UNION COUNTY UTILITIES AUTHORITY
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

UNION COUNTY UTILITIES AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
Union County Utilities Authority
Rahway, New Jersey 07065

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Union 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 year 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Utilities Authority as of December 31, 2025 and 2024, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Union County Utilities Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Union 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 Union 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 Union 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, 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.

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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 22, 2026 on our consideration of the Union 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 Union County Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,

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

October 22, 2026

Required Supplementary Information - Part I

Management Discussion and Analysis

UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Union County Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year 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 liabilities and deferred inflows exceeded its assets and deferred outflows of resources by $95,204,871 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows exceeded assets and deferred outflows of resources by $96,433,487.

- Total net position is comprised of the following:

  (1) Net investment in capital assets of $(132,883,093) includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.

  (2) Restricted of $30,135,675 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.

  (3) Unrestricted of $7,542,547 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.

- Total liabilities of the Authority decreased by $5,443,883 to $168,334,450 during the fiscal year.

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 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 years 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 the position. The reader can think of the Authority's net position – the difference between assets, deferred outflows of resources, 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.

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 fiscal year-end is $(95,204,871). This is a $1,228,616 increase over last year's restated net position of $(96,433,487). A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position at December 31, 2025
With Comparative Prior Year Balances

	FY 2025	FY 2024	Dollar Change	Percent Change
Current Assets	52,883,814	49,671,567	3,212,247	6.47%
Capital Assets	19,570,780	26,059,931	(6,489,151	(24.90)%
Total Assets	72,454,594	75,731,498	(3,276,904)	(4.33)%
Deferred Outflows of Resources	3,661,811	4,322,738	(660,927)	(15.29)%
Long-term Liabilities	154,246,195	160,429,787	(6,183,592)	(3.85)%
Current Liabilities	14,088,255	13,348,546	739,709	5.54%
Total Liabilities	168,334,450	173,778,333	(5,443,883)	(3.13)%
Deferred Inflows of Resources	2,986,826	2,709,390	277,436	10.24%
Net Investment in Capital Assets	(132,883,093)	(131,436,183)	(1,446,910)	1.10%
Restricted	30,135,675	29,836,364	299,311	1.00%
Unrestricted	7,542,547	5,166,332	2,376,215	45.99%
Total Net Position	(95,204,871)	(96,433,487)	1,228,616	1.27%

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative figures in the following table. These figures have not been updated to include the prior period adjustments described in Note 14 of the financial statements.

Condensed Statement of Net Position at December 31, 2024
With Comparative Prior Year Balances

	FY 2024	Restated FY 2023	Dollar Change	Percent Change
Current Assets	49,671,567	47,496,837	2,174,730	4.58%
Capital Assets	26,059,931	32,369,940	(6,310,009)	(19.49)%
Total Assets	75,731,498	79,866,777	(4,135,279)	(5.18)%
Deferred Outflows of Resources	4,322,738	2,967,875	1,354,863	45.65%
Long-term Liabilities	160,429,787	169,684,100	(9,254,313)	(5.45)%
Current Liabilities	13,348,546	13,029,324	319,222	2.45%
Total Liabilities	173,778,333	182,713,424	(8,935,091)	(4.89)%
Deferred Inflows of Resources	2,709,390	4,504,105	(1,794,715)	(39.85)%
Net Investment in Capital Assets	(131,436,183)	(129,945,546)	(1,490,637)	1.15%
Restricted	29,836,364	29,653,802	182,562	0.62%
Unrestricted	5,166,332	(4,091,133)	9,257,465	226.28%
Total Net Position	(96,433,487)	(104,382,877)	7,949,390	7.62%

Net Position (Continued)

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2025 with Comparative Prior Year Balances**

	FY 2025	FY 2024	Dollar Change	Percent Change
Operating Revenues	49,860,755	49,050,446	810,309	1.65%
Non-operating Revenues	881,355	1,007,141	(125,786)	(12.49)%
Total Revenues	50,742,110	50,057,587	684,523	1.37%
Depreciation	6,489,151	6,474,396	14,755	0.23%
Other Operating Expenses	30,472,612	29,695,818	776,794	2.62%
Other Non-operating Expense	12,551,731	5,937,983	6,613,748	111.38%
Total Expenses	49,513,494	42,108,197	7,405,297	17.59%
Change in Net Position	1,228,616	7,949,390	(6,720,774)	(84.54)%
Beginning Net Position	(96,433,487)	(104,382,877)	7,949,390	(7.62)%
Ending Net Position	(95,204,871)	(96,433,487)	1,228,616	1.27%

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and changes in net position is presented with comparative fiscal year figures in the following table. These figures have not been updated to include the prior period adjustments described in Note 14 of the financial statements.

Condensed Statement of Revenues, Expenses And Changes in Net Position for the Year Ending December 31, 2024 with Comparative Prior Year Balances

	FY 2024	Restated FY 2023	Dollar Change	Percent Change
Operating Revenues	49,050,446	46,248,855	2,801,591	6.06%
Non-operating Revenues	1,007,141	703,113	304,028	43.24%
Total Revenues	50,057,587	46,951,968	3,105,619	6.61%
Depreciation	6,474,396	6,474,397	(1)	0.00%
Other Operating Expenses	29,695,818	28,243,849	1,451,969	5.14%
Other Non-operating Expense	5,937,983	11,146,625	(5,208,642)	(46.73)%
Total Expenses	42,108,197	45,864,871	(3,756,674)	(8.19)%
Change in Net Position	7,949,390	1,087,097	6,862,293	631.25%
Beginning Net Position	(104,382,877)	(99,969,974)	(4,412,903)	4.41%
Prior Period Adjustment		(5,500,000)	(5,500,000)	(100.00)%
Ending Net Position	(96,433,487)	(104,382,877)	7,949,390	1.04%

Budgetary Highlights

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.

