

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF BERGEN)
REPORT OF AUDIT**

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Northwest Bergen County Utilities Authority
County of Bergen
Waldwick, New Jersey

Report on the Financial Statements

Modified Opinion

We have audited the accompanying statements of net position of the Northwest Bergen County Utilities Authority as of December 31, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Bergen County Utilities Authority as of December 31, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Modified Opinion

Management has not updated the net other post-employment benefit obligation and net pension obligation, deferred outflow, accounts payable, and deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended December 31, 2025. Government Accounting Standards Board Statements No. 68 and No.75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net pension and net post-employment benefit obligation has not been determined.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Northwest Bergen County 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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northwest Bergen County 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 Northwest Bergen County 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, schedule of the Authority’s proportionate share of the net pension liability, schedule of funding progress for the OPEB plan, schedule of employer contributions to the OPEB plan, and schedule of Authority contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.

Emphasis of Matter

Prior Period Restatement

The Authority restated the net OPEB obligation, net pension obligation, deferred outflow, accounts payable and deferred inflow accounts to a measurement acceptable under current accounting standards for the year ending December 31, 2025. The resulting adjustment is discussed in Note 16 to the financial statements. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, 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 listed in the table of contents and the schedule of expenditures of federal and state awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Honorable Chairperson and Members of the
Northwest Bergen County Utilities Authority
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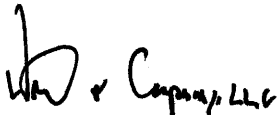
Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2026 on our consideration of the Northwest Bergen County 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 the Northwest Bergen County Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

April 9, 2026



Required Supplementary Information - Part I

Management Discussion and Analysis

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

As management of the Northwest Bergen County Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the years ended December 31, 2025 and 2024. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$45,587,964 (net position) for the year reported. This compares to the previous period when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,304,989, as restated.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$44,945,688 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$11,512,776 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(10,870,500) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$1,921,589 to \$38,941,532 during the year ended December 31, 2025.

Overview of the Financial Statements

This annual report includes this management discussion, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets), the consumption of net position that is

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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(continued)

applicable to a future period (deferred outflows of resources), the acquisition of net position that is applicable to a future reporting period (deferred inflows of resources) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this year's activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Authority as a whole.

The Authority's net position at December 31, 2025 was \$45,587,964. This is a \$3,282,975 increase over last period's restated net position of \$42,304,989. A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position

	<u>Dec. 31, 2025</u>	<u>Restated Dec. 31, 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	23,254,346	23,904,408	(650,062)	(2.72)%
Non-Current Assets	<u>65,525,231</u>	<u>63,520,467</u>	<u>2,004,764</u>	3.16%
Total Assets	<u>88,779,577</u>	<u>87,424,875</u>	<u>1,354,702</u>	1.55%
Deferred Outflows of Resources	<u>4,979,887</u>	<u>4,979,887</u>	-	0.00%
Current Liabilities	2,766,154	4,863,100	(2,096,946)	(43.12)%
Non-Current Liabilities	<u>36,175,378</u>	<u>36,000,021</u>	<u>175,357</u>	0.49%
Total Liabilities	<u>38,941,532</u>	<u>40,863,121</u>	<u>(1,921,589)</u>	(4.70)%
Deferred Inflows of Resources	<u>9,229,968</u>	<u>9,236,652</u>	<u>(6,684)</u>	(0.07)%
Net Investment in Capital Assets	44,945,688	41,356,956	3,588,732	8.68%
Restricted	11,512,776	11,172,317	340,459	3.05%
Unrestricted	<u>(10,870,500)</u>	<u>(10,224,284)</u>	<u>(646,216)</u>	6.32%
Total Net Position	<u>45,587,964</u>	<u>42,304,989</u>	<u>3,282,975</u>	7.76%

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative FY 2024 balances in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

Condensed Statement of Net Position

	<u>Dec. 31, 2024</u>	<u>Restated Dec. 31, 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	23,904,408	21,406,294	2,498,114	11.67%
Non-Current Assets	<u>63,520,467</u>	<u>63,821,987</u>	<u>(301,520)</u>	(0.47)%
Total Assets	<u>87,424,875</u>	<u>85,228,281</u>	<u>2,196,594</u>	2.58%
Deferred Outflows of Resources	<u>4,844,499</u>	<u>4,887,822</u>	<u>(43,323)</u>	(0.89)%
Current Liabilities	4,994,701	5,697,006	(702,305)	(12.33)%
Non-Current Liabilities	<u>36,560,009</u>	<u>38,037,476</u>	<u>(1,477,467)</u>	(3.88)%
Total Liabilities	<u>41,554,710</u>	<u>43,734,482</u>	<u>(2,179,772)</u>	(4.98)%
Deferred Inflows of Resources	<u>9,731,673</u>	<u>9,824,594</u>	<u>(92,921)</u>	(0.95)%
Net Investment in Capital Assets	41,356,956	39,821,686	1,535,270	3.86%
Restricted	11,172,317	11,974,705	(802,388)	(6.70)%
Unrestricted	<u>(11,546,282)</u>	<u>(15,239,364)</u>	<u>3,693,082</u>	(24.23)%
Total Net Position	<u>40,982,991</u>	<u>36,557,027</u>	<u>4,425,964</u>	12.11%

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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(continued)

Net Position (Continued)

While the *Statement of Net Position* shows the change in financial position of net position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position**

	<u>Dec. 31, 2025</u>	<u>Restated Dec. 31, 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	18,718,763	18,542,449	176,314	0.95%
Non-operating Revenues	<u>894,675</u>	<u>1,119,374</u>	<u>(224,699)</u>	(20.07)%
Total Revenues	<u>19,613,438</u>	<u>19,661,823</u>	<u>(48,385)</u>	(0.25)%
Depreciation	2,601,050	2,504,544	96,506	3.85%
Other Operating Expense	13,433,157	12,461,513	971,644	7.80%
Other Non-operating Expense	<u>296,256</u>	<u>269,802</u>	<u>26,454</u>	9.80%
Total Expenses	<u>16,330,463</u>	<u>15,235,859</u>	<u>1,094,604</u>	7.18%
Change in Net Position	3,282,975	4,425,964	(1,142,989)	(25.82)%
Net Position, January 1	<u>42,304,989</u>	<u>37,879,025</u>	<u>4,425,964</u>	11.68%
Net Position, December 31	<u>45,587,964</u>	<u>42,304,989</u>	<u>3,282,975</u>	7.76%

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and change in net position is presented with comparative 2024 figures in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position**

	<u>Dec. 31, 2024</u>	<u>Restated Dec. 31, 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	18,542,449	16,840,661	1,701,788	10.11%
Non-operating Revenues	<u>1,119,374</u>	<u>670,350</u>	<u>449,024</u>	66.98%
Total Revenues	<u>19,661,823</u>	<u>17,511,011</u>	<u>2,150,812</u>	12.28%
Depreciation	2,504,544	2,593,672	(89,128)	(3.44)%
Other Operating Expense	12,461,513	12,486,153	(24,640)	(0.20)%
Other Non-operating Expense	<u>269,802</u>	<u>351,236</u>	<u>(81,434)</u>	(23.18)%
Total Expenses	<u>15,235,859</u>	<u>15,431,061</u>	<u>(195,202)</u>	(1.27)%
Change in Net Position	4,425,964	2,079,950	2,346,014	112.79%
Net Position, January 1	<u>36,557,027</u>	<u>34,477,077</u>	<u>2,079,950</u>	6.03%
Net Position, December 31	<u>40,982,991</u>	<u>36,557,027</u>	<u>4,425,964</u>	12.11%

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Budgetary Highlight

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

The following tables provides a budget comparison:

Budget vs. Actual - 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	16,797,510	18,718,763	1,921,253
Non-Operating	<u>200,000</u>	<u>823,853</u>	<u>623,853</u>
	<u>16,997,510</u>	<u>19,542,616</u>	<u>2,545,106</u>
Expenses:			
Operating	14,997,129	13,430,572	1,566,557
Non-Operating	<u>2,000,381</u>	<u>2,017,977</u>	<u>(17,596)</u>
	<u>16,997,510</u>	<u>15,448,549</u>	<u>1,548,961</u>
Income Before Depreciation	<u> </u>	<u>4,094,067</u>	<u>4,094,067</u>

Budget vs. Actual - 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	16,642,457	18,542,449	1,899,992
Non-Operating	<u>300,000</u>	<u>1,069,776</u>	<u>769,776</u>
	<u>16,942,457</u>	<u>19,612,225</u>	<u>2,669,768</u>
Expenses:			
Operating	14,319,659	12,450,445	1,869,214
Non-Operating	<u>2,622,798</u>	<u>2,623,326</u>	<u>(528)</u>
	<u>16,942,457</u>	<u>15,073,771</u>	<u>1,868,686</u>
Income Before Depreciation	<u> -</u>	<u>4,538,454</u>	<u>4,538,454</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2025, the Authority had invested \$143,925,324 in capital assets. The Authority's net property, plant and equipment at fiscal year end was \$65,525,231. This is an increase of \$2,004,764 over last year's net property, plant and equipment of \$63,520,467. A summary of the Authority's capital assets is presented in the following table:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>	<u>Dollar Change</u>
Land	1,372,226	1,372,226	
Treatment Plant and Collection System Plant and Equipment	123,784,560	122,954,167	830,393
	<u>18,768,538</u>	<u>18,504,595</u>	<u>263,943</u>
Total Property, Plant and Equipment	143,925,324	142,830,988	1,094,336
Less: Accumulated Depreciation	<u>(85,143,048)</u>	<u>(82,541,998)</u>	<u>(2,601,050)</u>
	58,782,276	60,288,990	(1,506,714)
Construction in Progress	<u>6,742,955</u>	<u>3,231,477</u>	<u>3,511,478</u>
Net Property, Plant and Equipment	<u>65,525,231</u>	<u>63,520,467</u>	<u>2,004,764</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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(continued)

The Authority's ongoing capital plan is reviewed each year by the Authority's consulting engineer. Notable future capital improvements are listed below:

Wastewater Treatment:	
Vehicle Storage Building	\$5,000,000
Cake Receiving Facility	10,000,000
Update Solar Generating System	1,000,000
Replace Secondary Slide Gates	2,000,000
Force Main Repairs	1,300,000
Replace Plant Water Line	1,700,000
Replace Final Clarifiers	20,500,000
Aeration Blower Replacement	2,000,000
Gravity Thickener Repairs	2,600,000
Interceptor Manhole Inspection	1,800,000
Security Upgrades	650,000
Upgrade FL Pump Station	6,215,000
Federal Electric Panel Replacement	150,000
Repair Site Concrete	500,000
Site Improvements	500,000
WWTP Server Upgrades	250,000
NBCUA Portable Bypass Pump	<u>400,000</u>
	<u>\$56,565,000</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Debt Administration

At December 31, 2025, the Authority had outstanding New Jersey Infrastructure Bank bonds and revenue refunding bonds in the amount of \$19,814,781. The debt service schedules goes out to 2044. Full details of the specific bond issues outstanding are found in Note 6 to the financial statements and the supplementary schedules. The Authority also had \$-0- in temporary financing through the New Jersey Infrastructure Bank (formally the "NJEIT").

