PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

SALEM COUNTY
IMPROVEMENT AUTHORITY

REPORT OF AUDIT
WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

KNOW GREATER VALUE™

SALEM COUNTY IMPROVEMENT AUTHORITY
Table of Contents

		Page No.
	Roster of Officials	1
	PART I – FINANCIAL SECTION	
	Independent Auditors' Report	3
	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*	6
	Management's Discussion and Analysis	8
	Basic Financial Statements	
Exhibit No.		
A	Comparative Statements of Net Position	14
B	Comparative Statements of Revenues, Expenses and Changes in Net Position	16
C	Comparative Statements of Cash Flows	17
	Notes to Financial Statements	19
	Required Supplementary Information	
RSI-1	Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios – Authority Plan	52
RSI-2	Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERS)	53
RSI-3	Schedule of the Authority's Contributions (PERS)	54
	Notes to Required Supplementary Information	55
	Supplementary Schedules	
Schedule No.		
1	Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget--Budgetary Basis	57
2	Schedule of Accrued Interest Receivable	60
3	Analysis of Accrued Interest Payable	60
4	Schedule of Intergovernmental Loans Payable	61
5	Schedule of NJIB Loans Payable	62
6	Schedule of Conduit Debt Obligations Payable (Memorandum)	66
	PART II – FINDINGS AND RECOMMENDATIONS	
	Schedule of Findings and Recommendations	68
	Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	69
	APPRECIATION	70

SALEM COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
December 31, 2025

The following officials were in office during the year ended December 31, 2025:

MEMBERS	POSITION
Susan Bestwick	Chairperson
Lewis Schneider	Vice Chairperson
Laura Crane	Treasurer
Barry Davis	Secretary
Richard Warner	Alt. Secretary/Treasurer

OTHER OFFICIALS	
Julie Acton	Executive Director
Michael Aimino, Esquire	Solicitor

SALEM COUNTY IMPROVEMENT AUTHORITY

PART I

FINANCIAL SECTION

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

The Chairperson and Members of
The Salem County Improvement Authority
Alloway, New Jersey

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Report on Prior Year Financial Statements

The financial statements of the Authority as of and for the year ended December 31, 2024, were audited by Bowman & Company LLP, whose owners became partners with PKF O'Connor Davies, LLP, and whose report, dated September 4, 2025, expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Authority and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

PKF O'Connor Davies LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES, LLP

Voorhees, New Jersey
August 31, 2026

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

INDEPENDENT AUDITORS' REPORT

The Chairperson and Members of
The Salem County Improvement Authority
Alloway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey (Division), the financial statements of the business-type activities of the Salem County Improvement Authority, in the County of Salem, State of New Jersey, a component unit of the County of Salem (Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 31, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

PKF O'Connor Davies LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Report on Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES, LLP

Voorhees, New Jersey
August 31, 2026

Salem County Improvement Authority
Management's Discussion and Analysis
For the Years Ended December 31, 2025 and 2024
(UNAUDITED)

The Salem County Improvement Authority (the Authority) is a public agency providing resource recovery, recycling, energy production, clean communities program support, solid waste disposal and management services and bond financing assistance for the County of Salem. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the years ended December 31, 2025 and 2024.

FINANCIAL HIGHLIGHTS

- **Total Assets** - As of December 31, 2025, total assets were $66,076,069.18, deferred outflows of resources were $146,647.00 and after deducting liabilities of $32,630,215.06 and deferred inflows of resources of $393,911.00, net position equaled $33,198,590.12. This is compared to year ended December 31, 2024 total assets of $62,431,785.63, deferred outflows of resources of $119,229.00, total liabilities of $32,108,102.35, deferred inflows of resources of $370,458.00 and net position of $30,072,454.28.

- **Total Operating Revenues** - 2025 operating revenues totaled $9,956,368.84, which was a decrease of $67,077.68 from 2024 operating revenues of $10,023,446.52. The primary reason for the decrease was the result of a decrease in miscellaneous revenues.

- **Total Operating Expenses** - 2025 operating expenses totaled $8,140,447.77, which was an increase of $403,980.04 from 2024 operating expenses of $7,736,467.73. The main reason for the increase in expenditures was the result of increased expense related to landfill closure and post-closures as well as depreciation and amortization expense.

- **Net Non-Operating Revenues (Expenses)** - In 2025, the Authority had net non-operating revenues of $1,216,456.60 compared to $1,502,023.55 of net non-operating revenues in 2024. This difference can be attributed to the decrease in state grants and the loss on capital asset disposals in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditors' Reports, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental schedules.

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position include all of the Authority's assets, liabilities, deferred inflows and outflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position regardless of when cash is received or paid. The comparative statements of revenues, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the current year. Net position – the difference between the Authority's assets, liabilities, deferred inflows and outflows of resources – is a measure of the Authority's financial health or position.

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

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was $33,198,590.12 on December 31, 2025. Total assets, total liabilities deferred outflows and inflows of resources and total net position are detailed below.

A significant portion of the Authority's net position (48.05%) represents its investment in capital assets (i.e. land, buildings, improvements and equipment); less the related debt outstanding used to acquire those capital assets. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (0.07%) represents resources that are subject to external restrictions on how they can be used under state law. The remaining unrestricted net position (51.88%) may be used to meet the Authority's capital and ongoing obligations. Additionally, the Authority's Board has internally designated a portion of the unrestricted net position for capital equipment and capital construction reserves.