Budgetary Highlights (Continued)

The following tables provide a budget comparison for FY 2025 and FY 2024:

Budget vs. Actual
FY 2025

	Budget	Actual	Variance
Revenues:			
Operating	49,044,000	49,860,755	816,755
Non-Operating	741,901	881,355	139,454
Total Revenues	49,785,901	50,742,110	956,209
Expenses:			
Operating	37,017,000	35,449,495	1,567,505
Non-Operating	12,768,901	12,768,901	-
Total Expenses	49,785,901	48,218,396	1,567,505
Income before Depreciation	-	2,523,714	2,523,714

Budget vs. Actual
FY 2024

	Budget	Actual	Variance
Revenues:			
Operating	47,740,000	49,050,446	1,310,446
Non-Operating	807,232	1,007,141	199,909
Total Revenues	48,547,232	50,057,587	1,510,355
Expenses:			
Operating	35,569,774	34,888,755	681,019
Non-Operating	12,977,458	12,941,845	35,613
Total Expenses	48,547,232	47,830,600	716,632
Income before Depreciation	-	2,226,987	2,226,987

Debt Administration

At December 31, 2025, the Authority had outstanding Project bonds of $151,995,000 (gross). The debt service schedule has a final maturity in 2041. Full details of the specific bond issues outstanding are found in Note 5 to the financial statements and the supplementary schedules.

Economic Factors, Future Years' Budgets and User Charges

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. Recently, however, national delays in supply chains and inflationary factors have begun to affect the Authority's cost of providing services. The Authority is therefore anticipating an increase in the cost of providing services in the next fiscal year due to recent increases in energy, fuel, material and chemical costs.

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 Executive Director of the Union County Utilities Authority, 1499 Routes 1 and 9 North, Rahway, New Jersey 07065.

Financial Statements

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

	2025	2024
ASSETS		
Current Assets:		
Unrestricted:		
Cash and Cash Equivalents	$ 14,252,373	$ 11,715,751
Accounts Receivable, Net Allowance for Doubtful Accounts	7,272,805	6,827,457
Lease Payments Receivable	683,948	704,781
Prepaid Expense		31,694
Total Unrestricted Assets	22,209,126	19,279,683
Restricted:		
Unemployment Account:		
Cash and Cash Equivalents	112,611	112,611
Environmental Investment Charge Reserve Account:		
Cash and Cash Equivalents	3,513,937	3,370,669
Bond/Loan Service Account		
Cash and Cash Equivalents	1,304,246	1,238,035
Bond/Loan Reserve Account		
Cash and Cash Equivalents	4,626,276	4,666,367
Investments	18,231,072	18,231,072
Working Capital Account:		
Cash and Cash Equivalents	2,878,101	2,765,016
Project Account:		
Cash and Cash Equivalents	8,445	8,114
Total Restricted Assets	30,674,688	30,391,884
Total Current Assets	52,883,814	49,671,567
Capital Assets:		
Construction in Progress	16,840	164,387
Land - Facility	3,610,128	3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	201,375	142,474
Equipment	175,263	175,263
Furniture and Fixtures	50,227	50,227
Less: Accumulated Depreciation	(225,362,004)	(218,961,499)
Total Capital Assets (net of accumulated depreciation)	19,570,780	26,059,931
TOTAL ASSETS	72,454,594	75,731,498

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

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

	2025	2024
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Premiums on Debt	$ 493,051	$ 549,184
Deferred Outflows Related to Pensions	167,697	305,884
Deferred Outflows Related to OPEB	3,001,063	3,467,670
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,661,811	4,322,738
LIABILITIES		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	$ 3,613,217	$ 3,271,124
Deposits Payable	-	167,637
Accrued Expenses	197,220	185,896
Prepaid Rent Reserve	3,654,343	3,447,493
Unearned Revenue	754,462	230,876
Interlocal Agreement Payable - Current Portion	500,000	500,000
Total Current Liabilities Payable from Unrestricted Assets	8,719,242	7,803,026
Payable from Restricted Assets:		
Project Bonds Payable - Current Portion	4,830,000	4,990,000
Accrued Interest on Project Bonds	539,013	555,520
Total Current Liabilities Payable from Restricted Assets	5,369,013	5,545,520
Non-Current Liabilities		
Revenue Bonds and Loans Payable	147,165,000	151,995,000
Interlocal Agreement Payable	3,500,000	4,000,000
Net Pension Obligation	891,051	1,608,412
Net OPEB Obligation	2,690,144	2,826,375
Total Non-Current Liabilities	154,246,195	160,429,787
TOTAL LIABILITIES	$ 168,334,450	$ 173,778,333

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

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

	2025	2024
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows:		
Deferred Gains on Refunding	$ 951,924	$ 1,060,298
Deferred Inflows Related to Pensions	1,062,895	699,768
Deferred Inflows Related to OPEB	972,007	949,324
TOTAL DEFERRED INFLOWS OF RESOURCES	2,986,826	2,709,390
NET POSITION		
Net Investment in Capital Assets	(132,883,093)	(131,436,183)
Restricted:		
Unemployment Reserve	112,611	112,611
Environmental Investment Charge Reserve	3,513,937	3,370,669
Bond / Loan Service Fund	765,233	682,515
Bond / Loan Reserve Fund	22,857,348	22,897,439
Working Capital	2;878,101	2,765,016
Project Account	8,445	8,114
Unrestricted		
Designated for Operating Reserve	1,200,000	1,200,000
Undesignated	6,342,547	3,966,332
TOTAL NET POSITION	$ (95,204,871)	$ (96,433,487)

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

EXHIBIT B

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

	2025	2024
Operating Revenue:		
Facility Lease Revenue	$ 9,500,000	$ 9,500,000
Tipping Fees - Resource Recovery	17,773,580	17,575,954
UCUA Administrative Fees	505,584	516,879
EIC Fees	5,534,868	5,659,838
Program Tipping Fees	16,326,837	15,574,211
Miscellaneous	219,886	223,564
Total Operating Revenue	49,860,755	49,050,446
Operating Expenses:		
Operating Expenses	30,472,612	29,695,818
Depreciation Expense	6,489,151	6,474,396
Total Operating Expenses	36,961,763	36,170,214
Operating Income	12,898,992	12,880,232
Non-Operating Revenue (Expenses):		
Interest Income	881,355	1,007,141
Interest Expenses	(7,937,836)	(8,137,614)
Tipping Fees Reimbursed to Towns	(2,428,085)	(2,481,019)
Tonnage Rebate - State of NJ	(168,406)	(164,380)
Rahway Host Fee	(1,730,392)	(1,864,489)
Oversight Services - County of Union	(150,000)	(150,000)
Pension Related	216,047	137,511
OPEB Related	(353,059)	6,722,008
Non-Operating Income (Loss)	(11,670,376)	(4,930,842)
Change In Net Position	1,228,616	7,949,390
Total Net Position - January 1,	(96,433,487)	(104,382,877)
Total Net Position - December 31,	$ (95,204,871)	$ (96,433,487)