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Northwest Bergen County Utilities Authority, 30 Wyckoff Avenue, P.O. Box 255, Waldwick, New Jersey 07463.

Financial Statements

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>Restated 2024</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted:		
Cash and Cash equivalents	\$ 9,956,372	\$ 10,860,932
Accounts Receivable	260,698	352,092
Intergovernmental Receivable	3,096	3,096
Inventory	1,010,203	1,012,788
Prepaid Items	392,860	162,827
	<hr/>	<hr/>
Total Unrestricted Assets	11,623,229	12,391,735
Restricted:		
Project Construction Fund (NJIB)		
Loan Receivable-NJIB	-	233,070
Operation Account		
Cash and Cash Equivalents	3,752,992	3,570,822
Accrued Interest Receivable	136,049	178,460
Bond/Loan Service Account		
Cash and Cash Equivalents	1,000,495	938,740
Renewal and Replacement Account		
Cash and Cash Equivalents	6,741,581	6,591,581
	<hr/>	<hr/>
Total Restricted Assets	11,631,117	11,512,673
Total Current Assets	<hr/> 23,254,346	<hr/> 23,904,408
Capital Assets:		
Land	1,372,226	1,372,226
Construction in Progress	6,742,955	3,231,477
Treatment Plant and Collection System	123,784,560	122,954,167
Property and Equipment	18,768,538	18,504,595
Less: Accumulated Depreciation	(85,143,048)	(82,541,998)
	<hr/>	<hr/>
Total Capital Assets (net of accumulated depreciation)	65,525,231	63,520,467
	<hr/>	<hr/>
TOTAL ASSETS	<hr/> 88,779,577	<hr/> 87,424,875

The accompanying "Notes to the Financial Statements" are an integral part of this report.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025 AND 2024

	2025	Restated 2024
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	\$ 777,023	\$ 777,023
Deferred Outflows Related to OPEB	4,202,864	4,202,864
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,979,887	4,979,887
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 264,223	\$ 502,938
Accounts Payable - Pension Related	528,841	528,841
Escrow Deposits Payable	5,000	5,000
Unearned Revenues	32,920	20,680
Other Liabilities	38,022	4,333
Total Current Liabilities Payable from Unrestricted Assets	869,006	1,061,792
Payable from Restricted Assets:		
Accounts Payable - Construction	106,478	47,903
Revenue Bonds and Loans Payable	1,672,329	1,577,305
NJIB/NJEIT Notes Payable	-	2,068,814
Accrued Interest on Bonds and Loans	118,341	107,286
Total Current Liabilities Payable from Restricted Assets	1,897,148	3,801,308
Non-Current Liabilities		
Revenue Bonds and Loans Payable	18,142,452	18,037,591
Accrued Compensated Absences	414,517	344,021
Net Pension Obligation	5,558,912	5,558,912
Net OPEB Obligation	12,059,497	12,059,497
Total Non-Current Liabilities	36,175,378	36,000,021
TOTAL LIABILITIES	\$ 38,941,532	\$ 40,863,121

The accompanying "Notes to the Financial Statements" are an integral part of this report.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025 AND 2024

	2025	Restated 2024
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Deferred Savings on Refunding	\$ 73,121	\$ 86,498
Deferred Inflows Related to Pensions	3,029,042	3,029,042
Deferred Inflows Related to OPEB	5,542,642	5,542,642
Unamortized Premiums	585,163	578,470
TOTAL DEFERRED INFLOWS OF RESOURCES	9,229,968	9,236,652
 NET POSITION		
Net Investment in Capital Assets	44,945,688	41,356,956
Restricted:		
Operating Reserve Fund	3,889,041	3,749,282
Bond / Loan Service Fund	882,154	831,454
Renewal and Replacement Fund	6,741,581	6,591,581
Unrestricted		
Designated for Capital Improvements	3,420,058	4,042,347
Undesignated	(14,290,558)	(14,266,631)
TOTAL NET POSITION	\$ 45,587,964	\$ 42,304,989

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	Restated 2024
Operating Revenue:		
Member Service Fees	\$ 14,799,510	\$ 14,472,457
Sewer Connection Fees	2,341,671	2,035,456
Discharge Fees	-	2,700
Industrial Pretreatment Program	19,820	19,400
Outside Sludge	1,244,048	1,701,113
Collection System	110,715	131,894
Solar Renewable Energy Certificates	71,955	76,937
Miscellaneous	131,044	102,492
	18,718,763	18,542,449
Total Operating Revenue		
Operating Expenses:		
Administrative and Executive:		
Salaries & Wages	448,044	450,568
Fringe Benefits	434,710	498,824
Other Expenses	1,028,185	820,574
Cost of Services:		
Salaries & Wages	3,519,326	3,323,205
Fringe Benefits	2,682,846	2,422,742
Other Expenses	5,320,046	4,945,600
Depreciation Expense	2,601,050	2,504,544
	16,034,207	14,966,057
Total Operating Expenses		
Operating Income	2,684,556	3,576,392
Non-Operating Revenue (Expenses):		
Interest Income	823,853	1,069,776
Interest Expense	(265,878)	(269,802)
Amortization Expense	70,822	49,598
Costs of Issuance Expense	(30,378)	-
	598,419	849,572
Non-Operating Income (Loss)		
Change In Net Position	3,282,975	4,425,964
Total Net Position - January 1,	42,304,989	37,879,025
Total Net Position - December 31,	\$ 45,587,964	\$ 42,304,989

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>Restated 2024</u>
Cash Flows from Operating Activities:		
Cash Received from Members	\$ 14,799,510	\$ 14,472,457
Cash Received from Other Operating Fees	3,891,843	4,025,082
Cash Paid to Suppliers	(9,898,261)	(8,758,524)
Cash Paid to Employees	(3,896,874)	(3,673,935)
Cash Received from Miscellaneous Fees	131,044	102,492
	<u>5,027,262</u>	<u>6,167,572</u>
Cash Flow from Capital and Related Financing Activities:		
Proceeds from NJEIT Loans Receivable		1,022,141
Bond Principal Paid	(1,602,099)	(2,243,524)
Interest Paid - Bonds and Loans	(254,823)	(292,599)
Acquisition of Fixed Assets	(4,547,239)	(2,768,833)
	<u>(6,404,161)</u>	<u>(4,282,815)</u>
Cash Flows from Investing Activities:		
Interest Received	866,264	1,023,961
	<u>866,264</u>	<u>1,023,961</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(510,635)	2,908,718
Cash and Cash Equivalents, January 1,	<u>21,962,075</u>	<u>19,053,357</u>
Cash and Cash Equivalents December, 31,	<u>\$ 21,451,440</u>	<u>21,962,075</u>
Analysis of Balance at December 31,		
Unrestricted - Cash and Cash Equivalents	9,956,372	10,860,932
Restricted - Cash and Cash Equivalents	<u>11,495,068</u>	<u>11,101,143</u>
	<u>21,451,440</u>	<u>21,962,075</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>Restated 2024</u>
Operating Income	\$ 2,684,556	\$ 3,576,392
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	2,601,050	2,504,544
Allendale Billing Adjustment		
(Increase)/Decrease in Accounts Receivable	91,394	55,162
(Increase)/Decrease in Inventory	2,585	11,068
(Increase)/Decrease in Prepaid Items	(230,033)	(8,668)
Increase/(Decrease) in Accounts Payable	(238,715)	38,626
Increase/(Decrease) in Accrued Compensated Absences	70,496	99,838
Increase/(Decrease) in Other Liabilities	33,689	(111,810)
Increase/(Decrease) in Unearned Revenue	12,240	2,420
Total Adjustments	<u>2,342,706</u>	<u>2,591,180</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,027,262</u>	<u>\$ 6,167,572</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

Notes to Financial Statements

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS **FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

1. GENERAL

The Northwest Bergen County Utilities Authority, successor agency to the Northwest Bergen County Sewer Authority, a public body corporate and politic of the State of New Jersey, was created pursuant to the laws of the State of New Jersey, Chapter 123, P.L. 1946 (as amended and supplemented by N.J.S.A. 40:14B-1) by virtue of a resolution of the Board of Chosen Freeholders of the County of Bergen (the "County") adopted July 23, 1952. The Authority commenced operations in 1969 by providing wastewater collection and treatment services to six municipalities. Currently, the Authority provides wastewater collection and treatment services to ten municipalities.

The Authority operates under the provisions of the Municipal and County Utilities Authorities Law (the "Act") and has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a Board of Commissioners (the "Board") consisting of nine members, each of whom is appointed by the Bergen County Executive with the advice and consent of the Board of Commissioners. The Act provides that alternate Commissioners may be appointed. In addition, the County Executive has veto power over the actions of the Board of Commissioners. An Executive Director is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority. The Authority would be includable as a component unit of the County of Bergen.

Component units are legally separate organizations for which the Authority is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies:

A. Basis of Presentation

The financial statements of the Northwest Bergen County Utilities Authority have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations 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 where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The significance of the Authority's accounting policies are described below.

