TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)

Financial Statements and Supplementary Information

For the years ended December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township Toms River, County of Ocean, State of New Jersey)
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INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners
of the Toms River Municipal Utilities Authority
County of Ocean
Toms River, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Toms River Municipal Utilities Authority, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Toms River Municipal Utilities Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Toms River Municipal Utilities Authority, as of December 31, 2025 and 2024, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Toms River Municipal Utilities 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Toms River Municipal Utilities 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 Toms River Municipal Utilities 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 and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Toms River Municipal Utilities Authority's basic financial statements. The accompanying supplementary information 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, the supplementary information, as listed in the table of contents, is 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 July 5, 2026 on our consideration of the Toms River Municipal Utilities 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 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 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 Toms River Municipal Utilities Authority's internal control over financial reporting and compliance.

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 5, 2026
Lakewood, New Jersey

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INDEPENDENT AUDITOR'S 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*

The Chairman and Commissioners
of the Toms River Municipal Utilities Authority
County of Ocean
Toms River, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Toms River Municipal Utilities Authority, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Toms River Municipal Utilities Authority's basic financial statements, and have issued our report thereon dated July 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Toms River Municipal Utilities 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 Toms River Municipal Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Toms River Municipal Utilities 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 a 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 Toms River Municipal Utilities 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 audit requirements as prescribed by the Local Finance Board and by the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 5, 2026
Lakewood, New Jersey

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chairman and Commissioners
of the Toms River Municipal Utilities Authority
County of Ocean
Toms River, New Jersey

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of Toms River Municipal Utilities Authority's (hereafter referred to as the Authority) financial activities for the fiscal years ended December 31, 2025 and 2024 and as compared to the prior year. It should be read in conjunction with the accompanying financial statements.

Financial Statements

The financial statements included in this report are the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows for the years ended December 31, 2025 and 2024.

The Statements of Net Position show the financial position of the Authority at December 31st of each year. Assets are compared with liabilities and net position is the result.

The Statements of Revenues, Expenses and Change in Net Position measure performance for each year and how this performance impacts net position.

Finally, the Statements of Cash Flows demonstrates why cash balances increased or decreased during the two years.

Financial Analysis

The Authority, at December 31, 2025, had total assets and deferred outflows of resources of $88,053,030 compared to $87,460,172 and $81,973,631 at December 31, 2024 and 2023, respectively. The changes from year to year are primarily due to the increase in cash, purchase of capital assets in relation to the rehabilitation project and the purchase of restricted investments.

The Authority, at December 31, 2025, had total liabilities and deferred inflows of resources of $38,607,574 compared to $41,600,811 and $38,607,816 at December 31, 2024 and 2023, respectively. The changes from year to year are primarily due to the decrease in unearned revenue.

The Authority, at December 31, 2025, had a total net position of $49,445,456 compared to $45,859,361 and $43,365,815 at December 31, 2024 and 2023 respectively. The increase from year to year can be primarily attributed to revenues exceeding expenses.

The financial statements for the year ended December 31, 2023, have been restated to correct compensated absences balances and expenses due to the December 31, 2024 implementation of GASB 101, *Compensated Absences*. As a result, compensated absences, operating expenses and the respective changes in financial position have been restated to reflect the activity.

Condensed Financial Information

Key Authority Financial Information include the following balances:

Financial Position:

	2025	2024	RESTATED 2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current unrestricted assets	$ 24,104,900	$ 21,417,332	$ 18,130,097
Current restricted assets	7,474,715	7,402,115	7,510,837
Capital assets, net	53,666,479	55,460,263	54,330,364
Total assets	85,246,094	84,279,710	79,971,298
Deferred outflows of resources	2,806,936	3,180,462	2,002,333
Total assets and deferred outflow of resources	$ 88,053,030	$ 87,460,172	$ 81,973,631
LIABILTIES AND DEFERRED INFLOWS OF RESOURCES			
Current unrestricted liabilities	$ 1,466,572	$ 3,289,142	$ 3,651,263
Current restricted liabilities	8,741,929	8,665,849	5,624,498
Long-term liabilities	25,484,326	27,548,934	27,539,577
Total liabilities	35,692,827	39,503,925	36,815,338
Deferred inflow of resources	2,914,747	2,096,886	1,792,478
Total liabilities and deferred inflow of resources	38,607,574	41,600,811	38,607,816
NET POSITION			
Investments in capital assets, net of related debt	39,636,009	40,640,097	41,578,045
Unrestricted net position	9,809,447	5,219,264	1,787,770
Total net position	49,445,456	45,859,361	43,365,815
Total liabilities, deferred inflows of resources and net position	$ 88,053,030	$ 87,460,172	$ 81,973,631

Financial Position (continued):

	2025	2024	RESTATED 2023
Total revenues	$ 25,579,371	$ 25,141,791	$ 24,388,856
Total expenses	(21,993,276)	(22,648,245)	(21,531,752)
Net income	$ 3,586,095	$ 2,493,546	$ 2,857,104
Capital spending	$ 1,104,584	$ 4,034,310	$ 4,788,778
Capital contributions	-	-	40,879
Connection fees	688,180	293,279	300,378
Bonds paid down	851,768	812,115	783,812
Bonds payable, net	8,176,090	9,050,225	9,884,707

Authority revenues were $234,796 under budgeted for 2025 and $350,401 over budgeted for 2024. For 2025, this was primarily due connections fees being unfavorable compared to budget. For 2024, this was primarily due to delinquencies and interest on investments being favorable compared to budget.

Authority expenses were $3,809,067 less than anticipated for 2025 and $1,841,242 less than anticipated for 2024. For 2025, this was primarily due to actual treatment charges, maintenance of system and rehabilitation project expenses being favorable compared to budget. For 2024, this was primarily due to actual administrative, maintenance of system and rehabilitation project expenses being favorable compared to budget

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 340 West Water Street, Toms River, New Jersey during the Authority's business hours.