	As of December 31,			Change from 2024 to 2025	
	2025	2024	2023	Amount	Percentage
Assets					
Current Assets	$ 35,817,992.58	$ 33,415,425.11	$ 28,451,903.27	$ 2,402,567.47	7.19%
Non-current Investments	4,251,643.45	2,409,653.36	2,134,761.22	1,841,990.09	76.44%
Capital Assets (Net of Depreciation and Amortization)	26,006,433.15	26,606,707.16	27,995,975.70	(600,274.01)	-2.26%
Total Assets	**66,076,069.18**	**62,431,785.63**	**58,582,640.19**	**3,644,283.55**	**5.84%**
Deferred Outflows Of Resources	**146,647.00**	**119,229.00**	**149,102.00**	**27,418.00**	**23.00%**
Liabilities					
Current Liabilities	1,708,817.92	1,623,425.69	1,786,617.79	85,392.23	5.26%
Long Term Liabilities	30,921,397.14	30,484,676.66	30,485,706.46	436,720.48	1.43%
Total Liabilities	**32,630,215.06**	**32,108,102.35**	**32,272,324.25**	**522,112.71**	**1.63%**
Deferred Inflows Of Resources	**393,911.00**	**370,458.00**	**189,426.00**	**23,453.00**	**6.33%**
Net Position					
Net Investment in Capital Assets	15,952,782.30	15,686,121.06	16,456,420.94	266,661.24	1.70%
Restricted	22,193.91	23,097.41	21,732.28	(903.50)	-3.91%
Unrestricted	17,223,613.91	14,363,235.81	9,791,838.72	2,860,378.10	19.91%
Total Net Position	**$ 33,198,590.12**	**$ 30,072,454.28**	**$ 26,269,991.94**	**$ 3,126,135.84**	**10.40%**

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

	For the Years Ended December 31,			Change from 2024 to 2025	
	2025	2024	2023	Amount	Percentage
Operating Revenues:					
Landfill Fees	$ 9,763,185.97	$ 9,703,543.29	$ 7,334,242.97	$ 59,642.68	0.61%
Other Operating Revenues	193,182.87	319,903.23	203,040.71	(126,720.36)	-39.61%
Total Operating Revenues	**9,956,368.84**	**10,023,446.52**	**7,537,283.68**	**(67,077.68)**	**-0.67%**
Operating Expenses:					
Administration	902,354.07	859,030.86	783,107.46	43,323.21	5.04%
Cost of Providing Services	3,062,810.56	2,991,783.53	2,650,126.01	71,027.03	2.37%
Landfill Closure and Post-Closure	1,441,504.40	1,232,757.71	1,197,700.77	208,746.69	16.93%
Major Repairs		32,701.15	125,540.57	(32,701.15)	-100.00%
Depreciation and Amortization	2,733,778.74	2,620,194.48	2,475,711.06	113,584.26	4.33%
Total Operating Expenses	**8,140,447.77**	**7,736,467.73**	**7,232,185.87**	**403,980.04**	**5.22%**
Net Non-Operating Revenue (Expenses)	**1,216,456.60**	**1,502,023.55**	**1,240,400.42**	**(285,566.95)**	**-19.01%**
Extraordinary Items			**(391,332.00)**		
Capital Contributions	**93,758.17**	**13,460.00**	**200,000.00**	**80,298.17**	**596.57%**
Change in Net Position	**3,126,135.84**	**3,802,462.34**	**1,354,166.23**	**(676,326.50)**	**-17.79%**
Net Position - Beginning	**30,072,454.28**	**26,269,991.94**	**24,915,825.71**	**3,802,462.34**	**14.47%**
Change in Net Position	**3,126,135.84**	**3,802,462.34**	**1,354,166.23**	**(676,326.50)**	**-17.79%**
Net Position - Ending	**$ 33,198,590.12**	**$ 30,072,454.28**	**$ 26,269,991.94**	**$ 3,126,135.84**	**10.40%**

OVERALL ANALYSIS & BUDGETARY HIGHLIGHTS

Overall, net position increased by $3,126,135.84. The net increase was primarily the result of lower than expected costs related to leachate hauling and treatment, NJ DEP permits, legal and accounting and health benefits costs. The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget is adopted on the accrual basis of accounting with cash provisions for bond principal. Significant variances between the original adopted budget and actual budget amounts fall within the two categories of favorable and unfavorable. The Authority overall experienced modest favorable and unfavorable variances in budgetary expenses with an overall favorable variance. As discussed above, the Authority experienced lower than expected costs related to leachate hauling and treatment, NJ DEP permits, legal and accounting and health benefits costs. Additionally, the Authority had planned funding the renewal and replacement reserve; however, the contribution has been deferred to future years. Overall, the Authority concluded the year with a net favorable operating appropriation variance of just over $6.09 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

During the year ended December 31, 2025, the Authority expended $2,321,937.26 for capital activities. All expenditures were classified as capital assets.

The proposed six-year capital programs total $15,374,000.00. The major line items making up a portion of the Capital Budget are:

1. Construction
2. Equipment
3. Equipment Repairs
4. Vehicles
5. Maintenance of Buildings

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

The Authority made interest payments of $137,079.17 on its outstanding loans during the period under audit. Additionally, the Authority made principal payments of $733,002.50 on its outstanding loans. As of December 31, 2025, the Authority had $9,458,741.24 in outstanding loans payable with principal payments due until 2040.

The Authority originally issued $429,435,000.00 in conduit debt financing. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

There are two series of Special Revenue Bonds outstanding. The corresponding aggregate principal totaling $25,180,000.00 is treated strictly as conduit debt obligations under GASB statement 91 *Conduit Debt Obligations* and accordingly is not included in the financial statements.

OPERATIONS DIVISION

With the sale of the Nursing Home in May of 2011 and the Economic Development Division no longer being an operational function of the Authority, the Authority was advised to create an "Operations Division" to combine these two previous entities. The Operations Division was created with the understanding that it would be a "place holder" in the event that future business or discussions from previous business or financial situations might arise. As of 2025, the Operations Division is not being utilized.

SOLID WASTE DIVISION

Solid waste markets have begun to stabilize after many counties in New Jersey, including Salem County, had instituted flow control on specified waste types in prior years. The Authority Board has continued to implement a business plan for the Solid Waste Division which included flow control in 2016, which aimed at capturing revenue originating in Salem County. The Authority has secured a stable and predictable base of solid waste generated within Salem County by offering competitive pricing and excellent customer service.