On January 1, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net Investment in Capital Assets* - This component of net position 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. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

A. **Basis of Presentation, (continued)**

- *Unrestricted* - This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

B. **Basis of Accounting**

The Northwest Bergen County Utilities Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

C. **Grants**

Contributions received from Federal and State grants are recorded in the period received. Grants externally restricted for non-operating purposes are recorded as a change in invested in capital assets, net of related debt.

D. **Prepaid Items**

Certain payments to vendors affect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

E. **Accounts Receivable**

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. **Inventory**

The Authority utilizes the consumption method of accounting for inventories whereas they report the inventories they purchase as an asset and defer the recognition of an expenditure until the period in which the inventories are actually consumed.

G. **Property, Plant and Equipment**

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Property, Plant and Equipment, (continued)

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided over the following estimated useful lives:

Treatment Plant	40 years
Collection System	40 years
Pumping Stations	40 years
Machinery and Equipment	5-15 years
Vehicles	5 years

Depreciation on assets acquired with grants-in-aid and contributed capital assets is recorded as a reduction of net position.

H. Restricted Accounts

Under the Bond Resolution dated December 19, 1972 and the Trust Indenture dated September 1, 1984, the following funds are required to be created and held by the Authority's Trustee:

- A) Revenue Fund
- B) Operating Fund
- C) Bond Service Fund
- D) Bond (Loan) Reserve Fund
- E) Renewal and Replacement Fund
- F) General Fund
- G) Construction Fund

Each of the above funds represents separate accounts held by a trustee. In addition to the funds listed above, the Authority maintains an Operating Account and General Improvement Account, which is held by the Authority.

In accordance with the bond resolution, as amended and supplemented, the Authority has established the following cash and investment accounts for the deposit of all revenue received by the Authority:

Project Construction Fund Account – To account for all financial resources received by the Authority for the payment of costs related to the construction, acquisition or restoration of the systems. All moneys in the Construction Fund Account are hereby pledged pending their application to other purposes or disbursement or transfer to other funds, to secure the payment of the principal or redemption price of and interest on bonds.

Operating Fund Account – To account for the payment of all operating costs of the Authority.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

H. Restricted Accounts, (continued)

Bond/Loan Service Fund Account – To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on outstanding bonds and loans.

Bond/Loan Reserve Fund Account – To account for funds held in accordance with the Bond Resolution to meet the Bond Reserve requirement, an amount which is equal to the maximum annual debt service on outstanding bonds. Also, New Jersey Wastewater Trust required an amount which is equal to the maximum annual debt service on outstanding loans.

Renewal and Replacement Fund Account – To account for the accumulation of resources to meet the renewal and replacement reserve requirement, as certified by the Authority’s consulting engineers, in accordance with the Bond Resolution. The Trustee can withdraw from this fund, upon a certification of the consulting engineers, for the use of reasonable and necessary expenses of the Authority with respect to making of improvements, constructions, reconstructions, replacements, modifications, renewals, major repairs or maintenance or other items not recurring annually or at shorter intervals with respect to the system or any portion thereof. If on any payment date there are insufficient monies in the bond service account and the bond reserve account to pay interest or a principal installment on any bonds when due and the Authority has exhausted the General Account, the Authority has just cause to use monies from the Renewal and Replacement Fund sufficient to pay the interest and/or principal payments when due.

I. Allowance for Doubtful Accounts

The Authority has not established an allowance for doubtful accounts.

J. Operating Fund Budget

The budget amounts included in the statement of budget revenues and statement of budget expenditures were approved in accordance with the requirements of the “Local Finance Board” of the State of New Jersey, and were adopted by the Authority after legal advertisement and public hearing.

K. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Authority uses estimates to determine the useful life of depreciable assets. Actual results could differ from those estimates.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

K. Use of Estimates, (continued)

The Authority uses a probability threshold as a basis to determine if the recognition criteria is met to recognize a liability for compensated absences in accordance with GASB Statement No. 101. The Authority estimates a probability of 100% that compensated absences are more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Actual results could differ from those estimates.

L. Deferred Outflows and Deferred Inflows of Resources

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

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Deferred Loss/Savings on Refunding of Bonds - Deferred loss/savings on refunding arising from the issuance of revenue refunding bonds, is recorded as a deferred outflow/inflow of resources. The deferred loss/savings are amortized in a systematic and rational method as a component of interest expense.

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Compensated Absences

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

N. 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.

O. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P. Recent Accounting Pronouncements

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. The Authority is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Recent Accounting Pronouncements, (continued)

In September 2024, the Government Accounting Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In December 2025, the Government Accounting Standards Board issued GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes change funds, petty cash, amounts in deposits, and short term investments with original maturities of three months or less.

As of December 31, 2025 and 2024, cash and cash equivalents of the Northwest Bergen County Utilities Authority consisted of the following:

	<u>2025</u>	<u>2024</u>
Checking and Savings Accounts	\$5,545,077	\$3,854,322
Short Term Money Market Accounts	<u>15,906,363</u>	<u>18,107,753</u>
	<u>\$21,451,440</u>	<u>\$21,962,075</u>
Restricted Accounts	\$11,495,068	\$11,101,143
Unrestricted Accounts	<u>9,956,372</u>	<u>10,860,932</u>
	<u>\$21,451,440</u>	<u>\$21,962,075</u>

Custodial Credit Risk – Deposits

Deposits

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Authority's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2025 and 2024, \$-0- of the Authority's bank balances were exposed to custodial risk.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (continued)

4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

The Authority issued bonds through the New Jersey Environmental Infrastructure Trust to finance various improvements to facilities and infrastructure. The proceeds of these bonds are held by the Trust until the Authority expends funds on the respective project. The Authority then submits for reimbursement of these expenditures from the Trust. The following is the remaining amount of funds to be received by the Trust:

<u>2025</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>New</u> <u>Financing</u>	<u>Funds/Credits</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Series 2019D:				
Trust Portion	\$116,535	\$	\$116,535	\$ -
Fund Portion	<u>116,535</u>	<u> </u>	<u>116,535</u>	<u> </u>
	<u>\$233,070</u>	<u>\$</u>	<u>\$233,070</u>	<u>\$ -</u>

<u>2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>New</u> <u>Financing</u>	<u>Funds/Credits</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Series 2019D:				
Trust Portion	\$315,963	\$311,642	\$511,070	\$116,535
Fund Portion	<u>315,964</u>	<u>311,642</u>	<u>511,071</u>	<u>116,535</u>
	<u>\$631,927</u>	<u>\$623,284</u>	<u>\$1,022,141</u>	<u>\$233,070</u>

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NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

5. PROPERTY, PLANT AND EQUIPMENT

Reference is made to Note 2 for information related to property. A summary of property, plant and equipment for the years ended December 31, 2025 and 2024 is as follows:

<u>2025</u>	<u>Balance Dec. 31, 2024</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2025</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>3,231,477</u>	<u>4,605,814</u>	<u>1,094,336</u>	<u>6,742,955</u>
Total Capital Assets, Not Being Depreciated	<u>4,603,703</u>	<u>4,605,814</u>	<u>1,094,336</u>	<u>8,115,181</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	122,954,167	830,393		123,784,560
Property and Equipment	<u>18,504,595</u>	<u>263,943</u>	<u> </u>	<u>18,768,538</u>
Total Capital Assets Being Depreciated	141,458,762	1,094,336		142,553,098
Less: Accumulated Depreciation	<u>(82,541,998)</u>	<u>(2,601,050)</u>	<u> </u>	<u>(85,143,048)</u>
Total Capital Assets, Being Depreciated, Net	<u>58,916,764</u>	<u>(1,506,714)</u>	<u> </u>	<u>57,410,050</u>
Capital Assets, Net	<u>\$63,520,467</u>	<u>\$3,099,100</u>	<u>\$1,094,336</u>	<u>\$65,525,231</u>
<u>2024</u>	<u>Balance Dec. 31, 2023</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2024</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>4,016,995</u>	<u>1,194,813</u>	<u>1,980,331</u>	<u>3,231,477</u>
Total Capital Assets, Not Being Depreciated	<u>5,389,221</u>	<u>1,194,813</u>	<u>1,980,331</u>	<u>4,603,703</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	121,385,100	1,569,067		122,954,167
Property and Equipment	<u>17,085,120</u>	<u>1,419,475</u>	<u> </u>	<u>18,504,595</u>
Total Capital Assets Being Depreciated	138,470,220	2,988,542	0	141,458,762
Less: Accumulated Depreciation	<u>(80,037,454)</u>	<u>(2,504,544)</u>	<u>0</u>	<u>(82,541,998)</u>
Total Capital Assets, Being Depreciated, Net	<u>58,432,766</u>	<u>483,998</u>	<u>0</u>	<u>58,916,764</u>
Capital Assets, Net	<u>\$63,821,987</u>	<u>\$1,678,811</u>	<u>\$1,980,331</u>	<u>\$65,520,467</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (continued)

6. BONDS AND LOANS PAYABLE

The Authority has the following bonds and loans outstanding as of December 31, 2025 and 2024:

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Series 2010B NJ Environmental Infrastructure Loan	\$1,101,049	\$	\$181,000	\$920,049
Series 2012A NJ Environmental Infrastructure Loan	732,530		109,879	622,651
Series 2014A NJ Environmental Infrastructure Loan	229,096		29,619	199,477
Series 2015 NJ Environmental Infrastructure Loan	4,147,648		433,441	3,714,207
Series 2018A NJ Environmental Infrastructure Loan	1,635,590		111,911	1,523,679
Series 2020C NJ Environmental Infrastructure Loan	856,696		110,018	746,678
Series 2021 A-2 NJ Environmental Infrastructure Loan	4,922,185		272,131	4,650,054
Series 2022 A-1 NJ Environmental Infrastructure Loan	5,990,102		329,306	5,660,796
Series 2025 A-SW1 NJ Environmental Infrastructure Loan		<u>1,801,984</u>	<u>29,794</u>	<u>1,777,190</u>
	<u>\$19,614,896</u>	<u>\$1,801,984</u>	<u>\$1,602,099</u>	<u>\$19,814,781</u>
Due Within One Year	1,577,305			1,672,329
Long-Term Debt	<u>18,037,591</u>			<u>18,142,452</u>
	<u>\$19,614,896</u>			<u>\$19,814,781</u>