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

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

	2025	2024
Cash Flows from Operating Activities:		
Cash Received from Facility Lease	$ 9,500,000	$ 9,500,000
Cash Received from Tipping Fees	40,219,107	38,352,503
Cash Received from Miscellaneous Sources	219,886	223,564
Cash Paid to Suppliers	(28,883,574)	(28,668,040)
Cash Paid to Employees	(1,196,122)	(1,144,359)
Net Cash Provided by Operating Activities	19,859,297	18,263,668
Cash Flow from Capital and Related Financing Activities:		
Bond Principal Paid	(4,990,000)	(4,765,000)
Tipping Fees Reimbursed to Towns	(2,428,085)	(2,481,019)
Tonnage Rebate - State of NJ	(168,406)	(164,380)
Rahway Host Fee	(1,730,392)	(1,864,489)
County of Union	(500,000)	(500,000)
Oversite Services - County of Union	(150,000)	(150,000)
Interest Paid on Bonds	(7,954,343)	(8,012,458)
Capital Outlay		(164,387)
Net Cash Used for Capital and Related Financing Activities	(17,921,226)	(18,101,733)
Cash Flows from Investing Activities:		
Interest Received	881,355	1,007,141
Purchase (Sale) of Investments		(73,653)
Net Cash Provided by (Used for) Investing Activities	881,355	933,488
Net Increase/(Decrease) in Cash and Cash Equivalents	2,819,426	1,095,423
Cash and Cash Equivalents, January 1,	23,876,563	22,781,140
Cash and Cash Equivalents December, 31,	$ 26,695,989	23,876,563
Analysis of Balance at December 31,		
Unrestricted - Cash and Cash Equivalents	14,252,373	11,715,751
Restricted - Cash and Cash Equivalents	12,443,616	12,160,812
	26,695,989	23,876,563

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

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

	2025	2024
Operating Income	$ 12,898,992	$ 12,880,232
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	6,489,151	6,474,396
Deferred/Prepaid Rent Reserve	206,850	195,141
Deferred Gain on Refunding	(108,374)	(112,794)
Premium Costs on Issuance of Debt	56,133	58,422
(Increase)/Decrease in Accounts Receivable	(445,348)	(974,379)
(Increase)/Decrease in Other Assets	52,527	(31,275)
Increase/(Decrease) in Accounts Payable	342,093	(145,069)
Increase/(Decrease) in Deposits Payable	(167,637)	(19,507)
Increase/(Decrease) in Unearned Revenue	523,586	
Increase/(Decrease) in Other Liabilities	11,324	(61,499)
Total Adjustments	6,960,305	5,383,436
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 19,859,297	$ 18,263,668

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

Notes to Financial Statements

NOTE 1. GENERAL

The Union County Utilities Authority is a public body corporate and politic, organized and existing under the municipal and county utilities authorities law, constituting Chapter 183 of the pamphlet laws of 1957, of the State of New Jersey, as amended and supplemented and was created by virtue of an ordinance of the Board of County Commissioners of the County of Union, New Jersey finally adopted June 5, 1986, as amended December 11, 1986.

The Authority has been designated by the County of Union as the official implementation agency of the County's solid waste management plan. The Authority is empowered to plan, design, construct, acquire and operate facilities for processing, disposal or recycling of solid waste in an environmentally sound manner, throughout the County of Union, New Jersey.

As part of the solid waste management plan, the Authority has contracted with Reworld, formerly Covanta, for the construction and operation of a mass-burn, waste-to-energy, resource recovery facility. Income is primarily derived from facility lease revenue payments, tipping fees from the processing of solid waste.

Resource Recovery Facility Lease

In 1998, the Authority agreed to lease the facility and facility site to Covanta Union, Inc. (the "Company"). In 2011, the Authority amended the lease with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the agreement, the Company is required to make rental payments in amounts sufficient to pay the debt service on the Resource Recovery Facility Lease Revenue Refunding Bonds and the Resource Recovery Facility Lease Revenue Bonds.

Lease revenue earned for the years ended December 31 consisted of:

	2025	2024
2011A Facility Lease	$6,550,079	$6,550,079
2011B Facility Lease	1,449,921	1,449,921
Lease Extension Payment	1,500,000	1,500,000
	$9,500,000	$9,500,000

NOTE 1. GENERAL, (continued)

In 2016, the lease was amended extending the term of the lease to 2053. Under the terms of the amended lease, the Authority and the Company have entered a revenue sharing agreement based on the actual gross revenues for the Company from 2027 to 2053.

During the period of the lease, the Company is required to pay all operating, maintenance and repair costs of the facility, except where such repairs or maintenance are a result of Authority fault.

Waste Disposal Agreement

In 1998, the Authority entered into the waste disposal agreement with Covanta of Union, Inc. (the "Company"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the waste disposal agreement, the Company is required to accept and dispose of all acceptable waste delivered to the facility by or on behalf of the Authority. In 2016, the waste disposal agreement was amended reducing the guaranteed tonnage. The Authority is required to deliver an amount of acceptable waste, at least equal to the guaranteed tonnage of 330,000 tons.

In the event the Authority fails to deliver the guaranteed tonnage amount, they are obligated to make shortfall payments to the Company; however, the Company is required to mitigate any shortfall deliveries of the solid waste on behalf of the Authority.