Respectfully Submitted

Bernard Rutkowski
Executive Director

Michael Lee
CFO

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current unrestricted assets:		
Cash and cash equivalent (Note 2)	$ 21,340,436	$ 18,644,918
Accounts receivable (Note 4)	2,260,064	2,470,779
Inventory	311,482	301,635
Due from OCUA (Note 5)	192,918	-
Total current unrestricted assets	24,104,900	21,417,332
Current restricted assets:		
Restricted cash and investments:		
Rate stabilization:		
Cash and cash equivalent (Note 2)	1,512,585	1,445,308
Investments (Note 3)	66,308	104,796
Interest receivable	53	84
System renovation:		
Cash and cash equivalent (Note 2)	3,738,884	3,682,255
Investments (Note 3)	-	1,086
Interest receivable	-	1
Other restricted funds:		
Cash and cash equivalent (Note 2)	1,406,885	1,400,279
Operating:		
Investments (Note 3)	750,000	768,306
Total current restricted assets	7,474,715	7,402,115
Capital assets (Note 6)	159,458,472	158,353,888
Less: accumulated depreciation (Note 6)	(105,791,993)	(102,893,625)
Capital assets, net	53,666,479	55,460,263
Total assets	85,246,094	84,279,710
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 9)	299,138	357,843
Deferred outflows related to other postemployment benefits (Note 8)	2,479,553	2,787,313
Deferred outflows related to loss on bond refunding net of accumulated amortization (Note 7)	28,245	35,306
Total deferred outflow of resources	2,806,936	3,180,462
Total assets and deferred outflow of resources	$ 88,053,030	$ 87,460,172

The accompanying notes are an integral part of this statement.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River,
County of Ocean, State of New Jersey)

Statements of Net Position (continued)
December 31, 2025 and 2024

		2025	2024
LIABILITIES			
Current unrestricted liabilities:			
Accounts payable		$ 195,859	$ 259,788
Due to OCUA (Note 5)		-	469,392
Accrued expenses (Note 7)		67,406	56,282
Deposits on connection fees		4,295	4,295
Unearned revenue (Note 7)		1,199,012	2,499,385
Total current unrestricted liabilities		1,466,572	3,289,142
Current restricted liabilities:			
Current portion of bonds payable - NJIB (Note 7)		884,134	874,134
Construction loan payable - NJIB (Note 7)		5,882,625	5,805,247
Accrued interest payable		59,896	59,896
Escrow performance bonds (Note 10)		1,311,657	1,293,028
Unemployment trust fund		79,343	91,365
Pension payable (Note 9)		524,274	542,179
Total current restricted liabilities		8,741,929	8,665,849
Long-term liabilities:			
Long-term portion of bonds payable - NJIB (Note 7)		7,291,956	8,176,091
Compensated absences (Note 7)		194,929	253,896
Net other postemployment benefits liability (Note 8)		13,279,516	13,704,851
Net pension liability (Note 9)		4,717,925	5,414,096
Total long-term liabilities		25,484,326	27,548,934
Total liabilities		35,692,827	39,503,925
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 9)		954,540	897,212
Deferred inflows related to other postemployment benefits (Note 8)		1,960,207	1,199,674
Total deferred inflow of resources		2,914,747	2,096,886
NET POSITION			
Investment in capital assets, net		39,636,009	40,640,097
Unrestricted net position		9,809,447	5,219,264
Total net position		49,445,456	45,859,361
Total liabilities, deferred inflows of resources and net position		$ 88,053,030	$ 87,460,172

The accompanying notes are an integral part of this statement.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River,
County of Ocean, State of New Jersey)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2025 and 2024

	2025	2024
Operating revenues:		
Sewerage charges	$ 23,983,735	$ 23,715,602
Connection fees	688,180	293,279
Engineering and inspection fees	15,563	17,392
Delinquent charges	495,270	504,250
Miscellaneous	58,001	223,553
Total operating revenues	25,240,749	24,754,076
Operating expenses:		
Administrative expenses	1,996,593	1,833,033
Maintenance and treatment	15,863,531	16,725,232
Depreciation	2,898,368	2,904,411
Total operating expenses	20,758,492	21,462,676
Net income from operations	4,482,257	3,291,400
Non-operating revenues/(expenses):		
Interest income	335,091	364,380
Realized gain on sale of investments	733	969
Unrealized gain/(loss) on investments	(12,508)	6,775
Interest expense	(150,909)	(158,736)
Transfer to the Township of Toms River (Note 12)	(1,083,875)	(1,026,833)
Gain on disposal of fixed assets	-	285
Amortization of bond premium	15,306	15,306
Total non-operating revenues/(expenses)	(896,162)	(797,854)
Change in net position	3,586,095	2,493,546
Net position, January 1	45,859,361	43,365,815
Net position, December 31	$ 49,445,456	$ 45,859,361

The accompanying notes are an integral part of this statement.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)

Statements of Cash Flows
For the years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from service users	$ 23,958,205	$ 24,058,985
Cash paid to suppliers and employees	(19,483,488)	(19,348,394)
Interest income	335,091	364,380
Amount paid for interest	(150,909)	(158,736)
Net cash flows from operating activities	4,658,899	4,916,235
Cash flows from investing activities:		
Purchases of investments	(750,000)	(750,000)
Proceeds from sale of investments	796,105	809,337
Acquisition and construction of capital assets	(1,104,584)	(4,034,310)
Proceeds from sale of capital assets	-	285
Net cash flows from investing activities	(1,058,479)	(3,974,688)
Cash flows from financing activities:		
Principal repayment on long-term debt	(851,768)	(812,115)
Issuance of debt	77,378	2,895,268
Net cash flows from investing activities	(774,390)	2,083,153
Change in cash	2,826,030	3,024,700
Unrestricted and restricted cash, January 1	25,172,760	22,148,060
Unrestricted and restricted cash, December 31	$ 27,998,790	$ 25,172,760
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash	$ 21,340,436	$ 18,644,918
Current restricted assets:		
Rate stabilization cash	1,512,585	1,445,308
System renovation cash	3,738,884	3,682,255
Other restricted cash	1,406,885	1,400,279
Unrestricted and restricted cash, December 31	$ 27,998,790	$ 25,172,760

The accompanying notes are an integral part of this statement.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River,
County of Ocean, State of New Jersey)
Statements of Cash Flows (continued)
For the years ended December 31, 2025 and 2024

	2025	2024
Reconciliation of operating income to net cash from operating activities:		
Net income from operations	$ 3,586,095	$ 2,493,546
Items which did not use cash:		
Depreciation and amortization	2,898,368	2,904,411
Amortization of loss on bond refunding	(15,306)	(15,306)
Gain on sale of capital assets	-	(285)
Unbudgeted pension expense (credit)	(580,138)	(587,156)
Unbudgeted other postemployment benefit expense	642,958	631,591
Unrealized loss on investments	12,508	(6,775)
Realized gain on investments	(733)	(969)
Working capital changes which provided (used) cash:		
Accounts receivable	17,829	(208,771)
Inventory	(9,847)	3,365
Accounts payable	(57,322)	(104,818)
Due to OCUA	(469,392)	469,392
Accrued expenses	11,124	(115,579)
Unearned revenues	(1,300,373)	(486,320)
Pension payable	(17,905)	(19,148)
Compensated absences	(58,967)	(40,943)
Net cash flows from operating activities	$ 4,658,899	$ 4,916,235

The accompanying notes are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Toms River Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Toms River, County of Ocean, State of New Jersey, 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.

