

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE
TOWNSHIP OF EAST WINDSOR)**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

NOVEMBER 30, 2025

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited).....	4
Basic Financial Statements	
Statements of Net Position.....	13
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	17
Supplementary Information	
Budgetary Comparison Schedule	34
Schedule of Water and Sewer Revenue Bonds.....	36
Schedule of Proportionate Share of Net Pension Liability (Unaudited).....	37
Schedule of Contributions (Unaudited)	38
Other Information	
Roster of Officials (Unaudited)	39
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Schedule of Current Year Findings and Recommendations.....	42
Summary Schedule of Prior Year Audit Findings.....	43

INDEPENDENT AUDITORS' REPORT

To the Honorable Board Members of
East Windsor Municipal Utilities Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), a component unit of the Township of East Windsor, as of and for the years ended November 30, 2025 and 2024, and the related notes to the financial statements, which 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 Authority as of November 30, 2025 and 2024, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note M to the financial statements, in fiscal year 2025 the Authority adopted new accounting guidance GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

As discussed in Note M to the financial statements, the Authority has restated its prior year financial statements to correct misstatements related to the overstatement of accounts payable. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of proportionate share of net pension liability and contributions, as listed in 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 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 GAAS, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The accompanying budgetary comparison schedule and schedule of water and sewer revenue bonds, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for the portion marked "unaudited," the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the roster of officials, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the 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 September 14, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Digesh Patel, CPA, RMA, MBA, CGMA, PSA,
Principal

Registered Municipal Accountant
License No. 578

September 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the annual report presents management's analysis of the East Windsor Municipal Utilities Authority's (the "Authority") financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

Overview of Annual Financial Report

Management's Discussion and Analysis ("MD&A") serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's capital plan, budget and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements.

The statements of net position present the financial position of the Authority on a full accrual historical cost basis. The statements present the Authority's assets and liabilities, with the difference reported as net position. Net position increases and decreases over time are indicators of improving or deteriorating financial position of the Authority.

The statements of revenues, expenses and changes in net position present the results of the business activities over the fiscal year and information as to how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide information about the Authority's ability to recover its costs through user fees and other charges.

The statements of cash flows present changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statements present cash receipts and disbursements without consideration of the earnings event. These statements show what sources provided cash, what cash was used for, and what the change in cash balance was for the reporting period.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Highlights

2025

Total assets were \$69,464,630.55 and total liabilities were \$5,931,990.35, which together with deferred outflows of resources of \$737,428.00 and deferred inflows of resources of \$454,917.00, resulted in a net position of \$63,815,151.20 at November 30, 2025. Total net position increased by \$1,523,580.86 from November 30, 2024, with unrestricted net position increasing by \$1,784,091.14.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

2025 (Continued)

The Authority had an operating gain of \$1,010,558.58 for the year ended November 30, 2025, compared to \$1,885,677.85 of operating loss for the year ended November 30, 2024.

The change in operating loss resulted from an increase of \$2,566,500.85 in operating revenues and a decrease of \$329,735.58 in operating expenses.

The increase in operating revenues resulted from increased user charges of \$2,442,623.16 (33.2%), increased delinquent penalties of \$15,303.31 (79.3%), increased connection fees of \$29,950.00 (16.4%), and increased other income of \$78,624.38 (19.9%).

Other income includes income from a shared service agreement with the Township of Cranbury for which the Authority maintains their sewer collection system (\$194,810.13), income from rental of space on cell towers (\$192,890.69), energy credits from NRG and PSE&G (\$35,050.97), and miscellaneous income (\$50,651.13).

Cost of providing service expenses decreased \$464,846.60 (7.4%) for the year November 30, 2025. Salaries and wages increased \$68,951.76 (3.3%) and employee benefits increased \$88,922.59 (8.8%). The increase in employee benefits for the year ended November 30, 2025, included increases in pension expense of \$65,267.00, medical insurance of \$26,770.00, and other insurance of \$3,619.00.

The cost of repairs and maintenance decreased \$730,829.75 (72.6%).

The cost of contracted services decreased \$8,254.23 (1.3%).

Utility expenses increased \$86,527.02 (14.4%), including an increase of \$31,362.00 (9.2%) in electricity at the wells, increase of \$26,205.00 (31.1%) in electricity at the pump stations, and increase of \$21,333.00 (13.6%) in electricity at the wastewater treatment plant. The solar energy credit we received increased by \$2,485.00 when compared to the year ended November 30, 2024.

Administrative and general expenses increased \$235,706.61 (18.3%) for the year ended November 30, 2025. Salaries and wages increased \$78,805.95 (10.1%) and employee benefits increased \$81,660.29 (31.5%). The increase in employee benefits for the year ended November 30, 2025 included increases in medical insurance of \$47,863.00, pension expense of \$29,070.00, medical insurance of \$14,110.00, and other insurance of \$4,120.00.

Depreciation expense decreased \$100,595.59 (4.4%).

The Authority's outstanding debt as of November 30, 2025, was \$213,118.76, a decrease of \$51,529.63 (19.5%) compared to November 30, 2024.

The Authority's net pension liability was \$4,116,812.00 and \$4,423,862.00 as of November 30, 2025 and 2024, respectively.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

2024

Total assets were \$68,110,556.23 and total liabilities were \$6,285,516.89, which together with deferred outflows of resources of \$854,583.00 and deferred inflows of resources of \$388,052.00, resulted in a net position of \$62,291,570.34 at November 30, 2024. Total net position decreased by \$1,303,298.78 from November 30, 2023, with unrestricted net position decreasing by \$1,999,473.69.

The Authority had an operating loss of \$1,885,677.85 for the year ended November 30, 2024, compared to \$1,025,696.90 of operating loss for the year ended November 30, 2023.

The change in operating loss resulted from an increase of \$210,995.76 in operating revenues and an increase of \$1,069,318.64 in operating expenses.

The increase in operating revenues resulted from increases in user charges of \$221,926.34 (3.1%) and connection fees of \$48,060.00 (35.6%), offset by decreases in delinquent penalties of \$18,868.12 (49.4%) and other income of \$40,122.46 (9.2%).

Other income includes income from a shared service agreement with the Township of Cranbury for which the Authority maintains their sewer collection system of \$174,809.60, income from rental of space on cell towers of \$186,493.50, and miscellaneous income of \$33,475.44.

Cost of providing service expenses increased \$819,552.22 (15.0%) for the year ended November 30, 2024. Salaries and wages increased \$106,149.44 (5.4%) and employee benefits increased \$210,613.21 (26.5%). The increase in employee benefits for the year ended November 30, 2024, included increases in pension expense of \$138,698.00, medical insurance of \$49,486.00, and other insurance of \$8,058.00.

The cost of repairs and maintenance increased \$388,288.55 (50.7%). This increase included the cost of emergency repairs to Wyckoff Mills Road sewer lines of \$684,902.00, offset by decreases related to other projects.