Local Waste Agreements

In order to satisfy its obligation under the waste disposal agreement, the Authority has entered into local waste agreements with 14 municipalities and the County of Union. These agreements require the contracting participants to deliver, or cause to be delivered, all acceptable waste generated within the geographic boundaries that is collected by the participant, or on its behalf, but in no less than the participants' guaranteed tonnage. The Authority, in turn, is required to dispose of this waste in accordance with the waste disposal agreements. The Authority has executed local waste agreements providing for delivery of acceptable waste to the facility, in an aggregate amount that is at least equal to 149,100 tons.

In the event contracting municipalities fail to deliver their guaranteed tonnage amount, they are obligated to make shortfall payments to the Authority.

In July 2003, the Authority re-established regulatory flow control over all non-contract solid waste type 10 and 25 generated in Union County to provide the delivery of an additional 70,000 tons to the facility.

NOTE 1. GENERAL, (continued)

County Deficiency Agreement

In 1998, the Authority entered into the county deficiency agreement with the County of Union (the "County"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

The agreement provides that, in the event of a shortfall in an amount necessary to pay the service charge or any other amount due the Company, the County of Union is obligated pursuant to the Limited Deficiency Agreement to make a Disposal Fee Shortfall Payment in the amount of such a shortfall.

As a Public body under existing statute, the Authority is exempt from both Federal and State Taxes.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

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

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

Based upon the application of these criteria, the Authority has no component units.

NOTE 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 Union 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 significance of the Authority's accounting policies are described below.

- *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 invested in capital assets, net of related debt. 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.

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

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

B. Basis of Accounting

The Union 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. Reporting Entity

The Authority's financial statements include the accounts of all Authority operations. The primary criterion for including activities within the Authority's reporting entity, is set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Based on this criteria, the Authority is a legally separate organization and has no component units.

D. Risk of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage, and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

E. Grants

Grants receivable, if any, represent the total grant awards less amounts collected to date. Grants, if any, not internally restricted and utilized to finance operations are identified as non-operating revenue. Grants externally restricted for non-operating purposes are recorded as contributed capital and identified as grants-in-aid.

F. Inventories

Inventories which consist principally of operating supplies and charged to expense when consumed, is immaterial and therefore not reported.

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

G. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost which includes direct construction costs and other expenditures related to construction and certain professional costs. Construction costs are aggregated by individual project and charged to construction-in-progress until such time as projects are completed and put into operation. Depreciation is determined on a straight-line basis over various economic lives, which are fixed by management.

Depreciation expense related to assets acquired through debt financing is charged to operations.

Details of capital assets as of December 31, 2025 and 2024 are as follows:

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Construction in Progress	$164,387	$	$(147,547)	$16,840
Land	3,610,128			3,610,128
Resource Recovery Facility	240,878,951			240,878,951
Vehicles	142,474	147,547	(88,646)	201,375
Equipment	175,263			175,263
Furniture and Fixtures	50,227			50,227
	245,021,430	147,547	(236,193)	244,932,784
Less: Accumulated Depreciation	(218,961,499)	(6,489,151)	88,646	(225,362,004)
Total Capital Assets	$26,059,931	$(6,341,604)	$(147,547)	$19,570,780

	Balance 12/31/23	Additions	Deletions	Balance 12/31/24
Construction in Progress	$	$164,387	$	$164,387
Land	3,610,128			3,610,128
Resource Recovery Facility	240,878,951			240,878,951
Vehicles	214,450		71,976	142,474
Equipment	175,263			175,263
Furniture and Fixtures	50,227			50,227
	244,929,019	164,387	71,976	245,021,430
Less: Accumulated Depreciation	(212,559,079)	(6,474,396)		(218,961,499)
Total Capital Assets	$32,369,940	($6,310,009)	$71,976	$26,059,931

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

H. Restricted Accounts

In accordance with the bond resolutions securing the 2011 Resource Recovery Facility Lease Bonds, the 1998 Solid Waste Landfill Bonds and the 2011 Solid Waste System Bonds, the Authority has established various cash and investment accounts with a trustee. In addition, the bond resolutions provide restrictions on the use of funds in the accounts.

Fund	Amount	Use for Which Restricted
Revenue	Operating revenues received by the Authority	Transfers to various accounts described below
Operating	Transfers from Revenue Fund	Operating Expenses
Bond Reserve Accounts	As outlined in the bond agreements	Provide additional security to bondholders
Debt Service	Amount needed for principal and interest on the Authority's bonds	Compliance with bond resolutions
General Account	Excess revenues after other accounts have required amounts by the bond resolution	For any lawful purpose of the Authority, provided certain requirements are met
Rebate Account	Funds subject to rebate to the United States Government pursuant to the Internal Revenue Code and Arbitrage Regulations	Required Rebates, as applicable
Project Account	Funds received for payment of costs of the project	Project costs
Working Capital	Transfers as needed	Service charges and disposal shortfall payments

I. Unamortized Gain on Refunded Debt

Gains on refunded debt are being amortized over the remaining life of the issues.

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

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 Commissioners after legal advertisement and public hearing.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position, and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

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 probability of 100% that compensated absences are more likely than not to be used for time off or otherwise paid in cash or settles through noncash means. Actual results could differ from those estimates.

L. Risk of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with policies and an event, which may exceed policy coverage limits.

M. Sick and Vacation Leave

The Authority's policies regarding sick time permit employees to accumulate earned but unused sick leave. The proprietary fund reports the liability as it is incurred.

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

N. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net assets invested in capital assets, net of related debt 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.

O. 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.

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.

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

O. Recent Accounting Pronouncements, (continued)

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.

P. Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

As of December 31, 2025 and 2024, the Authority's cash and cash equivalents are summarized as follows:

	2025	2024
Unrestricted	$14,252,373	$11,715,751
Restricted	12,443,616	12,160,812
	$26,695,989	$23,876,563

The carrying amount of the Authority's cash and cash equivalents at December 31, 2025 was $26,695,989 and the bank balance was $26,713,437. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

Custodial Credit Risk - 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, $-0- of the Authority's bank balance of $26,713,437 was exposed to custodial risk.