Presented below is a summary of debt service requirements to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	1,672,329	264,618	1,936,947
2027	1,694,946	240,320	1,935,266
2028	1,718,630	217,750	1,936,380
2029	1,742,318	194,434	1,936,752
2030	1,687,281	170,098	1,857,379
2031-2035	6,064,265	541,074	6,605,339
2036-2040	4,262,295	223,683	4,485,978
2041-2044	<u>972,717</u>	<u>31,666</u>	<u>1,004,383</u>
	<u>\$19,814,781</u>	<u>\$1,549,837</u>	<u>\$21,164,733</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2010B Environmental Infrastructure Bonds

The Series 2010B Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding an incinerator upgrade. In 2015, the project was completed and the remaining portion of the loan was deobligated and used to defease or portion of the bonds payable. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$96,000	\$24,555	\$90,000	\$210,555
2027	100,000	19,755	90,000	209,755
2028	109,000	15,255	90,000	214,255
2029	113,000	10,350	90,000	213,350
2030	<u>117,000</u>	<u>5,265</u>	<u>25,049</u>	<u>147,314</u>
	<u>\$535,000</u>	<u>\$75,180</u>	<u>\$385,049</u>	<u>\$995,222</u>

Series 2012A Environmental Infrastructure Bonds

The Series 2012A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. On June 17, 2020, the Authority refunded \$1,225,000 of the 2012A Trust Portion of the bonds with the Series 2020C-R1 Environmental Infrastructure Refunding Bonds as described in Note 6. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	
2026	\$109,880	\$109,880
2027	109,880	109,880
2028	109,880	109,880
2029	109,879	109,879
2030	109,879	109,879
2031	<u>73,253</u>	<u>73,253</u>
	<u>\$622,651</u>	<u>\$622,651</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2014A Environmental Infrastructure Bonds

The Series 2014A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$15,000	\$4,275	\$14,618	\$33,893
2027	15,000	3,825	14,619	33,444
2028	15,000	3,375	14,619	32,994
2029	15,000	2,925	14,618	32,543
2030	20,000	2,475	1,003	23,478
2031	20,000	1,875		21,875
2032	20,000	1,275		21,275
2033	<u>20,000</u>	<u>650</u>		<u>20,650</u>
	<u>\$140,000</u>	<u>\$20,675</u>	<u>\$59,477</u>	<u>\$220,152</u>

Series 2015 Environmental Infrastructure Bonds

The Series 2015 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$110,000	\$46,700	\$328,442	\$485,142
2027	115,000	41,200	328,442	484,642
2028	115,000	36,600	328,441	480,041
2029	120,000	32,000	328,442	480,442
2030	125,000	27,200	328,441	480,641
2031	130,000	22,200	328,441	480,641
2032	135,000	17,000	328,441	480,441
2033	140,000	11,600	275,117	426,717
2034	<u>150,000</u>	<u>6,000</u>	<u>-0-</u>	<u>156,000</u>
	<u>\$1,140,000</u>	<u>\$240,500</u>	<u>\$2,574,207</u>	<u>\$3,954,707</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2018 Environmental Infrastructure Bonds

The Series 2018 Environmental Infrastructure Bonds were issued through the New Jersey Infrastructure Bank (formerly the New Jersey Environmental Infrastructure Trust) for Authority projects. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$25,000	\$17,700	\$86,911	\$129,611
2027	25,000	16,450	86,911	128,361
2028	30,000	15,200	86,911	132,111
2029	30,000	14,000	86,911	130,911
2030	30,000	12,800	86,911	129,711
2031	30,000	11,600	86,911	128,511
2032	35,000	10,400	86,911	132,311
2033	35,000	9,000	86,911	130,911
2034	35,000	7,600	86,911	129,511
2035	35,000	6,200	86,911	128,111
2036	40,000	4,800	86,910	131,710
2037	40,000	3,200	86,910	130,110
2038	<u>40,000</u>	<u>1,600</u>	<u>50,749</u>	<u>92,349</u>
	<u>\$430,000</u>	<u>\$130,550</u>	<u>\$1,093,679</u>	<u>\$1,654,229</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2020C-R1 Environmental Infrastructure Refunding Bonds

The Series 2020C-R1 Environmental Infrastructure Refunding Bonds were issued to: (i) refund, on an advanced basis, the outstanding Series 2012A Environmental Infrastructure Bonds, maturing on July 15, in each of the years 2021-2031, inclusive, in the aggregate principal amount of \$1,225,000; (ii) fund the Bond Reserve requirement, if any, and (iii) finance costs of issuance to be incurred in connection therewith through the issuance of its Series 2020C-R1 Environmental Infrastructure Refunding Bonds. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$113,718	\$23,537	\$137,255
2027	117,334	18,989	136,323
2028	122,020	15,469	137,489
2029	126,708	11,808	138,516
2030	131,238	8,007	139,245
2031	<u>135,660</u>	<u>4,069</u>	<u>139,729</u>
	<u>\$746,678</u>	<u>\$81,879</u>	<u>\$828,557</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2021 A-2 Utility System Subordinated Revenue Bonds

The Series 2021 A-2 Utility System Subordinated Revenue Bonds were issued to: (i) undertake the Utilities System Project, and (ii) pay a portion of the costs of the authorization, issuance, sale and delivery of the 2021 Bonds. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$50,000	\$41,200	\$222,131	\$313,331
2027	55,000	38,700	222,131	315,831
2028	55,000	35,950	222,131	313,081
2029	65,000	33,200	222,131	320,331
2030	65,000	29,950	222,131	317,081
2031	70,000	26,700	222,131	318,831
2032	70,000	23,200	222,131	315,331
2033	75,000	20,400	222,131	317,531
2034	75,000	18,150	222,131	315,281
2035	75,000	15,900	222,131	313,031
2036	80,000	13,650	222,131	315,781
2037	80,000	11,250	222,131	313,381
2038	85,000	8,850	222,131	315,981
2039	90,000	6,300	222,131	318,431
2040	90,000	3,600	222,131	315,731
2041	90,000	1,800	148,089	239,889
	<u>\$1,170,000</u>	<u>\$328,800</u>	<u>\$3,480,054</u>	<u>\$4,978,854</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2022 A-1 Environmental Infrastructure Bonds

The Series 2022 A-1 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

	<u>Trust Portion</u>		<u>Fund Portion</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2026	\$65,000	\$62,082	\$264,306	\$391,388
2027	70,000	58,830	264,306	393,136
2028	75,000	75,332	264,306	414,638
2029	75,000	51,582	264,306	390,888
2030	80,000	47,832	264,306	392,136
2031	85,000	43,830	264,306	393,136
2032	90,000	39,582	264,306	393,888
2033	95,000	35,082	264,306	394,388
2034	100,000	30,332	264,306	394,638
2035	100,000	27,080	264,306	391,386
2036	105,000	23,706	264,306	393,012
2037	110,000	20,162	264,306	394,468
2038	110,000	16,450	264,306	390,756
2039	115,000	12,600	264,306	391,906
2040	120,000	8,576	264,306	392,882
2041	<u>125,000</u>	<u>4,374</u>	<u>176,206</u>	<u>305,580</u>
	<u>\$1,520,000</u>	<u>\$557,432</u>	<u>\$4,140,796</u>	<u>\$6,218,228</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2025 A-SW1/C-SW1 Environmental Infrastructure Bonds

The Series 2025 A-SW1/C-SW1 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2025, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2026	\$40,000	\$44,570	\$41,323	\$125,893
2027	40,000	42,570	41,322	123,893
2028	40,000	40,570	41,323	121,892
2029	40,000	38,568	41,323	119,891
2030	40,000	36,570	41,323	117,893
2031	40,000	34,570	41,322	115,893
2032	40,000	32,570	41,323	113,892
2033	50,000	30,570	41,323	121,893
2034	50,000	28,068	41,322	119,391
2035	50,000	25,570	41,323	116,892
2036	50,000	23,070	41,323	114,393
2037	55,000	20,570	41,323	116,893
2038	55,000	17,818	41,322	114,140
2039	71,662	15,070	41,323	128,055
2040	62,265	12,410	41,323	115,998
2041	66,639	10,100	41,323	118,062
2042	65,926	7,630	41,323	114,879
2043	70,186	5,183	41,323	116,692
2044	<u>69,512</u>	<u>2,580</u>	<u>37,190</u>	<u>109,282</u>
	<u>\$996,190</u>	<u>\$468,627</u>	<u>\$781,000</u>	<u>\$2,245,817</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

7. NOTES PAYABLE

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Temporary Financing S340700-19	\$2,068,814	\$ _____	\$2,068,814	\$ _____
	<u>\$2,068,814</u>	<u>\$ _____</u>	<u>\$2,068,814</u>	<u>\$ _____</u>
Due Within One Year	2,068,814			
Long-Term Debt	<u>0</u>			<u>_____</u>
	<u>\$2,068,814</u>			<u>\$ _____</u>

Temporary Financing S340700-19

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$1,445,530. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.50% on the trust portion principal and 0.00% on the fund portion principal and matured on February 13, 2021. On February 12, 2021, the New Jersey Infrastructure Bank extended the maturity date to June 30, 2025. The interest rate will remain at 0.50% on the trust portion principal and 0.00% on the fund portion principal. In May 2025, this loan was refunded with long-term bonds issued by the NJIB with the Series 2025 A-SW1/C-SW1 Environmental Infrastructure Bonds.

