16,350,828.00</u>	<u>15,390,710.00</u>
	<u>\$99,287,708.00</u>	<u>\$98,917,199.00</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.

**9. 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, 2024 and 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2024 and 2023, 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, 2024:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$23,362,549	\$82,936,880
Deferred Outflow of Resources	1,327,274	9,895,132
Deferred Inflow of Resources	3,051,560	10,298,761
Pension Expense (Benefit)	(493,966)	3,608,340
Contributions Made After Measurement Date	2,339,549	11,109,326

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, 2024 and 2023. The City's proportionate share of the collective net pension liability as of June 30, 2024 and 2023 was 0.1719345780% and 0.1751459975% for PERS and 0.80313834% and 0.75597910% 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.

**9. PENSION PLANS (Continued)**

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

At June 30, 2024, the amount determined as the City's proportionate share of the PERS net pension liability was \$23,362,549. For the year ended June 30, 2024, the City recognized PERS pension benefit of \$(493,966). At June 30, 2024, 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	\$ 467,995	\$ 62,198
Change of Assumptions	29,024	265,812
Net Difference Between Projected and Actual Investment Earnings		1,083,257
Net Change in Proportions	830,255	1,640,293
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>2,339,549</u>	<u>                    </u>
	<u>\$3,666,823</u>	<u>\$3,051,560</u>

At June 30, 2024, the amount determined as the City's proportionate share of the PFRS net pension liability was \$82,936,880. For the year ended June 30, 2024, the City recognized PFRS pension expense of \$3,608,340. At June 30, 2024, 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	\$ 5,224,959	\$ 2,839,295
Change of Assumptions	131,107	2,435,720
Net Difference Between Projected and Actual Investment Earnings		649,132
Net Change in Proportions	4,539,066	4,374,614
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>11,109,326</u>	<u>                    </u>
	<u>\$21,004,458</u>	<u>\$10,298,761</u>

**9. 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, 2024) 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, 2024 are summarized in the following table:

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

**9. PENSION PLANS (Continued)**

**Long-Term Expected Rate of Return (Continued)**

PFRS		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid-Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

**10. 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.

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.

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

**General Information about the OPEB Plan (Continued)**

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.

**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, 2024 was \$7,335,308.

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

**General Information about the OPEB Plan**

**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, 2024, it is \$144,868,803 based upon a discount rate of 4.28% per annum and the plan provisions in effect on December 31, 2020.

*Net OPEB Liability*

The Net OPEB Liability ("NOL") as of December 31, 2024 is \$144,868,803 based upon a discount rate of 4.28% 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	\$144,868,803
(2) Fiduciary Net Position (Assets)	<hr/>
(3) NOL	<u>\$144,868,803</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
- Annual Discount Rate        4.28% per annum (disclosures), 4.00% per annum (FY 24 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.

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

**Actuarial Assumptions (Continued)**

- **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, 2024	<u>\$163,275,203</u>
Changes Recognized for the Year:	
Service Cost	3,919,232
Interest on Total OPEB Liability Change in Assumptions	6,384,302
Difference Between Expected and Actual Experience	(8,798,263)
Changes in Assumptions	(12,576,363)
Benefit Payments Including Employee Refunds	<u>(7,335,308)</u>
Net Changes	<u>(18,406,400)</u>
Net OPEB Liability December 31, 2024	<u>\$144,868,803</u>

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

The following presents the net OPEB liability as of December 31, 2024 and 2023, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2024</u>		
	<u>At 1% Decrease (3.28%)</u>	<u>At Current Discount Rate (4.28%)</u>	<u>At 1% Increase (5.28%)</u>
Liability	\$167,400,269	\$144,868,803	\$126,760,577
	<u>December 31, 2023</u>		
	<u>At 1% Decrease (3.00%)</u>	<u>At Current Discount Rate (4.00%)</u>	<u>At 1% Increase (5.00%)</u>
Liability	\$189,251,996	\$163,275,203	\$142,386,828

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

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

The following presents the net OPEB liability as of December 31, 2024 and 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	December 31, 2024		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Liability	\$125,569,249	\$144,868,803	\$169,251,763
	December 31, 2023		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Liability	\$140,764,769	\$163,275,203	\$191,822,651

**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	541
Retirees and Spouses	323

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

**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, 2023 has 241 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the City is \$42,709,885. This is the latest information available as of the date of this audit.

## **11. 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 PFRS 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.

### **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 2024, there were sixty-one (61) officials or employees enrolled in the DCRP. During 2024, the City contributed the amount of \$36,896.56.

