

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

**REPORT OF AUDIT
WITH SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
As of December 31, 2025

Members

Patricia Lindsay-Harvey
Diallyo Diggs
James Boyer
Kevin McIntosh
Carl Turner
Will Weston
Kimbrali Davis

Position

Chairperson
Vice-Chairperson
Commissioner
Commissioner
Commissioner
Alternate Commissioner
Alternate Commissioner

Other Officials

Emmanuel Stuppard
Rhonda Gigliotti
Richard A. Alaimo Associates
Environmental Resources
Pennoni Associates
Jason Holt, Esq.
of Chiesa Shahinian & Giantomasi
TD Bank, National Association
CEB LLC
McManimon, Scotland & Baumann LLC

Executive Director
Finance Director
Consulting Engineers
Consulting Engineers
Consulting Engineers
Solicitor
Trustee for Bondholders
Insurance Broker
Bond Counsel

**WILLINGBORO MUNICIPAL UTILITIES
AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**



INDEPENDENT AUDITORS' REPORT

The Chairperson and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro (Authority), as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the 2025 Financial Statements section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2025, and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the 2025 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey (Division). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2025 financial statements.

Basis for Qualified Opinion on the 2025 Financial Statements (Cont'd)

Matter Giving Rise to the Qualified Opinion on the 2025 Financial Statements

As more fully described in Note 4, the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey and the information on the Authority Plan has not been updated. As a result, the Authority has not recorded the related expenses in the statement of revenues, expenses and changes in net position. Accounting principles generally accepted in the United States of America require that such expense be recorded, which would affect deferred inflows and outflows of resources related to OPEB, net OPEB liability, unrestricted net position, expenses and the note disclosures in the 2025 basic financial statements. The amount by which this departure would affect the basic financial statements is not reasonably determinable.

Emphasis of Matter

Report on Prior Year Financial Statements

The financial statements of the Authority as of December 31, 2024, were audited by Bowman & Company LLP, whose owners became partners with PKF O'Connor Davies, LLP, and whose report, dated August 5, 2025, expressed a qualified opinion on those statements because information for GASBS 68 and 75 was not available or updated as described in Note 4 to the financial statements. As more fully described in Note 12, the Authority has restated its 2024 financial statements during the current year to properly record the transactions related to GASBS 68 and 75, in accordance with accounting principles generally accepted in the United States of America. Bowman & Company LLP reported on the 2024 financial statements before the restatement.

As part of our audit of the 2025 financial statements, we also audited adjustments described in Note 12 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Authority other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Prior Period Restatement

The report for Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, for the State of New Jersey Public Employees' Retirement System has been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey. As a result, the accompanying 2024 financial statements as of and for the year ended December 31, 2024 have been restated, as discussed in Note 12 to the financial statements. Our opinion is not modified with respect to this matter.

The report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") has been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey and the information on the Authority Plan has been updated. As a result, the accompanying 2024 financial statements as of and for the year ended December 31, 2024 have been restated, as discussed in Note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, requirements prescribed by the Division and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information for the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We were unable to apply certain limited procedures to the required supplementary information for the schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability and schedule of the Authority's OPEB contributions, in accordance with auditing standards generally accepted in the United States of America because the information was unavailable. We do not express an opinion or provide any assurance on the information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the Basis for Qualified Opinion on the 2025 Financial Statements section, the accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES, LLP

Voorhees, New Jersey
August 13, 2026

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

The Chairperson and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey (Division), the financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro (Authority), as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 13, 2026. Our report on the financial statements was qualified as a result of information for Postemployment Benefits Other Than Pensions for the measurement date as required by Governmental Accounting Standards Board ("GASB") Statement No. 75 not being available. Our report on the financial statements included an emphasis of matter paragraph that the prior year financial statements were restated as a result of a correction of an error.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



PKF O'CONNOR DAVIES, LLP

Voorhees, New Jersey
August 13, 2026

**Willingboro Municipal Utilities Authority
Management's Discussion and Analysis
For the Years Ended December 31, 2025 and 2024
(Unaudited)**

The Willingboro Municipal Utilities Authority (Authority) provides water and wastewater services to Willingboro Township and portions of Westampton Township. Additionally, the Authority has long-term contracts with the Edgewater Park Sewerage Authority to provide wastewater treatment and with the Townships of Mount Laurel and Evesham for the provision of up to 5 million gallons per day (gpd) of potable water.

This section of the Authority's annual financial report provides a discussion and analysis of the Authority's financial performance for the years ending December 31, 2025 and 2024. The entire annual financial report consists of five parts; Independent Auditors' Reports, the management's discussion and analysis, the basic financial statements, required supplementary information and supplemental schedules.

FINANCIAL HIGHLIGHTS

Comparative Statements of Net Position

During 2024 and 2025, the Authority expended over \$10.7 million dollars for capital additions. These additions consisted primarily of plant improvements, upgrades related to the well 5a PFOS and Edge Lane tank improvements.

Total assets at the end of 2025 equaled \$123,196,356.04. \$58,819,151.44 of the total was comprised of capital assets.

The Authority's debt ratio has decreased from .382 at the end of 2024 to .332 at the end of 2025. This is a result of the Authority continuing to pay down existing debt while assets continued to increase.

Comparative Statements of Revenues, Expenses and Changes in Net Position

In 2025, the Authority generated operating income of \$5,080,872.17, a decrease of \$1,962,291.95 when compared to 2024.

The water and sewer rates increased in 2025. The minimum quarterly rate went from \$158.83 (sewer \$75.33 and water \$83.50 per quarter) in 2024 to \$169.79 (sewer \$82.11 and water \$87.68 per quarter) in 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America that are promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital assets, which meet certain criteria, are capitalized and depreciated over their useful lives (with the exception of land and construction in progress). A summary of the Authority's significant accounting policies is described in the "Notes to the Financial Statements" which is included with the audit as described above.

The comparative statements of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position regardless of when cash is received or paid. Net position – the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

The comparative statements of revenues, expenses and changes in net position provides a breakdown of the various areas of revenues and expenses encountered during the current year.

The comparative statements of cash flows provides a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Management's Discussion and Analysis (Cont'd) (Unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Overall, the Authority's finances in 2025 continue to show improvement with an increase overall net position. Operating expenses increased by \$1,291,945.89 or 10.24% and operating revenues decreased by \$670,346.06 or -3.41%. The increase in expenditures was driven by increased benefit costs, while decreased revenues were primarily a result of decreased connection fees. Non-operating revenues and contributions increased by \$3,142,380.26, mainly due to legal settlements related to the Aqueous film-forming foam products liability litigation and capital contributions. Non-operating expenses increased by \$13,725.42, which is consistent with the prior year. These items resulted in the Authority's net position increasing by \$8,953,062.31.

The table below compares the percent change in revenues and appropriations from one year to the next over the past five years.

Operating Fund Trends Percent Change from Year to Year Over the Last 5 Years

	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	Average % Change	CY Difference
Water Operating Revenues	1.89%	4.22%	23.06%	6.87%	-3.00%	6.61%	-9.61%
Water Operating Expenses	0.16%	0.94%	-3.24%	26.41%	7.06%	6.26%	0.79%
Sewer Operating Revenues	2.17%	9.20%	27.02%	5.65%	-3.78%	8.05%	-11.83%
Sewer Operating Expenses	-15.85%	19.67%	12.59%	7.40%	2.29%	5.22%	-2.93%

Since 2020, revenues of the Authority increased by just over \$5.3 million while the cost of service (exclusive of depreciation) has only increased by approximately \$2.5 million. Employee related costs continue to be the largest component of the operating budget. Increases in salaries, health insurance and pension are expected to rise ahead of the rate of inflation and will continue to have a significant impact upon the Authority's overall financial position.

The amount of the Authority's total liabilities decreased in 2025 by approximately \$3 million dollars as compared to 2024. This is primarily the result of the decrease in outstanding NJIB Loans.

There are significant challenges ahead for the Authority to find new sources of revenue, charge appropriate service rates, continue to attempt to reduce operating expenses and continue to invest in its aging infrastructure. The Authority's infrastructure continues to age and the need to invest more funds in the infrastructure will become more and more pressing. Most of the funding for a more aggressive capital program will likely need to be generated through rate increases and the issuance of bonds or loans. Over the past several years, the Authority has conducted an extensive evaluation of its existing infrastructure and has adopted a plan to address its improvement.

Management's Discussion and Analysis (Cont'd) (Unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit A Comparative Statements of Net Position As of December 31, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u> (Restated)	<u>2023</u>	<u>Change from 2024 to 2025</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Current Assets					
Unrestricted Assets	\$ 41,457,799.70	\$ 33,427,696.07	\$ 26,689,198.93	\$ 8,030,103.63	24.02%
Restricted Assets	19,070,186.44	24,781,140.09	29,996,188.32	(5,710,953.65)	-23.05%
Non-Current Assets					
Lease Receivable	3,849,218.46	3,936,140.82	2,173,207.44	(86,922.36)	-2.21%
Capital Assets	58,819,151.44	56,960,511.12	54,082,382.41	1,858,640.32	3.26%
Total Assets	\$ 123,196,356.04	\$ 119,105,488.10	\$ 112,940,977.10	\$ 4,090,867.94	3.43%
Deferred Outflows of Resources	\$ 8,101,757.90	\$ 6,872,429.90	\$ 4,196,088.71	\$ 1,229,328.00	17.89%
Liabilities					
Current Liabilities					
Unrestricted Liabilities	\$ 2,935,057.65	\$ 2,802,020.67	\$ 2,469,754.70	\$ 133,036.98	4.75%
Restricted Liabilities	21,304,426.16	27,484,882.64	20,702,171.37	(6,180,456.48)	-22.49%
Long-Term Liabilities	42,340,217.06	39,376,743.97	45,134,602.46	2,963,473.09	7.53%
Total Liabilities	\$ 66,579,700.87	\$ 69,663,647.28	\$ 68,306,528.53	\$ (3,083,946.41)	-4.43%
Deferred Inflows of Resources	\$ 10,162,394.18	\$ 10,711,314.14	\$ 11,014,280.12	\$ (548,919.96)	-5.12%
Net Position					
Net Investment in Capital Assets	\$ 30,221,460.31	\$ 27,988,573.62	\$ 24,705,912.15	\$ 2,232,886.69	7.98%
Restricted	9,635,712.17	8,810,194.51	8,496,282.77	825,517.66	9.37%
Unrestricted	14,698,846.41	8,804,188.45	4,614,062.24	5,894,657.96	66.95%
Total Net Position	\$ 54,556,018.89	\$ 45,602,956.58	\$ 37,816,257.16	\$ 8,953,062.31	19.63%

Management's Discussion and Analysis (Cont'd)
(Unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit B

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u> (Restated)	<u>2023</u>	<u>Change from 2024 to 2025</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenues					
Service Charges	\$ 14,191,008.43	\$ 13,722,436.89	\$ 12,138,493.65	\$ 468,571.54	3.41%
Intergovernmental Service Agreements	3,255,780.14	2,997,918.33	2,458,052.30	257,861.81	8.60%
Connection Fees	621,732.80	1,917,295.00	2,919,681.50	(1,295,562.20)	-67.57%
Other Operating Revenue	926,085.31	1,027,302.52	983,006.35	(101,217.21)	-9.85%
Total Operating Revenue	<u>18,994,606.68</u>	<u>19,664,952.74</u>	<u>18,499,233.80</u>	<u>(670,346.06)</u>	<u>-3.41%</u>
Operating Expenses					
Administration	3,088,642.18	2,700,866.08	2,156,321.50	387,776.10	14.36%
Cost of Providing Services	7,440,833.42	7,132,876.72	6,204,776.80	307,956.70	4.32%
Major Repairs	17,172.17	125,143.72	560,346.94	(107,971.55)	-86.28%
Depreciation	3,367,086.74	2,662,902.10	2,577,590.16	704,184.64	26.44%
Total Operating Expenses	<u>13,913,734.51</u>	<u>12,621,788.62</u>	<u>11,499,035.40</u>	<u>1,291,945.89</u>	<u>10.24%</u>
Non-Operating Revenue (Expenses)	<u>2,872,190.14</u>	<u>743,535.30</u>	<u>(150,890.02)</u>	<u>2,128,654.84</u>	<u>286.29%</u>
Contributed Capital	<u>1,000,000.00</u>	<u>-</u>	<u>3,452,972.00</u>	<u>1,000,000.00</u>	<u>100.00%</u>
Change in Net Position	<u>8,953,062.31</u>	<u>7,786,699.42</u>	<u>10,302,280.38</u>	<u>1,166,362.89</u>	<u>14.98%</u>
Net Position - Beginning	<u>45,602,956.58</u>	<u>37,816,257.16</u>	<u>27,513,976.78</u>	<u>7,786,699.42</u>	<u>20.59%</u>
Net Position - Ending	<u>\$ 54,556,018.89</u>	<u>\$ 45,602,956.58</u>	<u>\$ 37,816,257.16</u>	<u>\$ 8,953,062.31</u>	<u>19.63%</u>

Management's Discussion and Analysis (Cont'd) **(Unaudited)**

BUDGET VARIANCES

Total excess revenues over expenses - budgetary basis were \$2,375,740.18.

The largest sewer revenue variations were residential service fees and investment income, which amounted to - \$185,001.44 and \$611,090.52 compared to the projected budget. These variances were due to decreased usage and the increase in interest rates and cash balances earning interest. The largest water revenue variations were in intergovernmental service charges, investment income and other miscellaneous revenue. These amounted to a favorable variances of \$485,804.85, \$657,014.49 and \$442,529.44 more than the budget projected. These variances were due to the increase in usage by governmental agencies, the increase in interest rates and cash balances earning interest and the Authority continuing to collect interest on delinquent accounts.

There were only minimal sewer and water expenditure variations during the year with both administration and cost of service expenditures coming in under budget. The renewal and replacement appropriation were over expended as a result of the Authority taking on additional capital projects.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

SEWER

The proposed five-year Capital Program for the Sewer Department totals \$108,906,680.00. The major line items making up a portion of the Sewer Capital Budget are:

1. Collection Equipment and Vehicles
2. Treatment Plant Improvements
3. Sanitary Sewer Rehab
4. Clarifiers
5. Sludge Dewatering Facility

WATER

The proposed five-year Capital Program for the Water Department totals \$53,459,700.00. The major line items making up a portion of the Water Capital Budget are:

6. Water Plant Upgrades
7. Equipment and Vehicles
8. Well & Tank Rehabilitation
9. Meribrook PFOS Facility

The Authority has not experienced any change in its credit rating, nor does it anticipate any. The Authority does not operate under any debt limitations; it is required to receive approval from the Township and the Local Finance Board prior to issuing debt.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Authority customers, investors, clients and creditors, with an overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact Emmanuel Stuppard, Executive Director, Willingboro Municipal Utilities Authority, 433 John F. Kennedy Way, Willingboro, New Jersey 08046. You may also visit our web site www.wmua.info.