The cost of contracted services decreased \$17,878.09 (2.7%).

Utility expenses increased \$55,798.14 (10.3%), including an increase of \$33,049.00 (26.8%) in electricity at the wastewater treatment plant. The solar energy credit we received was reduced by \$33,813.00 when compared to the year ended November 30, 2023.

Administrative and general expenses increased \$188,756.63 (17.2%) for the year ended November 30, 2024. Employee benefits increased \$70,746.31 (37.6%). The increase in employee benefits for the year ended November 30, 2024, included increases in pension expense of \$47,252.00, medical insurance of \$14,110.00, and other insurance of \$2,856.00.

Depreciation expense increased \$61,010.79 (2.8%).

The Authority's outstanding debt as of November 30, 2024, was \$264,648.39, a decrease of \$47,529.63 compared to November 30, 2023.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Analysis of the Authority

The Authority's net pension liability was \$4,423,862.00 and \$4,059,640.00 as of November 30, 2024 and 2023, respectively.

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Table 1 summarizes the changes in net position between November 30, 2025 and 2024.

Table 1 Condensed Summary of Net Position					
	2025	November 30, 2024*	2023	2024-2025 Change	% Change
Assets:					
Current Assets - Unrestricted	\$ 10,437,411.49	\$ 8,903,037.90	\$ 10,965,599.42	\$ 1,534,373.59	17.23%
Restricted	4,142,794.12	3,768,909.31	1,984,600.32	373,884.81	9.92%
Capital Assets (Net of Depreciation)	54,884,424.94	55,438,609.02	56,524,752.32	(554,184.08)	-1.00%
Total Assets	\$ 69,464,630.55	\$ 68,110,556.23	\$ 69,474,952.06	1,354,074.32	1.99%
Deferred Outflows of Resources:					
Pension	\$ 737,428.00	\$ 854,583.00	\$ 419,654.00	(117,155.00)	-13.71%
Total Deferred Outflows of Resources	\$ 737,428.00	\$ 854,583.00	\$ 419,654.00	(117,155.00)	-13.71%
Liabilities:					
Current Liabilities:					
Payable from:					
Current Assets	\$ 538,650.55	\$ 726,012.95	\$ 644,973.74	(187,362.40)	-25.81%
Restricted Assets	713,880.78	581,893.11	544,640.14	131,987.67	22.68%
Non-Current Liabilities	4,679,459.02	4,977,610.83	4,647,211.06	(298,151.81)	-5.99%
Total Liabilities	\$ 5,931,990.35	\$ 6,285,516.89	\$ 5,836,824.94	(353,526.54)	-5.62%
Deferred Inflows of Resources:					
Pension	\$ 454,917.00	\$ 388,052.00	\$ 462,912.00	66,865.00	17.23%
Total Deferred Inflows of Resources	\$ 454,917.00	\$ 388,052.00	\$ 462,912.00	66,865.00	17.23%
Net Position:					
Invested in Capital Fixed Assets, Net of Revenue Bonds Payable	\$ 54,672,458.64	\$ 55,175,071.69	\$ 56,213,634.55	(502,613.05)	-0.91%
Restricted for:					
Capital Improvements	3,464,859.66	3,221,448.40	1,484,150.48	243,411.26	7.56%
Future Debt Service	120.44	1,428.93	3,989.08	(1,308.49)	-91.57%
Unrestricted	5,677,712.46	3,893,621.32	5,893,095.01	1,784,091.14	45.82%
Total Net Position	\$ 63,815,151.20	\$ 62,291,570.34	\$ 63,594,869.12	1,523,580.86	2.45%

* Certain account balances have been restated. See Note M for details.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Analysis of the Authority (Continued)

2025

Net position may, over time, serve as a useful measure of the Authority's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,815,151.20 at November 30, 2025, an increase of \$1,523,580.86 for the fiscal year ended November 2024.

The largest portion of the Authority's net position (\$54,672,458.64 or 85.7%) as of November 30, 2025, is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to pump, treat, and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Net position increased by \$1,523,580.86 and unrestricted net position increased by \$1,784,091.14 in 2025.

2024

Net position may, over time, serve as a useful measure of the Authority's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,291,570.34 at November 30, 2024, a decrease of \$1,303,298.78 from November 30, 2023.

The largest portion of the Authority's net position (\$55,175,071.69 or 88.6%) as of November 30, 2024, is reflected in its investment in capital assets, as shown in Table 1. These assets are used by the Authority to pump, treat, and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Total net position decreased by \$1,303,298.78 from November 30, 2023, with unrestricted net position decreasing by \$1,999,473.69.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position for fiscal years November 30, 2025 and 2024.

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2025 increased by \$2,538,845.57 (29.87%) and total expenses decreased by \$330,735.58 (3.36%) compared to 2024.

Table 2
Condensed Summary of Revenues, Expenses and Changes in Net Position

	2025	November 30, 2024*	2023	2024-2025 Change	% Change
Revenues					
Operating Revenues:					
User Charges	\$ 9,800,881.13	\$ 7,358,257.97	\$ 7,136,331.63	\$ 2,442,623.16	33.20%
Connection Fees	212,910.00	182,960.00	134,900.00	29,950.00	16.37%
Other	507,996.02	414,068.33	473,058.91	93,927.69	22.68%
Total Operating Revenues	10,521,787.15	7,955,286.30	7,744,290.54	2,566,500.85	32.26%
Non-Operating Revenues					
Interest Income	288,895.88	326,021.16	272,845.20	(37,125.28)	-11.39%
Capital Contributions	228,039.00	218,569.00	1,078,334.00	9,470.00	4.33%
Total Non-Operating Revenues	516,934.88	544,590.16	1,351,179.20	(27,655.28)	-5.08%
Total Revenues	11,038,722.03	8,499,876.46	9,095,469.74	2,538,845.57	29.87%
Operating Expenses:					
Cost of Providing Services	5,820,659.66	6,285,506.26	5,464,696.08	(464,846.60)	-7.40%
General and Administrative	1,523,667.38	1,287,960.77	1,098,805.03	235,706.61	18.30%
Depreciation	2,166,901.53	2,267,497.12	2,206,486.33	(100,595.59)	-4.44%
Total Operating Expenses	9,511,228.57	9,840,964.15	8,769,987.44	(329,735.58)	-3.35%
Non-Operating Expenses					
Interest Expense	3,912.60	4,912.60	6,609.36	(1,000.00)	-20.36%
Loss on Refunding Bonds	-	-	78,147.98	-	0.00%
Total Non-Operating Expenses	3,912.60	4,912.60	84,757.34	(1,000.00)	-20.36%
Total Expenses	9,515,141.17	9,845,876.75	8,854,744.78	(330,735.58)	-3.36%
Changes in Net Position	1,523,580.86	(1,346,000.29)	240,724.96	2,869,581.15	213.19%
Net Position, Beginning of Year, as Previously Reported*	-	63,594,869.12	63,354,144.16		
Net Position, Beginning of Year, as Restated*	62,291,570.34	63,637,570.63	-		
Net Position, End of the Year, as Restated*	\$ 63,815,151.20	\$ 62,291,570.34	\$ 63,594,869.12	1,523,580.86	2.45%

* Certain account balances have been restated. See Note M for details.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Operating Activities (Continued)

2025

The items which were responsible for the major changes in net position for the year ended November 30, 2025, included:

User charges increased by \$2,442,623.16 (33.2%) compared to 2024.