## **12. 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.

**12. MUNICIPAL DEBT (Continued)**

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<b><u>Issued</u></b>			
<b>General:</b>			
Bonds and Notes	\$ 49,780,000.00	\$ 45,683,000.00	\$ 57,100,000.00
MCIA Pooled Loan	1,446,292.00	1,881,961.81	2,301,450.36
Green Trust Loan	966,666.83	1,064,102.71	1,161,538.59
Capital Appreciation Bonds	1,504,505.60	1,871,677.55	2,265,576.05
<b>Water Utility:</b>			
Bonds and Notes	58,875,000.00	61,090,000.00	25,640,000.00
Refunding Bonds			461,000.00
Environmental Infrastructure Loan	2,485,217.56	3,700,999.95	4,903,153.38
<b>Sewer Utility:</b>			
Bonds and Notes	16,132,000.00	17,233,000.00	16,172,000.00
Refunding Bonds			189,000.00
Waste Water Treatment Loan			253,662.86
	<u>131,189,681.99</u>	<u>132,524,742.02</u>	<u>110,447,381.24</u>
<b><u>Authorized but Not Issued</u></b>			
<b>General:</b>			
Bonds and Notes	10,225,480.04	10,225,480.04	4,201,870.01
<b>Water Utility:</b>			
Bonds and Notes	96,425,755.00	36,000,755.00	16,002,755.00
<b>Sewer Utility:</b>			
Bonds and Notes			2,002,000.00
	<u>106,651,235.04</u>	<u>46,226,235.04</u>	<u>22,206,625.01</u>
<b>Net Bonds and Notes Issued and Authorized but Not Issued</b>	<u><b>\$237,840,917.03</b></u>	<u><b>\$178,750,977.06</b></u>	<u><b>\$132,654,006.25</b></u>

**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 1.273%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 7,730,000.00	\$ 7,730,000.00	\$
Utilities	173,917,972.56	173,917,972.56	
<b>General:</b>			
Municipal	56,192,944.47	1,654,639.42	54,538,305.05
Outside Agencies - Guarantees	187,620,000.00	187,620,000.00	
	<u>\$425,460,917.03</u>	<u>\$370,922,611.98</u>	<u>\$54,538,305.05</u>

Net debt of \$54,538,305.05 divided by the Equalized Valuation Basis per N.J.S. 40:2-2, \$4,285,402,389.33 equals 1.273%.

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

3 1/2% of Equalized Valuation Basis	\$149,989,083.63
Net Debt	<u>54,538,305.05</u>
<b>Remaining Borrowing Power</b>	<u><b>\$ 95,450,778.58</b></u>

**12. MUNICIPAL DEBT (Continued)**

**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		\$21,999,208.78
Deductions:		
Operating and Maintenance Costs	\$13,465,327.09	
Debt Service per Water Utility Operating Fund	<u>5,876,916.83</u>	
		<u>19,342,243.92</u>
Excess in Revenue		<u>\$ 2,656,964.86</u>

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$20,970,387.38
Deductions:		
Operating and Maintenance Costs	\$14,221,001.20	
Debt Service per Sewer Utility Operating Fund	<u>1,494,331.77</u>	
		<u>15,715,332.97</u>
Excess in Revenue		<u>\$ 5,255,054.41</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.

**12. MUNICIPAL DEBT (Continued)**

As of December 31, 2024, 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%. \$ 3,300,000.00

\$17,725,000, 2017 Bonds due in annual installments of \$125,000 to \$1,575,000 through 2049, interest at 3.25% to 5.00%. \$17,485,000.00

\$22,555,000, 2019 Bonds due in annual installments of \$2,055,000 to \$2,510,000 through February 2030, interest at 3.00% to 5.00%. \$13,650,000.00

\$7,615,000, 2024 Bonds due in annual installments of \$330,000 to \$660,000 through April 2037, interest at 4.00% to 5.00%. \$ 7,615,000.00

**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. \$ 1,504,505.60

**Water Utility Bonds**

\$3,271,000, 2010 Bonds due in annual installments of \$671,000 through September 2025, interest at 4.00%. \$ 671,000.00

\$4,773,000, 2015 Bonds due in annual installments of \$599,000 to \$600,000 through March 2032, interest at 3.00% to 4.00%. \$ 4,799,000.00

**Water Utility Bonds (Continued)**

\$13,500,000, 2019 Bonds due in annual installments of \$745,000 to \$835,000 through February 2037, interest at 3.000% to 5.000%. \$10,660,000.00

\$5,745,000, 2024 Bonds due in annual installments of \$170,000 to \$335,000 through April 2042, interest at 4.00% to 5.00%. \$ 5,745,000.00

**12. 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 4.00%.

**\$1,204,000.00**

\$4,773,000, 2015 Bonds due in annual installments of \$160,000 to \$240,000 through March 2041, interest at 3.00% to 4.00%.

**\$3,673,000.00**

\$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%.

**\$6,770,000.00**

\$4,485,000, 2024 Bonds due in annual installments of \$145,000 to \$285,000 through April 2042, interest at 4.00% to 5.00%.