BASIC FINANCIAL STATEMENTS

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 35,397,163.30	\$ 27,450,842.42
Consumer Accounts Receivable	3,559,822.72	3,987,350.84
Intergovernmental Service Agreements Receivable	690,355.81	905,629.41
Legal Settlement Receivable	630,302.64	
Other Accounts Receivable	626,351.96	560,589.56
Current Portion of Lease Receivable	86,922.36	77,632.87
Investment Income Receivable	73,488.17	63,661.36
Inventory	393,392.74	381,989.61
Total Unrestricted Assets	<u>41,457,799.70</u>	<u>33,427,696.07</u>
Restricted Assets:		
Cash and Cash Equivalents	3,971,767.11	5,947,222.04
NJIB Loan Receivable	15,091,212.40	18,820,649.00
Interest Income Receivable	7,206.93	13,269.05
Total Restricted Assets	<u>19,070,186.44</u>	<u>24,781,140.09</u>
Total Current Assets	<u>60,527,986.14</u>	<u>58,208,836.16</u>
Non-Current Assets:		
Lease Receivable	<u>3,849,218.46</u>	<u>3,936,140.82</u>
Capital Assets:		
Construction in Progress	10,857,022.89	15,163,765.70
Completed (net of depreciation)	47,962,128.55	41,796,745.42
Total Capital Assets	<u>58,819,151.44</u>	<u>56,960,511.12</u>
Total Non-Current Assets	<u>62,668,369.90</u>	<u>60,896,651.94</u>
Total Assets	<u>123,196,356.04</u>	<u>119,105,488.10</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	6,541,924.90	6,541,924.90
Related to Pensions	1,559,833.00	330,505.00
Total Deferred Outflows of Resources	<u>8,101,757.90</u>	<u>6,872,429.90</u>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
LIABILITIES		
Current Liabilities Payable from		
Unrestricted Assets:		
Accounts Payable	\$ 532,944.61	\$ 382,651.83
Accounts Payable - Related to Pension	497,728.00	355,202.00
Accrued Wages	58,312.23	203,350.86
Unearned Revenue	1,172,274.33	1,091,663.69
Overpaid Consumer Accounts Receivable	135,576.12	224,218.25
Current Portion of OPEB Liability	495,642.55	495,642.55
Current Portion of Compensated Absences Payable	42,579.81	49,291.49
Total Current Liabilities Payable from		
Unrestricted Assets	2,935,057.65	2,802,020.67
Current Liabilities Payable from		
Restricted Assets:		
Accrued Interest Payable	186,472.10	178,545.79
Accounts Payable	827,990.82	349,255.79
Cost of Issuance Payable	53,781.00	99,961.00
Retainage Payable		69,167.23
Planning Escrow Deposits	181,564.62	192,992.68
Accrued Liabilities	86,781.56	86,781.56
Current Portion of NJIB Loans Payable	19,967,836.06	26,508,178.59
Total Current Liabilities Payable		
from Restricted Assets	21,304,426.16	27,484,882.64
Total Current Liabilities	24,239,483.81	30,286,903.31
Long-term Liabilities:		
Compensated Absences Payable	383,218.31	443,623.43
OPEB Liability	15,206,139.45	15,206,139.45
Accrued Liabilities - Related to Pension	248,864.00	177,601.00
Net Pension Liability	4,479,039.00	3,547,019.00
NJIB Loans Payable	22,022,956.30	20,002,361.09
Total Long-Term Liabilities	42,340,217.06	39,376,743.97
Total Liabilities	66,579,700.87	69,663,647.28
DEFERRED INFLOWS OF RESOURCES		
Reserve for Connection Fees	401,547.47	813,490.47
Related to Leases	3,554,202.71	3,732,622.67
Related to OPEB	5,420,674.00	5,420,674.00
Related to Pensions	785,970.00	744,527.00
Total Deferred Inflows of Resources	10,162,394.18	10,711,314.14

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
NET POSITION		
Net Investment in Capital Assets	\$ 30,221,460.31	\$ 27,988,573.62
Restricted for:		
Bond Resolution Covenants	9,411,288.45	8,583,203.45
Unemployment Compensation	224,423.72	226,991.06
Unrestricted	<u>14,698,846.41</u>	<u>8,804,188.45</u>
Total Net Position	<u>\$ 54,556,018.89</u>	<u>\$ 45,602,956.58</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Revenues, Expenses and Changes in Net Position
For The Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
Operating Revenues:		
Service Fees	\$ 14,191,008.43	\$ 13,722,436.89
Intergovernmental Service Agreements	3,255,780.14	2,997,918.33
Connection Fees	621,732.80	1,917,295.00
Other Operating Revenues	926,085.31	1,027,302.52
Total Operating Revenues	<u>18,994,606.68</u>	<u>19,664,952.74</u>
Operating Expenses:		
Administration:		
Salaries and Wages	1,231,569.96	1,182,183.93
Fringe Benefits	498,529.60	318,476.42
Other Expenses	1,358,542.62	1,200,205.73
Total Administration	<u>3,088,642.18</u>	<u>2,700,866.08</u>
Cost of Providing Service:		
Salaries and Wages	2,580,496.08	2,483,242.96
Fringe Benefits	1,512,834.20	963,328.75
Other Expenses	3,347,503.14	3,686,305.01
Total Cost of Providing Service	<u>7,440,833.42</u>	<u>7,132,876.72</u>
Major Repairs	17,172.17	125,143.72
Depreciation	3,367,086.74	2,662,902.10
Total Operating Expenses	<u>13,913,734.51</u>	<u>12,621,788.62</u>
Operating Income	<u>5,080,872.17</u>	<u>7,043,164.12</u>
Non-operating Revenue (Expenses):		
Investment Income	1,298,105.01	1,228,743.15
Net Unemployment Activity	(9,970.30)	7,661.88
Net Legal Settlements	2,025,549.15	
Lease Interest Income	149,675.06	94,543.93
Cost of Issuance	(1,802.00)	
Interest Expense	(389,366.78)	(387,413.66)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
Total Non-operating Revenues	<u>2,872,190.14</u>	<u>743,535.30</u>
Income Before Contributions	7,953,062.31	7,786,699.42
Contributed Capital	1,000,000.00	-
Change in Net Position	8,953,062.31	7,786,699.42
Net Position - Beginning	45,602,956.58	37,816,257.16
Net Position - Ending	<u>\$ 54,556,018.89</u>	<u>\$ 45,602,956.58</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For The Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 18,081,558.80	\$ 17,318,488.19
Payments to Employees	(6,077,661.27)	(5,585,008.10)
Payments to Suppliers	(4,584,328.28)	(5,112,585.38)
Other Operating Receipts	1,119,000.68	1,619,154.58
Net Cash Provided by Operating Activities	8,538,569.93	8,240,049.29
Cash Flows From Noncapital Financing Activities:		
Unemployment Activity	(9,970.30)	7,661.88
Net Legal Settlements	1,395,246.51	
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
Planning Escrow Activity	(13,516.91)	88,911.06
Net Cash Used in Noncapital Financing Activities	1,171,759.30	(103,427.06)
Cash Flows From Capital and Related Financing Activities :		
Capital Acquisitions	(4,745,568.18)	(5,339,921.97)
Retainage Payable	(69,167.23)	(25,388.98)
Cost of Issuance	(47,982.00)	
Grant Receipts		3,452,972.00
NJIB Drawdowns	2,032,701.95	2,591,658.00
Debt Service Principal	(1,756,093.15)	(1,775,497.15)
Debt Service Interest	(447,694.99)	(467,618.76)
Net Cash Used in Capital and Related Financing Activities	(5,033,803.60)	(1,563,796.86)
Cash Flows From Investing Activities:		
Income	1,294,340.32	1,194,543.33
Generation of Investments (Solar Renewable Energy Credits)		(7,645.34)
Proceeds from Sales of Investments		251,045.34
Net Cash Provided by Investing Activities	1,294,340.32	1,437,943.33
Net Increase in Cash and Cash Equivalents	5,970,865.95	8,010,768.70
Cash and Cash Equivalents - Beginning (including \$5,947,222.04 and \$5,120,157.01 reported as restricted)	33,398,064.46	25,387,295.76
Cash and Cash Equivalents - Ending (including \$3,971,767.11 and \$5,947,222.04 reported as restricted)	\$ 39,368,930.41	\$ 33,398,064.46

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For The Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (Restated)
Cash Flows from Operating Activities:		
Operating Income	\$ 5,080,872.17	\$ 7,043,164.12
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	3,367,086.74	2,662,902.10
Lease Interest Income	149,675.06	94,543.93
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Pension Related Items	(42,076.00)	(463,484.00)
OPEB Related Items		(195,302.19)
Lease Related Items	(100,787.09)	63,025.53
Consumer Accounts Receivable	427,528.12	1,385,795.60
Intergovernmental Service Fees Receivable	215,273.60	(679,623.21)
Other Accounts Receivable	(65,762.40)	(499,030.44)
Inventory	(11,403.13)	14,938.73
Accounts Payable	150,292.78	(115,869.65)
Accrued Wages	(145,038.63)	37,754.90
Unearned Revenue	80,610.64	40,963.46
Overpaid Consumer Accounts Receivable	(88,642.13)	(149,002.88)
Compensated Absences	(67,116.80)	(16,744.75)
Reserve for Connection Fees	(411,943.00)	(983,981.96)
Net Cash Provided by Operating Activities	<u>\$ 8,538,569.93</u>	<u>\$ 8,240,049.29</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Willingboro Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by an ordinance adopted on December 3, 1956 by the governing body of the Township of Willingboro (the "Township"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. By ordinance of the governing body of the Township adopted October 7, 1957, the Authority was reorganized as a municipal utilities authority pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created for the purpose of constructing, maintaining and operating water supply and distribution and sewerage collection and treatment facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the Township from pollution or threatened pollution and for the improvement of conditions affecting the public health.

The Authority currently provides water supply and sewerage collection and treatment service to all residences and businesses within the Township and a portion of Westampton Township. The Authority also provides bulk water to Mt. Laurel Township and sewerage treatment service to Edgewater Park Township.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic, but not the only-criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Willingboro. However, the Township of Willingboro financial statements are prepared on the regulatory basis of accounting prescribed by the State of New Jersey and accordingly, the financial statements of the Authority do not appear in the Township's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Certain types of expenses are not included in the budget appropriations such as depreciation, pension expense, and other postemployment benefits (OPEB) expense.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets and Budgetary Accounting (Cont'd)**

The legal level of budgetary control is established at the same level of detail shown on the comparative statements of revenues, expenses and changes in net position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did adopt an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of the school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Inventory**

Inventory is recorded at cost and consists principally of spare parts for the infrastructure and chemicals for the treatment of water and sewerage. The Authority has determined that the inventories are material and are recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable year end. The Authority had no prepaid expenses for the year ended December 31, 2025 and 2024.

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1994 are stated at estimated cost. Assets purchased since are stated at actual cost.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Lease assets are measured on the statements of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Subscription assets are measured on the statements of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Amortization and Depreciation

Amortization on lease and subscription assets and depreciation on other capital assets is computed using the straight-line method over the shorter of the lease term or the following useful lives:

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	7-20
Vehicles	8-15
Infrastructure	10-25
Subscription Assets	5-10

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Bond Discounts / Bond Premiums**

Bond discounts / bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond discounts / bond premiums are presented as an adjustment of the face amount on the bonds.

Deferred Outflows and Deferred Inflows of Resources

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net assets that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net assets that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: leases, connection fees received prior to providing water and sewer services, defined benefit pension plans and postemployment benefit plans.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as paid time off (PTO), sick leave, vacation leave, compensatory time, and certain types of sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue is recorded as a liability until the revenue is measurable and the Authority is eligible to realize the assets as revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (benefit), information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation or amortization of intangible capital assets, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from water treatment and sewer collection facilities (e.g., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and money market funds.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection systems and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, debt issue costs, gains or losses from the disposal of capital assets and contributions to Willingboro Township.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Policies**Recently Issued and Adopted Accounting Pronouncements**

Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue vulnerable to the risk of a substantial impact. The adoption of this Statement had no impact on the Authority's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future years as indicated below:

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. This Statement also addresses certain application issues. That objective is achieved by improving the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The Statement will become effective for the Authority in the year ending December 31, 2026. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement also requires additional disclosures for capital assets held for sale. That objective is achieved by improving financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The Statement will become effective for the Authority in the year ending December 31, 2026. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Statement No. 105, *Subsequent Events*, establishes guidance for the recognition and disclosure of events occurring after the financial statement date but before the financial statements are issued (or available to be issued). The Statement requires governments to distinguish between recognized subsequent events (those requiring adjustment to the financial statements) and nonrecognized subsequent events (those requiring disclosure only), and to disclose the date through which subsequent events were evaluated. The Statement will become effective for the Authority in the year ending December 31, 2027. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 17, 1986 and Supplemental Resolutions adopted April 11 and May 5, 1991, October 15 and November 12, 1996, September 15 and October 1, 1998, March 20 and March 28, 2001 and August 20, 2002 (collectively the "Senior Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Account - The balance on deposit must be equal to at least 50% of the annual appropriation for operating expenses. At December 31, 2025, the balance in the operating account meets the requirements of the Bond Resolution.

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At December 31, 2025, the balance in the bond service account meets the requirements of the Bond Resolution.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**General Bond Resolution**

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service. At December 31, 2025, the balance in the bond reserve account meets the requirements of the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At December 31, 2025, the balance in the renewal and replacement account meets the requirements of the Bond Resolution.

General Account - All excess funds of the Authority are recorded in the general account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Debt Service Coverage

Section 709 of the Senior Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with this covenant is calculated as follows:

	<u>2025</u>	<u>2024</u> <u>(Restated)</u>
Net Revenues		
Operating Income (Exhibit B)	\$ 5,080,872.17	\$ 7,043,164.12
Add: Depreciation Expense	3,367,086.74	2,662,902.10
Major Repairs & Other Expenses	17,172.17	125,143.72
GASB 68 and 75	(42,076.00)	(647,350.19)
Interest Revenue	1,298,105.01	1,228,743.15
	<u>\$ 9,721,160.09</u>	<u>\$ 10,412,602.90</u>
Senior Debt Service		
Interest Charges	\$ 76,421.20	\$ 88,730.98
Debt Principal	473,104.16	469,221.90
	<u>\$ 549,525.36</u>	<u>\$ 557,952.88</u>
Total Senior Debt Service	<u>\$ 549,525.36</u>	<u>\$ 557,952.88</u>
Net Revenues	<u>\$ 9,721,160.09</u>	<u>\$ 10,412,602.90</u>
Senior Debt Service	<u>\$ 549,525.36</u>	<u>\$ 557,952.88</u>
	<u>1769.01%</u>	<u>1866.22%</u>

This ratio meets the required debt service coverage.

Junior Lien Bond Resolution

The Authority is further subject to the provisions and restrictions of the Junior Lien Bond Resolution adopted August 18, 2009 (the "Junior Lien Resolution"). Section 402 of the Junior Lien Resolution creates a direct and special obligation on the Authority where the full faith and credit of the Authority is pledged to the payment of principal and interest on the Junior Lien Bond authorized under the Junior Lien Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Junior Lien Bonds is subject to prior obligation of the Authority to apply such revenues or other funds to the payment of operating expenses. The pledge of revenues and other such funds is subordinate to the provisions of the Senior Bond Resolution and the lien and pledge created by the Senior Bond Resolution.

Note 3: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings or funds that may pass to the Authority relative to the happening of a future condition.

As of December 31, 2025 and 2024, the Authority's bank balances of \$39,406,881.78 and \$33,792,431.19 were exposed to custodial credit risk as follows:

	<u>2025</u>	<u>2024</u>
Insured by FDIC	\$ 1,333,877.97	\$ 1,702,916.49
Insured by GUDPA	7,847,659.39	7,853,855.00
Insured and Collateralized	29,997,180.35	23,941,501.11
Uninsured and Uncollateralized	<u>228,164.07</u>	<u>294,158.59</u>
Total	<u>\$ 39,406,881.78</u>	<u>\$ 33,792,431.19</u>

Consumer Accounts Receivable

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2025	\$ 3,987,350.84	\$ 14,191,008.43	\$ 15,218,884.90	83.72%
2024	5,373,146.44	13,722,436.89	15,828,066.34	82.89%
2023	4,588,245.10	12,138,493.65	11,999,627.91	71.74%

Leases Receivable

The Authority reported leases receivable of \$3,936,140.82 and \$4,013,773.69 at December 31, 2025 and 2024, respectively.