Connection fees charged to new customers increased by \$29,950.00 (16.4%) compared to 2024.

Other income increased by \$93,927.69 (22.7%) compared to 2024.

Interest income decreased by \$37,125.28 (11.4%) compared to 2024.

Operating expenses decreased \$329,735.58 (3.4%) compared to 2024.

2024

The items which were responsible for the major changes in net position for the year ended November 30, 2024, included:

Connection fees charged to new customers increased by \$48,060.00 (35.6%) when compared to 2023.

Other income decreased by \$58,990.58 (12.5%) compared to 2023.

Capital contributions paid by developers decreased \$859,765.00 (79.7%) compared to 2023.

Operating expenses increased \$1,070,976.71 (12.2%) compared to 2023.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2025 and 2024.

Table 3 Capital Assets - Net of Depreciation					
	2025	November 30, 2024	2023	2024-2025 Change	% Change
Land, Land Rights and Improvements	\$ 5,157,967.87	\$ 5,137,967.87	\$ 5,098,264.32	\$ 20,000.00	0.00%
Buildings and Improvements	22,183,794.04	22,183,794.04	22,166,894.04	-	0.00%
Machinery and Equipment	87,093,151.82	86,266,577.24	85,737,526.33	826,574.58	0.96%
Construction in Progress	3,369,626.54	2,603,483.67	2,007,784.31	766,142.87	29.43%
	117,804,540.27	116,191,822.82	115,010,469.00	1,612,717.45	1.39%
Less: Accumulated Depreciation	62,920,115.33	60,753,213.80	58,485,716.68	2,166,901.53	3.57%
Total Capital Assets, Net of Depreciation	<u>\$54,884,424.94</u>	<u>\$55,438,609.02</u>	<u>\$56,524,752.32</u>	<u>\$ (554,184.08)</u>	-1.00%

2025

At November 30, 2025, the Authority's investment in capital assets was \$117,804,540.27, an increase of \$1,612,717.45 when compared to 2024.

2024

At November 30, 2024, the Authority's historical cost investment in capital assets was \$116,191,823.82, an increase of \$1,181,353.82 when compared to 2023.

Debt Outstanding

Table 4 Debt Outstanding					
	2025	November 30, 2024	2023	2024-2025 Change	% Change
Bonds Payable	\$ 213,118.76	\$ 264,648.39	\$ 312,178.02	\$ (51,529.63)	-19.47%

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Debt Outstanding (Continued)

2025

The Authority's bonded debt was \$213,118.76 at November 30, 2025, a decrease of \$51,529.63 when compared to 2024. Interest on these bonds is paid semi-annually with interest rates from 0-5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

2024

The Authority's bonded debt was \$264,648.39 at November 30, 2024, a decrease of \$47,529.63 when compared to 2023. Interest on these bonds is paid semi-annually with interest rates from 0-5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

Next Year's Budget and User Rates

The Authority adopted an operating and maintenance budget of \$9,841,96.00 for fiscal year 2026, an increase of \$1,130,478.00 or (13.0%), compared to the 2025 budget. Total user fees are budgeted to increase \$955,102.00 or (10.7%) in 2026.

The Authority revised water and sewer rates, effective March 1, 2025.

The Authority adopted a six-year capital program with their 2026 budget. The capital program includes future projects totaling \$76,985,000. The six-year capital program anticipates the use of \$4,680,000 from unrestricted net position to provide funding for anticipated projects.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Authority at 7 Wiltshire Drive, East Windsor, New Jersey 08520 or by telephone at 609-443-6000.

BASIC FINANCIAL STATEMENTS

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF NET POSITION

	November 30,	
	2025	2024
Current Assets:		
Cash and Cash Equivalents	\$ 3,851,198.51	\$ 3,045,480.66
Investments	4,560,286.84	4,396,917.54
User Charges Receivable (Net of Allowance for Uncollectible Accounts of \$0 in 2025 and 2024)	1,887,633.94	1,350,476.84
Other Receivables	70,037.77	62,659.53
Interest Receivable	68,254.43	47,503.33
Total Current Assets	<u>10,437,411.49</u>	<u>8,903,037.90</u>
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,142,794.12	3,768,909.31
Total Restricted Assets	<u>4,142,794.12</u>	<u>3,768,909.31</u>
Capital Assets:		
Land and Land Improvements	5,157,967.87	5,137,967.87
Buildings and Improvements	22,183,794.04	22,183,794.04
Machinery and Equipment	87,093,151.82	86,266,577.24
Construction in Progress	3,369,626.54	2,603,483.67
	<u>117,804,540.27</u>	<u>116,191,822.82</u>
Less: Accumulated Depreciation	62,920,115.33	60,753,213.80
	<u>54,884,424.94</u>	<u>55,438,609.02</u>
Total Assets	<u>\$ 69,464,630.55</u>	<u>\$ 68,110,556.23</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	\$ 737,428.00	\$ 854,583.00
Total Deferred Outflows of Resources	<u>\$ 737,428.00</u>	<u>\$ 854,583.00</u>

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF NET POSITION (CONTINUED)

	November 30,	
	2025	2024*
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 521,700.55	\$ 721,912.95
Customer Meter Deposits	16,950.00	4,100.00
Total Current Liabilities	538,650.55	726,012.95
Current Liabilities Payable from Restricted Assets:		
Bonds Payable - New Jersey Environmental Infrastructure Trust	51,529.63	51,529.63
Accrued Interest Payable	1,190.00	1,470.00
Escrow Deposits	661,161.15	528,893.48
Total Current Liabilities Payable from Restricted Assets	713,880.78	581,893.11
Total Current Liabilities	1,252,531.33	1,307,906.06
Long-Term Liabilities:		
Bonds Payable - New Jersey Environmental Infrastructure Trust	161,589.13	213,118.76
Compensated Absences Payable	394,721.89	332,606.67
Premium on Bonds	6,336.00	8,023.40
Net Pension Liability	4,116,812.00	4,423,862.00
Total Long-Term Liabilities	4,679,459.02	4,977,610.83
Total Liabilities	\$ 5,931,990.35	\$ 6,285,516.89
DEFERRED INFLOWS OF RESOURCES:		
Pension	\$ 454,917.00	\$ 388,052.00
Total Deferred Inflows of Resources	\$ 454,917.00	\$ 388,052.00
Net Position:		
Invested in Capital Assets, Net of Related Bonds Payable	\$ 54,672,458.64	\$ 55,175,071.69
Restricted for Capital Improvements	3,464,859.66	3,221,448.40
Restricted for Future Debt Service	120.44	1,428.93
Unrestricted	5,677,712.46	3,893,621.32
Total Net Position	\$ 63,815,151.20	\$ 62,291,570.34