The Authority continues to accept beneficial and profitable waste streams from markets outside Salem County as well. The Authority has contracts with all municipalities and multiple customers with adjusted rates to reflect market conditions and bordering Counties pricing influence. Yearly review of all rates is performed and the Authority is sensitive to the market and bordering Counties pricing structure. Insuring there is an economic supportive structure in Salem County is of utmost concern for the Solid Waste Division.

The Authority is waiting for approval from NJDEP to extend the life of the landfill with the construction of Cell 12 to meet future waste disposal needs. In order to finance the cell expansion project, the Authority utilized funding from the New Jersey Infrastructure Bank Trust Fund (NJIB), which is in conjunction with the NJDEP.

Consideration is being given to future expansion of the landfill to the northeast across Mowers Station Road. Mapping was prepared to show property lines, environmental constraints, conceptual landfill expansion area, and potential mitigation sites. Expansion into this area, if permitted by NJDEP, would involve property acquisition, and vacation of a portion of Mowers Station Road right-of-way and Barber Road right-of-way by Alloway Township. A concept plan of the expansion area was submitted to SCIA for review and comment on October 6, 2022. Letter submitted to SCIA dated September 2, 2025 describing the Landfill Expansion Area Concept Plan and indicating that the property being purchased by SCIA is within the property boundaries for expansion as shown on the concept plan. Based on the concept plan, the expansion area includes 7 cells totaling 52.81 acres.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Salem County residents, investors, clients and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact Julie Acton, Executive Director, Salem County Improvement Authority, PO Box 890, 286 Welchville Road, Alloway, New Jersey 08001-0890, by e-mail: jacton@scianj.org, by phone 856-935-7900 ext. 15, or the Authority website at scianj.com.

BASIC FINANCIAL STATEMENTS

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Net Position
As of December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 1,843,252.23	$ 2,738,953.85
Investments	19,201,990.61	16,648,777.73
Service Fees Receivable, Net of an Allowance for Doubtful Accounts of $40,735.71 in 2025 and $37,355.26 in 2024	899,526.11	390,728.97
Accrued Interest Receivable	260,570.37	323,986.00
Total Unrestricted Assets	22,205,339.32	20,102,446.55
Restricted Assets:		
Cash and Cash Equivalents	2,962,602.92	1,907,414.27
Investments	10,128,137.29	10,843,174.01
Grant Receivable	324,000.00	324,000.00
Accrued Interest Receivable	197,913.05	238,390.28
Total Restricted Assets	13,612,653.26	13,312,978.56
Total Current Assets	35,817,992.58	33,415,425.11
Noncurrent Assets:		
Unrestricted Assets:		
Investments	1,000,070.00	
Restricted Assets:		
Investments	3,251,573.45	2,409,653.36
Total Investments	4,251,643.45	2,409,653.36
Capital Assets:		
Capital Assets, net of Accumulated Depreciation and Amortization	25,909,316.90	26,565,129.66
Construction in Progress	97,116.25	41,577.50
Total Capital Assets	26,006,433.15	26,606,707.16
Total Noncurrent Assets	30,258,076.60	29,016,360.52
Total Assets	66,076,069.18	62,431,785.63
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	13,435.00	15,280.00
Related to Pensions	133,212.00	103,949.00
Total Deferred Outflows of Resources	146,647.00	119,229.00

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Net Position
As of December 31, 2025 and 2024

	2025	2024
LIABILITIES		
Current Liabilities:		
Accounts Payable - Operating	$ 360,835.37	$ 255,715.09
Accounts Payable - Capital	56,695.26	16,943.00
Accounts Payable - Related to Pensions	99,698.00	94,599.00
Payroll Taxes Payable	24,934.04	25,134.62
Accrued Wages	14,805.98	9,137.68
Accrued Interest Payable	47,299.60	52,094.80
Unearned Revenue	176,880.07	261,248.77
Compensated Absences Payable - Current Portion	20,908.35	19,058.50
Lease Liability - Current Portion	157,938.76	151,515.73
NJIB Loan Payable - Current Portion	676,335.83	666,335.83
Intergovernmental Loan - Current Portion	66,666.66	66,666.67
OPEB Liability - Current Portion	5,820.00	4,976.00
Total Current Liabilities	1,708,817.92	1,623,425.69
Noncurrent Liabilities:		
Landfill Closure and Post-Closure Costs	20,364,563.66	18,923,059.26
Net Pension Liability	897,179.00	944,658.00
OPEB Liability	325,616.00	379,008.00
Lease Liability - Noncurrent Portion	380,275.59	538,214.35
Accrued Liabilities - Related to Pensions	49,849.00	47,300.00
Compensated Absences Payable - Noncurrent Portion	188,175.14	171,526.53
NJIB Loan Payable - Noncurrent Portion	8,715,738.75	9,414,243.86
Intergovernmental Loan - Noncurrent Portion		66,666.66
Total Noncurrent Liabilities	30,921,397.14	30,484,676.66
Total Liabilities	32,630,215.06	32,108,102.35
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	126,209.00	64,612.00
Related to Pensions	267,702.00	305,846.00
Total Deferred Inflows of Resources	393,911.00	370,458.00
NET POSITION		
Net Investment in Capital Assets	15,952,782.30	15,686,121.06
Restricted:		
Unemployment Trust	22,193.91	23,097.41
Unrestricted	17,223,613.91	14,363,235.81
Total Net Position	$ 33,198,590.12	$ 30,072,454.28