NOTE 4. INVESTMENTS

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

a. Bonds or other obligations of the United States of America or obligation guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940, 54 Stat. 847 (16 U.S.C. 80a-1 et seq.), purchase and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bonds or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations guaranteed by the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;

b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Association or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.

c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part of within which the school district is located;

d. Bonds or other obligations, having a maturity date not more than 12 months from the date of purchase, approved by the Division of Investment of the Department of the Department of Treasury for investment by local units.

NOTE 4. INVESTMENTS, (continued)

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depository for public moneys.

At December 31, investments of the Authority at market value consisted of the following:

	2025	2024
U.S. Government Agency Bonds and Obligations	$18,231,072	$18,231,072

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2025, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Authority is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

The fair-value hierarchy of inputs the Authority uses to value an asset or liability. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices for identical instruments in active markets. Assets utilizing Level 1 inputs are marketable securities and other investments that are actively traded and provide the basis for fair value measurement.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly. Currently, the Authority does not have any Level 2 financial instrument inputs.

Level 3 – Significant inputs to the valuation model are unobservable. Currently, the Authority does not have any Level 3 financial instrument inputs.

NOTE 5. BONDS AND NOTES PAYABLE

In 1998, the Authority issued $323,727,990 of Solid Waste Bonds to provide funds to retire the 1991 Solid Waste System Bonds and to finance the restructuring of the Solid Waste System.

NOTE 5. BONDS AND NOTES PAYABLE, (continued)

In 2011, the Authority issued $228,985,000 of Solid Waste and System Bonds to provide funds to retire the 1998 Lease Revenue and County Deficiency Bonds. Principal payments due on the bonds for the next five years are as follows:

	Principal	Interest
2026	$4,830,000	$7,819,320
2027	6,770,000	7,556,500
2028	7,060,000	7,204,375
2029	7,350,000	6,837,250
2030	7,645,000	6,455,000
Thereafter	118,340,000	15,136,750
	$151,995,000	$51,009,195
Current Portion	$4,830,000	$7,819,320
Long-Term Portion	147,165,000	43,189,875
	$151,995,000	$51,009,195

NOTE 6. ADVANCE REFUNDINGS - 1998 AND 2011

In 1998, the Authority issued $323,727,990 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1991 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1991 bonds as they become due.

The portions of the 1991 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

In 2011, The Authority issued $228,985,000 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1998 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1998 bonds as they become due.

The portions of the 1998 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

NOTE 7. PENSION PLAN

Description of Plans:

Authority employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

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

NOTE 7. PENSION PLAN, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 7.5% for PERS. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Authority's contribution to the various plans, equal to the required contributions for each year, were as follows:

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/25	$99,389	100%
12/31/24	161,070	100%
12/31/23	224,246	100%

NOTE 7. PENSION PLAN, (continued)

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 $891,051 and $1,608,412 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. 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, 2025, the Authority's proportion was 0.00724511 percent, which was a decrease of 0.00459185 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Authority recognized pension expense of $(216,418).

At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	2025	2024
Deferred Outflows of Resources:		
Changes of assumptions	$141	$1,998
Net difference between projected and actual earnings on pension plan investments	25,406	32,219
Changes in proportion and differences between Authority contributions and proportionate share of contributions	95,650	225,167
Authority contributions subsequent to the measurement date	46,500	46,500
Total	$167,697	$305,884

	2025	2024
Deferred Inflows of Resources:		
Changes of assumptions	$987,641	$620,908
Net difference between projected and actual earnings on pension plan investments	75,254	78,860
Total	$1,062,895	$699,768

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The $46,500 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, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Dec. 31, 2025	Dec. 31, 2024
2025		(68,289)
2026	16,503	52,840
2027	(34,446)	(30,400)
2028	(26,581)	(17,550)
2029	(15,559)	457
2030	109	

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 5.15, 5.08, 5.08, 5.04, 5.13, and 5.16 years for 2025, 2024, 2023, 2022, 2021, and 2020 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2025 and June 30, 2024 are as follows:

	June 30, 2025	June 30, 2024
Collective deferred outflows of resources	$1,093,964,592	$1,079,580,780
Collective deferred inflows of resources	1,921,744,319	1,611,322,898
Collective net pension liability	12,404,749,906	13,702,423,985
Authority's Proportion	0.00724511%	0.01183696%

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25-7.75% (based on years of service)
Investment Rate of Return	7.00 %

Mortality Rates

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

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

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
Intentional Small Cap Equity	1.25%	8.77%
Emerging Market Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.22%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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, 2025, 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:

	June 30, 2025		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Authority's proportionate share of the pension liability	$1,230,319	$891,051	$616,143

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Authority's proportionate share of the pension liability	$2,155,174	$1,608,412	$1,168,181

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).

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

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 January 1, 2024, 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 January, 2024.

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

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

General Information about the OPEB Plan

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.

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.

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (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 $2,690,144 and $2,826,375 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2025 was measured as of June 30, 2025 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, 2025 the Authority's proportion was 0.016172 percent.

For the year ended June 30, 2025, the Authority recognized OPEB expense of $433,828. At December 31, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	2024
Deferred Outflows of Resources:		
Changes of assumptions	$373,089	$472,516
Change in Proportions	2,506,200	2,852,018
Net difference between projected and actual earnings on pension plan investments	121,774	143,136
Total	$3,001,063	$3,467,670
Deferred Inflows of Resources:		
Changes of assumptions	$647,828	$469,160
Net difference between projected and actual earnings on pension plan investments	324,179	480,164
Total	$972,007	$949,324

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (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:

	2025
Year ended June 30:	
2026	$(121,921)
2027	(57,112)
2028	(115,360)
2029	(89,342)
2030	(33,542)
Thereafter	(59,868)

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 8.28, 7.89, 7.89, 7.82, 7.82, 7.87 and 8.05 years for 2025, 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. 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.