Creation of Authority

Dover Municipal Utilities Authority, originally named the Dover Sewerage Authority, was created under the Municipal Utilities Law constituting Chapter 143 of the Laws of the State of New Jersey of 1957 (Chapter 14-8, Title 40 of the revised statutes of the State of New Jersey) and was created by an ordinance of the Dover Township Committee on April 26, 1949.

On November 28, 2007, the Authority changed its name to “Toms River Municipal Utilities Authority”. The name change was done in conjunction with Dover Township, which had changed its name to the “Township of Toms River”.

The Authority provides wastewater collection services to the residents within the territorial limits of Toms River Municipal Utilities Authority’s sanitary sewer collection system.

Component Unit

The Authority is considered to be a "Component Unit" of the Township of Toms River under GAAP however, the Township of Toms River does not follow GAAP for accounting and financial reporting purposes rather it follows a regulatory basis of accounting, utilizing accounting principles which differ, in some cases significantly, from GAAP. Of particular note is the exclusion from the Township's financial statements of potential component units, based on the separate legal status of these units. Accordingly, the financial statements of the Township do not include the Authority as a component unit.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with GAAP applicable to enterprise funds of State and Local Governments on a going concern basis.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

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. 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 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal 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 fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year by resolution of the Board of Commissioners. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The legal level of budgetary control is established at the detail shown on the Statement 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 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 generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash in banks and may include petty cash and change funds. It may also include 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.

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into 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 of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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.

Investments are carried at lower of cost or market plus accrued interest shown separately and consists of interest-bearing bank deposits, certificates of deposit and U.S. Government Securities.

Fair Value Measurement

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following methods and assumptions were used by the Authority in estimating the fair value of its financial instruments:

Certificates of Deposit: are valued at fair value by discounting the related cash flows based on current yields of similar investments with comparable durations considering the credit worthiness of the issuer.

Government Securities: are valued at quoted market prices which represent the net asset value of similar assets held on the market.

Subsequent to initial recognition, the Authority may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Inventory

Inventory consists principally of parts and supplies utilized in maintaining the system and gasoline storage and is stated at lower of cost (determined on a first in, first out basis) or market.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's fiscal year end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Assets contributed by developer's are valued at estimated fair market value as of the date of contribution. Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets.

Depreciation is determined on a straight-line basis for all capital assets. Depreciation was provided over the following estimated useful lives:

	Years
Building and improvements	10 – 40
Collection systems	40
Equipment	3 – 10
Furniture and fixtures	5 – 7
GIS deployed	5 – 25

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated sick leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated sick leave in the event of retirement or termination from service at the current salary.

In accordance with GASB Statement No. 101, *Compensated Absences*, the Authority recognizes a liability for compensated absences when the leave is earned through employee service and is attributable to services already rendered, regardless of whether the leave vests or accumulates. This includes leave that is expected to be used and compensated in the future, such as parental, military, and jury duty leave. The liability is measured using current pay rates (or expected rates at the time of leave usage, if applicable) and includes applicable salary-related costs, such as employer portions of Social Security and Medicare. The liability is reported in the financial statements. Expenditures are recognized as payments come due each period, for example, because of employee resignations and retirements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

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

Bond Premium

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to bonds payable.

Pension and Other Post-employment Benefits (OPEB) Section

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the Public Employees' Retirement System (PERS), OPEB and additions to/deductions from the PERS's and OPEB's fiduciary net position have been determined on the same basis as they are reported by the plan. For these purposes, 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.

Net Position

In accordance with the provisions of GASB Statement No. 34 *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:

<u>Net Investment in Capital Assets</u> – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, 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.

<u>Restricted Net Position</u> – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

<u>Unrestricted Net Position</u> – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Income Taxes

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and Non-Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Non-operating revenues primarily consist of interest income and on investments of securities. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. Non-operating expenses primarily include expenses attributable to the Authority's interest on debt, contribution to Township and sales of capital assets.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amount.

Impact of Recently Issued Accounting Pronouncements

Adopted Pronouncements Adopted in Current Year

The following GASB statements became effective for the fiscal year ended December 31, 2025:

- Statement No. 102, *Certain Risk Disclosures.* The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

Management has determined that the implementation of these statements did not have a significant impact on the Authority's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 103, *Financial Reporting Model Improvements.* The requirements of this statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets.* The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not yet determined the potential impact on the Authority's financial statements.

Subsequent Events

The Authority has evaluated subsequent events occurring after December 31, 2025 through July 5, 2026, which is the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

This Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2025 and 2024, reported at fair value, are as follows:

	2025	2024
Deposits:		
Demand deposits	$27,998,790	$25,172,760
Total deposits	$27,998,790	$25,172,760
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash and cash equivalents	$21,340,436	$18,644,918
Current restricted assets:		
Rate stabilization cash and cash equivalents	1,512,585	1,445,308
System renovation cash and cash equivalents	3,738,884	3,682,255
Other restricted cash and cash equivalents	1,406,885	1,400,279
Total current unrestricted and restricted cash and cash equivalents	$26,498,790	$25,172,760

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 GUPDA. Under the Act, the first $250,000 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 such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2025 and 2024, the Authority's bank balances were insured or exposed to credit risk as follows:

	2025	2024
Insured by FDIC	$ 750,000	$ 500,000
Collateralized in the Authority's name under GUDPA	27,312,482	24,750,352
Total	$ 28,062,482	$ 25,220,352

NOTE 2: CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk Related to Deposits (continued)

The Board approved and adopted the Cash Management and Investment Policy on February 27, 2025 establishes the following restricted cash and investment accounts:

Account	Amount	Use for which restricted
System renovation	Amount designated by Board.	To pay for infrastructure repairs for the collection system.
Rate stabilization	Amount designated by Board.	To maintain stable sewer rates for customers.

In addition to the above, the Authority has restricted accounts pertaining to unemployment trust funds, construction funds, and capital reserves.