The Authority reported lease revenue of \$178,419.96, and interest revenue of \$149,675.06 related to lease payments received during the year ended December 31, 2025

The leases as of December 31, 2025 are summarized as follows:

<u>Lease Description</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Towers	<u>\$ 3,936,140.82</u>	<u>\$ 178,419.96</u>	<u>\$ 149,675.06</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Leases Receivable (Cont'd)**

The Authority reported lease revenue of \$132,901.60, and interest revenue of \$94,543.93 related to lease payments received during the year ended December 31, 2024.

The leases as of December 31, 2024 are summarized as follows:

<u>Lease Description</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Towers	<u>\$ 4,013,773.69</u>	<u>\$ 132,901.60</u>	<u>\$ 94,543.93</u>

Cell Tower Leases – On July 1, 2007, the Authority entered into a five-year lease agreement with 4 five-year extensions with Verizon for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 4.00%. Based on this agreement, the Authority expects to receive payments through December 31, 2031.

On April 18, 2017, the Authority entered into a five-year lease agreement with 3 five-year extensions with AT&T for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 2.00%. Based on this agreement, the Authority expects to receive payments through April 17, 2042.

On December 1, 2023, the Authority entered into a five-year lease agreement with 3 five-year extensions with Dish Network for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 4.75%. Based on this agreement, the Authority expects to receive payments through November 30, 2043.

On May 1, 2024, the Authority entered into a five-year lease agreement with 4 five-year extensions with T-Mobile for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 3.75%. Based on this agreement, the Authority expects to receive payments through April 30, 2049.

On December 1, 2024, the Authority entered into a five-year lease agreement with 4 five-year extensions with T-Mobile for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 3.75%. Based on this agreement, the Authority expects to receive payments through November 30, 2049.

The following schedule represents the remaining payments of principal and interest for the lease agreements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 86,922.36	\$ 146,867.96	\$ 233,790.32
2027	96,762.50	143,698.15	240,460.65
2028	107,180.76	140,143.44	247,324.20
2029	118,206.01	136,180.49	254,386.50
2030	129,868.82	131,784.68	261,653.50
2031-2035	587,587.21	595,516.82	1,183,104.03
2036-2040	818,134.48	477,772.14	1,295,906.62
2041-2045	1,059,370.77	300,142.31	1,359,513.08
2046-2049	<u>932,107.91</u>	<u>68,097.07</u>	<u>1,000,204.98</u>
Total	<u>\$ 3,936,140.82</u>	<u>\$ 2,140,203.06</u>	<u>\$ 6,076,343.88</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets**

During the year ended December 31, 2025, the following changes in capital assets occurred:

	<u>Balance Jan. 1, 2025</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2025</u>
Capital Assets not being Depreciated					
Land	\$ 1,530,698.44				\$ 1,530,698.44
Construction in Progress	15,163,765.70	\$ 5,225,727.06	\$ (9,532,469.87)		10,857,022.89
Total Capital Assets not being Depreciated	16,694,464.14	5,225,727.06	(9,532,469.87)	\$ -	12,387,721.33
Capital Assets being Depreciated					
Buildings	36,370,017.40		957,367.15	(258,404.55)	37,068,980.00
Major Moveable Equipment	1,915,365.58		242,817.88	(12,478.00)	2,145,705.46
Vehicles	1,690,516.04		958,007.57		2,648,523.61
Infrastructure	63,386,525.98		7,374,277.27		70,760,803.25
Total Capital Assets being Depreciated	103,362,425.00	-	9,532,469.87	(270,882.55)	112,624,012.32
Total Capital Assets	120,056,889.14	5,225,727.06	-	(270,882.55)	125,011,733.65
Less Accumulated Depreciation:					
Buildings	26,756,053.87	823,277.49		(258,404.55)	27,320,926.81
Major Moveable Equipment	1,021,641.46	136,929.20		(12,478.00)	1,146,092.66
Vehicles	1,096,204.44	129,075.67			1,225,280.11
Infrastructure	34,222,478.25	2,277,804.38			36,500,282.63
Total Accumulated Depreciation	63,096,378.02	3,367,086.74	-	(270,882.55)	66,192,582.21
Capital Assets, Net	\$ 56,960,511.12	\$ 1,858,640.32	\$ -	\$ -	\$ 58,819,151.44

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets (Cont'd)**

During the year ended December 31, 2024, the following changes in capital assets occurred:

	<u>Balance</u> <u>Jan. 1, 2024</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Capital Assets not being Depreciated					
Land	\$ 1,530,698.44				\$ 1,530,698.44
Construction in Progress	11,983,104.44	\$ 5,541,030.81	\$ (2,360,369.55)		15,163,765.70
Total Capital Assets not being Depreciated	13,513,802.88	5,541,030.81	(2,360,369.55)	\$ -	16,694,464.14
Capital Assets being Depreciated					
Buildings	35,250,693.59		1,125,123.81	(5,800.00)	36,370,017.40
Major Moveable Equipment	1,672,036.31		280,901.31	(37,572.04)	1,915,365.58
Vehicles	1,640,901.40		124,489.64	(74,875.00)	1,690,516.04
Infrastructure	62,625,888.19		829,854.79	(69,217.00)	63,386,525.98
Total Capital Assets being Depreciated	101,189,519.49	-	2,360,369.55	(187,464.04)	103,362,425.00
Total Capital Assets	114,703,322.37	5,541,030.81	-	(187,464.04)	120,056,889.14
Less Accumulated Depreciation:					
Buildings	26,222,929.10	538,924.77		(5,800.00)	26,756,053.87
Major Moveable Equipment	963,864.04	95,349.46		(37,572.04)	1,021,641.46
Vehicles	1,090,964.44	80,115.00		(74,875.00)	1,096,204.44
Infrastructure	32,343,182.38	1,948,512.87		(69,217.00)	34,222,478.25
Total Accumulated Depreciation	60,620,939.96	2,662,902.10	-	(187,464.04)	63,096,378.02
Capital Assets, Net	\$ 54,082,382.41	\$ 2,878,128.71	\$ -	\$ -	\$ 56,960,511.12

Note 4: DETAIL NOTES – LIABILITIES

During the years ended December 31, 2025 and 2024, the following changes occurred in long-term obligations:

	<u>Balance January 1, 2025 (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2025</u>	<u>Due Within One Year</u>
Loans Payable					
NJIB Loans	\$ 45,462,780.90	\$ 22,016,785.00	\$ (26,517,114.15)	\$ 40,962,451.75	\$ 19,967,836.06
Premium on Loans	1,047,758.78	46,836.35	(66,254.52)	1,028,340.61	
Total Loans Payable	46,510,539.68	22,063,621.35	(26,583,368.67)	41,990,792.36	19,967,836.06
Other Liabilities					
Compensated Absences*	492,914.92		(67,116.80)	425,798.12	42,579.81
OPEB Liability	15,701,782.00			15,701,782.00	495,642.55
Accrued Liabilities - Related to Pension	177,601.00	248,864.00	(177,601.00)	248,864.00	
Net Pension Liability	3,547,019.00	2,368,622.00	(1,436,602.00)	4,479,039.00	
Total Other Liabilities	19,919,316.92	2,617,486.00	(1,681,319.80)	20,855,483.12	538,222.36
Total Long-Term Liabilities	\$ 66,429,856.60	\$ 24,681,107.35	\$ (28,264,688.47)	\$ 62,846,275.48	\$ 20,506,058.42
	<u>Balance January 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2024 (Restated)</u>	<u>Due Within One Year</u>
Loans Payable					
NJIB Loans	\$ 47,238,278.05	\$ 24,761,021.00	\$ (26,536,518.15)	\$ 45,462,780.90	\$ 26,508,178.59
Premium on Loans	1,113,362.79	-	(65,604.01)	1,047,758.78	
Total Loans Payable	48,351,640.84	24,761,021.00	(26,602,122.16)	46,510,539.68	26,508,178.59
Other Liabilities					
Compensated Absences*	509,659.67		(16,744.75)	492,914.92	49,291.49
OPEB Liability	11,924,086.00	13,287,287.02	(9,509,591.02)	15,701,782.00	495,642.55
Accrued Liabilities - Related to Pension	190,740.00	177,601.00	(190,740.00)	177,601.00	
Net Pension Liability	4,134,210.00	755,533.00	(1,342,724.00)	3,547,019.00	
Total Other Liabilities	16,758,695.67	14,220,421.02	(11,059,799.77)	19,919,316.92	544,934.04
Total Long-Term Liabilities	\$ 65,110,336.51	\$ 38,981,442.02	\$ (37,661,921.93)	\$ 66,429,856.60	\$ 27,053,112.63

* The change in the compensated absences liability is presented as a net change.

Compensated Absences

The Authority accounts for compensated absences (e.g., employee's accrued leave) as directed by Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The accrued liability for accumulated sick leave and vacation time at December 31, 2025 and 2024 is estimated at \$425,798.12 and \$492,914.92, respectively.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section of this Note that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Net OPEB Liability

For details on other postemployment benefits, see the Postemployment Benefits Other Than Pensions (OPEB) section of this Note that follows. The Authority's contributions to the postemployment benefits plan are budgeted and paid as they are due.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans**

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS") which is administered by the New Jersey Division of Pensions and Benefits. In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Authority is referred to as "Employer" throughout this Note. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier Definition

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

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislation, which legally obligates the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Employer's contractually required contribution rate for the years ended December 31, 2025 and 2024 was 16.62% and 12.11% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2025, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2025 was \$497,728.00, and was payable by April 1, 2026. For the prior year measurement date of June 30, 2024, the Employer's contractually required contribution to the pension plan for the year ended 2024 was \$355,202.00, and was paid by April 1, 2025.

Employee contributions to the Plan for the year ended December 31, 2025 and 2024 were \$235,741.84 and \$230,554.16, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the years ended December 31, 2025 and 2024 was 0.51% and 0.39% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2025, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2025 was \$15,390.00, and is payable by April 1, 2026. For the prior year measurement date of June 30, 2024, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended 2024 was \$11,436.00, and was paid by April 1, 2025.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Employer contributes 3% of the employees' base salary, for each pay period.

For the years ended December 31, 2025 and 2024, there were no employees participating in DCRP.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2025, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$4,479,039.00. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2025. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2025 measurement date, the Employer's proportion was .0364189441%, which was an increase of .0103149788% from its proportion measured as of June 30, 2024.

As of December 31, 2024, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$3,547,019.00. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2024 measurement date, the Employer's proportion was .0261039653%, which was a decrease of .0024385876% from its proportion measured as of June 30, 2023.

Pension (Benefit) Expense - For the years ended December 31, 2025 and 2024, the Employer recognized its proportionate share of the PERS pension (benefit) expense of \$324,799.00 and \$(82,005.00), respectively. These amounts were based on the Plan's June 30, 2025 and 2024 measurement dates, respectively.

For the years ended December 31, 2025 and 2024, the Employer has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2025 and 2024 measurement dates. The amounts recognized as a revenue and an expenditure in the financial statements was \$15,390.00 and \$11,436.00, respectively.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Deferred Outflows of Resources and Deferred Inflows of Resources – At December 31, 2025 and 2024, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2025</u>		<u>June 30, 2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 127,706.00	\$ 4,786.00	\$ 71,053.00	\$ 9,443.00
Changes of Assumptions	707.00	51,602.00	4,407.00	40,357.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	373,493.00	-	164,466.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	1,182,556.00	356,089.00	77,444.00	530,261.00
Authority's Contributions Subsequent to the Measurement Date	<u>248,864.00</u>	<u>-</u>	<u>177,601.00</u>	<u>-</u>
	<u>\$ 1,559,833.00</u>	<u>\$ 785,970.00</u>	<u>\$ 330,505.00</u>	<u>\$ 744,527.00</u>

Deferred outflows of resources in the amounts of \$248,864.00 and \$177,601.00 will be included as a reduction of the net pension liability during the years ending December 31, 2026 and 2025, respectively. These amounts are based on an estimated April 1, 2027 and April 1, 2026 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2025 and 2024 to the Employer's year end of December 31, 2025 and 2024.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Employer will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2020	5.16	-	June 30, 2021	-	5.00
June 30, 2021	-	5.13	June 30, 2022	5.00	-
June 30, 2022	-	5.04	June 30, 2023	-	5.00
June 30, 2023	5.08	-	June 30, 2024	-	5.00
June 30, 2024	5.08	-	June 30, 2025	-	5.00
June 30, 2025	5.15	-			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2020	-	5.16	June 30, 2020	5.16	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	5.13
June 30, 2022	-	5.04	June 30, 2022	5.04	5.04
June 30, 2023	-	5.15	June 30, 2023	5.08	5.08
			June 30, 2024	5.08	5.08
			June 30, 2025	5.15	5.15

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

**Year Ending
December 31,**

2026	\$ 216,319.00
2027	(6,072.00)
2028	73,020.00
2029	198,762.00
2030	42,970.00
	<u>\$ 524,999.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions****Public Employees' Retirement System**

The net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 and 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2025 and 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date <u>June 30, 2025</u>	Measurement Date <u>June 30, 2024</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	3.25% - 7.75%	2.75% - 6.55%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2021 - June 30, 2024	July 1, 2018 - June 30, 2021

For the June 30, 2025 measurement date, pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

For the June 30, 2024 measurement date, 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.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2025 and 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2025 and 2024 are summarized in the table below:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2025</u>		<u>Measurement Date</u> <u>June 30, 2024</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
U.S. Equity	28.00%	8.55%	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.77%	12.75%	8.85%
International Small Cap Equity	1.25%	8.77%	1.25%	8.85%
Emerging Markets Equity	5.50%	10.30%	5.50%	10.66%
Private Equity	13.00%	12.00%	13.00%	12.40%
Real Estate	8.00%	10.78%	8.00%	10.95%
Real Assets	3.00%	7.90%	3.00%	8.20%
High Yield	4.50%	6.63%	4.50%	6.74%
Private Credit	8.00%	9.00%	8.00%	8.90%
Investment Grade Credit	7.00%	5.47%	7.00%	5.37%
Cash Equivalents	2.00%	3.61%	2.00%	3.57%
U.S. Treasuries	4.00%	3.61%	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.26%	3.00%	7.10%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025 and 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 would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate****Public Employees' Retirement System**

The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2025 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 6,131,537.00</u>	<u>\$ 4,479,039.00</u>	<u>\$ 3,070,671.00</u>

The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2024 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 4,713,116.00</u>	<u>\$ 3,547,019.00</u>	<u>\$ 2,554,677.00</u>

Pension Plan Fiduciary Net Position**Public Employees' Retirement System**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan**

The information from the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for the measurement period ended June 30, 2025 was not available. The disclosures below only present the information from the measurement period ended June 30, 2024, even though it is not in compliance with GASBS No. 75.

General Information about the State Health Benefit Local Government Retired Employees Plan

Plan Description and Benefits Provided - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which 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") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. As a local participating employer of the Plan, the Authority is referred to as "Employer" throughout this note.

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit.

The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Employer was billed monthly by the Plan and paid \$296,577.64 for the year ended December 31, 2024. This amount represents 10.11% of the Employer's covered payroll. During the year ended December 31, 2024, retirees were not required to contribute to the Plan.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2024, the Employer's proportionate share of the net OPEB liability was \$13,943,866.00.

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

The Employer's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2023 through June 30, 2024. For the June 30, 2024 measurement date, the Employer's proportion was .077875%, which was an increase of .011006% from its proportion measured as of the June 30, 2023 measurement date.