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

Salary increases:	
Public Employees' Retirement System (PERS)	
Rate for all future years	3.25% to 7.75% based on years of service
Police and Firemen's Retirement System (PFRS)	4.00% to 17.50% based on years of service
Rate for all future years	
Mortality:	
PERS	Pub-2016 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2016 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Discount Rate

The discount rate for June 30, 2025 and 2024 was 5.20% and 3.93%, 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 that the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (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, 2025		
	1% Decrease 2.93%	At Current Discount Rate 3.93%	1% Increase 4.93%
Authority's proportionate share of Net OPEB liability	$3,072,312	$2,690,144	$2,376,888

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% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of Net OPEB liability	$2,318,879	$2,690,144	$3,156,541

NOTE 9. INTERLOCAL AGREEMENT PAYABLE

In 2011, the UCUA and Covanta amended their existing Facility Lease Agreement and Waste Disposal Agreement to deliver additional tons of processible waste which allowed the UCUA to generate additional revenue annually. As a result, the UCUA entered into an interlocal agreement with Union County to transfer funds from additional revenues after ensuring that the UCUA's financial situation is on sound footing each year. As of December 31, 2025 and 2024, the Authority reported $4,000,000 and $4,500,000 of an interlocal agreement payable.

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Authority permits employees to accrue a limited amount of unused vacations and sick pay, which may be paid upon retirement or death at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate $74,122 and $66,640 at December 31, 2025 and 2024, respectively.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2025, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

NOTE 12. RISK MANAGEMENT

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund (JIF).

The Fund was created on September 15, 1991, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is both an insured and self-administered group of utility authorities established for the purpose of providing low cost insurance coverage and safety programs for the member utility authorities in order to keep insurance premiums, claims and administrative costs at a minimum.

The following coverages are offered by the Fund to its members:

a. Worker's Compensation and Employer's Liability
b. Liability other than Motor Vehicles
c. Property Damage other than Motor Vehicles
d. Motor Vehicle
e. Environmental Liability

The Joint Insurance Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for worker's compensation and employer's liability.

NOTE 13. UNRESTRICTED NET ASSETS

At December 31, 2025 and 2024, the Authority reported a total amount of $6,342,547 and $3,966,332 as restated, respectively, of Unrestricted Net Position - Undesignated for the purposes described below:

	2025	2024
OPEB Related	$(661,088)	($308,029)
Pension Related	(1,786,249)	(2,002,296)
Available for Use in Future Budgets	8,789,884	6,276,657
	$6,342,547	$3,966,332

NOTE 14. SUBSEQUENT EVENTS

The Union County Utilities Authority has evaluated subsequent events through October 22, 2026, the date which the financial statements were available to be issued and no items were noted for disclosure.

Required Supplementary Information - Part II

UNION COUNTY UTILITIES AUTHORITY

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Public Employees Retirement System Last Ten Years

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered Employee Payroll	Authority's Proportion Share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0110446396%	$ 3,271,105	$ 837,771	390.45%	40.14%
2017	0.0123238167%	$ 2,868,788	$ 899,422	318.96%	48.10%
2018	0.0132253000%	$ 2,603,996	$ 956,554	272.23%	53.60%
2019	0.0133459725%	$ 2,404,742	$ 987,239	243.58%	56.27%
2020	0.0134983371%	$ 2,201,226	$ 1,059,164	207.83%	58.32%
2021	0.0144949747%	$ 1,717,147	$ 1,208,962	142.03%	42.18%
2022	0.0167601865%	$ 2,529,343	$ 1,216,951	207.84%	46.41%
2023	0.0167782586%	$ 2,430,226	$ 802,244	302.93%	54.80%
2024	0.0118369646%	$ 1,608,412	$ 573,550	280.43%	68.22%
2025	0.0072451100%	$ 891,051	$ 598,970	148.76%	71.84%

UNION COUNTY UTILITIES AUTHORITY

Schedule of the Authority's Contributions

Public Employees Retirement System Last Ten Years

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Authority's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	$ 98,119	$ 98,119	$ -	$ 837,771	11.71%
2017	$ 114,167	$ 114,167	$ -	$ 899,422	12.69%
2018	$ 131,549	$ 131,549	$ -	$ 956,554	13.75%
2019	$ 129,817	$ 129,817	$ -	$ 987,239	13.15%
2020	$ 147,665	$ 147,665	$ -	$ 1,059,164	13.94%
2021	$ 169,753	$ 169,753	$ -	$ 1,208,962	14.04%
2022	$ 211,354	$ 211,354	$ -	$ 1,216,951	17.37%
2023	$ 224,226	$ 224,226	$ -	$ 802,244	27.95%
2024	$ 161,070	$ 161,070	$ -	$ 573,550	28.08%
2025	$ 99,389	$ 99,389	$ -	$ 598,970	16.59%

SCHEDULE RSI-3

UNION COUNTY UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2025

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers.

SCHEDULE RSI-4

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	111,276	86,042	193,054	300,596	N/A	N/A	N/A	N/A	N/A
Interest	115,551	87,520	143,041	216,085	N/A	N/A	N/A	N/A	N/A
Changes of Assumptions	(366,829)	274,026	(2,283,366)	1,318,364	N/A	N/A	N/A	N/A	N/A
Difference Between Expected and Actual Experience	7,346	64,480	-	(4,760,695)	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(95,136)	(87,980)	(115,610)	(106,205)	N/A	N/A	N/A	N/A	N/A
Contributions - Members	11,732	10,159	-	-	N/A	N/A	N/A	N/A	N/A
Change in Allocation	68,685	(3,418,554)	-	-	N/A	N/A	N/A	N/A	N/A
Changes in Benefit Terms	6,138	16,996	-	-	N/A	N/A	N/A	N/A	N/A
Net Change in Total OPEB Liability	(141,237)	(2,967,311)	(2,062,881)	(3,031,855)	-	-	-	-	-
Total OPEB Liability - Beginning	2,801,563	5,768,874	7,831,755	10,863,610					
Total OPEB Liability - Ending	2,660,326	2,801,563	5,768,874	7,831,755	-	-	-	-	-
Plan Fiduciary Net Position:									
Contributions - Employer	69,170	63,051	-	-	N/A	N/A	N/A	N/A	N/A
Contributions - Non-Employer Contribution Entities	11,599	9,917	-	-	N/A	N/A	N/A	N/A	N/A
Contributions - Members	11,732	10,159	-	-	N/A	N/A	N/A	N/A	N/A
Net Investment Income	154	258	-	-	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(95,136)	(87,980)	-	-	N/A	N/A	N/A	N/A	N/A
Administrative Expenses	(1,918)	(1,756)	-	-	N/A	N/A	N/A	N/A	N/A
Change in Allocation	(607)	(18,461)	-	-	N/A	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	(5,006)	(24,812)	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	(24,812)	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	(29,818)	(24,812)	-	-	-	-	-	-	-
Authority's Net OPEB Liability	2,690,144	2,826,375	5,768,874	7,831,755	-	-	-	-	-