NOTE 3: INVESTMENTS

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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 federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Government investment pools;

NOTE 3: INVESTMENTS (continued)

Custodial Credit Risk (continued)

- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2025 and 2024, the Authority had the following investments:

	Investments at Fair Value as of December 31, 2025			
	Level I	***Level II***	***Level III***	**Total**
Fixed income securities:				
Certificates of deposits	$ -	$ 750,000	$ -	$ 750,000
U.S. government agency obligations	66,308	-	-	66,308
Total investments at fair value	$ 66,308	$ 750,000	$ -	$ 816,308

	Investments at Fair Value as of December 31, 2024			
	Level I	***Level II***	***Level III***	**Total**
Fixed income securities:				
Certificates of deposits	$ -	$ 768,306	$ -	$ 768,306
U.S. government agency obligations	105,882	-	-	105,882
Total investments at fair value	$ 105,882	$ 768,306	$ -	$ 874,188

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable balances as of December 31, 2025 and 2024 consisted of the following:

	2025	**2024**
Accounts receivable – customers	$ 2,201,718	$ 2,416,191
Other receivables	300	300
Other municipalities	58,046	54,288
Total	$ 2,260,064	$ 2,470,779

NOTE 5: OCUA CREDIT/(DEFICIENCY)

The Authority makes quarterly estimated payments to the Ocean County Utilities Authority ("OCUA") for the amount of sewerage that is discharged. At the end of the year, the OCUA is required to provide the Authority with a "Deficiency Notification" in accordance with Articles V and IX of the Service Agreement. The credit or (deficiency) is computed by taking the actual flows for the year and comparing this number to the estimated flows. The Authority had a credit of $192,918 and a deficiency of $469,392 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6: CAPITAL ASSETS

The activity in capital assets for the years ended December 31, 2025 and 2024 are as followed:

	Balance December 31, 2024	Additions	Retirements and Transfers	Balance December 31, 2025
Capital assets not being depreciated:				
Land	$ 1,779,650	$ -	$ -	$ 1,779,650
Construction in progress	5,847,190	88,439	-	5,935,629
Total capital assets not being depreciated	7,626,840	88,439	-	7,715,279
Capital assets being depreciated:				
Buildings and improvements	5,098,664	24,443	-	5,123,107
Collection system	136,925,367	875,068	-	137,800,435
Equipment	7,300,145	90,211	-	7,390,356
Furniture and fixtures	1,107,379	26,423	-	1,133,802
GIS deployed	295,493	-	-	295,493
Total capital assets being depreciated	150,727,048	1,016,145	-	151,743,193
Total capital assets	158,353,888	1,104,584	-	159,458,472
Less: accumulated depreciation	(102,893,625)	(2,898,368)	-	(105,791,993)
Total capital assets, being depreciated, net	47,833,423	(1,882,223)	-	45,951,200
Total capital assets, net	$ 55,460,263	$ (1,793,784)	$ -	$ 53,666,479

NOTE 6: CAPITAL ASSETS (continued)

	Balance December 31, 2023	Additions	Retirements and Transfers	Balance December 31, 2024
Capital assets not being depreciated:				
Land	$ 1,779,650	$ -	$ -	$ 1,779,650
Construction in progress	3,137,113	2,710,077	-	5,847,190
Total capital assets not being depreciated	4,916,763	2,710,077	-	7,626,840
Capital assets being depreciated:				
Buildings and improvements	4,860,216	238,448	-	5,098,664
Collection system	135,958,199	967,168	-	136,925,367
Equipment	7,234,358	65,787	-	7,300,145
Furniture and fixtures	1,054,549	52,830	-	1,107,379
GIS deployed	295,493	-	-	295,493
Total capital assets being depreciated	149,402,815	1,324,233	-	150,727,048
Total capital assets	154,319,578	4,034,310	-	158,353,888
Less: accumulated depreciation	(99,989,214)	(2,904,411)	-	(102,893,625)
Total capital assets, being depreciated, net	49,413,601	(1,580,178)	-	47,833,423
Total capital assets, net	$ 54,330,364	$ 1,129,899	$ -	$ 55,460,263

NOTE 7: LIABILITIES

Accrued Expenses

Accrued expenses as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Payroll	$ 37,849	$ 27,379
Payroll taxes	2,807	2,153
Professional fees	26,750	26,750
Total accrued expenses	$ 67,406	$ 56,282

Unearned Revenue

The Authority's customers are billed in December for the following quarter beginning January 1st. Appropriately, customer payments received in December for the following quarter are included in the Authority's current unrestricted liabilities and not recognized as revenue until the following year. As of December 31, 2025 and 2024, unearned revenue totaled $1,199,012 and $2,499,385, respectively.

NOTE 7: LIABILITIES (continued)

Long-term Obligations

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

	Balance 12/31/24	Additions	Reduction/ Adjustments	Balance 12/31/25	Balance Due Within One Year
Bonds payable	$ 8,883,359	$ -	$ 851,768	$ 8,031,591	$ 861,767
Unamortized loan premium	166,866	-	22,367	144,499	22,367
Bonds payable, net	9,050,225	-	874,135	8,176,090	884,134
Construction loan payable	5,805,247	77,378	-	5,882,625	5,882,625
Net other postemployment benefits liability	13,704,851	-	425,335	13,279,516	-
Compensated absences	253,896	-	58,967	194,929	-
Net pension liability	5,414,096	-	696,171	4,717,925	-
Total	$34,228,315	$ 77,378	$ 2,054,608	$32,251,085	$6,766,759

	Balance 12/31/23	Additions	Reduction/ Adjustments	Balance 12/31/24	Balance Due Within One Year
Bonds payable	$ 9,695,474	$ -	$ 812,115	$ 8,883,359	$ 851,767
Unamortized loan premium	189,233	-	22,367	166,866	22,367
Bonds payable, net	9,884,707	-	834,482	9,050,225	874,134
Construction loan payable	2,909,979	2,895,268	-	5,805,247	5,805,247
Net other postemployment benefits liability	12,110,460	1,594,391	-	13,704,851	-
Compensated absences*	294,839	-	40,943	253,896	-
Net pension liability	6,083,270	-	669,174	5,414,096	-
Total	$31,283,255	$4,489,659	$ 1,544,599	$34,228,315	$6,679,381

* The balance as of December 31, 2023 has been restated to align with the December 31, 2024 GASB 101: *Compensated Absences* implementation requirements.