OPEB (Benefit) Expense - At December 31, 2024, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2024 measurement date, is \$374,581.00.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2024, the Employer had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 706,158.00	\$ 2,362,570.00
Changes of Assumptions	2,331,150.00	2,314,594.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	6,312.00
Changes in Proportion	3,325,701.00	637,233.00
Contributions Subsequent to the Measurement Date	146,229.90	-
	<u>\$ 6,509,238.90</u>	<u>\$ 5,320,709.00</u>

Deferred outflows of resources in the amount of \$146,229.90 was the result of the Employer contributions subsequent to the Plan's measurement date of June 30, 2024. This amount will be included as a reduction of the Employer's net OPEB liability during the year ending December 31, 2025.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Employer will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2020	5.00	-
June 30, 2019	-	8.05	June 30, 2021	5.00	-
June 30, 2020	7.87	-	June 30, 2022	-	5.00
June 30, 2021	-	7.82	June 30, 2023	-	5.00
June 30, 2022	7.82	-	June 30, 2024	-	5.00
June 30, 2023	-	7.89			
June 30, 2024	7.89	-			
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82
June 30, 2023	7.89	-	June 30, 2023	7.89	7.89
June 30, 2024	7.89	-	June 30, 2024	7.89	7.89

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year</u>	
2025	\$ (320,896.00)
2026	21,642.00
2027	387,750.00
2028	(38,487.00)
2029	118,383.00
Thereafter	873,908.00
	<u>\$ 1,042,300.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

The actuarial valuation at June 30, 2024 used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date
June 30, 2024

Salary Increases *

PERS:

Rate for All Future Years	2.75% to 6.55%
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Mortality:

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

* salary increases are based on years of service within the respective Plan

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

100% of active members in the June 30, 2024 measurement dates are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

Health Care Trend Assumptions – For the June 30, 2024 measurement date, health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase					
	Medical Trend			Prescription Drug Trend		
	Pre-65	PPO Post-65	HMO Post-65	Pre-65	Post-65	EGWP
2025	7.50%	2.42%	2.25%	12.75%	12.25%	21.78%
2026	7.00%	19.38%	20.15%	12.25%	11.75%	10.92%
2027	6.50%	22.62%	23.58%	11.25%	10.75%	8.19%
2028	6.00%	14.93%	15.47%	10.00%	9.75%	9.79%
2029	5.50%	12.87%	13.31%	9.00%	9.00%	8.92%
2030	5.25%	11.35%	11.71%	8.00%	8.00%	5.74%
2031	5.00%	10.16%	10.46%	7.00%	7.00%	4.87%
2032	4.75%	9.18%	9.44%	6.00%	6.00%	6.00%
2033	4.50%	6.54%	6.65%	5.00%	5.00%	5.00%
2034 and Later	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability as of June 30, 2024, the Plan's measurement date, for the Employer calculated using a discount rate of 3.93%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 16,243,101.00</u>	<u>\$ 13,943,866.00</u>	<u>\$ 12,102,383.00</u>

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

The Employer's proportionate share of the net OPEB liability as of June 30, 2024, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease <u></u>	Healthcare Cost Trend Rate <u></u>	1% Increase <u></u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 11,793,664.00</u>	<u>\$ 13,943,866.00</u>	<u>\$ 16,708,421.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

As of the preparation of this report, the information from the Authority's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for the measurement period ended December 31, 2025 was not available. The disclosures below only present the information from the measurement period ended December 31, 2024, even though it is not in compliance with GASBS No.75.

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Authority also provides Medicare Part B reimbursement to retirees and their covered dependents. The reimbursements are administered by the Authority; therefore, payments are made directly by the Authority to the retirees. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	26
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	5
	31

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$1,757,916.00 as of December 31, 2024 was measured as of December 31, 2024. The liabilities were determined by an actuarial valuation as of the same dates.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Actuarial Assumptions and Other Inputs**

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Discount Rate	4.08%
Healthcare Cost Trend Rates	
Medicare Part B	5.00%

The discount rate was based on the 20 year Municipal AA bond rate.

Mortality rates were based on PUB-2010 (G) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2021.

Termination rates were based on 21% for employees with less than 1 year of service age less than 31 years old and 12% for employees 31 years or older grading down to 0.30% for both age groups of employees.

An experience study was not performed on the actuarial assumptions used in this valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended December 31, 2024:

Balance at Beginning of Year	\$ 1,889,363.00
Changes for the Year:	
Service Cost	\$ 5,951.00
Interest Cost	60,751.00
Benefit Payments	(63,591.00)
Changes of Assumptions	(199,930.00)
Differences Between Expected and Actual Demographic Experience	<u>65,372.00</u>
Net Changes	<u>(131,447.00)</u>
Balance at End of Year	<u><u>\$ 1,757,916.00</u></u>

Changes in Benefits - There were no changes of benefit terms at December 31, 2024.

Changes in Assumptions - In 2024, the discount rate changed to 4.08% from 3.26%.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	1.00% Decrease <u>(3.08%)</u>	Current Discount Rate <u>(4.08%)</u>	1.00% Increase <u>(5.08%)</u>
Total OPEB Liability	<u>\$ 2,004,461.00</u>	<u>\$ 1,757,916.00</u>	<u>\$ 1,555,998.00</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	<u>\$ 1,560,025.00</u>	<u>\$ 1,757,916.00</u>	<u>\$ 1,996,711.00</u>

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Authority recognized OPEB (benefit) expense of \$(146,483.00). At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 99,965.00
Differences Between Expected and Actual Demographic Experience	<u>32,686.00</u>	<u>-</u>
	<u>\$ 32,686.00</u>	<u>\$ 99,965.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (CONT'D)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ending
December 31,**

2025 \$ (67,279.00)

Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plan

At December 31, 2024, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	Balance <u>December 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	(Restated) Balance <u>December 31, 2024</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 3,711,780.71	\$ 5,313,071.07	\$ (2,515,612.88)	\$ 6,509,238.90
Authority Plan	50,573.00	65,372.00	(83,259.00)	32,686.00
Total Deferred Outflows of Resources - Related to OPEB	<u>\$ 3,762,353.71</u>	<u>\$ 5,378,443.07</u>	<u>\$ (2,598,871.88)</u>	<u>\$ 6,541,924.90</u>
Net OPEB Liability				
State Plan	\$ 10,034,723.00	\$ 13,155,213.02	\$ (9,246,070.02)	\$ 13,943,866.00
Authority Plan	1,889,363.00	132,074.00	(263,521.00)	1,757,916.00
Total Net OPEB Liability	<u>\$ 11,924,086.00</u>	<u>\$ 13,287,287.02</u>	<u>\$ (9,509,591.02)</u>	<u>\$ 15,701,782.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 6,417,622.00	\$ 1,612,482.17	\$ (2,709,395.17)	\$ 5,320,709.00
Authority Plan	196,479.00	199,930.00	(296,444.00)	99,965.00
Total Deferred Inflows of Resources - Related to OPEB	<u>\$ 6,614,101.00</u>	<u>\$ 1,812,412.17</u>	<u>\$ (3,005,839.17)</u>	<u>\$ 5,420,674.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Loans Payable - NJEIT 2008 K, Bond Series 2016 L, NJEIT Junior Lien Series 2010, 2014, 2015, 2017, 2022 and NJIB Interim Loans**

On November 9, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2008 K Bonds") totaling \$4,428,000.00 for the completion of emergency repairs to a sewer main. The first part of the loan award for \$2,198,000.00 is interest free. The \$2,230,000.00 portion carries interest rates that range from 5.00% to 5.50% with a final maturity in 2028.

On March 10, 2010, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2010") totaling \$4,787,982.00 for the completion of a micro-turbine facility, the installation of solar electric generating systems and the replacement of water main (the "2010 Project"). The total cost of the 2010 Project was \$9,533,946.00 and was financed with an interim loan of \$9,491,928.00 from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness under the federal government's American Recovery and Reinvestment Act in the amount of \$4,745,964.00. Two parts of the loan award for \$2,372,982.00 are interest free. The remaining \$2,415,000.00 portion carries interest rates of 2.00% with a final maturity in 2025.

On May 21, 2014, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2014") totaling \$4,297,486.00 for Painting 1 MG Ground Storage Tank, Replacement of Lake Drive & Beechnut Lane Pump Station, Well 9 Electrical Upgrades, Trickling Filter Walkway Grating, Digester Cleaning and Repairs, and for the purchase of new water meters (the "2014 Project"). Two parts of the loan award for \$3,242,486.00 are interest free. The remaining \$1,055,000.00 portion carries interest rates that range from 3.00% to 5.50% with a final maturity in 2033.

On May 28, 2015, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2015") totaling \$2,651,837.00 for emergency generator replacements, trailered pumps, Tweedstone pump station upgrades and Wells 6, 9, 10, and 11 electrical upgrades. In addition, the Authority received principal forgiveness in the amount of \$635,088.00. Two parts of the loan award for \$1,871,837.00 are interest free. The remaining \$780,000.00 portion carries interest rates that range from 4.0% to 5.00% with a final maturity in 2034.

On November 21, 2017, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2017A-2") totaling \$4,288,449.00. The total cost of the 2017 Project was \$5,433,623.00 and was fully financed with an interim loan from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness in the amount of \$1,086,725.00. One part of the loan award for \$2,173,449.00 is interest free. The remaining \$2,115,000.00 portion carries interest rates that range from 2.125% to 5.00% with a final maturity in 2037.

On January 7, 2021, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$18,200,000.00. The interim loan matured June 30, 2024 and has been renewed twice until June 30, 2026. The loan proceeds were used to fund the costs of the energy savings improvement program.

On November 9, 2022, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$6,561,021.00. The maturity date of the loan was November 9, 2024 and was renewed until June 30, 2025. The loan proceeds held by NJIB are being used to fund the costs of the Well 5A PFAS project.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Loans Payable - NJEIT 2008 K, Bond Series 2016 L, NJEIT Junior Lien Series 2010, 2014, 2015, 2017, 2022 and NJIB Interim Loans (Cont'd)**

On December 22, 2022, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2022A-2") totaling \$13,711,200.00. The total cost of the projects was \$12,996,348.00 and was fully financed with an interim loan from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. One part of the loan award for \$7,241,200.00 is interest free. The remaining \$6,470,000.00 portion carries interest rate of 5.00% with a final maturity in 2042.

On June 2, 2025, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2025 A-SW1") totaling \$1,919,900.00. The total cost of the Well 5A PFAS project was fully financed with an interim loan from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness in the amount of \$1,000,000.00. One part of the loan award for \$658,998.00 is interest free. The remaining \$1,260,902.00 portion carries interest rates of 5.00% with a final maturity in 2054.

On June 19, 2025, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$1,896,885.00. The maturity date of the loan is June 30, 2030. The loan proceeds held by NJIB are being used to fund the costs of the rehabilitation of the Edge Lane elevated water storage tank.

<u>Year Ending December 31,</u>	<u>Interest Free Loan Principal</u>	<u>Loan Principal</u>	<u>Total Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2026*	\$ 19,267,836.06	\$ 700,000.00	\$ 19,967,836.06	3.00% - 5.00%	\$ 451,459.72	\$ 1,151,459.72
2027	1,069,043.66	735,000.00	1,804,043.66	2.125% - 5.00%	417,641.72	1,152,641.72
2028	1,069,949.56	765,000.00	1,834,949.56	2.375% - 5.00%	385,722.22	1,150,722.22
2029	955,832.24	615,000.00	1,570,832.24	2.500% - 5.00%	352,140.98	967,140.98
2030**	2,725,592.93	640,000.00	3,365,592.93	2.625% - 5.00%	326,165.98	966,165.98
2031-2035	3,560,611.03	3,405,000.00	6,965,611.03	2.750% - 5.00%	1,195,604.86	4,600,604.86
2036-2040	1,492,944.47	2,110,372.00	3,603,316.47	3.000% - 5.00%	490,632.80	2,601,004.80
2041-2045	451,455.56	693,726.00	1,145,181.56	3.710% - 5.00%	154,370.52	848,096.52
2046-2050	111,694.55	259,313.00	371,007.55	3.710%	74,677.94	333,990.94
2051-2054	91,589.69	242,491.00	334,080.69	3.710%	97,489.96	339,980.96
	<u>\$ 30,796,549.75</u>	<u>\$ 10,165,902.00</u>	<u>40,962,451.75</u>		<u>\$ 3,945,906.70</u>	<u>\$ 14,111,808.70</u>
			(19,967,836.06)	Current Maturities		
			<u>1,028,340.61</u>	Premium on Loans		
			<u>\$ 22,022,956.30</u>	Long-Term Portion		

* Includes ESIP Interim Loan

** Includes Edge Lane Tank Interim Loan

Revenue Loans Authorized But Not Issued

On November 18, 2020, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$19,500,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's Energy Savings Improvement Program. On January 7, 2021, the Authority closed on an interim loan as previously noted for \$18,200,000.00, leaving \$1,300,000.00 authorized but not issued.

On October 9, 2022, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$4,000,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's tank painting project. On June 19, 2025, the Authority closed on an interim loan for \$1,896,885.00, leaving \$2,103,115.00 authorized but not issued.

On June 18, 2025, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$22,000,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's Well 6 Water Treatment Plant Upgrade Project.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Loans Authorized But Not Issued (Cont'd)**

On September 17, 2025, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$3,500,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's rehabilitation of the Holyoke elevated water storage tank.

On September 17, 2025, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$1,700,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's TM1 Sanitary Collection System rehabilitation project.

On December 17, 2025, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$1,800,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's Mill Creek Sanitary Sewer Crossing Upgrade Project.

Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Connection Fees**

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered an exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Leases

The Authority recognizes the revenue equally over the period of the lease agreement.

Note 6: INTERGOVERNMENTAL AGREEMENTS**Major Customers**

The Authority derives a significant portion of its total water service fees from Mount Laurel Township Municipal Utilities Authority (MLTMUA). Since the charges are based upon the flow from the system, the Authority's revenues are subject to large fluctuations from this customer. A comparison of billings is shown below:

<u>Year</u>	<u>MLTMUA Water Billings</u>	<u>Total Water Billings</u>	<u>Percentage</u>
2025	\$ 1,945,589.85	\$ 9,310,519.04	20.90%
2024	1,783,675.01	9,113,930.35	19.57%
2023	1,329,364.02	7,779,242.90	17.09%

Mount Laurel Service Agreement

The Authority, the Mount Laurel Township Municipal Utilities Authority (MLTMUA), and the Evesham Municipal Utilities Authority (EMUA) signed an agreement in September 2019 for the purchase and sale of potable water. The Authority sells bulk water to MLTMUA, which in turn sells a portion to EMUA.

Under the agreement, the Authority must make available 5 million gallons per day and the MLTMUA must purchase a minimum of 270 million gallons per service year. The charge imposed by the Authority is based on its bulk water rate.

The agreement was made for an initial term of fifteen years and can be renewed for three - five year terms after the initial term. Notice must be given at least one year prior to the end of the existing term by any of the principals to the agreement.

Note 6: INTERGOVERNMENTAL AGREEMENTS (CONT'D)**Edgewater Park Agreement**

The Authority entered into a forty year agreement with Edgewater Park Sewerage Authority on January 18, 2005, in which the Authority agreed to accept for appropriate treatment and disposal through its facilities, the sewage and industrial waste collected in Edgewater Park Township. In exchange, Edgewater Park Sewerage Authority annually pays to the Authority in accordance with the agreement. The agreement expires on December 3, 2045.

Township of Willingboro Service Agreement

A Service Agreement was entered into on June 15, 1990 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Annual Charges).

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Annual Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 7: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

Note 8: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

Note 9: CONTINGENCIES

Litigation - The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 10: LEGAL SETTLEMENTS

During the year ended December 31, 2025, the Authority recognized proceeds from a settlement for the Aqueous film-forming foam products liability litigation. The Authority recognized net nonoperating revenue of \$2,025,549.15 in the accompanying statement of revenues, expenses, and changes in net position.

As of December 31, 2025, the Authority had received \$1,395,246.51, and \$630,302.64 remained receivable. The remaining amount is expected to be collected over the next eight years. The amount recognized represents the Authority's settlement allocation after deductions for legal and administrative fees. The proceeds are unrestricted.

Note 11: SUBSEQUENT EVENTS

On June 19, 2026, the New Jersey Infrastructure Bank Trust issued Environmental Infrastructure Refunding Bonds Series 2026A-R1 to refund the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2015") Series 2015A-1 totaling \$1,175,175.61.