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

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues:		
Landfill Fees	$ 9,763,185.97	$ 9,703,543.29
Other Revenues	193,182.87	319,903.23
Total Operating Revenues	9,956,368.84	10,023,446.52
Operating Expenses:		
Administrative:		
Salaries and Wages	329,471.26	303,688.52
Employee Benefits	90,844.64	74,257.44
Other Expenses	482,038.17	481,084.90
Cost of Providing Service:		
Salaries and Wages	718,480.65	657,082.37
Employee Benefits	220,195.60	181,019.50
Other Expenses	2,124,134.31	2,153,681.66
Landfill Closure and Post-Closure	1,441,504.40	1,232,757.71
Major Repairs		32,701.15
Depreciation and Amortization	2,733,778.74	2,620,194.48
Total Operating Expenses	8,140,447.77	7,736,467.73
Operating Income	1,815,921.07	2,286,978.79
Non-Operating Revenues (Expenses):		
Investment Income Including Net Realized and Unrealized Gains on Investments	1,516,790.65	1,474,554.40
State Grants	159,724.54	323,035.22
Investment Expenses		(7,880.79)
Interest Expense	(110,114.69)	(123,895.40)
Net Unemployment Activity	(452.06)	1,365.13
Interest Expense on Leases	(25,819.31)	(31,957.01)
Contribution to County of Salem	(135,240.00)	(133,198.00)
Loss on Capital Asset Disposals	(188,432.53)	
Total Non-Operating Revenues (Expenses)	1,216,456.60	1,502,023.55
Income Before Capital Contributions	3,032,377.67	3,789,002.34
Capital Contributions	93,758.17	13,460.00
Change in Net Position	3,126,135.84	3,802,462.34
Net Position - Beginning	30,072,454.28	26,269,991.94
Net Position - Ending	$ 33,198,590.12	$ 30,072,454.28

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

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Receipts from Customers and Users	$ 9,170,020.13	$ 9,780,667.95
Payments to Suppliers	(2,501,052.20)	(2,770,361.72)
Payments to Employees	(1,431,369.97)	(1,369,235.76)
Other Operating Receipts	193,182.87	319,903.23
Net Cash Provided by Operating Activities	5,430,780.83	5,960,973.70
Cash Flows From Non-Capital Financing Activities:		
County Appropriations	(135,240.00)	(133,198.00)
State Sources	159,724.54	323,035.22
Unemployment Activity	(452.06)	1,365.13
Net Cash Provided by Non-Capital Financing Activities	24,032.48	191,202.35
Cash Flows From Capital and Related Financing Activities:		
Interest Paid on Debt and Leases	(162,898.48)	(182,619.51)
Principal Paid on Debt and Leases	(884,518.23)	(869,875.51)
Acquisitions of Capital Asset	(2,188,426.83)	(1,312,031.12)
Net Cash Used in Capital and Related Financing Activities	(3,235,843.54)	(2,364,526.14)
Cash Flows From Investing Activities:		
Purchases of Investments	(37,180,246.08)	(30,085,116.73)
Receipts from the Maturity of Investments	33,502,152.18	22,546,753.97
Investment Income Receipts	1,618,611.16	1,261,742.34
Investment Expenses		(7,880.79)
Net Cash Used in Investing Activities	(2,059,482.74)	(6,284,501.21)
Net Increase in Cash and Cash Equivalents	159,487.03	(2,496,851.30)
Cash and Cash Equivalents at Beginning of Year (including $1,907,414.27 and $3,228,307.42 reported as restricted)	4,646,368.12	7,143,219.42
Cash and Cash Equivalents at End of Year (including $2,962,602.92 and $1,907,414.27 reported as restricted)	$ 4,805,855.15	$ 4,646,368.12

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Reconciliation of Operating Income to Net Cash Flows Provided by Operating Activities:		
Operating Income	$ 1,815,921.07	$ 2,286,978.79
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization Expense	2,733,778.74	2,620,194.48
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Service Fees Receivable	(508,797.14)	15,909.54
Pension Related Items	(107,238.00)	(161,007.00)
OPEB Related Items	10,894.00	20,626.00
Accounts Payable	105,120.28	(102,894.01)
Accrued Salaries and Payroll Taxes	5,467.72	(30,649.65)
Unearned Revenue	(84,368.70)	61,215.12
Landfill Closure and Post-Closure Costs	1,441,504.40	1,232,757.71
Compensated Absences Payable	18,498.46	17,842.72
Net Cash Provided by Operating Activities	$ 5,430,780.83	$ 5,960,973.70

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created by a resolution of the Board of County Commissioners of the County of Salem (the "County"), adopted in 1976, pursuant to the County Improvement Authority Law, Chapter 183 of the Pamphlet Laws of 1960, of the State of New Jersey, as amended and supplemented, ("The Act").

The Act empowers improvement authorities to provide within the County, public facilities, convention halls, equipment and facilities for public transportation, aviation facilities, garbage and solid waste systems, the improvement, furtherance and promotion of tourist industries and recreational attractiveness and planning and carrying out of redevelopment projects.

The Authority has five board members, appointed by the Salem County Board of County Commissioners. One member is appointed each year for a five-year term.

The Authority is composed of two distinct divisions:

Operations Division
The Operations Division was created by resolution on September 11, 2014 and began operations on January 1, 2015. The Operations Division was created for the purpose of managing the payments and reimbursements of health benefit expenses of former retired employees of the dissolved Nursing Home Division. Subsequent to the creation of the Operations Division, the County of Salem assumed the responsibility to directly pay the health benefit expenses of former retired employees of the dissolved Nursing Home Division. This division also processes any activities outside of the scope of the Solid Waste Landfill Division. For the year ended December 31, 2025, the Operations Division was not utilized.

Solid Waste Landfill Division
The Solid Waste Landfill Division is the former Salem County Utilities Authority, and came under the umbrella of the Salem County Improvement Authority effective April 1, 2009. The Salem County Utilities Authority was a public body corporate and politic of the State of New Jersey and was originally created as a utilities authority by an ordinance adopted in 1980 by the Board of County Commissioners of Salem County. The Salem County Utilities Authority began operations on April 18, 1988 and was created for the purpose of constructing, maintaining and operating facilities for the disposal of solid waste generated throughout the County in an environmentally sound manner in conformance with the provisions of the New Jersey Solid Waste Management Act, constituting Chapter 326 of the Pamphlet Laws of 1983, of the State of New Jersey, implementing the Salem County Solid Waste Management plan, as amended and reviewing modifications to the plan.

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

Component Unit

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

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

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

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

Basis of Presentation

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

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

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

Reclassification of Prior Year Information

Certain prior amounts have been reclassified for consistency with current year presentation.

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

Basis of Accounting

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

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Landfill, convenience center and other fees are recognized as revenue when services are provided.