NOTE 7: LIABILITIES (continued)

New Jersey Infrastructure Bank Series 2010A, 2014A, 2017A-R2, 2020A-1, 2022A-1 and 2023C-W1/A-W1 Loans Payable

Loans payable at December 31, 2025 and 2024 consisted of the following:

	2025	2024
2010A NJIB Fund Loans, bearing no interest, maturity dates February 1 from 2011 to 2029.	$ 1,494,621	$ 1,894,095
2014A NJIB Fund Loans, bearing no interest, maturity dates August 1 from 2014 to 2033.	402,819	459,452
2014A NJIB Trust Loans, bearing interest ranging from 3.00% to 5.00% per annum; maturity dates each August 1 from 2014 to 2033. Interest payable on February 1 and August 1 each year to maturity.	545,000	605,000
2017A-R2 NJIB Trust Loan Refunding, bearing interest ranging from 3.00% to 5.00% per annum; maturity dates each March 1 from 2017 to 2029. Interest payable on March 1 and September 1 each year to maturity.	654,000	803,000
2020A-1 NJIB Fund Loans, bearing no interest, maturity dates August 1 from 2020 to 2034.	237,837	264,264
2020A-1 NJIB Trust Loan Refunding, bearing interest ranging from 2.375% to 5.00% per annum; maturity dates each February 1 from 2020 to 2034. Interest payable on February 1 and August 1 each year to maturity.	135,000	145,000
2022A-1 NJIB Fund Loans, bearing no interest, maturity dates August 1 from 2022 to 2051.	1,830,000	1,870,000
2022A-1 NJIB Trust Loan Refunding, bearing interest ranging from 3.25% to 5.00% per annum; maturity dates each February 1 from 2022 to 2051. Interest payable on February 1 and August 1 each year to maturity.	1,723,244	1,789,522
2023C-W1/A-W1 NJIB Fund Loans, bearing no interest, maturity dates August 1 from 2024 to 2043.	521,203	550,159
2023C-W1/A-W1 NJIB Trust Loan Refunding, bearing interest ranging from 3.03% to 5.00% per annum; maturity dates each February 1 from 2024 to 2043. Interest payable on February 1 and August 1 each year to maturity.	487,867	502,867

NOTE 7: LIABILITIES (continued)

New Jersey Infrastructure Bank Series 2010A, 2014A, 2017A-R2, 2020A-1, 2022A-1 and 2023C-W1/A-W1 Loans Payable (continued)

Total loans	8,031,591	8,883,359
Less: current portion, including current portion of unamortized bond premium	(884,134)	(874,134)
Subtotal	7,147,457	8,009,225
Add: total unamortized bond premium	144,499	166,866
Total	$ 7,291,956	$ 8,176,091

On March 10, 2010, the Authority borrowed $10,105,000 in Series 2010A Revenue Bonds through the New Jersey Infrastructure Bank. The "Fund" (Federal Funds) portion of the Bond Issue, $7,590,000, was issued with no interest rate. The remaining Bonds mature semi-annually from February 1, 2011 through August 1, 2029 at maturities ranging from $133,158 to $266,316. As of December 31, 2025 and 2024, the remaining balances were $1,494,621 and $1,894,095, respectively.

On May 22, 2014, the Authority borrowed $4,307,242 in Series 2014A Revenue Bonds through the New Jersey Infrastructure Bank. The original "Fund" (Federal Funds) portion of the Bond Issue, $3,242,242 with a principal forgiveness portion of $2,161,494, leaving an adjusted "Fund" portion of the Bond Issue of $1,080,748 issued with no interest rate. As of December 31, 2025, and 2024, the remaining balances were $402,819 and $459,452, respectively. Of the amount that was recognized as NJIB principal forgiveness, $1,214,007 was recognized as revenue in 2014, $837,555 was recognized as revenue in 2015. On April 5, 2016, the Authority received a certified letter from the State of New Jersey Department of Environmental Protection in connection with the Authority's New Jersey Environmental Infrastructure Financing Program Project No. S340145-03/04. In the letter, the Authority was notified that the remaining $164,897 "Fund" portion of the loan, of which $109,932 was principal forgiveness, would be de-obligated. The remaining Bonds mature semi-annually from August 1, 2014 through August 1, 2033 at maturities ranging from $6,388 to $37,755. As of December 31, 2025 and 2024, this bond issuance premium had a balance of $34,905 and $39,072, respectively.

The "Loan" (State Funds) portion of the Series 2014A Bond Issue, $1,065,000, the remaining bonds mature annually from August 1, 2014 through 2033 at annual maturities ranging from $40,000 to $75,000 and bear interest at rates ranging from 3.00% to 5.00%. As of December 31, 2025 and 2024, the remaining balances were $545,000 and $605,000, respectively.

On January 31, 2017, the Authority issued Series 2017A-R2 NJIB Refunding Bonds in the amount of $1,578,000. The proceeds of this issuance were utilized to refund the 2010A Revenue Bonds NJIB trust loan outstanding. The bonds mature annually from September 1, 2019 through 2029 at annual maturities ranging from $116,000 to $173,000 and bear interest rates at 4.00%. As of December 31, 2025 and 2024, the remaining balances were $654,000 and $803,000 respectively. The 2017A-R2 Refunding Bonds issuance resulted in a net loss on refunding of $91,795 and a bond premium of $197,980. The $91,795 loss on refunding is recognized as a deferred outflow of resources and will be amortized over the life of the loan. As of December 31, 2025 and 2024, the net balance of the deferred outflow related to the loss on bond refunding were $28,245 and $35,306, respectively. A premium of $197,980 is associated with this bond issuance and is included in the bonds payable balance on the statements of net

NOTE 7: LIABILITIES (continued)

New Jersey Infrastructure Bank Series 2010A, 2014A, 2017A-R2, 2020A-1, 2022A-1 and 2023C-W1/A-W1 Loans Payable (continued)

position. This premium will be amortized over the life of the bonds. As of December 31, 2025 and 2024, the outstanding premium balances were $60,919 and $76,148 respectively.

On June 3, 2020, the Authority issued Series 2020 A-1 NJIB Refunding Bonds in the amount of $572,587. The bonds mature annually from February 1, 2020 through 2034 at annual maturities ranging from $36,426 to $41,426 and bear interest rates at from 2.375% to 5.00%. As of December 31, 2025 and 2024, the remaining balances were $372,837 and $409,264, respectively. A premium of $19,670 is associated with this bond issuance and is included in the bonds payable balance on the statements of net position. This premium will be amortized over the life of the bonds. As of December 31, 2025 and 2024, the outstanding premium balances were $11,804 and $13,115 respectively.