Note 12: PRIOR PERIOD RESTATEMENT RELATED TO UPDATED PENSION AND OPEB INFORMATION

During the year ended December 31, 2025, the Authority determined that certain amounts reported in the previously issued December 31, 2024 financial statements related to Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, required revision upon receipt of updated information from the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, and updated actuarial information related to the Authority's OPEB Plan.

Accordingly, the accompanying 2024 financial statements have been restated to recognize the appropriate pension and OPEB related balances, including deferred outflows of resources, deferred inflows of resources, net pension liability, net OPEB liability, related expenses, and unrestricted net position. In addition, the related required supplementary information schedules have been revised.

The effect on the financial statement as reported for December 31, 2024 is as follows:

Statement of Net Position – December 31, 2024

	Balance December 31, 2024, <u>as previously reported</u>	<u>Restatement</u>	Balance December 31, 2024, <u>as restated</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	\$ 3,762,353.71	\$ 2,779,571.19	\$ 6,541,924.90
Related to Pensions	<u>433,735.00</u>	<u>(103,230.00)</u>	<u>330,505.00</u>
LIABILITIES			
Current Liabilities Payable from			
Unrestricted Assets:			
Current Portion of OPEB Liability		495,642.55	495,642.55
Accounts Payable - Related to Pension	<u>381,479.00</u>	<u>(26,277.00)</u>	<u>355,202.00</u>
Long-term Liabilities:			
OPEB Liability	11,924,086.00	3,282,053.45	15,206,139.45
Accrued Liabilities - Related to Pension	190,740.00	(13,139.00)	177,601.00
Net Pension Liability	<u>4,134,210.00</u>	<u>(587,191.00)</u>	<u>3,547,019.00</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	6,614,101.00	(1,193,427.00)	5,420,674.00
Related to Pensions	<u>684,634.00</u>	<u>59,893.00</u>	<u>744,527.00</u>
NET POSITION			
Unrestricted	<u>8,145,402.26</u>	<u>658,786.19</u>	<u>8,804,188.45</u>

Note 12: PRIOR PERIOD RESTATEMENT RELATED TO UPDATED PENSION AND OPEB INFORMATION (CONT'D)
Statement of Revenues, Expenses and Changes in Net Position - December 31, 2024

	Balance December 31, 2024, <u>as previously reported</u>	<u>Restatement</u>	Balance December 31, 2024, <u>as restated</u>
Operating Revenues:			
Other Operating Revenues	<u>\$ 1,015,866.52</u>	<u>\$ 11,436.00</u>	<u>\$ 1,027,302.52</u>
Operating Expenses:			
Administration:			
Fringe Benefits	<u>450,657.39</u>	<u>(132,180.97)</u>	<u>318,476.42</u>
Cost of Providing Service:			
Fringe Benefits	<u>1,478,497.97</u>	<u>(515,169.22)</u>	<u>963,328.75</u>

REQUIRED SUPPLEMENTARY INFORMATION

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan
Last Nine Years

Year Ended December 31,					
Total OPEB Liability	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Cost		\$ 5,951.00	\$ 5,359.00	\$ 18,163.00	\$ 16,945.00
Interest Cost		60,751.00	64,067.00	48,254.00	49,284.00
Benefit Payments		(63,591.00)	(62,242.00)	(63,280.00)	(53,198.00)
Actuarial Assumption Changes		(199,930.00)	101,147.00	(320,783.00)	52,362.00
Differences Between Expected and Actual Experience	Information	65,372.00		(268,656.00)	
Net Change in Total OPEB Liability	Not	(131,447.00)	108,331.00	(586,302.00)	65,393.00
Total OPEB Liability - Beginning of Year	Available	1,889,363.00	1,781,032.00	2,367,334.00	2,301,941.00
Total OPEB Liability - End of Year		<u>\$ 1,757,916.00</u>	<u>\$ 1,889,363.00</u>	<u>\$ 1,781,032.00</u>	<u>\$ 2,367,334.00</u>
Covered-Employee Payroll		\$ 335,932.04	\$ 549,008.56	\$ 562,943.97	\$ 562,943.97
Total OPEB Liability as a Percentage of Covered-Employee Payroll		523.30%	344.14%	316.38%	420.53%
Year Ended December 31,					
Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Service Cost	\$ 3,425.00	\$ 3,285.00	\$ 6,273.00	\$ 6,257.00	
Interest Cost	50,672.00	50,593.00	45,989.00	45,790.00	
Benefit Payments	(54,009.00)	(45,898.00)	(31,716.00)	(25,056.00)	
Actuarial Assumption Changes	998,439.00		(163,564.00)	55,516.00	
Differences Between Expected and Actual Experience	87,541.00		27,350.00	13,721.00	
Net Change in Total OPEB Liability	1,086,068.00	7,980.00	(115,668.00)	96,228.00	
Total OPEB Liability - Beginning of Year	1,215,873.00	1,207,893.00	1,323,561.00	1,227,333.00	
Total OPEB Liability - End of Year	<u>\$ 2,301,941.00</u>	<u>\$ 1,215,873.00</u>	<u>\$ 1,207,893.00</u>	<u>\$ 1,323,561.00</u>	
Covered-Employee Payroll	\$ 637,637.03	\$ 708,304.14	\$ 962,609.01	\$ 1,046,116.04	
Total OPEB Liability as a Percentage of Covered-Employee Payroll	361.01%	171.66%	125.48%	126.52%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share
of the Net OPEB Liability - State Plan
Last Nine Plan Years

	Measurement Date Ended June 30,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>
Authority's Proportion of the Net OPEB Liability		0.077875%	0.066869%	0.063056%	0.065736%
Authority's Proportionate Share of the Net OPEB Liability	Information	\$ 13,943,866.00	\$ 10,034,723.00	\$ 10,183,289.00	\$ 11,832,336.00
Authority's Covered Payroll (Plan Measurement Period)	Not Available	\$ 2,684,830.00	\$ 2,102,948.00	\$ 2,255,313.00	\$ 2,143,734.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll		519.36%	477.17%	451.52%	551.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		-0.89%	-0.79%	-0.36%	0.28%
	Measurement Date Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Authority's Proportion of the Net OPEB Liability	0.066219%	0.059912%	0.063729%	0.057188%	
Authority's Proportionate Share of the Net OPEB Liability	\$ 11,884,068.00	\$ 8,115,722.00	\$ 9,984,179.00	\$ 11,675,381.00	
Authority's Covered Payroll (Plan Measurement Period)	\$ 2,212,574.00	\$ 2,065,496.00	\$ 2,126,917.00	\$ 2,114,476.00	
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	537.12%	392.92%	469.42%	552.16%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%	1.03%	

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's OPEB Contributions - State Plan
Last Nine Years

	Year Ended December 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's Required Contributions		\$ 296,577.64	\$ 291,412.81	\$ 243,098.28	\$ 249,445.30
Authority's Contributions in Relation to the Required Contribution	Information Not Available	<u>(296,577.64)</u>	<u>(291,412.81)</u>	<u>(243,098.28)</u>	<u>(249,445.30)</u>
Authority's Contribution Deficiency (Excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)		\$ 2,934,285.00	\$ 2,271,684.00	\$ 2,230,700.00	\$ 2,164,010.00
Authority's Contributions as a Percentage of Covered Payroll		10.11%	12.83%	10.90%	11.53%
	Year Ended December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Authority's Required Contributions	\$ 240,698.96	\$ 262,257.23	\$ 460,591.32	\$ 366,770.16	
Authority's Contributions in Relation to the Required Contribution	<u>(240,698.96)</u>	<u>(262,257.23)</u>	<u>(460,591.32)</u>	<u>(366,770.16)</u>	
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Authority's Covered Payroll (Calendar Year)	\$ 2,207,316.00	\$ 2,132,595.00	\$ 2,106,716.00	\$ 2,093,872.00	
Authority's Contributions as a Percentage of Covered Payroll	10.90%	12.30%	21.86%	17.52%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Plan Years

	Measurement Date Ending June 30,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's Proportion of the Net Pension Liability	0.0364189441%	0.0261039653%	0.0285425529%	0.0297941865%	0.0309706238%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,479,039.00	\$ 3,547,019.00	\$ 4,134,210.00	\$ 4,496,353.00	\$ 3,668,935.00
Authority's Covered Payroll (Plan Measurement Period)	2,979,460.00	\$ 2,036,020.00	\$ 2,209,468.00	\$ 2,153,884.00	\$ 2,234,928.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	150.33%	174.21%	187.11%	208.76%	164.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.84%	68.22%	65.23%	62.91%	70.33%
	Measurement Date Ending June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net Pension Liability	0.0293585747%	0.0316241679%	0.0284075155%	0.0313956320%	0.0298245452%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,787,616.00	\$ 5,698,195.00	\$ 5,593,298.00	\$ 7,308,401.00	\$ 8,833,175.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 2,100,592.00	\$ 2,138,600.00	\$ 1,981,884.00	\$ 2,175,080.00	\$ 2,064,316.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	227.92%	266.45%	282.22%	336.01%	427.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Required Supplementary Information
Schedule of the Authority's Pension Contributions
Public Employees' Retirement System (PERS)
Last Ten Years

	Year Ended December 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 497,728.00	\$ 355,202.00	\$ 381,479.00	\$ 375,719.00	\$ 362,702.00
Contributions in Relation to Contractually Required Contribution	<u>(497,728.00)</u>	<u>(355,202.00)</u>	<u>(381,479.00)</u>	<u>(375,719.00)</u>	<u>(362,702.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,994,776.00	\$ 2,934,285.00	\$ 2,271,684.00	\$ 2,230,700.00	\$ 2,164,010.00
Authority's Contributions as a Percentage of Covered Payroll	16.62%	12.11%	16.79%	16.84%	16.76%
	Year Ended December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 321,168.00	\$ 307,610.00	\$ 282,563.00	\$ 290,847.00	\$ 264,957.00
Contributions in Relation to Contractually Required Contribution	<u>(321,168.00)</u>	<u>(307,610.00)</u>	<u>(282,563.00)</u>	<u>(290,847.00)</u>	<u>(264,957.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,207,316.00	\$ 2,132,595.00	\$ 2,106,716.00	\$ 2,093,872.00	\$ 2,158,469.00
Authority's Contributions as a Percentage of Covered Payroll	14.55%	14.42%	13.41%	13.89%	12.28%

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information

For the Year Ended December 31, 2025

Note 1: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLAN

As of the date of this report, the information from the Authority's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for the measurement period ended December 31, 2025 was not available. The disclosures below only present the information from the measurement period ended December 31, 2024, even though it is not in compliance with GASBS No. 75.

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of December 31 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	4.08%	2020	2.15%
2023	3.26%	2019	4.25%
2022	3.65%	2018	4.25%
2021	2.05%	2017	3.50%

For 2020, 2021 and 2022, the changes also include revised mortality, disability, retirement, and turnover assumptions.

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

As of the date of this report, the information from the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the measurement period ended June 30, 2025 was not available. The disclosures below only present the information from the measurement period ended June 30, 2024, even though it is not in compliance with GASBS No. 75.

Changes in Benefit Terms

The actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	3.93%	2020	2.21%
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Year Ended December 31, 2025

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend.

There were no changes to mortality projections.

Note 3: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

There were no changes in benefit terms during the current year applicable to the Authority. Although certain provisions of Chapter 97, P.L. 2024 and Chapter 56, P.L. 2024 affected specific County-related employee groups, including county fire instructors and county prosecutors, these provisions are not applicable to the Authority.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2025	7.00%	2020	7.00%
2024	7.00%	2019	6.28%
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2025	7.00%	2020	7.00%
2024	7.00%	2019	7.00%
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%

SUPPLEMENTARY SCHEDULES

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Net Position
Restricted and Unrestricted Accounts
For the Year Ended December 31, 2025

	Unrestricted		Restricted				
	<u>Operating</u>	<u>General</u>	<u>Bond Reserve</u>	<u>Bond Service</u>	<u>Renewal and Replacement</u>	<u>Unemployment Compensation</u>	Totals
Operating Revenues:							
Service Fees	\$ 14,191,008.43						\$ 14,191,008.43
Intergovernmental Service Agreements	3,255,780.14						3,255,780.14
Connection Fees	621,732.80						621,732.80
Other Operating Revenues	926,085.31						926,085.31
Total Operating Revenues	18,994,606.68	\$ -	\$ -	\$ -	\$ -	\$ -	18,994,606.68
Operating Expenses:							
Administration:							
Salaries and Wages	1,231,569.96						1,231,569.96
Employee Benefits	498,529.60						498,529.60
Other Expenses	1,358,542.62						1,358,542.62
Cost of Providing Service:							
Salaries and Wages	2,580,496.08						2,580,496.08
Employee Benefits	1,512,834.20						1,512,834.20
Other Expenses	3,347,503.14						3,347,503.14
Major Repairs		17,172.17					17,172.17
Depreciation		3,367,086.74					3,367,086.74
Total Operating Expenses	10,529,475.60	3,384,258.91	-	-	-	-	13,913,734.51
Operating Income (Loss)	8,465,131.08	(3,384,258.91)	-	-	-	-	5,080,872.17
Non-operating Revenue (Expenses):							
Investment Income	432,759.25	713,362.11	20,300.08	70,337.12	53,943.49	7,402.96	1,298,105.01
Net Unemployment Activity						(9,970.30)	(9,970.30)
Net Legal Settlements		2,025,549.15					2,025,549.15
Loss on Discontinued Capital Projects		-					-
Lease Interest Income		149,675.06					149,675.06
Cost of Issuance		(1,802.00)					(1,802.00)
Interest Expense		66,254.52		(455,621.30)			(389,366.78)
Contribution to Willingboro Township		(200,000.00)					(200,000.00)
Total Non-operating Revenue (Expenses)	432,759.25	2,753,038.84	20,300.08	(385,284.18)	53,943.49	(2,567.34)	2,872,190.14
Net Income (Loss) Before Transfers and Contributions	8,897,890.33	(631,220.07)	20,300.08	(385,284.18)	53,943.49	(2,567.34)	7,953,062.31
Contributed Capital Transfers	(8,069,805.33)	1,000,000.00					1,000,000.00
		7,758,764.72	(20,300.08)	385,284.18	(53,943.49)		-
Change in Net Position	828,085.00	8,127,544.65	-	-	-	(2,567.34)	8,953,062.31
Net Position - Beginning, as Restated	6,518,721.50	36,792,762.07	564,481.95	-	1,500,000.00	226,991.06	45,602,956.58
Net Position - Ending:							
Net Investment in Capital Assets		\$ 30,221,460.31					\$ 30,221,460.31
Restricted	\$ 7,346,806.50		\$ 564,481.95	\$ -	\$ 1,500,000.00	\$ 224,423.72	\$ 9,635,712.17
Unrestricted		\$ 14,698,846.41					\$ 14,698,846.41

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Fund Net Position by Department
For the Year Ended December 31, 2025