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NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION

Description of Plan - All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Public Employees' Retirement System (PERS) - Established in January 1955, under provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the state or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Defined Contribution Retirement Program (DCRP) - Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the respective system and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Funding Status and Funding Progress

The funded status and funding progress of the retirement system is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Employer and Employee Pension Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. PERS employer contributions are made annually by the Authority to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2025 and 2024, the Authority was required to contribute for normal cost pension contributions accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equalized the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>
2025	\$556,680
2024	660,362
2023	660,280

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At December 31, 2025 and 2024, the Authority reported a liability of \$5,558,912 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority has not updated the net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow accounts to a measurement date acceptable under current accounting standards for the period ended December 31, 2025. Government Accounting Standards Board Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources and net position has not been determined. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2024, the Authority's proportion was 0.0409103 percent, which was a decrease of 0.0084984 percent from its proportion measured as of June 30, 2023.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2025, the Authority recognized pension expense of \$(880,880). At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2025</u>	Restated <u>2024</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$6,906	\$6,906
Net difference between projected and actual earnings on pension plan investments	111,355	111,355
Changes in proportion and differences between Authority contributions and proportionate share of contributions	129,921	129,921
Authority contributions subsequent to the measurement date	<u>528,841</u>	<u>528,841</u>
Total	<u>\$777,023</u>	<u>\$777,023</u>
Deferred Inflows of Resources:		
Changes of Assumptions	\$63,248	\$63,248
Net difference between projected and actual earnings on pension plan investments	257,752	257,752
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,495,246	1,495,246
Deferred pension adjustments	<u>1,212,796</u>	<u>1,212,796</u>
	<u>\$3,029,042</u>	<u>\$3,029,042</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

The \$528,841 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2025 and 2024, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the year ended December 31, 2025 and 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

	<u>2025</u>	Restated <u>2024</u>
Year ended December 31:		
2025	\$(236,018)	\$(236,018)
2026	182,623	182,623
2027	(105,067)	(105,067)
2028	(60,654)	(60,654)
2029	1,579	1,579

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. **PENSION, (continued)**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2025 and December 31, 2024 are as follows:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Collective deferred outflows of resources	N/A	\$1,079,580,780
Collective deferred inflows of resources	N/A	1,611,322,898
Collective net pension liability	N/A	13,702,423,985
Authority's Proportion	N/A	0.0409103%

N/A - Actuary valuation was not available as of the date of these financial statements.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

8. PENSION, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>1%</u> Decrease	<u>At Current</u> Discount Rate	<u>1%</u> Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$7,448,603	\$5,558,912	\$4,037,408

Information regarding collective net pension liability as of June 30, 2025 was not available during the audit.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

9. POST-RETIREMENT MEDICAL BENEFITS

In addition to the pension benefits described in Note 7, the Authority provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost. On May 13, 2010, the Authority adopted the provisions of N.J.S.A. 52:14-17.38 and adhered to the rules and regulations promulgated by the State Health Benefits Commission to implement the provisions of that law. This resolution affects employees as shown in Chapter 48, P.L. 1999. It is effective on the 1st day of July, 2010.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Chapter 48, P.L. 1999, provides eligible participating local employers considerable flexibility in managing their postretirement medical costs. It also brings State Health Benefits Program (SHBP) and School Employees' Health Benefits Program (SEHBP) eligibility standards for employer-paid coverage into alignment with local government laws.

Adoption of this Resolution does not free the Authority of the obligation to pay for postretirement medical benefits of retirees or employees who qualified for those payments under any Chapter 88 or Chapter 48 Resolution previously adopted by the governing body.

The Resolution will remain in effect until properly amended or revoked with the State Health Benefits Program. The Authority recognizes that, while it remains in the State Health Benefits Program, it is responsible for providing the payment for postretirement medical coverage as listed in the Chapter 48 Resolution Addendum for all employees who qualify for this coverage while this Resolution is in force.

General Information about the OPEB Plan

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

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

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

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

Total OPEB Liability

At December 31, 2025 and 2024, the Authority had a liability of \$12,059,497 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2025 was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2024 the Authority's proportion was 0.067351 percent.

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$(129,780). At December 31, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2025</u>	<u>Restated 2024</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$2,016,120	\$2,016,120
Change in Proportions	1,576,016	1,576,016
Net difference between projected and actual earnings on pension plan investments	<u>610,728</u>	<u>610,728</u>
Total	<u>\$4,202,864</u>	<u>\$4,202,864</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$2,001,800	\$2,001,800
Net difference between projected and actual earnings on pension plan investments	2,048,753	2,048,753
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>1,492,089</u>	<u>1,492,089</u>
Total	<u>\$5,542,642</u>	<u>\$5,542,642</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

	<u>2025</u>	Restated <u>2024</u>
Year ended June 30:		
2025	\$(757,009)	\$(757,009)
2026	(325,914)	(325,914)
2027	(56,007)	(56,007)
2028	(298,591)	(298,591)
2029	(190,231)	(190,231)
Thereafter	204,047	204,047

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87 and 8.05 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Salary increases*:

Public Employees' Retirement System (PERS)
Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)
Rate for all future years 3.25% to 16.25% based on years of service

Mortality:

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

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

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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

Discount Rate

The discount rate for June 30, 2024 and 2023 was 3.93% and 3.65%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net OPEB liability as of June 30, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>2.93%</u>	At Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
Authority's proportionate share of Net OPEB liability	\$14,048,014	\$12,059,497	\$10,466,871

Information regarding collective net OPEB liability as of June 30, 2025 was not available during the audit.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Authority’s proportionate share of the net OPEB liability as of June 30, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2024		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate <u>Trend Rate</u>	1% <u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$10,199,873	\$12,059,497	\$14,450,450

Information regarding collective net OPEB liability as of June 30, 2025 was not available during the audit.

10. COMPENSATED ABSENCES

The Authority accounts for compensated absences (e.g., unused vacation sick leave and payroll taxes) as directed by the Governmental Accounting Standards Board. A liability for compensated absences attributable to services rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority’s personnel policy and union agreements. Upon termination, employees are paid for accrued vacation. The Authority’s policy permits employees to accumulate unused sick leave and carry forward certain amounts to subsequent years. Upon retirement, employees shall be paid by the Authority for the unused sick leave in accordance with the Authority’s agreements with the employee union.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

10. COMPENSATED ABSENCES, (continued)

<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Net Increase/</u> <u>(Decrease)</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
\$344,021	\$70,496	\$414,517

11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS

The Authority's bond resolutions and loan agreements contain certain covenants that require certain funds to be restricted. The balances required at December 31, 2025 and 2024 were as follows:

Operating Reserve

The Authority's Bond Resolution requires that an operating reserve fund be established in an amount necessary for operating expenses which is consistent with the annual operating budget for the three-month period commencing on the last day of each quarter in any fiscal year and to be transferred within ten days thereafter to the operating account. At December 31, 2025 and 2024, the Authority's operating reserve was \$3,889,041 and \$3,749,282, respectively.

Bond/Loan Service Fund

The Authority's Bond Resolution requires a bond/loan service fund be established in an amount equal to the aggregate of (a) all interest payable on all outstanding bonds plus (b) the principal installment of all bonds outstanding in such a bond year. At December 31, 2025 and 2024, the Authority had reserved the following to meet this requirement:

	<u>2025</u>	<u>2024</u>
Bond Service Fund	\$882,154	\$831,454
Accrued Interest Payable	<u>118,341</u>	<u>107,286</u>
Cash, Cash Equivalents and Receivables - Reserved	<u>\$1,000,495</u>	<u>\$938,740</u>

Bond/Loan Reserve

The Authority's Bond Resolution requires a bond reserve fund be established in an amount equal to the Maximum Aggregate Debt Service, including bonds issued through the 1997 New Jersey Wastewater Trust. At December 31, 2025 and 2024, the Authority held cash, cash equivalents, investments and accrued interest receivable in the amounts of \$-0- and \$-0-, respectively, to fund this bond/loan reserve requirement.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS,
(continued)

Renewal and Replacement Fund

The Authority's Bond Resolution requires that a renewal and replacement reserve fund be established in an amount greater than \$250,000 or an amount certified by a Consulting Engineer in a written certificate filed with the Authority. At December 31, 2025 and 2024, the Authority's renewal and replacement reserve was \$6,741,581 and \$6,591,581, respectively.

12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

13. COMMITMENTS AND CONTINGENCIES

The Authority's attorney has informed management that there are no material commitments or contingencies as of the date of this report.

14. FEDERAL ARBITRAGE REGULATIONS

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. During 2009, the Authority had performed the initial 5-year calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the initial 5-year calculation performed for the computation period January 13, 2004 through December 31, 2008, there was a liability required to be rebated to the IRS in the amount of \$377,237, which includes \$20,311 of accrued interest liability. The \$377,237 due to the IRS was paid in full by the Authority in May 2010. During 2013, the Authority had performed the second calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the second calculation performed for the computation period January 13, 2004 through July 15, 2013, there was a liability required to be rebated to the IRS in the amount of \$352,250. The \$352,250 due to the IRS was paid in full by the Authority in September 2013. During 2014, the Authority has performed the third calculation for the computation period December 4, 2008 through December 4, 2013 which resulted in a liability required to be rebated to the IRS in the amount of \$7,488, which includes \$219 of accrued interest liability. The \$7,488 due to the IRS was paid in full by the Authority in November 2014. At December 31, 2025, the Authority had no arbitrage earnings due to the IRS.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

15. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through April 9, 2026, the date which the financial statements were available to be issued and the following items were noted for disclosure:

Temporary Financing S340700-22

In January 2026, the Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$2,110,560 for the rehabilitation of existing sludge thickeners. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.43% on the trust portion principal and 0.00% on the fund portion principal.

Temporary Financing S340700-21

In March 2026, the Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$1,887,123 for the rehabilitation/repair on their existing gravity and pressure interceptor system. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.43% on the trust portion principal and 0.00% on the fund portion principal.