On June 23, 2022, the Authority issued Series 2022 A-1 NJIB Refunding Bonds in the amount of $3,906,265. The bonds mature annually from February 1, 2022 through 2051 at annual maturities ranging from $101,279 to $176,279 and bear interest rates at from 3.25% to 5.00%. As of December 31, 2025 and 2024, the remaining balances were $3,553,244 and $3,659,522, respectively. A premium of $26,266 is associated with this bond issuance and is included in the bonds payable balance on the statements of net position. This premium will be amortized over the life of the bonds. As of December 31, 2025 and 2024, the outstanding premium balances were $22,762 and $23,638 respectively.

On December 15, 2023, the Authority issued Series 2023 C-W1/A-W1 NJIB Refunding Bonds in the amount of $1,072,380. The bonds mature annually from February 1, 2024 through 2043 at annual maturities ranging from $43,956 to $78,432 and bear interest rates at from 3.03% to 5.00%. As of December 31, 2025 and 2024, the remaining balances were $1,009,070 and $1,053,026, respectively. A premium of $15,677 is associated with this bond issuance and is included in the bonds payable balance on the statements of net position. This premium will be amortized over the life of the bonds. As of December 31, 2025 and 2024, the outstanding premium balances were $14,109 and $14,893 respectively. At December 31, 2025, the debt service requirements on the NJIB Loans until maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 861,767	$ 140,128	$ 1,001,895
2027	876,767	128,668	1,005,435
2028	890,767	116,608	1,007,375
2029	792,494	103,938	896,432
2030	333,294	91,068	424,362
2031 – 2035	1,381,531	361,694	1,743,225
2036 – 2040	973,577	259,506	1,233,083
2041 – 2045	928,722	171,467	1,100,189
2046 – 2050	816,393	81,600	897,993
2051	176,279	4,400	180,679
Total	$ 8,031,591	$ 1,459,077	$ 9,490,668

NOTE 7: LIABILITIES (continued)

Compensated Absences

For the years ended December 31, 2025 and 2024 the Authority accrued compensated absences in the amount of $194,929 and $253,896, respectively.

Other Postemployment Benefits Liability

For details on the other postemployment benefits liability, see Note 8: *Postemployment Benefits Other Than Pensions*. The Authority's contribution into the postemployment benefits plan is budgeted and paid on an annual basis.

Net Pension Liability

For details on the net pension liability, see Note 9: *Pension Obligations*. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Construction Loans Payable

In order to finance the rehabilitation construction, the Authority has been drawing down on a construction loan granted by NJIB in 2023 to be utilized as work progresses through the completion of such construction. As of December 31, 2025, and 2024, the amount borrowed and outstanding under such loan was $5,882,625 and $5,805,247, respectively and is reflected as a current liability, however, once payment terms are identified, a portion will be reflected as long-term debt.

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

For the year ended December 31, 2025, the Authority is recognizing its post-employment benefits based upon the implementation requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

Plan Description – The Authority participates in one single-employer postemployment plan for medical benefits and prescription drugs. The Authority has the authority for establishing and amending this plan. This plan has no assets that are accumulated in a trust and the plan does not have a separate report. Employees are eligible for these benefits provided they have:

- Retired on a disability pension;
- Retired after 25 years or more service credit in a state or locally administered retirement system with service of five (5) years' service to the Authority

The Authority also provides full coverage towards the cost of health benefits for the spouses and/or dependents of eligible retired employees for employees hired prior to December 31, 2013. The Authority provides full coverage towards the cost of health benefits for spouses only of eligible retired employees hired after December 31, 2013.

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Funding Policy – The Authority finances this program on a pay-as-you-go basis. The Authority has the authority for establishing and amending the funding policy. For the year ended December 31, 2025 the Authority funded $415,584 to the plan.

Employees Covered by Benefits Terms – As of December 31, 2025, there were 41 participants currently receiving retiree benefits, and 45 active participants of whom 3 are eligible to retire as of the valuation date.

Total OPEB Liability – The Authority's total OPEB liability of $13,279,516 was measured as of December 31, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Mortality	PUB 2010 "General" classification headcount weighted mortality with general improvement using Scale MP-2021
Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to Benefits Eligibility
Assumed Retirement Age	At first eligibility in conformance with SHBP retirement requirements
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.08% Based on Bond Buyer 20 Index at December 31, 2024 4.83% Based on Bond Buyer 20 Index at December 31, 2025
CPI Increase	2.50%
Rate of Salary Increase	2.50%
Medical Trend	Medical: 7.5% in 2025, reducing by 0.50% per annum, leveling at 4.5% per annum in 2033; Drug: 12.75% in 2025, 12.25% in 2026, 10% in 2028, reducing by 1.00% per annum, leveling at 4.5% per annum in 2034 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Changes in the Total OPEB Liability

The following table shows the Changes in the OPEB Liability as follows:

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the Total OPEB Liability (continued)

	Total OPEB Liability
Total OPEB Liability December 31, 2024	$ 13,704,851
Changes in Total OPEB Liability	
Service Costs	366,095
Interest	565,617
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in Assumptions	(941,463)
Benefit Payments	(415,584)
Net Changes in Total OPEB Liability	(425,335)
Total OPEB Liability December 31, 2025	$ 13,279,516

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 using a discount rate that is 1- percentage-point lower (3.83 percent) or 1-percentage-point higher (5.83 percent) than that of the current discount rate:

	1 % Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	$ 14,592,904	$ 13,279,516	$ 12,224,360

Sensitivity of the Total OPEB Liability to Changes in the Medical Inflation 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 using a medical trend rate that is 1- percentage-point lower or 1-percentage-point higher than that of the medical inflation trend rate:

	1 % Decrease	Medical Trend Rate	1% Increase
Total OPEB Liability	$ 12,503,826	$ 13,279,516	$ 14,292,369

OPEB Expense – For the year ended December 31, 2025, the Authority had a total OPEB expense of $1,058,542 based on the discount rate of 4.83%.

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the Total OPEB Liability (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2025, 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
Differences Between Expected and Actual Experience	$ 1,562,467	$ -
Changes of Assumptions	917,086	(1,960,207)
	$ 2,479,553	$ (1,960,207)

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System

Plan Description

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (continued)

Plan Description (continued)

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.