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Operating Revenues:			
Service Fees	\$ 6,826,079.24	\$ 7,364,929.19	\$ 14,191,008.43
Intergovernmental Service Agreements	1,310,190.29	1,945,589.85	3,255,780.14
Connection Fees	345,182.80	276,550.00	621,732.80
Other Operating Revenues	142,606.20	783,479.11	926,085.31
	<u>8,624,058.53</u>	<u>10,370,548.15</u>	<u>18,994,606.68</u>
Operating Expenses:			
Administration:			
Salaries and Wages	615,784.98	615,784.98	1,231,569.96
Fringe Benefits	249,264.83	249,264.77	498,529.60
Other Expenses	679,271.28	679,271.34	1,358,542.62
Total Administration	<u>1,544,321.09</u>	<u>1,544,321.09</u>	<u>3,088,642.18</u>
Cost of Providing Service:			
Salaries and Wages	1,178,128.92	1,402,367.16	2,580,496.08
Fringe Benefits	606,589.46	906,244.74	1,512,834.20
Other Expenses	1,489,750.72	1,857,752.42	3,347,503.14
Total Cost of Providing Service	<u>3,274,469.10</u>	<u>4,166,364.32</u>	<u>7,440,833.42</u>
Major Repairs and Other Expenses		17,172.17	17,172.17
Depreciation	<u>1,442,860.71</u>	<u>1,924,226.03</u>	<u>3,367,086.74</u>
Total Operating Expenses	<u>6,261,650.90</u>	<u>7,652,083.61</u>	<u>13,913,734.51</u>
Operating Income	<u>2,362,407.63</u>	<u>2,718,464.54</u>	<u>5,080,872.17</u>
Non-operating Revenue (Expense):			
Investment Income	626,090.52	672,014.49	1,298,105.01
Net Unemployment Activity	(4,985.15)	(4,985.15)	(9,970.30)
Net Legal Settlements		2,025,549.15	2,025,549.15
Lease Interest Income		149,675.06	149,675.06
Cost of Issuance		(1,802.00)	(1,802.00)
Interest Expense	(167,289.51)	(222,077.27)	(389,366.78)
Contribution to Willingboro Township	(200,000.00)		(200,000.00)
Total Non-operating Expense	<u>253,815.86</u>	<u>2,618,374.28</u>	<u>2,872,190.14</u>
Income Before Contributions	<u>2,616,223.49</u>	<u>5,336,838.82</u>	<u>7,953,062.31</u>
Contributed Capital	<u>-</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Change in Net Position	<u>2,616,223.49</u>	<u>6,336,838.82</u>	<u>8,953,062.31</u>
Net Position - Beginning, as Restated	<u>18,412,661.07</u>	<u>27,190,295.51</u>	<u>45,602,956.58</u>
Net Position - Ending	<u>\$ 21,028,884.56</u>	<u>\$ 33,527,134.33</u>	<u>\$ 54,556,018.89</u>
Net Position:			
Net Investment in Capital Assets	\$ 8,196,429.51	\$ 22,025,030.80	\$ 30,221,460.31
Restricted for:			
Bond Resolution Covenants	4,451,960.48	4,959,327.97	9,411,288.45
Unemployment Compensation	112,211.86	112,211.86	224,423.72
Unrestricted	<u>8,268,282.71</u>	<u>6,430,563.70</u>	<u>14,698,846.41</u>
	<u>\$ 21,028,884.56</u>	<u>\$ 33,527,134.33</u>	<u>\$ 54,556,018.89</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2025

	Unrestricted		Restricted				Total
	Operating Accounts	General	Bond Reserve	Bond Service	Renewal and Replacement	Other	
Cash, Cash Equivalents and Investments January 1, 2025	\$ 10,519,326.37	\$ 16,931,516.05	\$ 564,482.00	\$ 2,214,238.03	\$ 1,500,000.00	\$ 1,668,502.01	\$ 33,398,064.46
Receipts:							
Consumer Accounts Receivable	13,903,002.96						13,903,002.96
Intergovernmental Service Agreements Receivable	3,471,053.74						3,471,053.74
Connection Fees	144,027.40						144,027.40
Rent Overpayments	135,576.12						135,576.12
Other Accounts Receivable	325,736.96						325,736.96
Investment Income (Including Unrealized Losses)	390,800.02	707,532.85	20,664.10	75,067.91	54,910.80	45,364.64	1,294,340.32
Net Legal Settlements	1,395,246.51						1,395,246.51
Planning Escrow & Performance Bond Deposits						5,019.97	5,019.97
Lease Receipts	48,887.97						48,887.97
NJIB Drawdowns	2,032,701.95						2,032,701.95
Unearned Revenue	1,172,274.33						1,172,274.33
Transfers In	390,628.05	5,200,495.47		5,622,909.81			11,214,033.33
Total Cash and Investments Available	33,929,262.38	22,839,544.37	585,146.10	7,912,215.75	1,554,910.80	1,718,886.62	68,539,966.02
Disbursements:							
Budgetary Expenses	10,403,192.98			76,144.74			10,479,337.72
Debt Service Principal				1,756,093.15			1,756,093.15
Debt Service Interest				447,694.99			447,694.99
Cost of Issuance	47,982.00						47,982.00
Construction in Progress	4,398,511.24						4,398,511.24
Capital Accounts Payable & Retainage	416,224.17						416,224.17
Accounts Payable	382,651.83					2,198.85	384,850.68
Net Unemployment Activity	9,970.30						9,970.30
Planning Escrow & Performance Bond Expenses						16,338.03	16,338.03
Transfers Out	5,315,317.60	397,793.33	20,664.10	5,034,719.45	54,910.80	390,628.05	11,214,033.33
Total Disbursements	20,973,850.12	397,793.33	20,664.10	7,314,652.33	54,910.80	409,164.93	29,171,035.61
Cash and Cash Equivalents December 31, 2025	\$ 12,955,412.26	\$ 22,441,751.04	\$ 564,482.00	\$ 597,563.42	\$ 1,500,000.00	\$ 1,309,721.69	\$ 39,368,930.41

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:					
Service Charges:					
Residential	\$ 6,238,900.00		\$ 6,238,900.00	\$ 6,053,898.56	\$ (185,001.44)
Business and Commercial	659,500.00		659,500.00	772,180.68	112,680.68
Intergovernmental	1,325,200.00		1,325,200.00	1,310,190.29	(15,009.71)
Total Service Charges	8,223,600.00	\$ -	8,223,600.00	8,136,269.53	(87,330.47)
Connection Fees	386,300.00	-	386,300.00	345,182.80	(41,117.20)
Other Operating Revenues:					
Other Miscellaneous Revenue	50,000.00	-	50,000.00	142,606.20	92,606.20
Total Operating Revenues	8,659,900.00	-	8,659,900.00	8,624,058.53	(35,841.47)
Non-Operating Revenues:					
Investment Income	15,000.00	-	15,000.00	626,090.52	611,090.52
Total Budget Revenues	8,674,900.00	-	8,674,900.00	9,250,149.05	575,249.05
Operating Appropriations:					
Administration					
Salaries and Wages	768,495.00	-	768,495.00	615,784.98	152,710.02
Employee Benefits:					
Social Security Tax	58,405.00	(1,925.00)	56,480.00	48,377.61	8,102.39
Unemployment and Disability Insurance	1,580.00	8,925.00	10,505.00	2,509.06	7,995.94
Public Employees Retirement System	59,450.00		59,450.00	56,521.83	2,928.17
Health Insurance	212,120.00	(8,000.00)	204,120.00	120,865.22	83,254.78
Dental Insurance	10,500.00		10,500.00	7,529.50	2,970.50
Prescription Plan	28,115.00		28,115.00	20,329.66	7,785.34
Uniforms	500.00	(200.00)	300.00	279.27	20.73
Education	1,900.00	1,200.00	3,100.00	1,881.50	1,218.50
Total Employee Benefits	372,570.00	-	372,570.00	258,293.65	114,276.35
Other Expenses:					
Internet		2,500.00	2,500.00	2,139.87	360.13
Telephone	22,590.00	4,122.10	26,712.10	26,167.84	544.26
Electricity	12,398.00		12,398.00	5,698.81	6,699.19
Gas Heat	5,050.00	(2,000.00)	3,050.00	1,762.60	1,287.40
Vehicle, Gasoline	500.00	(121.10)	378.90		378.90
Vehicle, Maintenance	750.00	(500.00)	250.00	44.25	205.75
Maintenance of Building and Site	25,590.00	17,750.00	43,340.00	42,925.20	414.80
Equipment Maintenance	16,000.00		16,000.00	5,545.37	10,454.63
Insurance	25,000.00		25,000.00	8,412.64	16,587.36
Printing	10,000.00		10,000.00	3,550.38	6,449.62
Postage	32,500.00		32,500.00	28,695.87	3,804.13
Miscellaneous Supplies and Expenses	81,360.00		81,360.00	70,753.23	10,606.77
Safety Services	2,250.00	250.00	2,500.00	2,285.71	214.29
Engineer Fees	100,000.00	(128.55)	99,871.45	73,512.31	26,359.14
Legal Fees	137,500.00	75,133.08	212,633.08	183,207.59	29,425.49
Information Management	80,000.00	34,125.00	114,125.00	113,286.00	839.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	Adopted Budget	Transfers	Modified Budget	Actual	Variance
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Auditor Fees	\$ 50,000.00	\$ (9,558.00)	\$ 40,442.00	\$ 31,530.00	\$ 8,912.00
Trustee Fees	11,000.00	(6,000.00)	5,000.00	5,000.00	
Bank Service Charges		1,550.00	1,550.00	1,180.66	369.34
Consulting Fees	55,000.00	15,952.48	70,952.48	50,101.08	20,851.40
Violations	20,000.00	(18,075.00)	1,925.00		1,925.00
NJEIT Admin Fee	27,500.00	20,000.00	47,500.00	23,471.87	24,028.13
Total Other Expenses	714,988.00	135,000.00	849,988.00	679,271.28	170,716.72
Total Administration	1,856,053.00	135,000.00	1,991,053.00	1,553,349.91	437,703.09
Cost of Providing Service:					
Salaries and Wages	1,338,710.00	-	1,338,710.00	1,178,128.92	160,581.08
Employee Benefits:					
Social Security Tax	101,770.00	(5,350.00)	96,420.00	88,426.80	7,993.20
Unemployment and Disability Insurance	2,760.00	14,426.00	17,186.00	5,518.66	11,667.34
Public Employees Retirement System	129,000.00	(1,070.00)	127,930.00	121,958.12	5,971.88
Health Insurance	444,708.00	(7,752.60)	436,955.40	319,577.33	117,378.07
Dental Insurance	21,700.00		21,700.00	15,599.40	6,100.60
Prescription Plan	56,687.00	246.60	56,933.60	46,722.08	10,211.52
Uniforms	29,000.00	(500.00)	28,500.00	21,986.02	6,513.98
Education	13,000.00		13,000.00	178.37	12,821.63
Total Employee Benefits	798,625.00	-	798,625.00	619,966.78	178,658.22
Other Expenses:					
Internet		5,000.00	5,000.00	2,089.08	2,910.92
Telephone	21,000.00	(4,665.79)	16,334.21	15,004.52	1,329.69
Electricity	300,000.00		300,000.00	292,895.36	7,104.64
Gas Heat	50,000.00		50,000.00	49,727.61	272.39
Vehicles, Gasoline	19,520.00		19,520.00	13,039.34	6,480.66
Vehicles, Maintenance	20,000.00	17,006.12	37,006.12	34,773.63	2,232.49
Maintenance of Buildings and Sites	38,000.00	1,050.00	39,050.00	34,349.48	4,700.52
Equipment Maintenance	270,000.00	(40,378.59)	229,621.41	167,417.25	62,204.16
System Maintenance	80,000.00		80,000.00	7,457.82	72,542.18
Insurance	253,700.00		253,700.00	202,395.47	51,304.53
Miscellaneous Supplies and Expenses	247,000.00	5,180.00	252,180.00	159,563.51	92,616.49
Chemicals	180,000.00	(10,000.00)	170,000.00	144,168.05	25,831.95
Safety Services	20,000.00	10,200.00	30,200.00	26,230.75	3,969.25
Permits and Fees	114,000.00	(5,000.00)	109,000.00	58,179.29	50,820.71
Laboratory Tests and Analyses	78,000.00	19,000.00	97,000.00	56,560.00	40,440.00
Lab Supplies and Expenses	55,000.00		55,000.00	40,346.85	14,653.15
Sludge Disposal Fees	350,000.00	2,608.26	352,608.26	185,552.71	167,055.55
Total Other Expenses	2,096,220.00	-	2,096,220.00	1,489,750.72	606,469.28
Total Cost of Providing Service	4,233,555.00	-	4,233,555.00	3,287,846.42	945,708.58

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Appropriations (Cont'd):					
Total Principal Payments on Debt in lieu of Depreciation	\$ 942,580.00	\$ -	\$ 942,580.00	\$ 942,580.00	\$ -
Total Operating Appropriations	7,032,188.00	135,000.00	7,167,188.00	5,783,776.33	1,383,411.67
Non-Operating Appropriations					
Interest on Debt	206,706.00		206,706.00	196,785.09	9,920.91
Renewal and Replacement	1,436,006.00		1,436,006.00	3,555,976.60	(2,119,970.60)
Municipal Contributions	200,000.00		200,000.00	200,000.00	
Total Non-Operating Appropriations	1,842,712.00	-	1,842,712.00	3,952,761.69	(2,110,049.69)
Total Operating, Principal Payments and Non-Operating Appropriations	8,874,900.00	135,000.00	9,009,900.00	9,736,538.02	(726,638.02)
Unreserved Net Position Utilized to Balance Budget	200,000.00	135,000.00	335,000.00	335,000.00	-
Net Total Appropriations	8,674,900.00	-	8,674,900.00	9,401,538.02	(726,638.02)
Excess (Deficit) Revenues over Expenditures	\$ -	\$ -	\$ -	\$ (151,388.97)	\$ (151,388.97)
Adjustments to Reconcile to GAAP Basis Change in Net Position:					
Excess Revenues over Expenditures				\$ (151,388.97)	
Net Position Utilized				(335,000.00)	
Employee Unemployment Compensation Deductions				(4,985.15)	
Loan Principal				942,580.00	
Capitalized Renewal and Replacement Expenditures				3,555,976.60	
Depreciation Expense				(1,442,860.71)	
GASB 68 Adjustment				22,406.14	
Amortization of Premium on Loans				29,495.58	
Total GAAP Basis Change in Net Position				<u>\$ 2,616,223.49</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	Adopted Budget	Transfers	Modified Budget	Actual	Variance
Operating Revenues:					
Service Charges:					
Residential	\$ 6,526,065.00		\$ 6,526,065.00	\$ 6,498,931.39	\$ (27,133.61)
Business and Commercial	798,000.00		798,000.00	865,997.80	67,997.80
Intergovernmental	1,459,785.00		1,459,785.00	1,945,589.85	485,804.85
Total Service Charges	8,783,850.00	\$ -	8,783,850.00	9,310,519.04	526,669.04
Connection Fees	176,100.00	-	176,100.00	276,550.00	100,450.00
Other Operating Revenues:					
Fire Hydrants and Fire Service Lines	96,800.00		96,800.00	110,808.00	14,008.00
Elevated Tank Rentals	237,700.00		237,700.00	180,141.67	(57,558.33)
Turn Off/On Fees	1,000.00		1,000.00		(1,000.00)
Other Miscellaneous Revenue	50,000.00		50,000.00	492,529.44	442,529.44
Total Other Operating Revenues	385,500.00	-	385,500.00	783,479.11	397,979.11
Total Operating Revenues	9,345,450.00	-	9,345,450.00	10,370,548.15	1,025,098.15
Non-Operating Revenues:					
Investment Income	15,000.00	-	15,000.00	672,014.49	657,014.49
Total Budget Revenues	9,360,450.00	-	9,360,450.00	11,042,562.64	1,682,112.64
Operating Appropriations:					
Administration:					
Salaries and Wages	768,495.00	-	768,495.00	615,784.98	152,710.02
Employee Benefits:					
Social Security Tax	58,405.00	(1,925.00)	56,480.00	48,377.61	8,102.39
Unemployment and Disability Insurance	1,580.00	8,925.00	10,505.00	2,509.04	7,995.96
Public Employees Retirement System	59,450.00		59,450.00	56,521.81	2,928.19
Health Insurance	212,120.00	(8,000.00)	204,120.00	120,865.21	83,254.79
Dental Insurance	10,500.00		10,500.00	7,529.49	2,970.51
Prescription Plan	28,115.00		28,115.00	20,329.65	7,785.35
Uniforms	500.00	(200.00)	300.00	279.27	20.73
Education	1,900.00	1,200.00	3,100.00	1,881.50	1,218.50
Total Employee Benefits	372,570.00	-	372,570.00	258,293.58	114,276.42
Other Expenses:					
Internet		2,500.00	2,500.00	2,139.87	360.13
Telephone	22,590.00	4,122.10	26,712.10	26,167.84	544.26
Electricity	12,398.00	(3,500.00)	8,898.00	5,698.81	3,199.19
Gas Heat	5,050.00	(2,000.00)	3,050.00	1,762.60	1,287.40
Vehicle, Gasoline	500.00	(500.00)			
Vehicle, Maintenance	750.00	(500.00)	250.00	44.25	205.75
Maintenance of Building and Site	25,590.00	17,750.00	43,340.00	42,925.20	414.80
Equipment Maintenance	16,000.00	(10,250.00)	5,750.00	5,545.37	204.63
Insurance	25,000.00	(14,550.00)	10,450.00	8,412.64	2,037.36
Printing	10,000.00	(5,250.00)	4,750.00	3,550.38	1,199.62
Postage	32,500.00	(2,100.00)	30,400.00	28,695.87	1,704.13
Miscellaneous Supplies and Expenses	81,360.00	(8,394.13)	72,965.88	70,753.23	2,212.65
Safety Services	2,250.00	250.00	2,500.00	2,285.71	214.29
Engineer Fees	100,000.00	(25,713.95)	74,286.06	73,512.31	773.75