*Certain account balances have been restated. See Note M for details.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended November 30,	
	2025	2024*
Operating Revenues:		
User Charges	\$ 9,800,881.13	\$ 7,358,257.97
Delinquent Penalties	34,593.10	19,289.79
Connection Fees	212,910.00	182,960.00
Other Income	473,402.92	394,778.54
	<u>10,521,787.15</u>	<u>7,955,286.30</u>
Operating Expenses:		
Salaries, Wages and Benefits	4,453,181.20	4,134,840.61
Contracted Services	857,463.50	783,849.62
Other Operating Expenses	2,033,682.34	2,654,776.80
Depreciation	2,166,901.53	2,267,497.12
Total Operating Expenses	<u>9,511,228.57</u>	<u>9,840,964.15</u>
Operating Gain (Loss)	<u>1,010,558.58</u>	<u>(1,885,677.85)</u>
Non-Operating Revenues (Expenses), Net:		
Interest Income	288,895.88	326,021.16
Interest Expense	<u>(3,912.60)</u>	<u>(4,912.60)</u>
Total Non-Operating Expenses, Net	<u>284,983.28</u>	<u>321,108.56</u>
Gain (Loss) Before Capital Contributions	<u>1,295,541.86</u>	<u>(1,564,569.29)</u>
Capital Contributions:		
Developer Impact Fees	228,039.00	218,569.00
Total Capital Contributions	<u>228,039.00</u>	<u>218,569.00</u>
Changes in Net Position	<u>1,523,580.86</u>	<u>(1,346,000.29)</u>
Net Position, Beginning of Year, as previously reported*	-	63,594,869.12
Net Position, Beginning of Year, as restated*	62,291,570.34	63,637,570.63
Net Position, End of Year, as previously reported*	-	62,250,526.90
Net Position, End of Year, as restated*	<u>\$ 63,815,151.20</u>	<u>\$ 62,291,570.34</u>

* Certain account balances have been restated. See Note M for details.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF CASH FLOWS

	Years Ended November 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from Customers	\$ 9,977,251.81	\$ 7,889,591.78
Payments to Suppliers	(4,651,724.65)	(4,682,172.72)
Payments to Employees	(2,953,729.57)	(2,891,325.19)
Customers' Meter Deposits	12,850.00	(2,400.00)
Net Cash Provided by Operating Activities	<u>2,384,647.60</u>	<u>313,693.87</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(1,612,717.47)	(1,183,041.82)
Principal Payments on Bonds	(51,529.63)	(47,529.63)
Contributed Capital	228,039.00	218,569.00
Interest Paid on Bonds	(5,880.00)	(5,152.60)
Escrow Deposits	132,267.67	33,492.97
Net Cash Used for Capital and Related Financing Activities	<u>(1,309,820.43)</u>	<u>(983,662.08)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(4,560,286.84)	(4,396,917.52)
Proceeds from Sale of Investments	4,396,917.54	4,109,484.34
Interest Received	268,144.79	402,580.14
Net Cash Provided by Investing Activities	<u>104,775.49</u>	<u>115,146.96</u>
Net Change in Cash and Cash Equivalents	1,179,602.66	(554,821.25)
Cash and Cash Equivalents, Beginning of Year	6,814,389.97	7,369,211.22
Cash and Cash Equivalents, End of Year	<u>\$ 7,993,992.63</u>	<u>\$ 6,814,389.97</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities:		
Operating Gain (Loss)	\$ 1,010,558.58	\$ (1,885,677.85)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,166,901.53	2,267,497.12
User Charges Receivable	(537,157.10)	(35,818.77)
Other Receivables	(7,378.24)	(29,875.75)
Accounts Payable and Accrued Expenses	(200,212.40)	164,018.90
Pension Deferrals	(123,030.00)	(145,566.00)
Compensated Absences Payable	62,115.22	(18,483.78)
Customer Meter Deposits	12,850.00	(2,400.00)
Total Adjustments	<u>1,374,089.01</u>	<u>2,199,371.72</u>
Net Cash Provided by Operating Activities	<u>\$ 2,384,647.60</u>	<u>\$ 313,693.87</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

A. DESCRIPTION OF ENTITY

The East Windsor Municipal Utilities Authority (the "Authority") was created in 1965 by an ordinance of the Township of East Windsor, (the "Township") Mercer County, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing pursuant to the Municipal Utilities Authority Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, as amended and supplemented.

The purposes for which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities incident to the collection and treatment of sewerage for the relief of waters from pollution.

As a public body under existing statute, the Authority is exempt from both federal and state taxes.

The Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, and either the primary government is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Authority is a component unit of the primary government, the Township. The board of the Authority is appointed by the committee of the Township and under the agreement entered into by the Authority and the Township, the Township will provide for deficits resulting from failure or inability of the Authority to derive adequate revenues from operating the systems.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the GASB and other entities that promulgate accounting principles. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the Codification of Governmental Accounting and Financial Reporting Standards (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider non-authoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in the state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

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

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (*i.e.*, *total assets net of total liabilities*) is segregated into "invested in capital assets, net of related bonds payable"; "restricted for capital improvements, for future debt service"; and "unrestricted" components. Water and sewer revenues are recognized based on usage, and connection fees are recognized upon issuance of permits. Expenses are recorded when incurred.

Cash and Cash Equivalents and Deposits

Cash and cash equivalents, for purposes of the statements of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with an original maturity of three months or less.

Investments

Investments are stated at cost which approximates market value. At November 30, 2025 and 2024, the Authority had investments in the amount of \$4,560,286.84 and \$4,396,917.54, respectively.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets represent cash and cash equivalents, investments and interest receivable maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

Receivables

Customer receivables represent service fees earned, but not yet collected. User charges receivable as of November 30, 2025 and 2024, were \$1,887,633.94 and \$1,350,476.84, respectively.

Allowance for Doubtful Accounts

Management considers all user charges receivable to be fully collectible; thus, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Capital Contributions

Developer impact fees are recorded in the period received due to the nature of the underlying developers' agreements. Developer financed construction in kind is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at the time of the contribution. See Note I for total amounts to be received under the developers' agreements.

Capital Assets

Property, plant and equipment are stated at cost, which includes direct costs and other expenditures related to their acquisition.

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

Depreciation is determined on a straight-line basis for all property, plant and equipment.

Building and Improvements	10-75 Years
Land Improvements	5-40 Years

Machinery and Equipment

Water and Sewer Mains and Interceptors	5-75 Years
Water Wells and Pump Stations	5-50 Years
Other Equipment	5-40 Years
Office Furniture and Equipment	5-15 Years
Vehicles	5-10 Years

The Authority capitalizes any of the above with a cost over \$5,000.