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

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

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, amortization expense, debt premiums and the annual required contribution for the Authority's pension and other postemployment benefit plan are not included in the budget appropriations.

The legal level of budgetary control is established at the same level of detail shown on the Comparative Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

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

Cash, Cash Equivalents and Investments

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

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

Cash, Cash Equivalents and Investments (Cont'd)

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

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

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

Inventories

The cost of inventories of supplies is recorded as expenditures at the time the individual items are purchased. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

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

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The Authority was not a lessor during the years ended December 31, 2025 and 2024.

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

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Donated capital assets are recorded at their fair market value as of the date received.

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

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

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

Expenditures are capitalized when they meet the following requirements:

1) Cost of $5,000.00 or more
2) Useful life of more than one year
3) Asset is not affected by consumption

Amortization and Depreciation

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

	Years
Site and Building Improvements	5-21
Landfill Cells	3-12
Furniture and Equipment	3-20
Vehicles	5-8
Subscription Assets	5-10

Debt Premiums

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Outflows and Deferred Inflows of Resources (Cont'd)

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report deferred outflows of resources and deferred inflows of resources related to its defined benefit pension plan and other postemployment benefit plan.

Compensated Absences

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

Unearned Revenue

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

Pensions

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

Net Position

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

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

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

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

Net Position (Cont'd)

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

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from solid waste disposal and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities and State and Federal grants.

Operating expenses include expenses associated with the operation, maintenance and repair of the solid waste facility and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and leases, investment expenses and contribution to the County of Salem.

Accounting Estimates

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

Impact of Recently Issued Accounting Policies

Recently Issued and Adopted Accounting Pronouncements

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

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

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements

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

Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. That objective is achieved by improving the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The Statement will become effective for the Authority in the year ending December 31, 2026. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

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

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

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

Note 3: ASSETS

Cash and Cash Equivalents

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

As of December 31, 2025 and 2024, the Authority's bank balances were exposed to custodial credit risk as follows:

	2025	2024
Insured by FDIC	$ 250,000.00	$ 250,000.00
Insured by GUDPA	808,911.78	1,795,865.15
Uninsured and Uncollateralized	3,811,771.84	2,445,896.75
Total	$ 4,870,683.62	$ 4,491,761.90

Investments

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk.

All of the Authority's $33,581,771.35 as of December 31, 2025 and $29,901,605.10 as of December 31, 2024 investments in certificate of deposits, debt obligations of Federal Home Loan Bank (FHLB), Federal Farm Credit Banks (FFCB) and US Treasury are held in the name of the Authority.

Note 3: ASSETS (CONT'D)

Investments (Cont'd)

As of December 31, 2025 and 2024, the Authority's investment balances were exposed to custodial credit risk as follows:

	2025	2024
Insured by FDIC	$ 1,750,000.00	$ 750,000.00
Insured by GUDPA	12,539,669.61	12,127,487.26
Uninsured and Uncollateralized	19,292,101.74	17,024,117.84
Total	$ 33,581,771.35	$ 29,901,605.10

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are in FHLB (11.03%), FFCB (8.90%), US Treasury securities (30.80%) and Certificates of Deposits (49.27%).

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

Investment	Maturity	Fair Value Hierarchy Level *	Credit Rating	Fair Value Dec. 31, 2025	Fair Value Dec. 31, 2024
Operating CD - Fulton Bank	1/18/2025	Level 2	N/R		$ 2,000,000.00
US Treasury Notes	1/31/2025	Level 1	AAA		245,624.73
US Treasury Notes	2/15/2025	Level 1	AAA		103,909.93
US Treasury Bills	2/20/2025	Level 1	N/R		3,319,243.25
Federal Farm Credit Bank	2/21/2025	Level 1	AAA		245,807.98
Federal Home Loan Bank	3/14/2025	Level 1	AAA		39,556.10
US Treasury Notes	3/15/2025	Level 1	AAA		247,482.47
US Treasury Notes	4/30/2025	Level 1	AAA		247,996.95
US Treasury Notes	5/15/2025	Level 1	AAA		94,010.28
US Treasury Bills	5/15/2025	Level 1	N/R		3,003,683.40
Operating CD - TD Bank	5/30/2025	Level 2	N/R		1,553,533.33
US Treasury Notes	6/30/2025	Level 1	AAA		250,583.32
US Treasury Notes	7/31/2025	Level 1	AAA		245,724.76
Operating CD - Fulton Bank	8/1/2025	Level 2	N/R		4,323,953.93
US Treasury Bills	8/7/2025	Level 1	N/R		2,586,159.36
US Treasury Notes	8/15/2025	Level 1	AAA		171,258.21
US Treasury Notes	8/31/2025	Level 1	AAA		245,267.05
US Treasury Notes	9/15/2025	Level 1	AAA		246,122.43
US Treasury Notes	10/15/2025	Level 1	AAA		247,841.06
US Treasury Notes	11/15/2025	Level 1	AAA		9,801.54
US Treasury Notes	11/30/2025	Level 1	AAA		2,815,230.00
Operating CD - Franklin Bank	12/1/2025	Level 2	N/R		5,000,000.00
US Treasury Notes	12/15/2025	Level 1	AAA		249,161.64
Federal Home Loan Bank	1/23/2026	Level 1	N/R	$ 2,491,602.40	
TD Bank CD	1/25/2026	Level 2	N/R	2,000,000.00	
US Treasury Notes	1/31/2026	Level 1	AAA	294,781.48	294,709.48
US Treasury Notes	2/15/2026	Level 1	AAA	3,100,992.00	
US Treasury Notes	2/28/2026	Level 1	AAA	295,764.33	289,592.79
US Treasury Notes	4/15/2026	Level 1	AAA	248,157.26	246,477.26
Federal Home Loan Bank	4/21/2026	Level 1	AAA	420,756.75	
Federal Home Loan Bank	5/7/2026	Level 1	AAA		297,639.86
US Treasury Bills	5/14/2026	Level 1	N/R	3,369,511.29	