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Legal Fees	\$ 152,500.00	\$ 46,093.97	\$ 198,593.97	\$ 183,207.65	\$ 15,386.32
Information Management	80,000.00	34,125.00	114,125.00	113,286.00	839.00
Auditor Fees	50,000.00	(9,558.00)	40,442.00	31,530.00	8,912.00
Trustee Fees	11,000.00	(6,000.00)	5,000.00	5,000.00	
Bank Service Charges		1,550.00	1,550.00	1,180.66	369.34
Consulting Fees	55,000.00		55,000.00	50,101.08	4,898.92
Violations	20,000.00	(18,075.00)	1,925.00		1,925.00
NJEIT Admin Fee	27,500.00		27,500.00	23,471.87	4,028.13
Total Other Expenses	729,988.00	-	729,988.00	679,271.34	50,716.66
Total Administration	1,871,053.00	-	1,871,053.00	1,553,349.90	317,703.10
Cost of Providing Service:					
Salaries and Wages	1,672,400.00	-	1,672,400.00	1,402,367.16	270,032.84
Employee Benefits:					
Social Security Tax	127,110.00	(7,650.00)	119,460.00	106,548.44	12,911.56
Temporary Disability Insurance	3,450.00	7,650.00	11,100.00	6,180.59	4,919.41
Public Employees Retirement System	151,100.00		151,100.00	135,816.39	15,283.61
Health Insurance	749,392.00	(11,000.00)	738,392.00	538,309.11	200,082.89
Dental Insurance	39,470.00	602.53	40,072.53	21,999.90	18,072.63
Prescription Plan	94,875.00	(1,602.53)	93,272.47	80,322.02	12,950.45
Uniforms	21,100.00	12,000.00	33,100.00	24,011.34	9,088.66
Education	9,000.00		9,000.00	3,698.00	5,302.00
Total Employee Benefits	1,195,497.00	-	1,195,497.00	916,885.79	278,611.21
Other Expenses:					
Internet		15,000.00	15,000.00	12,844.06	2,155.94
Telephone	30,000.00	(600.00)	29,400.00	24,077.93	5,322.07
Electricity	400,000.00	37,500.00	437,500.00	437,339.14	160.86
Gas Heat	29,000.00	(5,000.00)	24,000.00	20,854.04	3,145.96
Vehicles, Gasoline	48,000.00	(3,935.43)	44,064.57	30,895.01	13,169.56
Vehicles, Maintenance	33,500.00	(6,000.00)	27,500.00	13,154.42	14,345.58
Maintenance of Buildings and Sites	45,000.00	(9,000.00)	36,000.00	25,537.32	10,462.68
Equipment Maintenance	290,000.00	(26,159.30)	263,840.70	185,158.84	78,681.86
Insurance	367,850.00	(11,812.33)	356,037.67	291,136.17	64,901.50
System Maintenance	40,000.00		40,000.00	4,013.93	35,986.07
Miscellaneous Supplies and Expenses	246,535.00	1,047.06	247,582.06	168,335.04	79,247.02
Safety Services	29,000.00		29,000.00	23,785.80	5,214.20
Chemicals	530,000.00	3,960.00	533,960.00	501,907.11	32,052.89
Laboratory Tests and Analyses	75,000.00	(15,000.00)	60,000.00	42,910.70	17,089.30
Permits and Fees	60,000.00	20,000.00	80,000.00	75,802.91	4,197.09
Total Other Expenses	2,223,885.00	-	2,223,885.00	1,857,752.42	366,132.58
Total Cost of Providing Service	5,091,782.00	-	5,091,782.00	4,177,005.37	914,776.63
Total Principal Payments on Debt in lieu of Depreciation	864,630.00	-	864,630.00	813,513.15	51,116.85
Total Operating Appropriations	7,827,465.00	-	7,827,465.00	6,543,868.42	1,283,596.58

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2025

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Non-Operating Appropriations					
Interest on Debt	\$ 320,485.00		\$ 320,485.00	\$ 258,836.21	\$ 61,648.79
Renewal and Replacement	1,227,500.00		1,227,500.00	1,727,728.86	(500,228.86)
Total Non-Operating Appropriations	1,547,985.00	\$ -	1,547,985.00	1,986,565.07	(438,580.07)
Total Operating, Principal Payments and Non-Operating Appropriations	9,375,450.00	-	9,375,450.00	8,530,433.49	845,016.51
Unreserved Net Position Utilized to Balance Budget	15,000.00	-	15,000.00	15,000.00	-
Net Total Appropriations	9,360,450.00	-	9,360,450.00	8,515,433.49	845,016.51
Excess Revenues over Expenditures	\$ -	\$ -	\$ -	\$ 2,527,129.15	\$ 2,527,129.15
Adjustments to Reconcile to GAAP Basis Change in Net Position:					
Excess Revenues Over Expenditures				\$ 2,527,129.15	
Net Position Utilized				(15,000.00)	
Employee Unemployment Compensation Deductions				(4,985.15)	
Loan Principal				813,513.15	
Lease Interest Income				149,675.06	
Net Legal Settlements				2,025,549.15	
Contributed Capital				1,000,000.00	
Cost of Issuance				(1,802.00)	
Capitalized Renewal and Replacement Expenditures				1,710,556.69	
Depreciation Expense				(1,924,226.03)	
GASB 68 Adjustment				19,669.86	
Amortization of Premium on Loans				36,758.94	
Total GAAP Basis Change in Net Position				\$ 6,336,838.82	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Year Ended December 31, 2025

Reconciliation to Operating Income

Revenues Over Expenses and Other Costs

Schedule 4 - Sewer Department	\$ (151,388.97)
Schedule 5 - Water Department	<u>2,527,129.15</u>

\$ 2,375,740.18

Add:

Debt Service Principal Payments	1,756,093.15
Interest on Debt	455,621.30
GASB 68 Adjustment	42,076.00
Capitalized Renewal and Replacement Expenditures	5,266,533.29
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	<u>200,000.00</u>

7,720,323.74

10,096,063.92

Less:

Investment Income	1,298,105.01
Net Position Utilized	350,000.00
Depreciation	<u>3,367,086.74</u>

5,015,191.75

Operating Income (Exhibit B)

\$ 5,080,872.17Reconciliation of Actual Expenditures

Cash Disbursements	\$ 10,479,337.72
Accounts Payable	532,944.61
Change in Accrued Wages	(145,038.63)
Change in Inventory	(11,403.13)
Change in Compensated Absences Payable	(67,116.80)
Capitalized Renewal and Replacement Expenditures	5,266,533.29
Debt Principal	1,756,093.15
Debt Interest	<u>455,621.30</u>

Total Sewer and Water Budgetary Appropriations

\$ 18,266,971.51

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Consumer Accounts Receivable

For the Year Ended December 31, 2025

	<u>Sewer Department</u>	<u>Water Treatment Department</u>	<u>Total</u>
Balance Jan. 1, 2025	\$ 1,868,320.41	\$ 2,119,030.43	\$ 3,987,350.84
Increased by:			
Service Fees	6,826,079.24	7,364,929.19	14,191,008.43
Interest and Miscellaneous Fees	61,355.99	428,184.36	489,540.35
Fire Hydrants and Fire Service Liens		110,808.00	110,808.00
	<u>8,755,755.64</u>	<u>10,022,951.98</u>	<u>18,778,707.62</u>
Decreased by:			
Collections	6,478,650.18	7,424,352.78	13,903,002.96
Unearned Revenue Realized	527,274.97	564,388.72	1,091,663.69
Overpayments Applied	9,403.53	214,814.72	224,218.25
	<u>7,015,328.68</u>	<u>8,203,556.22</u>	<u>15,218,884.90</u>
Balance Dec. 31, 2025	<u>\$ 1,740,426.96</u>	<u>\$ 1,819,395.76</u>	<u>\$ 3,559,822.72</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Investment Income Receivable

For the Year Ended December 31, 2025

	Balance <u>Jan. 1, 2025</u>	Investment Income <u>Earned</u>	Investment Income <u>Collected</u>	Balance <u>Dec. 31, 2025</u>
Unrestricted Earnings:				
Operating Accounts	\$ 9,154.35	\$ 394,797.57	\$ 390,800.02	\$ 13,151.90
General Fund	54,507.01	713,362.11	707,532.85	60,336.27
	63,661.36	1,108,159.68	1,098,332.87	73,488.17
Restricted Earnings:				
Bond Reserve Fund	1,892.38	20,300.08	20,664.10	1,528.36
Bond Service Fund	6,348.04	70,337.12	75,067.91	1,617.25
Renewal and Replacement Fund	5,028.63	53,943.49	54,910.80	4,061.32
Other		45,364.64	45,364.64	
	13,269.05	189,945.33	196,007.45	7,206.93
	<u>\$ 76,930.41</u>	<u>\$ 1,298,105.01</u>	<u>\$ 1,294,340.32</u>	<u>\$ 80,695.10</u>
Sewer Department	\$ 36,867.29	\$ 626,090.52	\$ 622,917.47	\$ 40,040.34
Water Treatment Department	40,063.12	672,014.49	671,422.85	40,654.76
	<u>\$ 76,930.41</u>	<u>\$ 1,298,105.01</u>	<u>\$ 1,294,340.32</u>	<u>\$ 80,695.10</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2025

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Sewer Department:				
Plant:				
Buildings	\$ 15,442,469.48	\$ 519,747.09		\$ 15,962,216.57
Major Moveable Equipment	792,560.11	192,802.92		985,363.03
Vehicles	619,791.98	749,795.95		1,369,587.93
Infrastructure	28,361,480.11	888,039.80		29,249,519.91
	45,216,301.68	2,350,385.76	-	47,566,687.44
Administration:				
Buildings	171,781.23			171,781.23
Major Moveable Equipment	130,975.49			130,975.49
	302,756.72	-	-	302,756.72
Land:				
Plant	578,000.00			578,000.00
Administration	30,000.00			30,000.00
	608,000.00	-	-	608,000.00
	46,127,058.40	2,350,385.76	-	48,477,444.16
Less Depreciation	30,475,694.47	1,442,860.71		31,918,555.18
	\$ 15,651,363.93	\$ 907,525.05	\$ -	\$ 16,558,888.98

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2025

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Water Treatment Department:				
Plant:				
Buildings	\$ 20,583,985.46	\$ 437,620.06	\$ (258,404.55)	\$ 20,763,200.97
Major Moveable Equipment	860,854.47	50,014.96	(12,478.00)	898,391.43
Vehicles	1,070,724.06	208,211.62		1,278,935.68
Infrastructure	35,025,045.87	6,486,237.47		41,511,283.34
	57,540,609.86	7,182,084.11	(270,882.55)	64,451,811.42
Administration:				
Buildings	171,781.23			171,781.23
Major Moveable Equipment	130,975.51			130,975.51
	302,756.74	-	-	302,756.74
Land:				
Plant	892,698.44			892,698.44
Administration	30,000.00			30,000.00
	922,698.44	-	-	922,698.44
	58,766,065.04	7,182,084.11	(270,882.55)	65,677,266.60
Less Depreciation	32,620,683.55	1,924,226.03	(270,882.55)	34,274,027.03
	\$ 26,145,381.49	\$ 5,257,858.08	\$ -	\$ 31,403,239.57
Recap:				
Capital Assets	\$ 104,893,123.44	\$ 9,532,469.87	\$ (270,882.55)	\$ 114,154,710.76
Less Depreciation	63,096,378.02	3,367,086.74	(270,882.55)	66,192,582.21
	\$ 41,796,745.42	\$ 6,165,383.13	\$ -	\$ 47,962,128.55
Transferred from Construction in Progress		\$ 9,532,469.87		

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Construction in Progress
For the Year Ended December 31, 2025

Balance Jan. 1, 2025		\$ 15,163,765.70
Add:		
Disbursed	\$ 4,398,511.24	
Accounts Payable	<u>827,215.82</u>	
		<u>5,225,727.06</u>
		20,389,492.76
Less:		
Transferred to Completed		<u>9,532,469.87</u>
Balance Dec. 31, 2025		<u>\$ 10,857,022.89</u>

Schedule 10**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Accrued Interest Payable
For the Year Ended December 31, 2025

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Balance Jan. 1, 2025	\$ 84,577.78	\$ 93,968.01	\$ 178,545.79
Increased by:			
Accrued	<u>196,785.09</u>	<u>258,836.21</u>	<u>455,621.30</u>
	281,362.87	352,804.22	634,167.09
Decreased by:			
Cash Disbursed	<u>204,767.28</u>	<u>242,927.71</u>	<u>447,694.99</u>
Balance Dec. 31, 2025	<u>\$ 76,595.59</u>	<u>\$ 109,876.51</u>	<u>\$ 186,472.10</u>
Analysis of Interest Expense:			
Accrued	\$ 196,785.09	\$ 258,836.21	\$ 455,621.30
Premium on Bonds & Loans	<u>(29,495.58)</u>	<u>(36,758.94)</u>	<u>(66,254.52)</u>
Total Interest Expense	<u>\$ 167,289.51</u>	<u>\$ 222,077.27</u>	<u>\$ 389,366.78</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	11-9-08	\$ 2,198,000.00	N/A	2-1-2026	\$ 7,698.39				
				8-1-2026	104,305.72				
				2-1-2027	5,283.21				
				8-1-2027	107,928.50				
				2-1-2028	2,717.08				
				8-1-2028	111,400.53				
					<u>339,333.43</u>	\$ 452,997.98		\$ (113,664.55)	\$ 339,333.43
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing)	11-9-08	2,230,000.00	5.00%	9-1-2026	160,000.00				
			5.00%	9-1-2027	170,000.00				
			5.00%	9-1-2028	180,000.00				
					<u>510,000.00</u>	665,000.00		(155,000.00)	510,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing)	3-10-10	1,753,612.00	N/A	2-1-2026	31,314.50				
				8-1-2026	62,629.00				
				2-1-2027	31,314.50				
				8-1-2027	62,629.00				
				2-1-2028	31,314.50				
				8-1-2028	62,629.00				
				2-1-2029	31,314.50				
				8-1-2029	62,629.00				
					<u>375,774.00</u>	469,717.50		(93,943.50)	375,774.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Interest Bearing)	3-10-10	1,785,000.00				60,000.00		(60,000.00)	