Bond Premium

Bond premium is amortized based on a pro-rata basis of the principal payments made, which approximates the effective interest method. Bond premium as of November 30, 2025 and 2024, was \$6,336.00 and \$8,023.40, respectively.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs ("DCA"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six-year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

Net Position

Equity is classified as net position and displayed in three components:

- 1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments, or b) imposed by law.

Presently, the Authority has two items of restricted net position which are required by the bond resolution. These restrictions are for capital improvements and future debt services.

- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Compensated Absences Payable

The Authority allows employees to earn vacation time based on the employee's length of service and time worked during the preceding year. No more than five unused vacation days may be carried forward to the following calendar year.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of \$15,000. If the employee leaves for a reason other than retirement, unused sick pay is forfeited.

It is estimated that the costs of unpaid vacation time and sick time as of November 30, 2025, are \$263,793.09 and \$130,928.79 respectively, and as of November 30, 2024, are \$211,266.69 and \$121,339.99, respectively.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision for income taxes has been made, as the Authority is exempt from federal and state income taxes.

Unearned Revenue

Revenues received by the Authority before the earnings process has been completed are recorded as unearned revenue.

Adoption of Accounting Standards

The Authority has adopted the following pronouncements on the financial statements:

- GASB Statement No. 99 - *Omnibus 2022*, effective for periods beginning after June 15, 2023. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, effective for periods beginning after June 15, 2023. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 101 – *Compensated Absences*, effective for periods beginning after December 15, 2023. The adoption of this Statement had an effect on previously reported amounts. See Note M for details.
- GASB Statement No. 102 – *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024. The adoption of this Statement had no effect on previously reported amounts.

Pending Accounting Standards

The Authority is currently evaluating the effects of the following pronouncements on the financial statements:

- GASB Statement No. 103 – *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025.
- GASB Statement No. 104 – *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025.
- GASB Statement No. 105 – *Subsequent Events* effective for periods beginning after June 15, 2026.

C. ROUNDING

Some amounts in the financial statements may have dollar differences due to rounding.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, 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 which approximates fair value. U.S. Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost which approximates fair value. All other investments are stated at fair value.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and short-term investments with original maturities of three months or less. New Jersey authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey authorities. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards.

The percentage of the required pledge will increase for institutions that are less than "well capitalized".

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund ("NCUSIF") insurance. The collateral which may be pledged to support these deposits includes obligations of the state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance ("DOBI"). When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, DOBI requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- d. Bonds or other obligations of the Township, or bonds or other obligations of the school districts of which the Township is a part or within which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government Investment Pools.
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).
- h. Agreements for the repurchase of fully collateralized securities if certain requirements apply.

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 monies 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 depositor for public monies.

Certificates of deposit with original maturities in excess of ninety days are included in investments.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Authority's cash and investments carried at fair value as of November 30, 2025, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificates of Deposit	\$ 4,560,286.84	\$ 4,560,286.84	\$ -
Total Investments	<u>\$ 4,560,286.84</u>	<u>\$ 4,560,286.84</u>	<u>\$ -</u>

Bank	
Fulton Bank	\$ 661,163.86
BONY	2,012,455.05
Provident Bank	5,358,272.72
Cash on Hand	225.00
Total Cash and Cash Equivalents	<u>\$ 8,032,116.63</u>

The Authority's cash and investments carried at fair value as of November 30, 2024, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificates of Deposit	\$ 4,396,917.54	\$ 4,396,917.54	\$ -
Total Investments	<u>\$ 4,396,917.54</u>	<u>\$ 4,396,917.54</u>	<u>\$ -</u>

Bank	
Fulton Bank	\$ 3,752,868.76
BONY	1,783,737.53
Wells Fargo	60,395.38
Lakeland Bank	1,217,163.30
Cash on Hand	225.00
Total Cash and Cash Equivalents	<u>\$ 6,814,389.97</u>

Custodial Credit Risk Related to Deposits

Assets measured at fair value on a recurring basis as of November 30, 2025 and 2024, are summarized as follows:

November 30, 2025				
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 4,560,286.84	\$ -	\$ 4,560,286.84
Total	<u>\$ -</u>	<u>\$ 4,560,286.84</u>	<u>\$ -</u>	<u>\$ 4,560,286.84</u>

November 30, 2024				
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 4,396,917.54	\$ -	\$ 4,396,917.54
Total	<u>\$ -</u>	<u>\$ 4,396,917.54</u>	<u>\$ -</u>	<u>\$ 4,396,917.54</u>

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk Related to Deposits (Continued)

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Although the Authority does not have a formal policy for custodial credit risk, other than those policies that adhere to the requirements of statute, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings and funds that may pass to the Authority relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At November 30, 2025 and 2024, the Authority's bank and investment balances of \$8,031,891.63 and \$6,945,236.38, respectively, were insured and collateralized as follows:

	November 30,	
	2025	2024
Insured and Collateralized	\$ 750,000.00	\$ 810,395.38
Uninsured and Collateralized	5,519,436.58	4,601,103.47
Uninsured and Uncollateralized	1,762,455.05	1,533,737.53
	<u>\$ 8,031,891.63</u>	<u>\$ 6,945,236.38</u>

E. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for years ended November 30, 2025 and 2024 follows:

	Balance November 30, 2024	Additions	Deletions	Transfers To (From)	Balance November 30, 2025
Land and Land Improvements	\$ 5,137,967.87	\$ -	\$ -	\$ 20,000.00	\$ 5,157,967.87
Buildings and Improvements	22,183,794.04	-	-	-	22,183,794.04
Machinery and Equipment	86,266,577.25	810,788.47	-	15,786.10	87,093,151.82
Construction in Progress	2,603,483.66	801,928.98	-	(35,786.10)	3,369,626.54
	116,191,822.82	1,612,717.45	-	-	117,804,540.27
Less: Accumulated Depreciation	(60,753,213.80)	(2,166,901.53)	-	-	(62,920,115.33)
	<u>\$ 55,438,609.02</u>	<u>\$ (554,184.08)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,884,424.94</u>

	Balance November 30, 2023	Additions	Deletions	Transfers To (From)	Balance November 30, 2024
Land and Land Improvements	\$ 5,098,264.32	\$ -	\$ -	\$ 39,703.55	\$ 5,137,967.87
Buildings and Improvements	22,166,894.04	-	-	16,900.00	22,183,794.04
Machinery and Equipment	85,737,526.34	529,050.91	-	-	86,266,577.25
Construction in Progress	2,007,784.31	652,302.90	-	(56,603.55)	2,603,483.66
	115,010,469.01	1,181,353.81	-	-	116,191,822.82
Less: Accumulated Depreciation	(58,485,716.68)	(2,267,497.12)	-	-	(60,753,213.80)
	<u>\$ 56,524,752.33</u>	<u>\$ (1,086,143.31)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,438,609.02</u>

During the fiscal years ended November 30, 2025 and 2024, no development projects were completed.