Note 3: ASSETS (CONT'D)

Investments (Cont'd)

Investment	Maturity	Fair Value Hierarchy Level *	Credit Rating	Fair Value Dec. 31, 2025	Fair Value Dec. 31, 2024
Balance Brought Forward				$ 12,221,565.51	$ 28,620,371.13
Fulton Bank CD	6/5/2026	Level 2	N/R	4,285,179.61	
US Treasury Notes	7/31/2026	Level 1	N/R	542,509.53	540,909.03
Bank of India CD	8/12/2026	Level 2	AAA	1,002,090.00	
Goldman Sachs Bk CD	8/12/2026	Level 2	AAA	1,002,090.00	
Wells Fargo Bank CD	8/12/2026	Level 2	N/R	1,002,090.00	
Bank of America CD	8/13/2026	Level 2	N/R	1,002,400.00	
Regions Bk CD	8/14/2026	Level 2	AAA	1,002,420.00	
Federal Home Loan Bank	10/8/2026	Level 1	AAA		493,559.59
Federal Home Loan Bank	10/15/2026	Level 1	AAA		246,765.35
Federal Farm Credit Bank	10/20/2026	Level 1	AAA	488,670.21	
US Treasury Notes	11/15/2026	Level 1	AAA	986,880.00	
Fulton Bank CD	12/4/2026	Level 2	N/R	5,250,000.00	
US Treasury Notes	2/15/2027	Level 1	AAA	495,562.05	
US Treasury Notes	6/15/2027	Level 1	AAA	507,046.30	
Federal Home Loan Bank	8/20/2027	Level 1	AAA	245,459.79	
Federal Farm Credit Bank	8/26/2027	Level 1	N/R	2,500,175.00	
Federal Home Loan Bank	9/10/2027	Level 1	AAA	246,890.65	
US Treasury Notes	11/30/2027	Level 1	AAA	501,969.45	
Federal Home Loan Bank	5/25/2029	Level 1	AAA	298,773.25	
				$ 33,581,771.35	$ 29,901,605.10

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated in Note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

Note 3: ASSETS (CONT'D)

Service Fees

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

Year	Beginning Balance	Billings	Total Collections	Percentage of Collections
2025	$ 390,728.97	$ 9,763,185.97	$ 9,254,388.83	91.14%
2024	406,638.51	9,703,543.29	9,719,452.83	96.14%
2023	607,890.95	7,334,242.97	7,535,495.41	94.88%

The Authority's policy for allowance for doubtful accounts is to review aging history periodically and deem accounts doubtful as necessary.

Capital Assets

During the year ended December 31, 2025, the following changes in Capital Assets occurred:

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Capital Assets, not being Depreciated:				
Land & Land Improvements	$ 1,353,163.90	$ 220,000.00		$ 1,573,163.90
Construction in Progress	41,577.50	55,538.75		97,116.25
Total Capital Assets, not being Depreciated:	1,394,741.40	275,538.75	$ -	1,670,280.15
Capital Assets, being Depreciated:				
Infrastructure	55,876,774.92	165,285.85	(465,979.93)	55,576,080.84
Buildings & Improvements	3,650,829.75		(1,005.00)	3,649,824.75
Equipment	11,039,157.55	1,881,112.66	(4,196,410.24)	8,723,859.97
Total Capital Assets, being Depreciated	70,566,762.22	2,046,398.51	(4,663,395.17)	67,949,765.56
Total Capital Assets, Cost	71,961,503.62	2,321,937.26	(4,663,395.17)	69,620,045.71
Less Accumulated Depreciation:				
Infrastructure	(35,394,120.67)	(1,550,114.02)	324,611.92	(36,619,622.77)
Buildings & Improvements	(2,992,283.15)	(107,605.44)	1,005.00	(3,098,883.59)
Equipment	(7,476,550.19)	(956,492.72)	4,149,345.72	(4,283,697.19)
Total Accumulated Depreciation	(45,862,954.01)	(2,614,212.18)	4,474,962.64	(44,002,203.55)
Capital Assets, Net Excluding Lease Assets	26,098,549.61	(292,274.92)	(188,432.53)	25,617,842.16
Lease Assets:				
Office Space	2,391,330.87			2,391,330.87
Less Accumulated Amortization	(1,883,173.32)	(119,566.56)		(2,002,739.88)
Total Lease Assets, net	508,157.55	(119,566.56)	-	388,590.99
Capital Assets, Net	$ 26,606,707.16	$ (411,841.48)	$ (188,432.53)	$ 26,006,433.15

Note 3: ASSETS (CONT'D)

Capital Assets (Cont'd)

During the year ended December 31, 2024, the following changes in Capital Assets occurred:

	Balance Jan. 1, 2024	Additions	Transfers	Balance Dec. 31, 2024
Capital Assets, not being Depreciated:				
Land & Land Improvements	$ 1,353,163.90			$ 1,353,163.90
Construction in Progress		$ 680,323.84	$ (638,746.34)	41,577.50
Total Capital Assets, not being Depreciated:	1,353,163.90	680,323.84	(638,746.34)	1,394,741.40
Capital Assets, being Depreciated:				
Infrastructure	55,238,028.58		638,746.34	55,876,774.92
Buildings & Improvements	3,650,829.75			3,650,829.75
Equipment	10,488,555.45	550,602.10		11,039,157.55
Total Capital Assets, being Depreciated	69,377,413.78	550,602.10	638,746.34	70,566,762.22
Total Capital Assets, Cost	70,730,577.68	1,230,925.94	-	71,961,503.62
Less Accumulated Depreciation:				
Infrastructure	(33,820,309.87)	(1,573,810.80)		(35,394,120.67)
Buildings & Improvements	(2,884,094.71)	(108,188.44)		(2,992,283.15)
Equipment	(6,657,921.51)	(818,628.68)		(7,476,550.19)
Total Accumulated Depreciation	(43,362,326.09)	(2,500,627.92)	-	(45,862,954.01)
Capital Assets, Net Excluding Lease Assets	27,368,251.59	(1,269,701.98)	-	26,098,549.61
Lease Assets:				
Office Space	2,391,330.87			2,391,330.87
Less Accumulated Amortization	(1,763,606.76)	(119,566.56)		(1,883,173.32)
Total Lease Assets, net	627,724.11	(119,566.56)	-	508,157.55
Capital Assets, Net	$ 27,995,975.70	$ (1,389,268.54)	$ -	$ 26,606,707.16