16. PRIOR PERIOD ADJUSTMENTS

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires, among other things, the recognition of unfunded net pension obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2024 financial statements:

	Balance 12/31/2024 as Previously Reported	Retroactive Adjustments	Balance 12/31/2024 as Restated
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$978,952	(\$201,929)	\$777,023
Liabilities:			
Net Pension Liability	7,156,544	(1,597,632)	5,558,912
Accounts Payable - Pension-Related	660,442	(131,601)	528,841
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	2,382,618	646,424	3,029,042
Net Position:			
Unrestricted: Undesignated	(15,588,629)	880,880	(14,707,749)

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(continued)

16. PRIOR PERIOD ADJUSTMENTS, (continued)

On January 1, 2018, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires, among other things, the recognition of unfunded net OPEB obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2024 financial statements:

	Balance 12/31/2024 as Previously Reported	Retroactive Adjustments	Balance 12/31/2024 as Restated
Deferred Outflows of Resources:			
Deferred OPEB-Related Costs	\$3,865,547	\$337,317	\$4,202,864
Liabilities:			
Net OPEB Liability	11,021,853	1,037,644	12,059,497
Deferred Inflows of Resources:			
Deferred OPEB-Related Inflows	6,684,087	(1,141,445)	5,542,642
Net Position:			
Unrestricted: Undesignated	(14,707,749)	441,118	(14,266,631)

Required Supplementary Information - Part II

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Measurement Data Ending December 31,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	N/A	0.040910313%	0.049408719%	0.052359624%	0.050672084%	0.053544059%	0.054671741%	0.053817880%	0.053722653%	0.054391014%	0.050694298%
Authority's Proportionate Share of the Net Pension Liability	N/A	\$ 5,558,912	\$ 7,156,544	\$ 7,901,788	\$ 6,002,868	\$ 8,731,636	\$ 9,851,018	\$ 10,596,472	\$ 12,505,775	\$ 16,109,058	\$ 11,379,854
Authority's Covered-Employee Payroll	\$ 3,292,106	\$ 3,100,559	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,461	\$ 3,822,422	\$ 3,720,083
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	N/A	179.29%	226.78%	215.49%	159.74%	233.80%	259.38%	271.56%	330.10%	421.44%	305.90%

* Actuary valuation at June 30, 2025 was not available at the time of audit.

SCHEDULE RSI-2

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Measurement Data Ending December 31,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 556,680	\$ 660,362	\$ 660,280	\$ 593,429	\$ 585,746	\$ 532,825	\$ 537,519	\$ 512,532	\$ 484,956	\$ 435,835	\$ 406,536
Contribution in Relation to the Contractually Required Contribution	(556,680)	(660,362)	(660,280)	(593,429)	(585,746)	(532,825)	(537,519)	(512,532)	(484,956)	(435,835)	(406,536)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-	-
Authority's Covered-Employee Payroll	3,292,106	3,100,559	3,155,689	3,666,910	3,757,876	3,734,641	3,797,896	3,902,085	3,788,461	3,822,422	3,720,083
Contributions as a Percentage of Authority's Covered-Employee Payroll	16.91%	21.30%	20.92%	16.18%	15.59%	14.27%	14.15%	13.13%	12.80%	11.40%	10.93%

SCHEDULE RSI-3

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Proportionate
Share of the State OPEB Liability
*Last Ten Fiscal Years**

	Measurement Data Ending December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Total OPEB Liability:	N/A	367,121	438,578	532,333	585,163	418,699	423,202	571,162	679,806	
Service Cost	N/A	373,427	427,003	268,201	286,218	343,724	403,842	486,942	414,083	
Interest	N/A	1,169,207	187,366	(2,405,255)	234,574	2,124,742	(1,038,528)	(1,474,842)	(1,652,602)	
Changes of Assumptions	N/A	275,123	(1,559,518)	382,248	(827,314)	374,170	(888,796)	(2,311,058)	-	
Difference Between Expected and Actual Experience	N/A	(375,390)	(438,547)	(391,098)	(352,479)	(322,148)	(298,512)	(268,695)	(266,608)	
Benefit Payments	N/A	43,345	45,842	35,526	29,954	25,944	27,459	34,405	34,220	
Contributions - Members	N/A	(907,672)	1,066,186	(422,552)	11,590	775,121	(38,354)	(27,024)	(776,746)	
Change in Allocation	N/A	72,517	16,922	268,937	1,403	715	(1,209)	-	-	
Changes in Benefit Terms	N/A	1,017,678	183,832	(1,731,660)	(30,891)	3,740,967	(1,410,896)	(2,989,110)	(1,567,847)	
Net Change in Total OPEB Liability	N/A	10,935,949	10,752,117	12,483,777	12,514,668	8,773,701	10,184,598	13,173,708	14,741,555	
Total OPEB Liability - Beginning	N/A	11,953,627	10,935,949	10,752,117	12,483,777	12,514,668	8,773,701	10,184,598	13,173,708	
Total OPEB Liability - Ending	N/A	269,024	316,840	260,261	224,844	202,046	219,935	268,423	243,826	
Plan Fiduciary Net Position:	N/A	42,315	40,848	30,599	26,128	24,193	27,843	34,126	33,887	
Contributions - Employer	N/A	43,345	45,842	35,526	29,954	25,944	27,459	34,405	34,220	
Contributions - Non-Employer Contribution Entities	N/A	1,102	1,470	158	139	1,975	3,065	1,479	505	
Net Investment Income	N/A	(375,390)	(438,547)	(391,098)	(352,479)	(322,148)	(298,512)	(268,695)	(266,608)	
Benefit Payments	N/A	(7,490)	(9,266)	(8,243)	(7,840)	(6,850)	(6,018)	(5,226)	(5,680)	
Administrative Expenses	N/A	7,128	(3,887)	(1,175)	105	15,321	(754)	(279)	(5,342)	
Change in Allocation	N/A	(19,966)	(46,700)	(73,972)	(79,149)	(59,519)	(26,982)	64,233	34,808	
Net Change in Plan Fiduciary Net Position	N/A	(85,904)	(39,204)	34,768	113,917	173,436	200,418	136,186	101,378	
Plan Fiduciary Net Position - Beginning	N/A	(105,870)	(85,904)	(39,204)	34,768	113,917	173,436	200,418	136,186	
Plan Fiduciary Net Position - Ending	N/A	12,059,497	11,021,853	10,791,321	12,449,009	12,400,751	8,600,265	9,984,180	13,037,522	
Authority's Net OPEB Liability	N/A									

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation, ten years is not presented. Each year thereafter, or additional year will be included until ten years of date is presented.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's Share of Net OPEB Liability
*Last Ten Fiscal Years**

	Measurement Data Ending December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Authority's proportion of the net OPEB liability (asset)	N/A	0.0673510000%	0.0007344700%	0.0668210000%	0.0691620000%	0.0690980000%	0.0634890000%	0.0637290000%	0.0638600000%	
Authority's proportionate share of the net OPEB liability (asset)	N/A	\$ 12,059,497	\$ 11,021,853	\$ 10,791,321	\$ 12,449,009	\$ 12,400,751	\$ 8,600,265	\$ 9,984,179	\$ 13,037,523	
Authority's covered payroll	\$ 3,292,106	\$ 3,100,559	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,401	
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	388.95%	349.27%	294.29%	331.28%	332.05%	226.45%	255.87%	344.14%	

* GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's OPEB Contributions
*Last Ten Fiscal Years**

	Measurement Data Ending December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Contractually required contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)										\$ -
Authority's covered payroll	\$ 3,292,106	\$ 3,100,559	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,401	
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Note to Required Supplementary Information
For the Year Ended December 31, 2025

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in Benefit Terms

None

Change in Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date to the current measurement date resulting in a change in the discount rate from 7.00% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Change in Benefit Terms

None

Change in Assumptions

Assumptions used in calculating the OPEB Liability are presented in Note 9.

Supplementary Schedules

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
 SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 FOR YEAR ENDED DECEMBER 31, 2025

	Net Investment in Capital Assets	Restricted			Unrestricted		Total
		Operating Reserve	Bond / Loan Service	Renewal and Replacement	Designated for Construction Improvements	Undesignated	
Operating Revenue:							
Member Service Fees					14,799,510		14,799,510
Sewer Connection Fees					2,341,671		2,341,671
Discharge Fees							
Industrial Pretreatment Program					19,820		19,820
Outside Sludge					1,244,048		1,244,048
Collection System					110,715		110,715
Solar Renewable Energy Certificates					71,955		71,955
Miscellaneous					131,044		131,044
Total Operating Revenue					18,718,763		18,718,763
Operating Expense:							
Administrative					1,910,939		1,910,939
Cost of Providing Services					11,522,218		11,522,218
Depreciation	2,601,050						2,601,050
Total Operating Expense	2,601,050				13,433,157		16,034,207
Operating Income	(2,601,050)				5,285,606		2,684,556
Non-Operating Revenue (Expense):							
Interest Income					823,853		823,853
Interest Expense					(265,878)		(265,878)
Amortization Expense	70,822						70,822
Costs of Issuance Expense	(30,378)						(30,378)
	40,444				557,975		598,419
Net Income (Loss) Before Transfers	(2,560,606)				5,843,581		3,282,975
Transfers:							
Capital Expenditures	4,605,814				(4,605,814)		-
Budget Appropriations			150,000		(150,000)		-
Bond Principal Payments	1,602,099				(1,602,099)		-
Other Transfers	(58,575)	139,759	50,700		490,405	(622,289)	-
Increase/(Decrease) in Net Position	3,588,732	139,759	50,700	150,000	(23,927)	(622,289)	3,282,975
Net Position - January 1, 2025	41,356,956	3,749,282	831,454	6,591,581	4,042,347	(14,266,631)	42,304,989
Net Position - December 31, 2025	44,945,688	3,889,041	882,154	6,741,581	3,420,058	(14,290,558)	45,587,964

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Accounts	Revenue Account	Bond/Loan Service Accounts	Bond/Loan Reserve Account
Cash, Cash Equivalents and Investments - January 1, 2025	2,712,985	6,942,410	992,054	680,698
Cash Receipts:				
Interest on Investments	866,264			
Member Service Fees		14,799,510		
Other Operating Fees		3,891,843		
Miscellaneous		131,044		
NJEIT Reimbursements				
Transfers	10,466,732		1,852,178	
Total Cash Receipts	11,332,996	18,822,397	1,852,178	-
Cash and Investments Available	14,045,981	25,764,807	2,844,232	680,698
Cash Disbursements:				
Operations	13,795,135			
Construction				
Debt Service Payments			1,856,922	
Other			-	
Transfers		16,393,860		
Total Cash Disbursements	13,795,135	16,393,860	1,856,922	-
Cash, Cash Equivalents and Investments - December 31, 2025	250,846	9,370,947	987,310	680,698
Analysis of Balance:				
Cash and Cash Equivalents	250,846	9,370,947	987,310	680,698
	250,846	9,370,947	987,310	680,698
Unrestricted	250,846	5,617,955	(13,185)	680,698
Restricted	-	3,752,992	1,000,495	-
	250,846	9,370,947	987,310	680,698