During the fiscal years ended November 30, 2025 and 2024, \$0 and \$0, respectively, of constructed capital assets were donated to the Authority.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

F. LONG-TERM DEBT

The Authority issues revenue bonds to provide funds for the acquisition and construction of capital facilities. Revenue bonds currently outstanding are as follows:

	November 30,	
	2025	2024
Series 2010 Subordinated Revenue Bonds - On March 10, 2010, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed \$889,220.00. In addition to the loan amounts, the Authority was awarded \$878,440.00 in a Federal Stimulus Grant under the American Recovery and Reinvestment Act of 2009. The funds will be used for improvements and upgrades to the Millstone Road Water Pollution Control Facility. The loan agreements contain provisions for repayment during the years 2011 through 2029. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Infrastructure Trust portion of the loans (\$450,000.00), ranges between 3.00% to 5.00%, no interest is paid on the Fund portion of the loans totaling \$439,200.00.		
	\$ 213,118.76	\$ 264,648.39
Long-Term Debt	213,118.76	264,648.39
Less: Current Portion	51,529.63	51,529.63
Non-Current Portion	\$ 161,589.13	\$ 213,118.76

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2025, is provided below. Maximum debt service shall be reduced by allocable interest income credits from the various funds established in accordance with the New Jersey Wastewater Treatment Trust resolution.

Year Ending	Total	Principal	Interest
November 30, 2026	\$ 56,289.63	\$ 51,529.63	\$ 4,760.00
November 30, 2027	56,169.63	52,529.63	3,640.00
November 30, 2028	55,009.63	52,529.63	2,480.00
November 30, 2029	57,849.87	56,529.87	1,320.00
	<u>\$ 225,318.76</u>	<u>\$ 213,118.76</u>	<u>\$ 12,200.00</u>

A summary of the activity in the Authority's principal portion of its debt is as follows:

	Balance November 30, 2024	Principal Payments	Balance November 30, 2025
Series 2010 Subordinated Revenue Bonds	\$ 264,648.39	\$ 51,529.63	\$ 213,118.76
	<u>\$ 264,648.39</u>	<u>\$ 51,529.63</u>	<u>\$ 213,118.76</u>
	November 30, 2023	Principal Payments	November 30, 2024
Series 2010 Subordinated Revenue Bonds	\$ 312,178.02	\$ 47,529.63	\$ 264,648.39
	<u>\$ 312,178.02</u>	<u>\$ 47,529.63</u>	<u>\$ 264,648.39</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

G. PENSION PLAN

Simplified Employee Pension Plan

The Authority has a Simplified Employee Pension Plan ("SEP") available for all its employees. Employees are 100% vested in the SEP/IRA contribution at all times. The Authority did not make contributions to the plan in 2025 or 2024.

Pension and Retirement Plan

The Authority's employees participate in the following defined benefit pension plan: the Public Employees' Retirement System ("PERS"), which is administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). The plan has a board of trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Plan Description

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.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 are vested after ten years of service, except for medical benefits, which are vested after 25 years of service or under the disability provisions of PERS.

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

Service retirement benefits of 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching age 60, and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit are available to Tier 4 members upon reaching age 62, and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit, and Tier 5 members 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 their respective tier.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

G. PENSION PLAN (CONTINUED)

Contributions

The contribution requirements of PERS plan members are determined by state statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5.00% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.50% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.50% plus an additional 1.00% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The active member effective contribution rates were July 1, 2018, 7.5%; July 1, 2017, 7.34%; July 1, 2016, 7.20%; July 1, 2015, 7.06%; and July 1, 2014, 6.92%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were \$457,475.00 and \$443,010.00 for the years ended November 30, 2025 and 2024, respectively.

Special Funding Situation

A special funding situation exists for the local employers of the PERS of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by local employers under Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2025, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The state special funding pension expense of \$42,025,669.00 for the fiscal year ended June 30, 2025, is the actuarially determined contribution amount that the State owes for the fiscal year ended June 30, 2025. The pension expense is deemed to be a state administrative expense due to the special funding situation. The portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Authority is \$0.00 and the total proportionate share of the employer pension benefit is \$14,145.00 for the June 30, 2025, measurement date.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended November 30, 2025 and 2024, the Authority had a liability of \$4,116,812.00 and \$4,423,862.00, respectively, for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2025, and the total pension liability used to

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

G. PENSION PLAN (CONTINUED)

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

calculate the net pension liability was determined by an actuarial valuation as of that date. 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 members of the plan, actuarial determined. As of the June 30, 2025 and 2024, measurement dates the Authority's proportion was 0.0334736902% and 0.0325570174%, respectively, which was an increase of .001% from its proportion measured as of June 30, 2024, and an increase of .004% from its proportion measured as of June 30, 2023, respectively.

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,378.00	\$ 4,399.00	\$ 88,618.00	\$ 11,778.00
Changes in assumptions	650.00	47,429.00	5,496.00	50,333.00
Net difference between projected and actual investment earnings on pension plan investments	-	343,288.00	-	205,122.00
Changes in proportion	619,400.00	59,801.00	760,469.00	120,819.00
	<u>\$ 737,428.00</u>	<u>\$ 454,917.00</u>	<u>\$ 854,583.00</u>	<u>\$ 388,052.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	
2026	\$ (201,545.00)
2027	304,703.00
2028	163,704.00
2029	9,604.00
2030	6,045.00
	<u>\$ 282,511.00</u>

Actuarial Assumptions

The total pension liability in the June 30, 2025 and 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2025	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases (based on years of service)	3.25 - 7.75%
Investment rate of return	7.00%
2024	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases (based on years of service)	2.75 - 6.55%
Investment rate of return	7.00%

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

G. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Long-Term Rate of Return

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

2025			2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.55%	U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.77%	Non-U.S. developed markets equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.77%	International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.30%	Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.00%	Private equity	13.00%	12.40%
Real estate	8.00%	10.78%	Real estate	8.00%	10.95%
Real assets	3.00%	7.90%	Real assets	3.00%	8.20%
High yield	4.50%	6.63%	High yield	4.50%	6.74%
Private credit	8.00%	9.00%	Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.47%	Investment grade credit	7.00%	5.37%
Cash equivalents	2.00%	3.61%	Cash equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.61%	U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.26%	Risk mitigation strategies	3.00%	7.10%
	<u>100.00%</u>			<u>100.00%</u>	

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

G. PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the pension liabilities of PERS was 7.00% as of June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	2025		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Authority's proportionate share of net pension liability	\$ 5,684,289.45	\$ 4,116,812.00	\$ 2,846,689.47

	2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Authority's proportionate share of net pension liability	\$ 5,927,705.85	\$ 4,423,862.00	\$ 3,213,027.54

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

H. SERVICE CONTRACTS WITH EAST WINDSOR

In accordance with terms of the Service Contract dated June 1, 1965, as amended, between the Authority and the Township, the Township will pay service charges to the Authority of a sum equal to the excess (if any) of all expenditures of the water/sewer fund of the Authority over water/sewer fund receipts of the Authority for any fiscal year.