* 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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.016172%	0.015785%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the net OPEB liability (asset)	$ 2,690,144	$ 2,826,375	$ 5,768,874	$ 7,831,755	N/A	N/A	N/A	N/A	N/A
Authority's covered payroll	$ 598,970	$ 573,550	$ 802,244	$ 1,216,951	$ 1,208,962	$ 1,059,164	$ 987,239	$ 956,554	$ 899,422
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	449.13%	492.79%	719.09%	643.56%	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.

SCHEDULE RSI-6

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

	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	N/A	N/A	N/A	$ 45,128	$ 42,122	$ 20,292	$ 38,612
Contributions in relation to the contractually required contribution	N/A	N/A	N/A	$ 45,128	$ 42,122	$ 20,292	$ 38,612
Contribution deficiency (excess)				$ -	$ -	$ -	$ -
Authority's covered payroll	$ 598,970	$ 573,550	$ 802,244	$ 1,216,951	$ 1,208,962	$ 1,059,164	$ 987,239
Contributions as a percentage of covered payroll	N/A	N/A	N/A	3.71%	3.48%	1.92%	3.91%

* 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.

SCHEDULE RSI-7

UNION COUNTY UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2025

Union County Post-Retirement Healthcare Plan

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 3.93% to 5.20% as of December 31, 2025.

Supplementary Schedules

SCHEDULE 1

UNION COUNTY UTILITIES AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR YEAR ENDED DECEMBER 31, 2025

		Restricted						Unrestricted		
	Net Investment in Capital Assets	Unemployment Reserve	Environmental Invest. Charge Reserve	Bond / Loan Service Reserve	Bond / Loan Reserve	Working Capital Reserve	Project Fund Reserve	Designated	Undesignated	Total
Operating Revenue:										
Facility Lease Revenue									9,500,000	9,500,000
Tipping Fees - Resource Recovery									17,773,580	17,773,580
UCUA Administrative Fees									505,584	505,584
EIC Fees									5,534,868	5,534,868
Program Tipping Fees									16,326,837	16,326,837
Miscellaneous						-			219,886	219,886
Total Operating Revenue	-	-	-	-	-	-	-	-	49,860,755	49,860,755
Operating Expense:										
Operating Expenses									30,472,612	30,472,612
Depreciation	6,489,151									6,489,151
Total Operating Expense	6,489,151	-	-	-	-	-	-	-	30,472,612	36,961,763
Operating Income	(6,489,151)	-	-	-	-	-	-	-	19,388,143	12,898,992
Non-Operating Revenue (Expense):										
Interest Income									881,355	881,355
Interest Expenses / Amortization	52,241								(7,990,077)	(7,937,836)
Tipping Fees Reimbursed to Towns									(2,428,085)	(2,428,085)
Tonnage Rebate - State of NJ									(168,406)	(168,406)
Rahway Host Fee									(1,730,392)	(1,730,392)
Interlocal Agreement - County of Union									-	-
Oversight Services - County of Union									(150,000)	(150,000)
Pension Related									216,047	216,047
OPEB Related									(353,059)	(353,059)
	52,241	-	-	-	-	-	-	-	(11,722,617)	(11,670,376)
Net Income (Loss) Before Transfers	(6,436,910)	-	-	-	-	-	-	-	7,665,526	1,228,616
Transfers:										
Capital Expenditures	-								-	-
Bond Principal Payments	4,990,000								(4,990,000)	-
Other Transfers			143,268	82,718	(40,091)	113,085	331		(299,311)	-
Increase/(Decrease) in Net Position	(1,446,910)	-	143,268	82,718	(40,091)	113,085	331	-	2,376,215	1,228,616
Net Position - January 1, 2025	(131,436,183)	112,611	3,370,669	682,515	22,897,439	2,765,016	8,114	1,200,000	3,966,332	(96,433,487)
Net Position - December 31, 2025	(132,883,093)	112,611	3,513,937	765,233	22,857,348	2,878,101	8,445	1,200,000	6,342,547	(95,204,871)

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE 2

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2025

	Unrestricted Accounts	Restricted Accounts	Total
Cash, Cash Equivalents and Investments - January 1, 2025	11,715,751	30,391,884	42,107,635
Cash Receipts:			
Interest on Investments	881,355		881,355
Facility Lease	9,500,000		9,500,000
Tipping Fees	40,219,107		40,219,107
Miscellaneous	219,886		219,886
Transfers		13,227,147	13,227,147
Total Cash Receipts	50,820,348	13,227,147	64,047,495
Cash and Investments Available	62,536,099	43,619,031	106,155,130
Cash Disbursements:			
Operations	35,056,579		35,056,579
Debt Service Payments		12,944,343	12,944,343
Capital Outlay	-		-
Transfers	13,227,147		13,227,147
Total Cash Disbursements	48,283,726	12,944,343	61,228,069
Cash, Cash Equivalents and Investments - December 31, 2025	14,252,373	30,674,688	44,927,061
Analysis of Balance:			
Cash and Cash Equivalents	14,252,373	12,443,616	26,695,989
Investments	-	18,231,072	18,231,072
	14,252,373	30,674,688	44,927,061