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2025

	Renewal and Replacement Account	Construction Improvement Account	Total
Cash, Cash Equivalents and Investments - January 1, 2025	6,591,581	4,042,347	21,962,075
Cash Receipts:			
Interest on Investments			866,264
Member Service Fees			14,799,510
Other Operating Fees			3,891,843
Miscellaneous			131,044
NJEIT Reimbursements			-
Transfers	150,000	3,924,950	16,393,860
Total Cash Receipts	150,000	3,924,950	36,082,521
Cash and Investments Available	6,741,581	7,967,297	58,044,596
Cash Disbursements:			
Operations			13,795,135
Construction		4,547,239	4,547,239
Debt Service Payments			1,856,922
Other			-
Transfers			16,393,860
Total Cash Disbursements	-	4,547,239	36,593,156
Cash, Cash Equivalents and Investments - December 31, 2025	6,741,581	3,420,058	21,451,440
Analysis of Balance:			
Cash and Cash Equivalents	6,741,581	3,420,058	21,451,440
	6,741,581	3,420,058	21,451,440
Unrestricted	-	3,420,058	9,956,372
Restricted	6,741,581	-	11,495,068
	6,741,581	3,420,058	21,451,440

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2025

	FY 2025 Adopted Budget	FY 2025 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Revenues					
Operating Revenues:					
Service Charges	14,799,510	14,799,510	14,799,510	-	14,472,457
Sewer Connection Fees	300,000	300,000	2,341,671	2,041,671	2,035,456
Outside Sludge	1,400,000	1,400,000	1,244,048	(155,952)	1,701,113
Discharge Fees				-	2,700
Industrial Pretreatment Program	25,000	25,000	19,820	(5,180)	19,400
Collection System	75,000	75,000	110,715	35,715	131,894
Solar Renewable Energy Certificates (SREC)	70,000	70,000	71,955	1,955	76,937
Miscellaneous	128,000	128,000	131,044	3,044	102,492
Non-Operating Revenues:					
Interest on Investments	200,000	200,000	823,853	623,853	1,069,776
Total Revenues	16,997,510	16,997,510	19,542,616	2,545,106	19,612,225
Expenses					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	836,319	536,319	448,044	88,275	450,568
Fringe Benefits	604,764	474,764	434,710	40,054	498,824
Other Expenses:					
Professionals	570,000	820,000	735,962	84,038	599,556
Communication	23,000	38,000	30,141	7,859	16,635
Executive	9,000	19,000	13,423	5,577	3,295
Management	214,000	214,000	248,659	(34,659)	201,088
	<u>2,257,083</u>	<u>2,102,083</u>	<u>1,910,939</u>	<u>191,144</u>	<u>1,769,966</u>
Cost of Producing Services					
Personnel:					
Salaries and wages	4,045,000	4,045,000	3,519,326	525,674	3,323,205
Fringe Benefits	2,925,046	2,930,046	2,682,846	247,200	2,422,742
Other Expenses:					
Utilities	1,453,000	1,523,000	1,493,912	29,088	1,399,715
Insurance	360,000	360,000	348,280	11,720	343,160
Vehicles	126,500	126,500	88,400	38,100	53,954
Collection System	855,000	930,000	605,382	324,618	608,086
Sewage Treatment & Laboratory	780,500	780,500	747,237	33,263	566,937
Solids Disposal	2,045,000	2,045,000	1,886,081	158,919	1,836,576
Buildings & Grounds/Road	150,000	155,000	148,169	6,831	126,104
	<u>12,740,046</u>	<u>12,895,046</u>	<u>11,519,633</u>	<u>1,375,413</u>	<u>10,680,479</u>
Total Operating Appropriations	14,997,129	14,997,129	13,430,572	1,566,557	12,450,445
Non-Operating Appropriations:					
Debt Service					
Bond and Loan Principal	1,577,306	1,577,306	1,602,099	(24,793)	2,243,524
Interest on Bonds and Notes	273,075	273,075	265,878	7,197	269,802
Renewal and Replacement Reserve	150,000	150,000	150,000	-	110,000
Total Non-Operating Appropriations	2,000,381	2,000,381	2,017,977	(17,596)	2,623,326
Total Appropriations	16,997,510	16,997,510	15,448,549	1,548,961	15,073,771

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>FY 2025 Adopted Budget</u>	<u>FY 2025 Budget as Amended</u>	<u>Current Year Actual</u>	<u>Excess / (Deficit)</u>	<u>Prior Year Actual</u>
Excess (Deficit) of Revenues Over Expenses	-	-	4,094,067		4,538,454
Reconciliation of Budgetary Basis to GAAP:					
Accrued Principal on Bond/Loans Payable			1,602,099		2,243,524
Amortization Expense			70,822		49,598
Renewal and Replacement Reserve			150,000		110,000
Inventory Adjustments			(2,585)		(11,068)
Debt Issuance Cost Expense			(30,378)		-
Depreciation			<u>(2,601,050)</u>		<u>(2,504,544)</u>
Change in Net Position			<u>3,282,975</u>		<u>4,425,964</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Project Number	FY 2025 Adopted Budget	FY 2025 Budget as Amended	Current Year Actual	Excess / Actual
Financing Sources:					
Unrestricted Net Position Utilized		860,000	3,656,207	1,029,940	2,626,267
Debt Authorization		20,362,500	10,723,000	3,575,874	7,147,126
		<u>21,222,500</u>	<u>14,379,207</u>	<u>4,605,814</u>	<u>9,773,393</u>
Capital Outlays:					
Cake Receiving Facility ⁽²⁾	1147	4,400,000	-	-	-
Incinerator Repairs ⁽²⁾	1166	3,100,000	4,200,000	2,667,098	1,532,902
Update Solar Generating System ⁽²⁾		500,000	1,000,000	-	1,000,000
Replace Secondary Slide Gates ⁽¹⁾	1174	2,000,000	-	25,864	(25,864)
Utility Vehicle ⁽¹⁾	1175	160,000	103,207	258,644	(155,437)
Collection System Gravity Main Repairs ⁽²⁾		500,000	433,000	-	433,000
Force Main Repairs (S340700-19) ⁽²⁾	1163	1,300,000	1,400,000	90,354	1,309,646
Replace Plant Water Line ⁽²⁾	1164	1,500,000	1,500,000	-	1,500,000
Aeration Blower Replacement ⁽²⁾	1176	2,000,000	153,000	76,705	76,295
Incinerator Blower Replacement ⁽¹⁾	1165	600,000	3,100,000	595,255	2,504,745
Gravity Thickener Repairs ⁽¹⁾	1168	2,600,000	1,500,000	44,791	1,455,209
Interceptor Manhole Inspections/ Repairs (Phase 2/3) ⁽²⁾	1172	500,000	374,000	310,186	63,814
Security Upgrades ⁽²⁾		650,000	-	-	-
Collection System Aeration System ⁽¹⁾		100,000	-	-	-
Replace Niro Incinerator Venturi ⁽¹⁾		-	400,000	-	400,000
Grit Building Door Replacement ⁽²⁾	1180	87,500	127,000	132,755	(5,755)
Federal Electric Panel Replacement ⁽²⁾	1182	75,000	-	-	-
Repair Site Concrete ⁽²⁾		500,000	-	-	-
Repair / Replace Site Security Fencing ⁽²⁾		500,000	89,000	-	89,000
Install Air Compressor Cooling System ⁽²⁾		150,000	-	-	-
Oakland Interceptor Project ⁽¹⁾	1156	-	-	4,605	(4,605)
Potable Water Main ⁽¹⁾		-	-	13,253	(13,253)
Pump Station Improvements ⁽¹⁾	1143	-	-	2,729	(2,729)
Fiber Optic HHK & MP Pump Station ⁽¹⁾	1141	-	-	6,456	(6,456)
Meter Replacement ⁽¹⁾	1158	-	-	5,300	(5,300)
Bar Screen Rebuild Project ⁽¹⁾	1169	-	-	16,990	(16,990)
Midland Park Pump Station Upgrade ⁽¹⁾	1170	-	-	86,700	(86,700)
Ash Pad Rehab ⁽¹⁾	1177	-	-	6,244	(6,244)
Parking Lot Addition ⁽¹⁾	1178	-	-	45,784	(45,784)
Manhole 50 Replacement ⁽²⁾	1179	-	-	172,887	(172,887)
WWTP PLCS ⁽¹⁾	1155	-	-	43,214	(43,214)
Total Capital Outlays		<u>21,222,500</u>	<u>14,379,207</u>	<u>4,605,814</u>	<u>9,773,393</u>
Total Costs Funded by Capital Revenue		21,222,500	14,379,207	4,605,814	9,773,393
Add: Excess		-	-	-	-
		<u>21,222,500</u>	<u>14,379,207</u>	<u>4,605,814</u>	<u>9,773,393</u>

⁽¹⁾ Funded by Unrestricted Net Position Utilized.⁽²⁾ Funded by Debt Authorization.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2025	Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
New Jersey Environmental Infrastructure Trust - Series 2010B Trust Portion		5.00%	96,000				
		5.00%	100,000				
		5.00%	109,000				
		5.00%	113,000				
		5.00%	117,000	626,000	-	91,000	535,000
New Jersey Environmental Infrastructure Fund - Series 2010B Fund Portion		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	25,049	475,049		90,000	385,049