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing)	3-10-10	\$ 619,370.00	N/A	2-1-2026	\$ 11,060.17				
				8-1-2026	22,120.35				
				2-1-2027	11,060.17				
				8-1-2027	22,120.35				
				2-1-2028	11,060.17				
				8-1-2028	22,120.35				
				2-1-2029	11,060.17				
				8-1-2029	22,120.64				
					<u>132,722.37</u>	\$ 165,902.89		\$ (33,180.52)	\$ 132,722.37
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Non-Interest Bearing)	5-21-14	2,365,598.00	N/A	2-1-2026	40,094.88				
				8-1-2026	80,189.76				
				2-1-2027	40,094.88				
				8-1-2027	80,189.76				
				2-1-2028	40,094.88				
				8-1-2028	80,189.76				
				2-1-2029	40,094.88				
				8-1-2029	80,189.76				
				2-1-2030	40,094.88				
				8-1-2030	80,189.76				
				2-1-2031	40,094.88				
				8-1-2031	80,189.76				
				2-1-2032	40,094.88				
				8-1-2032	80,189.76				
				2-1-2033	40,094.88				
				8-1-2033	80,189.84				
					<u>962,277.20</u>	1,082,561.84		(120,284.64)	962,277.20

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Interest Bearing)	5-21-14	\$ 770,000.00	3.00%	8-1-2026	\$ 45,000.00				
			3.00%	8-1-2027	45,000.00				
			3.00%	8-1-2028	45,000.00				
			3.00%	8-1-2029	50,000.00				
			3.00%	8-1-2030	50,000.00				
			3.00%	8-1-2031	50,000.00				
			3.125%	8-1-2032	55,000.00				
			3.25%	8-1-2033	55,000.00				
					<u>395,000.00</u>	\$ 440,000.00		\$ (45,000.00)	\$ 395,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing)	5-21-14	876,888.00	N/A	2-1-2026	14,862.50				
				8-1-2026	29,725.01				
				2-1-2027	14,862.50				
				8-1-2027	29,725.01				
				2-1-2028	14,862.50				
				8-1-2028	29,725.01				
				2-1-2029	14,862.50				
				8-1-2029	29,725.01				
				2-1-2030	14,862.50				
				8-1-2030	29,725.01				
				2-1-2031	14,862.50				
				8-1-2031	29,725.01				
				2-1-2032	14,862.50				
				8-1-2032	29,725.01				
				2-1-2033	14,862.50				
				8-1-2033	14,295.31				
					<u>341,270.38</u>	385,857.89		(44,587.51)	341,270.38

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Interest Bearing)	5-21-14	\$ 285,000.00	3.00%	8-1-2026	\$ 15,000.00				
			3.00%	8-1-2027	15,000.00				
			3.00%	8-1-2028	15,000.00				
			3.00%	8-1-2029	20,000.00				
			3.00%	8-1-2030	20,000.00				
			3.00%	8-1-2031	20,000.00				
			3.125%	8-1-2032	20,000.00				
			3.25%	8-1-2033	20,000.00				
					<u>145,000.00</u>	\$ 160,000.00		\$ (15,000.00)	\$ 145,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Non-Interest Bearing)	5-28-15	1,176,180.00	N/A	2-1-2026	19,935.25				
				8-1-2026	39,870.50				
				2-1-2027	19,935.25				
				8-1-2027	39,870.50				
				2-1-2028	19,935.25				
				8-1-2028	39,870.50				
				2-1-2029	19,935.25				
				8-1-2029	39,870.50				
				2-1-2030	19,935.25				
				8-1-2030	39,870.50				
				2-1-2031	19,935.25				
				8-1-2031	39,870.50				
				2-1-2032	19,935.25				
				8-1-2032	28,054.25				
					<u>406,824.00</u>	466,629.75		(59,805.75)	406,824.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Interest Bearing)	5-28-15	\$ 490,000.00	5.00%	8-1-2026	\$ 25,000.00				
			4.00%	8-1-2027	30,000.00				
			4.00%	8-1-2028	30,000.00				
			4.00%	8-1-2029	30,000.00				
			4.00%	8-1-2030	30,000.00				
			4.00%	8-1-2031	35,000.00				
			4.00%	8-1-2032	35,000.00				
			4.00%	8-1-2033	35,000.00				
			4.00%	8-1-2034	35,000.00				
					<u>285,000.00</u>	\$ 310,000.00		\$ (25,000.00)	\$ 285,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Non-Interest Bearing)	5-28-15	695,657.00	N/A	2-1-2026	11,790.79				
				8-1-2026	23,581.59				
				2-1-2027	11,790.79				
				8-1-2027	23,581.59				
				2-1-2028	11,790.79				
				8-1-2028	23,581.59				
				2-1-2029	11,790.79				
				8-1-2029	23,581.59				
				2-1-2030	11,790.79				
				8-1-2030	23,581.59				
				2-1-2031	11,790.79				
				8-1-2031	23,581.59				
				2-1-2032	11,790.79				
				8-1-2032	23,581.59				
				2-1-2033	11,790.79				
				8-1-2033	23,581.59				
				2-1-2034	11,790.79				
				8-1-2034	23,581.78				
					<u>318,351.61</u>	353,723.99		(35,372.38)	318,351.61

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Interest Bearing)	5-28-15	\$ 290,000.00	5.00%	8-1-2026	\$ 15,000.00				
			4.00%	8-1-2027	15,000.00				
			4.00%	8-1-2028	15,000.00				
			4.00%	8-1-2029	20,000.00				
			4.00%	8-1-2030	20,000.00				
			4.00%	8-1-2031	20,000.00				
			4.00%	8-1-2032	20,000.00				
			4.00%	8-1-2033	20,000.00				
			4.00%	8-1-2034	20,000.00				
					<u>165,000.00</u>	\$ 180,000.00		\$ (15,000.00)	\$ 165,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Interest Bearing)	11-21-17	2,115,000.00	5.00%	8-1-2026	105,000.00				
			2.125%	8-1-2027	110,000.00				
			2.375%	8-1-2028	115,000.00				
			2.500%	8-1-2029	115,000.00				
			2.625%	8-1-2030	120,000.00				
			2.750%	8-1-2031	125,000.00				
			2.750%	8-1-2032	125,000.00				
			2.875%	8-1-2033	130,000.00				
			2.875%	8-1-2034	135,000.00				
			3.00%	8-2-2035	135,000.00				
			3.00%	8-3-2036	140,000.00				
			3.00%	8-3-2037	145,000.00				
					<u>1,500,000.00</u>	1,600,000.00		(100,000.00)	1,500,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest Rate</u>	<u>Maturities</u>		<u>Balance Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Non-Interest Bearing)	11-21-17	\$ 2,173,449.00	N/A	2-1-2026	\$ 36,838.11				
				8-1-2026	73,676.23				
				2-1-2027	36,838.11				
				8-1-2027	73,676.23				
				2-1-2028	36,838.11				
				8-1-2028	73,676.23				
				2-1-2029	36,838.11				
				8-1-2029	73,676.23				
				2-1-2030	36,838.11				
				8-1-2030	73,676.23				
				2-1-2031	36,838.11				
				8-1-2031	73,676.23				
				2-1-2032	36,838.11				
				8-1-2032	73,676.23				
				2-1-2033	36,838.11				
				8-1-2033	73,676.23				
				2-1-2034	36,838.11				
				8-1-2034	73,676.23				
				2-1-2035	36,838.11				
				8-1-2035	62,527.22				
					1,093,994.39	\$ 1,204,508.73		\$ (110,514.34)	\$ 1,093,994.39

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Infrastructure Bank Trust Loan, Series 2022A-2 Drinking Water (Interest Bearing)	12-22-22	\$ 6,470,000.00	5.00%	8-1-2026	\$ 305,000.00				
			5.00%	8-1-2027	320,000.00				
			5.00%	8-1-2028	335,000.00				
			5.00%	8-1-2029	350,000.00				
			5.00%	8-1-2030	365,000.00				
			5.00%	8-1-2031	390,000.00				
			5.00%	8-1-2032	405,000.00				
			5.00%	8-1-2033	425,000.00				
			5.00%	8-1-2034	450,000.00				
			5.00%	8-1-2035	470,000.00				
			5.00%	8-1-2036	495,000.00				
			5.00%	8-1-2037	520,000.00				
			5.00%	8-1-2038	195,000.00				
			5.00%	8-1-2039	205,000.00				
			5.00%	8-1-2040	215,000.00				
			5.00%	8-1-2041	225,000.00				
			5.00%	8-1-2042	235,000.00				
					<u>5,905,000.00</u>	\$ 6,190,000.00		\$ (285,000.00)	\$ 5,905,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Infrastructure Bank Trust Loan, Series 2022A-2 Drinking Water (Non-Interest Bearing)	12-22-22	\$ 7,241,200.00	N/A	2-1-2026	\$ 145,268.13				
				8-1-2026	290,536.27				
				2-1-2027	145,268.13				
				8-1-2027	290,536.27				
				2-1-2028	145,268.13				
				8-1-2028	290,536.27				
				2-1-2029	145,268.13				
				8-1-2029	290,536.27				
				2-1-2030	145,268.13				
				8-1-2030	290,536.27				
				2-1-2031	145,268.13				
				8-1-2031	290,536.27				
				2-1-2032	145,268.13				
				8-1-2032	290,536.27				
				2-1-2033	145,268.13				
				8-1-2033	290,536.27				
				2-1-2034	145,268.13				
				8-1-2034	290,536.27				
				2-1-2035	145,268.13				
				8-1-2035	290,536.27				
				2-1-2036	145,268.13				
				8-1-2036	290,536.27				
				2-1-2037	145,268.13				
				8-1-2037	290,536.43				
				2-1-2038	56,626.77				
				8-1-2038	113,253.55				
				2-1-2039	56,626.77				
				8-1-2039	113,253.55				
				2-1-2040	56,626.77				
				8-1-2040	113,253.55				
				2-1-2041	56,626.77				
				8-1-2041	113,253.55				
				2-1-2042	56,626.77				
				8-1-2042	113,253.92				
					<u>6,079,054.93</u>	\$ 6,514,859.33		\$ (435,804.40)	\$ 6,079,054.93
New Jersey I-Bank Interim Loan	6-30-24	18,200,000.00				18,200,000.00		(18,200,000.00)	
New Jersey I-Bank Interim Loan	6-30-25	18,200,000.00	Various	6-30-2026	18,200,000.00		\$ 18,200,000.00		18,200,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey I-Bank Interim Loan	11-9-24	\$ 6,561,021.00				\$ 6,561,021.00		\$ (6,561,021.00)	
New Jersey Infrastructure Bank Trust Loan, Series 2025 A-SW1 Drinking Water (Interest Bearing)	6-2-25	1,260,902.00	5.00%	8-1-2026	30,000.00				
			5.00%	8-1-2027	30,000.00				
			5.00%	8-1-2028	30,000.00				
			5.00%	8-1-2029	30,000.00				
			5.00%	8-1-2030	35,000.00				
			5.00%	8-1-2031	35,000.00				
			5.00%	8-1-2032	35,000.00				
			5.00%	8-1-2033	35,000.00				
			5.00%	8-1-2034	35,000.00				
			5.00%	8-1-2035	35,000.00				
			5.00%	8-1-2036	35,000.00				
			5.00%	8-1-2037	35,000.00				
			5.00%	8-1-2038	35,000.00				
			5.00%	8-1-2039	43,845.00				
			5.00%	8-1-2040	43,902.00				
			5.00%	8-1-2041	43,957.00				
			5.00%	8-1-2042	46,415.00				
			5.00%	8-1-2043	48,124.00				
			5.00%	8-1-2044	48,331.00				
			5.00%	8-1-2045	48,531.00				
			5.00%	8-1-2046	48,661.00				
			5.00%	8-1-2047	48,787.00				
			5.00%	8-1-2048	52,623.00				
			5.00%	8-1-2049	52,910.00				
			5.00%	8-1-2050	56,952.00				
			5.00%	8-1-2051	57,325.00				
			5.00%	8-1-2052	61,099.00				
			5.00%	8-1-2053	61,565.00				
			5.00%	8-1-2054	62,875.00				
					<u>1,260,902.00</u>		1,260,902.00		1,260,902.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Infrastructure Bank Trust									
Loan, Series 2025 A-SW1 Drinking Water									
(Non-Interest Bearing)	6-2-25	\$ 658,998.00	N/A	2-1-2026	\$ 4,467.78				
				8-1-2026	17,871.13				
				2-1-2027	4,467.78				
				8-1-2027	17,871.13				
				2-1-2028	4,467.78				
				8-1-2028	17,871.13				
				2-1-2029	4,467.78				
				8-1-2029	17,871.13				
				2-1-2030	4,467.78				
				8-1-2030	17,871.13				
				2-1-2031	4,467.78				
				8-1-2031	17,871.13				
				2-1-2032	4,467.78				
				8-1-2032	17,871.13				
				2-1-2033	4,467.78				
				8-1-2033	17,871.13				
				2-1-2034	4,467.78				
				8-1-2034	17,871.13				
				2-1-2035	4,467.78				
				8-1-2035	17,871.13				
				2-1-2036	4,467.78				
				8-1-2036	17,871.13				
				2-1-2037	4,467.78				
				8-1-2037	17,871.13				
				2-1-2038	4,467.78				
				8-1-2038	17,871.13				
				2-1-2039	4,467.78				
				8-1-2039	17,871.13				
				2-1-2040	4,467.78				
				8-1-2040	17,871.13				
				2-1-2041	4,467.78				
				8-1-2041	17,871.13				
				2-1-2042	4,467.78				
				8-1-2042	17,871.13				
				2-1-2043	4,467.78				
				8-1-2043	17,871.13				
				2-1-2044	4,467.78				
				8-1-2044	17,871.13				
				2-1-2045	4,467.78				
				8-1-2045	17,871.13				

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2025

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>	<u>Jan. 1, 2025</u>			<u>Dec. 31, 2025</u>
New Jersey Infrastructure Bank Trust Loan, Series 2025 A-SW1 Drinking Water (Non-Interest Bearing) (Cont'd)				2-1-2046	\$ 4,467.78				
				8-1-2046	17,871.13				
				2-1-2047	4,467.78				
				8-1-2047	17,871.13				
				2-1-2048	4,467.78				
				8-1-2048	17,871.13				
				2-1-2049	4,467.78				
				8-1-2049	17,871.13				
				2-1-2050	4,467.78				
				8-1-2050	17,871.13				
				2-1-2051	4,467.78				
				8-1-2051	17,871.13				
				2-1-2052	4,467.78				
				8-1-2052	17,871.13				
				2-1-2053	4,467.78				
				8-1-2053	17,871.13				
				2-1-2054	4,467.78				
				8-1-2054	20,105.18				
					<u>650,062.44</u>		\$ 658,998.00	\$ (8,935.56)	\$ 650,062.44
New Jersey I-Bank Interim Loan	6-19-25	\$ 1,896,885.00	Various	6-30-2030	1,896,885.00		1,896,885.00		1,896,885.00
Premium on Loans - Amortized						\$ 45,462,780.90	22,016,785.00	(26,517,114.15)	40,962,451.75
						<u>1,047,758.78</u>	<u>46,836.35</u>	<u>(66,254.52)</u>	<u>1,028,340.61</u>
						<u>\$ 46,510,539.68</u>	<u>\$ 22,063,621.35</u>	<u>\$ (26,583,368.67)</u>	<u>\$ 41,990,792.36</u>
Renewal						\$ 18,200,000.00	\$ (18,200,000.00)		
Permanently Financed						1,919,900.00	(6,561,021.00)		
Interim Financing						1,896,885.00			
Disbursed							(1,756,093.15)		
Premium on Loans						<u>46,836.35</u>	<u>(66,254.52)</u>		
						<u>\$ 22,063,621.35</u>	<u>\$ (26,583,368.67)</u>		

**WILLINGBORO MUNICIPAL UTILITIES
AUTHORITY**

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Recommendations

For the Year Ended December 31, 2025

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with the audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Governmental Services, Department of Community Affairs, State of New Jersey.

None.

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

PKF O'Connor Davies, LLP

Voorhees, NJ
August 13, 2026