Note 4: LIABILITIES

Long-term Liabilities

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

	Balance Jan. 1, 2025	Additions	Reductions	Balance Dec. 31, 2025	Due Within One Year
Loans Payable:					
NJIB Loans	$ 9,735,107.66		$ (666,335.83)	$ 9,068,771.83	$ 676,335.83
Premium on Loan	345,472.03		(22,169.28)	323,302.75	
Intergovernmental	133,333.33		(66,666.67)	66,666.66	66,666.66
Total Loans Payable	10,213,913.02	$ -	(755,171.78)	9,458,741.24	743,002.49
Other Liabilities:					
Lease Liability	689,730.08		(151,515.73)	538,214.35	157,938.76
Net Pension Liability	944,658.00	389,209.00	(436,688.00)	897,179.00	
OPEB Liability	383,984.00	29,878.00	(82,426.00)	331,436.00	5,820.00
Accrued Liabilities - Related to Pension	47,300.00	49,849.00	(47,300.00)	49,849.00	
Landfill Closure & Post Closure	18,923,059.26	1,441,504.40		20,364,563.66	
*Compensated Absences	190,585.03	18,498.46		209,083.49	20,908.35
Total Other Liabilities	21,179,316.37	1,928,938.86	(717,929.73)	22,390,325.50	184,667.11
Total Noncurrent Liabilities	$ 31,393,229.39	$ 1,928,938.86	$ (1,473,101.51)	$ 31,849,066.74	$ 927,669.60

	Balance Jan. 1, 2024	Additions	Reductions	Balance Dec. 31, 2024	Due Within One Year
Loans Payable:					
NJIB Loans	$10,396,443.49		$ (661,335.83)	$ 9,735,107.66	$ 666,335.83
Premium on Loan	367,641.31		(22,169.28)	345,472.03	
Intergovernmental	200,000.00		(66,666.67)	133,333.33	66,666.67
Total Loans Payable	10,964,084.80	$ -	(750,171.78)	10,213,913.02	733,002.50
Other Liabilities:					
Lease Liability	831,603.09		(141,873.01)	689,730.08	151,515.73
Net Pension Liability	1,240,125.00	226,315.00	(521,782.00)	944,658.00	
OPEB Liability	410,055.00	31,106.00	(57,177.00)	383,984.00	4,976.00
Accrued Liabilities - Related to Pension	57,216.00	47,300.00	(57,216.00)	47,300.00	
Landfill Closure & Post Closure	17,690,301.55	1,232,757.71		18,923,059.26	
*Compensated Absences	172,742.31	17,842.72		190,585.03	19,058.50
Total Other Liabilities	20,402,042.95	1,555,321.43	(778,048.01)	21,179,316.37	175,550.23
Total Noncurrent Liabilities	$ 31,366,127.75	$ 1,555,321.43	$ (1,528,219.79)	$ 31,393,229.39	$ 908,552.73

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

Note 4: LIABILITIES (CONT'D)

New Jersey Infrastructure Bank

On May 25, 2017, the Authority closed on two loans from the New Jersey Infrastructure Bank totaling $7,565,088.00 for the construction of Cell 12 of the landfill. The Fund portion of the award is for $5,695,088.00 and is interest free. The remaining Trust portion is for $1,870,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity due on August 1, 2036.

On February 19, 2020, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of $7,473,075.00 at no interest. This loan matured on June 10, 2021, when it was permanently financed for the construction of a new landfill cell. The Fund portion of the award is for $3,279,517.00 and is interest free. The remaining Trust portion is for $2,940,000.00 and carries interest rates varying from 2.0% to 5.0% with a final maturity due on August 1, 2040.

The following schedule reflects the loan maturities for these loans:

Year Ending December 31,	Interest Free Loan Principal	Loan Principal	Total Principal	Rates	Interest	Total
2026	$ 220,000.00	$ 456,335.83	$ 676,335.83	5.000%	$ 119,912.50	$ 796,248.33
2027	230,000.00	456,335.83	686,335.83	3.000% - 5.000%	110,812.50	797,148.33
2028	245,000.00	456,335.83	701,335.83	3.000% - 5.000%	101,312.50	802,648.33
2029	250,000.00	456,335.83	706,335.83	3.000% - 5.000%	91,162.50	797,498.33
2030	260,000.00	456,335.83	716,335.83	3.000% - 4.000%	80,762.50	797,098.33
2031-2035	2,213,317.00	1,445,000.00	3,658,317.00	3.000% - 3.250%	272,250.00	3,930,567.00
2036-2040	833,775.68	1,090,000.00	1,923,775.68	2.000% - 3.375%	72,287.50	1,996,063.18
	$ 4,252,092.68	$4,816,679.15	9,068,771.83		$ 848,500.00	$ 9,917,271.83
Current Maturities			(676,335.83)			
Premium on Loans			323,302.75			
Long-Term Portion			$ 8,715,738.75			

Intergovernmental Loan

On May 11, 2023, the Authority approved a loan from the Pollution Control Financing Authority of Salem County totaling $200,000.00 for the acquisition of a Tana 440DT Shark Shredder. As part of the agreement, the Authority also received a grant of $200,000.00 towards the acquisition. The loan carries an interest rate of 5.00%, with a final maturity due on October 3, 2026.