No amounts have been accrued or paid by the Township to the Authority under the terms of the service contract through the fiscal years ended November 30, 2025 and 2024.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

I. DEVELOPERS' AGREEMENTS (WATER AND SEWER FACILITIES TRUST ACCOUNT)

The Authority has negotiated Capacity Allocation and Developer's On-Tract and Off-Tract Agreements and an Agreement for Payment in Lieu of Construction of a Satellite Treatment Plant with various developers. The Authority will receive a total of \$14,941,389.00 of cash and construction in kind, with respect to these agreements. As of November 30, 2025 and 2024, the Authority had received \$14,151,243.00 and \$13,923,203.85, respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2025 and 2024, was \$3,464,859.66 and \$3,221,448.40, respectively.

J. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

K. LITIGATION

As of November 30, 2025, the Authority was not a party to pending litigation or legal matters that would potentially have a material adverse effect on the financial position of the Authority in the event of an unfavorable or adverse outcome.

L. CONSTRUCTION COMMITMENTS

On February 20, 2025, a contract was awarded by the Authority to Public Service Electric and Gas ("PSE&G") in the amount of \$176,044.27 to furnish and install a 6" gas main to the Authority's new maintenance and administration building. PSE&G began work on this contract in February 2026. Payments have been made in the amount of \$176,044.27 as of the date of this report, leaving a balance of \$0.00.

M. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

There was an error in the previously issued financial statements for the years ended November 2023 and 2024. The errors were related to an overstatement of accounts payable.

The GASB has issued Statement No. 101, "*Compensated Absences*." This statement was adopted by the Authority for year ended November 30, 2025, and reflects a change in accounting principle. The adoption of this statement had retrospectively adjusted previously reported compensated absences payable to include a portion of accrued sick time above the limitations noted in Note B that is expected to be used prior to retirement, based on management's estimate of historical usage.

As a result, the financial statements for the years ended November 30, 2024, including opening balances from November 30, 2023, have been restated to correct these errors. The impact on the previously reported financial statements is as follows:

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

M. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS (CONTINUED)

	November 30, 2023	November 30, 2024
Net position, as previously reported	\$ 63,594,869.12	\$ 62,250,526.90
GASB 101 adjustment	(37,878.18)	(39,536.25)
Correction of an error	80,579.69	80,579.69
Net position, as restated	<u>\$ 63,637,570.63</u>	<u>\$ 62,291,570.34</u>

N. SUBSEQUENT EVENTS

In January 2026, the Authority authorized a resolution to terminate participation in the State Health Benefits Program and authorized a resolution to join the New Jersey Joint Health Insurance Fund.

In August 2026, the Authority awarded a contract to Benjamin R. Harvey Company, 9 Cindy Lane, Ocean, NJ 07712, for the Administration and Maintenance Building Project in an amount not to exceed \$17,052,000.00, conditioned on funding approval by the New Jersey Department of Environmental Protection and New Jersey Infrastructure Bank.

SUPPLEMENTARY INFORMATION

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

(Page 1 of 2)

BUDGETARY COMPARISON SCHEDULE

Year Ended November 30, 2025

With Comparative Actual Amounts for the Year Ended November 30, 2024

	2025 Water		2025 Sewer		2025 Combined		2024 Combined*
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Operating Revenues:							
Retained Earnings Appropriated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charges	3,806,390.00	4,078,944.68	5,110,626.00	5,721,936.45	8,917,016.00	9,800,881.13	7,358,257.97
Delinquent Penalties	15,000.00	17,920.66	20,000.00	16,672.44	35,000.00	34,593.10	19,289.79
Connection Fees	61,465.00	38,490.00	174,590.00	174,420.00	236,055.00	212,910.00	182,960.00
Interest Income	150,000.00	198,755.55	150,000.00	90,140.33	300,000.00	288,895.88	326,021.16
Other Income	114,235.00	240,047.77	288,485.00	233,355.16	402,720.00	473,402.92	394,778.54
Total Operating Revenues	4,147,090.00	4,574,158.66	5,743,701.00	6,236,524.38	9,890,791.00	10,810,683.03	8,281,307.46
Operating Expenses:							
Cost of Providing Services:							
Labor	991,500.00	942,315.04	1,338,000.00	1,215,154.43	2,329,500.00	2,157,469.47	2,088,517.71
Employee Benefits	613,495.00	469,181.14	788,220.00	627,219.41	1,401,715.00	1,096,400.55	1,007,477.96
Materials and Supplies	318,000.00	215,278.61	555,150.00	442,830.70	873,150.00	658,109.31	665,369.32
Repairs and Maintenance	223,000.00	83,665.85	576,600.00	191,574.02	799,600.00	275,239.87	1,006,069.62
Contracted Services	156,500.00	65,646.91	727,800.00	581,895.86	884,300.00	647,542.77	655,797.00
Utilities	363,850.00	390,525.62	285,000.00	295,110.29	648,850.00	685,635.91	599,108.89
Insurance	78,000.00	73,807.82	108,000.00	102,216.74	186,000.00	176,024.56	169,314.82
Other	60,650.00	97,193.03	45,200.00	27,044.19	105,850.00	124,237.22	93,850.94
Total Cost of Providing Services	2,804,995.00	2,337,614.02	4,423,970.00	3,483,045.64	7,228,965.00	5,820,659.66	6,285,506.26
Administrative and General Expenses:							
Labor	403,150.00	429,187.67	403,150.00	429,187.66	806,300.00	858,375.32	779,569.37
Employee Benefits	181,412.50	170,467.93	181,412.50	170,467.930	362,825.00	340,935.86	259,275.57
Materials and Supplies	15,250.00	12,665.57	15,250.00	12,665.56	30,500.00	25,331.13	46,704.96
Contracted Services	67,150.00	104,960.37	67,150.00	104,960.37	134,300.00	209,920.73	131,010.58
Utilities	12,200.00	12,450.12	12,200.00	12,450.12	24,400.00	24,900.24	19,513.36
Insurance	24,300.00	23,907.22	24,300.00	23,907.22	48,600.00	47,814.44	43,128.68
Other	9,475.00	8,194.83	9,475.00	8,194.83	18,950.00	16,389.66	8,758.25
Total Administrative and General Expenses	712,937.50	761,833.70	712,937.50	761,833.68	1,425,875.00	1,523,667.38	1,287,960.77