UNION 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:					
Facility Lease Revenue	9,500,000	9,500,000	9,500,000	-	9,500,000
Tipping Fees - Resource Recovery	18,270,000	19,463,000	17,773,580	(1,689,420)	17,575,954
UCUA Administrative Fees	520,000	520,000	505,584	(14,416)	516,879
EIC Fees	5,562,250	5,562,250	5,534,868	(27,382)	5,659,838
Program Tipping Fees	13,843,750	13,843,750	16,326,837	2,483,087	15,574,211
Miscellaneous	155,000	155,000	219,886	64,886	223,564
Non-Operating Revenues:					
Debt Service Reserves	457,375	457,375	-	(457,375)	-
Interest on Investments	284,526	284,526	881,355	596,829	1,007,141
Total Revenues	48,592,901	49,785,901	50,742,110	956,209	50,057,587
Expenses					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	835,000	835,000	791,697	43,303	774,679
Fringe Benefits	439,100	439,100	404,425	34,675	369,680
Other Expenses:					
Accounting Services	40,000	40,000	39,000	1,000	38,000
ADP Processing Fees	17,000	17,000	9,291	7,709	10,174
Advertising	3,000	3,000	2,081	919	1,821
Auto Gas, Repairs and Maintenance	20,000	20,000	16,602	3,398	15,188
Trustee Fees	6,000	6,000	-	6,000	6,000
Bank Fees	1,500	1,500	977	523	761
Computer Consulting Fees	145,000	145,000	79,578	65,422	80,441
County Oversight Services	150,000	150,000	150,000	-	150,000
Dues and Subscriptions	7,000	7,000	4,037	2,963	6,266
Financial Consultant	150,000	185,000	162,063	22,937	136,730
Rahway Host Community Fee	1,854,000	1,870,000	1,730,392	139,608	1,864,489
Legal Services	425,000	425,000	163,941	261,059	201,303
Engineering	120,000	150,000	112,167	37,833	65,920
Insurance - General Liability	70,000	70,000	54,781	15,219	79,432
Insurance Consultant		-	-	-	-
Miscellaneous Office Expense	15,000	25,000	26,382	(1,382)	9,548
Office Equipment, Copiers and Pagers	15,000	15,000	4,126	10,874	3,333
Office, Park and Property Maintenance	55,000	90,000	23,618	66,382	33,669
Pension Assessment (PERS)	253,400	253,400	167,202	86,198	230,351
Permits and Fees	100,000	120,000	114,894	5,106	204,513
Postage and Delivery	12,000	12,000	1,122	10,878	8,524
Printing and Office Supplies	9,000	9,000	475	8,525	12,016
Public Relations	1,000	1,000	-	1,000	-
Safety and First Aid Equipment	1,000	1,000		1,000	-
Service Fee - Covanta (Contract Customers)	10,353,000	11,400,000	11,241,194	158,806	10,607,991
Service Fee - Covanta - Program Waste (Type 10	17,508,000	17,508,000	17,017,443	490,557	16,803,163
Tipping Fee Reimbursement to Towns	2,496,000	2,496,000	2,428,085	67,915	2,481,019
Tonnage Rebate ($3/Ton)	180,000	180,000	168,406	11,594	164,380
Interlocal Agreement - County of Union	500,000	500,000	500,000	-	500,000
Telephone	14,000	14,000	15,899	(1,899)	7,751
Utilities	14,000	14,000	7,135	6,865	7,594
Travel, Seminars and Conferences	4,000	4,000	3,527	473	5,366
Uniforms and Equipment	9,000	9,000	6,551	2,449	6,860
UCUA Meetings	2,000	2,000	2,404	(404)	1,793
	35,824,000	37,017,000	35,449,495	1,567,505	34,888,755
Total Operating Appropriations	35,824,000	37,017,000	35,449,495	1,567,505	34,888,755

UNION 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
Non-Operating Appropriations:					
Debt Service					
Principal Payments on Debt	4,990,000	4,990,000	4,990,000	-	4,765,000
Interest Payments on Debt	7,778,901	7,778,901	7,778,901	-	8,012,458
Capital Outlay				-	164,387
Total Non-Operating Appropriations	12,768,901	12,768,901	12,768,901	-	12,941,845
Total Appropriations	48,592,901	49,785,901	48,218,396	1,567,505	47,830,600
Excess (Deficit) of Revenues Over Expenses	-	-	2,523,714		2,226,987
Reconciliation of Budgetary Basis to GAAP:					
Increases to Budgetary Income:					
Principal Paid on Debt			4,990,000		4,765,000
Accrued Interest Payable - Net			16,507		15,613
Interest Expense - Deferred Gain on Refunding			52,241		112,794
Accrued Expense - Pension Related					33,049
Pension Adjustment			216,047		137,511
OPEB Adjustment			(353,059)		6,722,008
Capital Outlay			-		164,387
Interlocal Agreement - County of Union			500,000		500,000
Decreases to Budgetary Income:					
Interest Expense - Original Issue Discount/Premium			-		(58,422)
Interest Expense - Prepaid Rents			(227,683)		(195,141)
Depreciation			(6,489,151)		(6,474,396)
Change in Net Position			1,228,616		7,949,390

SCHEDULE 4

UNION COUNTY UTILITIES AUTHORITY

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS

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

Name	Office
Ray Szpond	Chairperson
Laura Scutari	Vice Chairperson
Roy Eastman	Treasurer
Margaret McManus	Secretary
Manual Figueiredo	Commissioner
Edward Kahn	Commissioner
Kyle Holder	Commissioner
Robert Rachlin	Commissioner
Carlos Alma	Alternate Commissioner
Ronald Scot Bey	Alternate Commissioner
Linda Stender	Executive Director
Weber Dowd Law, LLC	Legal Counsel
Wielkotz & 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, CMFO
DAVID BOTTGE, CPA, RMA, 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
Union County Utilities Authority
Rahway, New Jersey 07065

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 Union 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 October 22, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Union 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 Union County Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Utilities Authority's internal control.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union 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

October 22, 2026

UNION COUNTY UTILITIES AUTHORITY

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised Per N.J.S. 40A:11-3

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 sum of $53,000, 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 governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where a question arises as to whether any contracts or agreements 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.

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.

Problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

We wish to thank Union County Utilities Authority for their cooperation during the performance of our audit.

Respectfully submitted,

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