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Loan - Series 2012A Fund Portion		n/a	2026		109,880				
		n/a	2027		109,880				
		n/a	2028		109,880				
		n/a	2029		109,879				
		n/a	2030		109,879				
		n/a	2031		73,253				
						732,530		109,879	622,651
New Jersey Environmental Infrastructure Trust - Series 2014A Trust Portion		3.05%	2026		15,000				
		3.06%	2027		15,000				
		3.07%	2028		15,000				
		3.08%	2029		15,000				
		3.09%	2030		20,000				
		3.13%	2031		20,000				
		3.19%	2032		20,000				
		3.25%	2033		20,000				
						155,000		15,000	140,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Loan - Series 2014 A Fund Portion		n/a	2026		14,618				
		n/a	2027		14,619				
		n/a	2028		14,619				
		n/a	2029		14,618				
		n/a	2030		1,003				
						74,096		14,619	59,477
New Jersey Environmental Infrastructure Loan - Series 2015 Trust Portion		5.00%	2026		110,000				
		4.00%	2027		115,000				
		4.00%	2028		115,000				
		4.00%	2029		120,000				
		4.00%	2030		125,000				
		4.00%	2031		130,000				
		4.00%	2032		135,000				
		4.00%	2033		140,000				
		4.00%	2034		150,000				
							1,245,000		105,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Loan - Series 2015 Fund Portion									
		n/a	2026		328,442				
		n/a	2027		328,442				
		n/a	2028		328,441				
		n/a	2029		328,442				
		n/a	2030		328,441				
		n/a	2031		328,441				
		n/a	2032		328,441				
		n/a	2033		275,117				
						2,902,648		328,441	2,574,207
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Trust Portion									
		5.00%	2026		25,000				
		5.00%	2027		25,000				
		4.00%	2028		30,000				
		4.00%	2029		30,000				
		4.00%	2030		30,000				
		4.00%	2031		30,000				
		4.00%	2032		35,000				
		4.00%	2033		35,000				
		4.00%	2034		35,000				
		4.00%	2035		35,000				
		4.00%	2036		40,000				
		4.00%	2037		40,000				
		4.00%	2038		40,000				
						455,000		25,000	430,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Fund Portion									
		n/a	2026		86,911				
		n/a	2027		86,911				
		n/a	2028		86,911				
		n/a	2029		86,911				
		n/a	2030		86,911				
		n/a	2031		86,911				
		n/a	2032		86,911				
		n/a	2033		86,911				
		n/a	2034		86,911				
		n/a	2035		86,911				
		n/a	2036		86,910				
		n/a	2037		86,910				
		n/a	2038		50,749				
						1,180,590		86,911	1,093,679
New Jersey Environmental Infrastructure Trust - Series 2020C Trust Portion (Refunded Series 2012A Trust Portion)									
		4.00%	2026		113,718				
		3.00%	2027		117,334				
		3.00%	2028		122,020				
		3.00%	2029		126,708				
		3.00%	2030		131,238				
		3.00%	2031		135,660			110,018	746,678
						856,696			

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Trust - Series 2021A-2 Trust Portion		5.00%	2026		50,000				
		5.00%	2027		55,000				
		5.00%	2028		55,000				
		5.00%	2029		65,000				
		5.00%	2030		65,000				
		5.00%	2031		70,000				
		4.00%	2032		70,000				
		3.00%	2033		75,000				
		3.00%	2034		75,000				
		3.00%	2035		75,000				
		3.00%	2036		80,000				
		3.00%	2037		80,000				
		3.00%	2038		85,000				
		3.00%	2039		90,000				
		2.00%	2040		90,000				
		2.00%	2041		90,000				
						1,220,000	-	50,000	1,170,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Trust - Series 2021A-2 Fund Portion		n/a	2026	222,131					
		n/a	2027	222,131					
		n/a	2028	222,131					
		n/a	2029	222,131					
		n/a	2030	222,131					
		n/a	2031	222,131					
		n/a	2032	222,131					
		n/a	2033	222,131					
		n/a	2034	222,131					
		n/a	2035	222,131					
		n/a	2036	222,131					
		n/a	2037	222,131					
		n/a	2038	222,131					
		n/a	2039	222,131					
	n/a	2040	222,131						
	n/a	2041	148,089			3,702,185	-	222,131	3,480,054

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Trust - Series 2022 A-1 Trust Portion		5.00%	2026		65,000				
		5.00%	2027		70,000				
		5.00%	2028		75,000				
		5.00%	2029		75,000				
		5.00%	2030		80,000				
		5.00%	2031		85,000				
		5.00%	2032		90,000				
		5.00%	2033		95,000				
		3.25%	2034		100,000				
		3.38%	2035		100,000				
		3.38%	2036		105,000				
		3.38%	2037		110,000				
		3.50%	2038		110,000				
		3.50%	2039		115,000				
	3.50%	2040		120,000					
	3.50%	2041		125,000					
						1,585,000		65,000	1,520,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Trust - Series 2022 A-1 Fund Portion		n/a	2026		264,306				
		n/a	2027		264,306				
		n/a	2028		264,306				
		n/a	2029		264,306				
		n/a	2030		264,306				
		n/a	2031		264,306				
		n/a	2032		264,306				
		n/a	2033		264,306				
		n/a	2034		264,306				
		n/a	2035		264,306				
		n/a	2036		264,306				
		n/a	2037		264,306				
		n/a	2038		264,306				
		n/a	2039		264,306				
		n/a	2040		264,306				
		n/a	2041		176,206				
						4,405,102		264,306	4,140,796

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2025	2025 Issued	2025 Redeemed	Balance Dec. 31, 2025
				December 31, 2025	Amount				
New Jersey Environmental Infrastructure Trust - Series 2025 Trust Portion		5.00%	2026		40,000				
		5.00%	2027		40,000				
		5.00%	2028		40,000				
		5.00%	2029		40,000				
		5.00%	2030		40,000				
		5.00%	2031		40,000				
		5.00%	2032		40,000				
		5.00%	2033		50,000				
		5.00%	2034		50,000				
		5.00%	2035		50,000				
		5.00%	2036		50,000				
		5.00%	2037		55,000				
		5.00%	2038		55,000				
		3.71%	2039		71,662				
	3.71%	2040		62,265					
	3.71%	2041		66,639					
	3.71%	2042		65,926					
	3.71%	2043		70,186					
	3.71%	2044		69,512					
							996,190		996,190

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS

The following officials were in office at December 31, 2025:

<u>Name</u>	<u>Office</u>	
Frank Kelaher	Chairman	Ramsey
Matthew Jordan	Vice Chairman	Allendale
Dennis Bonagura	Commissioner	Franklin Lakes
Stephen Lo Iacono	Commissioner	Mahwah
Berge V. Tombalakian	Commissioner	Midland Park
John P. Biale	Commissioner	Oakland
Robert Laux	Executive Director	
Bern Root, LLC.	Legal Counsel	
Wielkocz & Company, LLC	Auditors	

Government Auditing Standards Report



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, RMA, PSA
DAVID BOTTGE, CPA, RMA, PSA
PAUL J. CUVA, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
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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**

Honorable Chairman and Members of the
Northwest Bergen County Utilities Authority
County of Bergen
Waldwick, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Northwest Bergen County Utilities Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2026.

Internal Control Over Financial Reporting

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



Honorable Chairman and Members of the
Northwest Bergen County Utilities Authority
Page 2.


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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwest Bergen County Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

April 9, 2026



**Schedule of Expenditures of Federal Awards, Schedule of
Expenditures of State Assistance, Notes to the Schedule of
Expenditures of Federal and State Awards**

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
U.S. Environmental Protection Agency: Pass Through New Jersey Department of Environmental Protection: NJ Environmental Infrastructure Fund 2026 Project (S340700-21)	66.458	042-4860-711-003	\$ 943,562	\$ -	01/01/25	12/31/25	\$ 103,208	\$ 103,208
Total Federal Financial Awards			\$ -	\$ -			\$ 103,208	\$ 103,208

This schedule is presented for management purposes only and is not subject to single audit.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
 SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE

YEAR ENDED DECEMBER 31, 2025

State Funding Department	State Grant Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
<u>New Jersey Department of Environmental Protection:</u> NJ Environmental Infrastructure Fund 2026 Project (S340700-21)	042-4860-711-003	\$ 943,561	\$ -	01/01/25	12/31/25	\$ 103,208	\$ 103,208
Total State Financial Assistance			\$ -			\$ 103,208	\$ 103,208

This schedule is presented for management purposes only and is not subject to single audit.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2025**

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Northwest Bergen County Utilities Authority. The Authority is defined in Note 1 to the Authority's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the accrual basis of accounting. These bases of accounting are described in Notes 2(A) to the Authority's basic financial statements. The information in these schedules is presented for Management purposes only and was not subject to single audit.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Awards and financial assistance are reported in the Authority's basic financial statements on a GAAP basis as follows:

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance - 12/31/24	\$116,535	\$116,535	\$233,070
Grants Awarded	-	-	-
Funds Received/ Credits Applied	<u>(116,535)</u>	<u>(116,535)</u>	<u>(233,070)</u>
Balance - 12/31/25	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Schedule of Findings and Questioned Costs

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Modified

Internal control over financial reporting:

1. Reportable condition(s) identified that are
not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Noncompliance material to basic financial
statements noted?

_____ yes X no

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Section II - Financial Statement Findings

FINDING: 2025-01*

STATEMENT OF CONDITION

The Authority has not updated the net other post-employment benefit obligation, net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow accounts to a measurement date acceptable under current accounting standards.

CRITERIA

Government Accounting Standards Board (GASB) Statements No. 68 and No. 75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation measured as of a date no earlier than the end of its prior fiscal year.

EFFECT

The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources and net position has not been determined.

CAUSE

The Authority relies on valuations performed annually by an actuary hired by the State of New Jersey. As of the date of this report, there has been no indication as to when the actuary's valuation of the Public Employee's Retirement System (PERS) or State of New Jersey Health Benefit System would be complete.

RECOMMENDATION

The Authority should update all future financial statements to comply with GASB's No. 68 and No. 75 once the actuary's valuation reports are available.

MANAGEMENT'S RESPONSE

Calculation of the net other post-employment benefit obligations, net pension obligation, pension-related deferred outflow, accounts payable – pension and pension-related deferred inflow amounts are out of the Authority's control. In order to comply with the requirements of their 1984 Trust Indenture, management has opted to release the report without updating the figures in accordance with the measurement guidelines of GASB's No. 68 and No. 75.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

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

Status of Prior Year Findings

A review was performed on all prior year recommendations and corrective action was taken on all items, except those noted with an asterisk "*".

General Comments and Recommendations

GENERAL COMMENTS

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$53,000.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$53,000.00.

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

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. No violations were discovered.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

GENERAL COMMENTS, (CONTINUED)

Interaccount Advances

Advances between unrestricted accounts should be settled upon occurrence.

Miscellaneous

There were no problems and weaknesses noted in our review that were of such magnitude that they would effect our ability to express an opinion on the financial statements taken as a whole.

We desire to express appreciation for the assistance and courtesies rendered by the Commissioners and employees during the course of the examination.

Respectfully submitted,



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Certified Public Accountants
Pompton Lakes, New Jersey