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

(Page 2 of 2)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

Year Ended November 30, 2025

With Comparative Actual Amounts for the Year Ended November 30, 2024

	2025 Water		2025 Sewer		2025 Combined		2024 Combined*
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Interest Expense	-	-	5,113.00	3,912.60	5,113.00	3,912.60	4,912.60
Other Costs Funded by Revenues:							
Principal Maturity	-	-	51,530.00	51,529.63	51,530.00	51,529.63	47,529.63
Capital Outlay	201,500.00	1,046,869.28	107,500.00	565,848.19	309,000.00	1,612,717.47	1,181,353.82
Total Costs Funded by Revenues	3,719,432.50	4,146,317.00	5,301,050.50	4,866,169.74	9,020,483.00	9,012,486.74	8,807,263.08
Add: Excess Revenues Over Costs	427,657.50	427,841.66	442,650.50	1,370,354.63	870,308.00	1,798,196.29	(525,955.62)
	<u>\$ 4,147,090.00</u>	<u>\$ 4,574,158.66</u>	<u>\$ 5,743,701.00</u>	<u>\$ 6,236,524.38</u>	<u>\$ 9,890,791.00</u>	<u>\$ 10,810,683.03</u>	<u>\$ 8,281,307.46</u>
						2025 Actual	2024 Actual
Reconciliation to Net Income:							
Excess from Above-Budgetary Basis						\$ 1,798,196.29	\$ (525,955.62)
Adjustments to Budgetary Basis:							
Depreciation Expense						(2,166,901.53)	(2,267,497.12)
Capital Outlay						1,612,717.47	1,181,353.82
Debt Service - Principal						51,529.63	47,529.63
Developer Contributions						228,039.00	218,569.00
Increase/(Decrease) in Net Position						<u>\$ 1,523,580.86</u>	<u>\$ (1,346,000.29)</u>

*Certain account balances have been restated. See Note M for details.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

SCHEDULE OF WATER AND SEWER REVENUE BONDS

	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>	<u>Balance December 1, 2024</u>	<u>Retired</u>	<u>Balance November 30, 2025</u>
New Jersey Environmental Trust, Series 2010A-CW ARRA Trust Loan	3/10/2010	\$ 450,000.00	3.50% 4.25% - 4.5% 4.00%	8/1/2026 8/1/2027-28 8/1/2029	\$ 28,000.00 29,000.00 33,000.00	\$ 147,000.00	\$ 28,000.00	\$ 119,000.00
New Jersey Environmental Infrastructure Trust, Series 2010A-CW ARRA Fund Loan	3/10/2010	439,220.00	N/A N/A N/A	8/1/2026-28 2/1/2026-29 8/1/2029	15,686.42 7,843.21 15,686.66	117,648.39	23,529.63	94,118.76
						<u>\$ 264,648.39</u>	<u>\$ 51,529.63</u>	<u>\$ 213,118.76</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)

PERS - Last 10 Fiscal Years										
	Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.0334736902%	0.0325570174%	0.0280277112%	0.0267175392%	0.0282411765%	0.0266652147%	0.0271686566%	0.0233200368%	0.0263377362%	0.0253653327%
Authority's proportionate share of net pension liability	\$ 4,116,812.00	\$ 4,423,862.00	\$ 4,059,639.00	\$ 4,032,044.00	\$ 3,345,591.00	\$ 4,348,399.00	\$ 4,895,380.00	\$ 4,591,599.00	\$ 6,131,004.00	\$ 7,512,484.00
Authority's covered-employee payroll	2,746,868.00	2,576,831.00	2,442,151.00	2,024,622.00	1,950,906.00	1,926,990.00	1,828,528.35	1,821,946.00	1,758,426.46	1,763,058.11
Authority's proportionate share of net pension liability as a % of payroll	149.87%	171.68%	166.23%	199.15%	171.49%	225.66%	267.72%	252.02%	348.66%	426.11%
Total pension liability	\$ 14,746,067.57	\$ 14,037,118.91	\$ 11,773,580.33	\$ 10,962,011.02	\$ 11,398,016.85	\$ 10,514,838.88	\$ 11,272,673.34	\$ 9,895,058.55	\$ 11,813,098.11	\$ 12,549,421.78
Plan fiduciary net position	10,629,255.52	9,613,256.48	7,713,941.80	6,929,966.56	8,052,426.11	6,166,439.70	6,377,293.58	5,303,459.55	5,682,094.11	5,036,937.78
Plan fiduciary net position as a % of total pension liability	72.08%	68.48%	65.52%	63.22%	70.65%	58.65%	56.57%	53.60%	48.10%	40.14%

N/A = Information no available.

Notes to the Required Supplementary Information

- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016, of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017, of 5.00% to 5.66% as of the measurement date of June 30, 2018.
- The discount rate changed from the measurement date of June 30, 2018, of 5.66% to 6.28% as of the measurement date of June 30, 2019.
- The discount rate changed from the measurement date of June 30, 2019, of 6.28% to 7.00% as of the measurement date of June 30, 2020.
- The discount rate of 7.00% as of the measurement date of June 30, 2021, was unchanged from the June 30, 2020, measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2022, was unchanged from the June 30, 2021, measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2023, was unchanged from the June 30, 2022, measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2024, was unchanged from the June 30, 2023, measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2025, was unchanged from the June 30, 2024, measurement date.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SCHEDULE OF CONTRIBUTIONS (UNAUDITED)

PERS - Last 10 Fiscal Years										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 457,476.00	\$ 443,010.00	\$ 374,598.00	\$ 336,921.00	\$ 330,737.00	\$ 291,704.00	\$ 264,271.00	\$ 231,959.00	\$ 243,991.00	\$ 225,342.00
Contributions in relation to the contractually required contribution	443,010.00	374,598.00	336,921.00	330,737.00	291,704.00	264,271.00	231,959.00	243,991.00	225,342.00	215,128.00
Authority's covered-employee payroll	2,746,868.00	2,576,831.00	2,442,151.00	2,024,622.00	1,950,906.00	1,926,990.00	1,828,528.35	1,821,946.00	1,758,426.46	1,763,058.11
Contributions as a % of covered-employee payroll	16.13%	14.54%	13.80%	16.34%	14.95%	13.71%	12.69%	13.39%	12.81%	12.20%

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

ROSTER OF OFFICIALS (UNAUDITED)

The following officials were in office as of November 30, 2025:

<u>Office</u>	<u>Name</u>
Chairperson	Linda L. Moore
Vice Chairperson	Marc Lippman
Secretary	Marc Platizky
Treasurer	Steven A. Kurs
Assistant Secretary/Treasurer	Lewis Meixler
Alternate Member #1	Matthew Kohut

**INDEPENDENT AUDITORS' 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**

To the Honorable Board Members of
East Windsor Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), as of and for the year ended November 30, 2025, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated September 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

Report on Compliance and Other Matters

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

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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadieu, P.C.

Certified Public Accountants

September 14, 2026

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
Year Ended November 30, 2025

None reported.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended November 30, 2025

None reported.