Basis of Presentation

The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2025, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2025, the Authority's contractually required contribution to PERS plan was $524,274.

Components of Net Pension Liability

At December 31, 2025, the Authority's proportionate share of the PERS net pension liability was $4,717,925. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (continued)

Components of Net Pension Liability (continued)

ended June 30, 2025. The Authority's proportion measured as of June 30, 2025, was .03836% which was an decrease of .00148% from its proportion measured as of June 30, 2024.

Balances at December 31, 2025 and December 31, 2024

	12/31/2025	12/31/2024
Actuarial valuation date (including roll forward)	June 30, 2025	June 30, 2024
Deferred Outflows of Resources	$ 299,138	$ 357,843
Deferred Inflows of Resources	954,540	897,212
Net Pension Liability	4,717,925	5,414,096
Authority's portion of the Plan's total Net Pension Liability	0.03836%	0.03984%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources

At December 31, 2025, the Authority's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2025 measurement date is $(55,864). At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 134,517	$ 5,042
Changes of Assumptions	745	54,355
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	393,413
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	163,876	501,730
	$ 299,138	$ 954,540

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (continued)

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending December 31,	Amount
2026	$ 19,810
2027	(249,955)
2028	(208,310)
2029	(149,954)
2030	(66,993)
	$ (655,402)

Special Funding Situation

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

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Authority as of December 31, 2025. At December 31, 2025, the State's proportionate share of the PERS expense, associated with the Authority, calculated by the plan as of the June 30, 2025 measurement date was $16,210.

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions (continued)

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with updated procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25 - 7.75% Based on Years of Service
Investment Rate of Return	7.00%

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.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

Long-Term Expected Rate of Return

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-Term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Markets Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	$ 6,514,277	$ 4,717,925	$ 3,262,347

NOTE 10: ESCROW PERFORMANCE BONDS

Advance payments and deposits required as a condition for the Authority to commence engineering reviews and inspections on new development, and cash in lieu of bonds required by the Authority. Monies held for reviews and inspections, become earned revenues of the Authority as the services are performed, and amounts remaining at project completion, including a portion of interest earnings, are returned to the developer. Cash held in lieu of bonds is refunded in the same manner, and following the same procedures, as those for the release of bonds required by the Authority. For the years ended December 31, 2025 and 2024 the Authority had escrow performance bonds in the amount of $1,311,657 and $1,293,028, respectively.

NOTE 11: TRANSFER TO THE TOWNSHIP OF TOMS RIVER

For the years ended December 31, 2025 and 2024, the Authority transferred $1,083,875 and $1,026,833 respectively from the Authority's reserves to the Township of Toms River, County of Ocean, State of New Jersey pursuant to N.J.S.A. 40A:4-35.1. This has been recorded in the statements of revenues, expenses and changes in net position as transfer to the Township of Toms River.

Schedule I

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last Ten Fiscal Years

	Measurement Date Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Authority's proportion of the net pension liability/(asset)	0.03836%	0.03984%	0.04200%	0.03960%	0.04288%	0.04390%	0.04469%	0.04202%	0.04111%	0.04111%
Authority's proportionate share of the net pension liability/(asset)	$ 4,717,925	$ 5,414,096	$ 6,083,270	$ 5,975,802	$ 5,080,329	$ 7,159,168	$ 8,052,718	$ 8,273,583	$ 9,570,145	$ 12,175,591
Authority's covered employee payroll	$ 3,183,467	$ 3,266,517	$ 3,171,497	$ 2,986,449	$ 3,106,052	$ 3,148,014	$ 3,124,824	$ 2,982,021	$ 2,812,629	$ 2,692,076
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	148.20%	165.75%	191.81%	200.10%	163.56%	227.42%	257.70%	277.45%	340.26%	452.28%
Plan fiduciary net position as a percentage of the total pension liability	71.84%	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Schedule of Authority Contributions
Public Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 524,274	$ 542,179	$ 561,327	$ 499,343	$ 502,229	$ 480,259	$ 434,716	$ 417,966	$ 380,856	$ 365,215
Contributions in relation to the contractually required contribution	(524,274)	(542,179)	(561,327)	(499,343)	(502,229)	(480,259)	(434,716)	(417,966)	(380,856)	(365,215)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 2,867,207	$ 3,183,467	$ 3,266,517	$ 3,171,497	$ 2,986,449	$ 3,106,052	$ 3,148,014	$ 3,124,824	$ 2,982,021	$ 2,812,629
Contributions as a percentage of covered employee payroll	18.29%	17.03%	17.18%	15.74%	16.82%	15.46%	13.81%	13.38%	12.77%	12.98%

Schedule III

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Schedule of the Authority's Proportionate Share of the Net Other Post-employment Benefits Liability
Last Eight Fiscal Years *

	2025	2024	2023	2022	2021	2020	2019	2018
Authority's total OPEB liability								
Service cost	$ 366,095	$ 366,095	$ 197,703	$ 206,777	$ 202,768	$ 202,768	$ 201,094	$ 201,094
Interest	565,617	401,322	445,329	248,024	260,642	314,486	400,023	388,762
Differences between expected and actual experience	-	1,580,488	-	281,483	-	-	1,493,331	-
Changes of assumptions	(941,463)	(421,412)	(140,022)	(492,465)	(446,888)	624,316	-	-
Benefit payments	(415,584)	(332,102)	(332,102)	(274,972)	(274,972)	(374,448)	(375,960)	(254,436)
Net changes in the Authority's total OPEB liability	(425,335)	1,594,391	170,908	(31,153)	(258,450)	767,122	1,718,488	335,420
Authority's total OPEB liability (Beginning)	13,704,851	12,110,460	11,939,552	11,970,705	12,229,155	11,462,033	9,743,545	9,408,125
Authority's total OPEB liability (Ending)	$ 13,279,516	$ 13,704,851	$ 12,110,460	$ 11,939,552	$ 11,970,705	$ 12,229,155	$ 11,462,033	$ 9,743,545
Authority's coverered payroll	$ 2,867,207	$ 3,183,467	$ 3,266,517	$ 3,171,497	$ 2,986,449	$ 3,106,052	$ 3,148,014	$ 3,124,824
Authority's net OPEB liability as a percentage of payroll of covered employee payroll	463.15%	430.50%	370.75%	376.46%	400.83%	393.72%	364.10%	311.81%