**\$4,485,000.00**

**12. 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
2025	\$ 3,610,000.00	\$ 1,748,301.50	\$ 2,186,000.00	\$ 875,489.00	\$ 1,065,000.00	\$ 672,338.26
2026	3,730,000.00	1,440,112.50	1,665,000.00	672,840.00	1,145,000.00	539,261.26
2027	3,855,000.00	1,287,787.50	1,705,000.00	607,565.00	1,180,000.00	492,086.26
2028	3,200,000.00	1,147,837.50	1,735,000.00	543,190.00	1,219,000.00	444,886.26
2029	3,330,000.00	1,009,087.50	1,760,000.00	475,715.00	940,000.00	395,160.63
2030	3,470,000.00	877,237.50	1,765,000.00	410,990.00	955,000.00	359,207.50
2031	1,000,000.00	796,837.50	1,765,000.00	349,565.00	990,000.00	324,732.50
2032	1,040,000.00	756,087.50	1,769,000.00	288,957.50	1,020,000.00	289,995.00
2033	1,080,000.00	717,337.50	1,170,000.00	240,025.00	1,030,000.00	255,545.00
2034	1,125,000.00	677,287.50	1,170,000.00	201,575.00	1,040,000.00	220,695.00
2035	1,170,000.00	635,775.00	1,170,000.00	163,125.00	1,050,000.00	185,295.00
2036	1,220,000.00	591,525.00	1,170,000.00	124,675.00	1,055,000.00	149,295.00
2037	1,275,000.00	545,525.00	1,170,000.00	86,225.00	1,060,000.00	112,945.00
2038	670,000.00	510,800.00	335,000.00	60,300.00	525,000.00	84,520.00
2039	730,000.00	487,350.00	335,000.00	46,900.00	525,000.00	63,820.00
2040	790,000.00	461,800.00	335,000.00	33,500.00	525,000.00	42,820.00
2041	860,000.00	430,200.00	335,000.00	20,100.00	523,000.00	21,860.00
2042	935,000.00	395,800.00	335,000.00	6,700.00	285,000.00	5,700.00
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>\$42,050,000.00</u>	<u>\$16,055,089.00</u>	<u>\$21,875,000.00</u>	<u>\$5,207,436.50</u>	<u>\$16,132,000.00</u>	<u>\$4,660,162.67</u>

**12. MUNICIPAL DEBT (Continued)**

Capital Appreciation:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,504,505.60</u>	<u>\$ 6,140,438.03</u>	<u>\$ 7,644,943.63</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, 2024 in the amount of \$966,666.83 are as follows:

New Brunswick Landing	\$ 141,025.71
New Brunswick Landing	530,769.28 *
New Brunswick Landing	235,897.44 *
New Brunswick Landing	<u>58,974.40 *</u>
Balance December 31, 2024	<u>\$ 966,666.83</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>
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>\$966,666.83</u>	<u>\$966,666.83</u>



**13. 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:

**School Refunding Bonds**

\$29,505,000, 2010 Refunding Bonds due in annual installments of \$2,005,000 to \$2,025,000 through October 2028, interest at 4.00% to 4.25%. \$7,730,000.00

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>
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>\$7,730,000.00</u>	<u>\$768,525.00</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, 2024.

**14. 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>\$187,620,000.00</u>

**15. 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:

**15. LEASES (Continued)**

<u>Year</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2025	\$ 53,008.80	\$1,536,730.00
2026	29,587.01	1,503,605.00
2027	11,487.24	1,500,632.50
2028	5,195.61	1,499,082.50
2029	<u>1,168.37</u>	<u>1,498,690.00</u>
Total Future Minimum Lease Payments	<u>\$100,447.03</u>	<u>\$7,538,740.00</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>
2025	\$ 42,293.31
2026	43,019.15
2027	<u>37,759.54</u>
Total Future Minimum Lease Payments	<u>\$123,072.00</u>

**16. 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.



**19. 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, 2024:

	<u>Balance Dec. 31, 2024</u>	<u>2025 Budget Requirement</u>
Current Fund:		
Special Emergency Authorization - Master Plan	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>
*Special Emergency - COVID	<u>\$4,200,000.00</u>	<u>\$600,000.00</u>

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

**20. 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 AIG Retirement Services.

**21. 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.

## **22. 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 \$14,339,868.30 computed internally at the 2024 salary rates would be payable to officials and employees of the City of New Brunswick as of December 31, 2024 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, 2024 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.

**23. 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").

**24. SUBSEQUENT EVENTS**

The City of New Brunswick has evaluated subsequent events that occurred after the balance sheet date, but before September 16, 2025 and it was determined that there were no reportable items.

**APPENDIX C**

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

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\_\_\_\_\_, 2026

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 \$37,000,000 Water Utility Bonds, Series 2026 (the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined such laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the City adopted on March 18, 2026 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the City, and the City has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon 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 Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the 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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,

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