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River,
County of Ocean, State of New Jersey)
Notes to other Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

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

Year	Rate	Year	Rate
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:

Year	Rate	Year	Rate
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%

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

Other Post-Employment Benefits (OPEB)

Changes of Assumptions

The consumer price index used as of December 31, measurement date is as follows:

Year	Rate	Year	Rate	Year	Rate	Year	Rate
2025	4.83%	2023	3.26%	2021	2.06%	2019	2.74%
2024	4.08%	2022	3.72%	2020	2.12%	2018	4.10%

The long-term expected rate of return used as of December 31, measurement date is as follows:

Year	Rate	Year	Rate	Year	Rate	Year	Rate
2025	2.50%	2023	2.50%	2021	2.50%	2019	2.50%
2024	2.50%	2022	2.50%	2020	2.50%	2018	2.50%

Other Post-Employment Benefits (OPEB) (continued)

The medical trend rates were updated based on the direction of the State of New Jersey and *Governmental Accounting Standards*.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Schedule of Revenues and Expenses - Budget to Actual
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Sewer	$ 23,600,381	$ 23,600,381	$ 23,600,330	$ (51)
Connection fees	1,221,480	1,221,480	688,180	(533,300)
Other municipalities	362,000	362,000	383,405	21,405
Delinquencies	175,000	175,000	495,270	320,270
Interest on investments	250,000	250,000	335,091	85,091
Realized gain/(loss) on sale of investments	-	-	733	733
Unrealized gain/(loss) on investments	-	-	(12,508)	(12,508)
Engineering and inspection	40,000	40,000	15,563	(24,437)
Miscellaneous	150,000	150,000	58,001	(91,999)
Total revenues	25,798,861	25,798,861	25,564,065	(234,796)
Costs:				
Administration	2,398,335	2,398,335	1,971,465	426,870
Maintenance of system	5,927,390	5,927,390	4,148,107	1,779,283
Treatment charges - OCUA	12,500,000	12,500,000	11,677,732	822,268
Debt service - interest	151,138	151,138	150,909	229
Debt service - principal	851,769	851,769	851,768	1
Municipality appropriation	1,083,875	1,083,875	1,083,875	-
Capital outlay (capitalized)	360,000	360,000	229,516	130,484
Rehabilitation project (capitalized)	1,525,000	1,525,000	875,068	649,932
Total costs	24,797,507	24,797,507	20,988,440	3,809,067
Net variance	$ 1,001,354	$ 1,001,354	4,575,625	$ 3,574,271
Plus:				
Capitalized capital assets			1,104,584	
Principal maturity			851,768	
Non-operating revenues			15,306	
Unbudgeted pension credit			580,138	
Less:				
Depreciation expense			(2,898,368)	
Unbudgeted other post employement benefit expense			(642,958)	
Change in net position			$ 3,586,095	

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Schedule of Revenues and Expenses - Budget to Actual
For the year ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Sewer	$ 23,098,583	$ 23,098,583	$ 23,350,891	$ 252,308
Connection fees	783,216	783,216	293,279	(489,937)
Other municipalities	350,000	350,000	364,711	14,711
Delinquencies	175,000	175,000	504,250	329,250
Interest on investments	180,000	180,000	364,380	184,380
Realized gain/(loss) on sale of investments	-	-	969	969
Unrealized gain/(loss) on investments	-	-	6,775	6,775
Engineering and inspection	39,000	39,000	17,392	(21,608)
Miscellaneous	150,000	150,000	223,553	73,553
Total revenues	24,775,799	24,775,799	25,126,200	350,401
Costs:				
Administration	2,194,560	2,287,560	1,815,259	472,301
Maintenance of system	5,849,288	5,849,288	4,590,179	1,259,109
Treatment charges - OCUA	11,700,000	11,700,000	12,108,392	(408,392)
Debt service - interest	142,130	142,130	158,736	(16,606)
Debt service - principal	792,803	826,178	812,115	14,063
Municipality appropriation	1,026,833	1,026,833	1,026,833	-
Capital outlay (capitalized)	275,000	275,000	357,065	(82,065)
Rehabilitation project (capitalized)	1,570,000	1,570,000	967,168	602,832
Total costs	23,550,614	23,676,989	21,835,747	1,841,242
Net variance	$ 1,225,185	$ 1,098,810	3,290,453	$ 2,191,643
Plus:				
Capitalized capital assets			1,324,233	
Principal maturity			812,115	
Non-operating revenues			15,591	
Unbudgeted pension credit			587,156	
Less:				
Depreciation expense			(2,904,411)	
Unbudgeted other post employement benefit expense			(631,591)	
Change in net position			$ 2,493,546	

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Toms River,
County of Ocean, State of New Jersey)
Board of Commissioners and Management
December 31, 2025

Charles S. Valvano	Chairman
Tariq M. Siddiqui, P.E.	Vice-Chairperson
James Braaten	Commissioner
Phillip Brilliant	Commissioner
Kim Pascarella	Commissioner
Sam Ellenbogen	Alternate Commissioner
Katarina Sevastakis	Alternate Commissioner
Bernard Rutkowski	Executive Director/Secretary/Treasurer
Michael Lee	Chief Financial Officer/Assistant Treasurer
Christina Diamante	Executive Assistant/Assistant Secretary

HFA
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www.hfacpas.com

The Chairman and Commissioners
of the Toms River Municipal Utilities Authority
County of Ocean
Toms River, New Jersey

We have audited the financial accounts and transactions of the Toms River Municipal Utilities Authority, (hereafter referred to as the Authority) a component unit of the Township of Toms River, County of Ocean, State of New Jersey for the year ended December 31, 2025. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by (*N.J.S.A.40A:11-4*)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $44,000 ($53,000 effective July 1, 2025), except by contract or agreement.

The Authority has a qualified purchasing agent on staff and therefore may award contracts up to $44,000 ($53,000 effective July 1, 2025), without competitive bids.

The Management of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results or our examination did not disclose any discrepancies.

The examination of expenditures revealed individual payments, contracts or agreements in excess of $6,600, ($7,950 effective July 1, 2025) "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was made. The results of the examination did not disclose any discrepancies with respect to cash receipts.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Capital Assets

The capital asset subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its budgets on November 26, 2024, and adopted its budgets on December 10, 2024.

Current Year Findings

There were no current year findings.

Follow-Up of Prior Years' Findings

In accordance with G*overnment Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the staff of the Authority and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 5, 2026
Lakewood, New Jersey