The following schedule reflects the loan maturities for the intergovernmental loan:

Year Ending December 31,	Principal	Rates	Interest	Total
2026	$ 66,666.66	5.000%	$ 3,333.33	$ 69,999.99
Current Maturities	$ 66,666.66			

Note 4: LIABILITIES (CONT'D)

Lease Liability

The Authority's lease agreement for the year ended December 31, 2025 is summarized as follows:

Description	Monthly Payment Amount	Total Lease Liability	Balance Jan. 1, 2025	Additions	Deductions	Balance Dec. 31, 2025	Due Within One Year
Office Lease	$ 14,183.33	$ 2,391,330.87	$ 689,730.08	$ -	$ (151,515.73)	$ 538,214.35	$ 157,938.76

The Authority's lease agreement for the year ended December 31, 2024 is summarized as follows:

Description	Monthly Payment Amount	Total Lease Liability	Balance Jan. 1, 2024	Additions	Deductions	Balance Dec. 31, 2024	Due Within One Year
Office Lease	$ 14,183.33	$ 2,391,330.87	$ 831,603.09	$ -	$ (141,873.01)	$ 689,730.08	$ 151,515.73

The Authority leased office space in the basement of the Finlaw building, which includes fifteen parking spaces, beginning on April 1, 2009 for a term of twenty years. The implied interest rate is based on the Authority's weighted average interest rate of 2009 Gov Loan Revenue Bonds of 4.1590%.

Annual requirements to amortize lease obligations and related interest are as follows:

Year	Principal	Interest	Total
2026	$ 157,938.76	$ 19,396.28	$ 177,335.04
2027	164,634.12	12,700.92	177,335.04
2028	171,613.30	5,721.74	177,335.04
2029	44,028.17	305.54	44,333.71
	$ 538,214.35	$ 38,124.48	$ 576,338.83

Lease Assets are amortized in a manner consistent with the Authority's depreciation policy for owned assets.

Compensated Absences

The Authority accounts for compensated absences (e.g., employee's accrued leave) as directed by Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The accrued liability for compensated absences at December 31, 2025 and 2024 is estimated to be $209,083.49 and $190,585.03, respectively.

Net Pension Liability

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

Net OPEB Liability

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

Note 4: LIABILITIES (CONT'D)

Pension Plans

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

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

General Information about the Pension Plans

Plan Descriptions

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

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

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

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

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

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

Contributions

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

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

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

The Employer's contractually required contribution rate for the years ended December 31, 2025 and December 31, 2024 was 12.28% and 12.76% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2025, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2025 was $99,698.00, and was payable by April 1, 2026. For the prior year measurement date of June 30, 2024, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2024 was $94,599.00, and was payable by April 1, 2025.

Employee contributions to the Plan for the year ended December 31, 2025 and December 31, 2024 were $62,541.55 and $56,499.59, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the years ended December 31, 2025 and December 31, 2024 was 0.38% and 0.41% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2025, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2025 was $3,083.00, and is payable by April 1, 2026. For the prior year measurement date of June 30, 2024, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2024 was $3,046.00, and is payable by April 1, 2025.

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

For the year ended December 31, 2025 and December 31, 2024, employee contributions totaled $4,479.24 and $4,261.13, respectively. The Employer recognized pension expense of $3,445.85 and $3,124.96 for the years ended December 31, 2025 and December 31, 2024, which equaled the required contributions. There were no forfeitures during the years.

Note 4: LIABILITIES (CONT'D)

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

Public Employees' Retirement System (Cont'd)

Pension Liability - As of December 31, 2025, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was $897,179.00. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2025. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2025 measurement date, the Employer's proportion was .0072949400%, which was an increase of .0003428141% from its proportion measured as of June 30, 2024.

As of December 31, 2024, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was $944,658.00. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2024 measurement date, the Employer's proportion was .0069521259%, which was a decrease of .0016096897% from its proportion measured as of June 30, 2023.

Pension (Benefit) Expense - For the years ended December 31, 2025 and December 31, 2024, the Employer recognized its proportionate share of the PERS pension (benefit) expense of ($12,639.00) and ($46,575.00), respectively. These amounts were based on the Plan's June 30, 2025 and 2024 measurement dates, respectively.

For the years ended December 31, 2025 and December 31, 2024, the Employer has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2025 and 2024 measurement date. The amounts recognized as a revenue and an expenditure in the financial statements were $3,083.00 and $3,046.00, respectively.

Note 4: LIABILITIES (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

	December 31, 2025 Measurement Date June 30, 2025		December 31, 2024 Measurement Date June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 25,580.00	$ 959.00	$ 18,923.00	$ 2,515.00
Changes of Assumptions	142.00	10,336.00	1,174.00	10,748.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	74,813.00	-	43,801.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	57,641.00	181,594.00	36,552.00	248,782.00
Authority's Contributions Subsequent to the Measurement Date	49,849.00	-	47,300.00	-
	$ 133,212.00	$ 267,702.00	$ 103,949.00	$ 305,846.00

Deferred outflows of resources in the amounts of $49,849.00 and $47,300.00 will be included as a reduction of the net pension liability during the years ending December 31, 2026 and 2025, respectively. These amounts are based on an estimated April 1, 2027 and April 1, 2026 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2025 and 2024 to the Employer's year end of December 31, 2025 and December 31, 2024.

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
June 30, 2025	5.15	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2025	-	5.15

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

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

Year Ending December 31,	
2026	$ (20,273.00)
2027	(88,707.00)
2028	(66,762.00)
2029	(10,115.00)
2030	1,518.00
	$ (184,339.00)

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions

Public Employees' Retirement System (Cont'd)

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

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

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

For the June 30, 2024 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

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

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

Note 4: LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	$ 1,228,185.00	$ 897,179.00	$ 615,074.00

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	$ 1,255,218.00	$ 944,658.00	$ 680,373.00

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

Note 4: LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

In 2023, the Authority established a postemployment benefit plan to assist retirees in paying for medical coverage. The plan provides a lifetime monthly payment of $500 to all eligible employees with full vesting occurring at retirement age 55 with 25 years of service or 60 years of age with 20 years of service. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

At December 31, 2025 and 2024, the following employees were covered by the benefit terms:

	December 31, 2025	December 31, 2024
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1	1
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	15	13
	16	14

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of $331,436.00 as of December 31, 2025 and $383,984.00 as of December 31, 2024 was measured as of December 31, 2025 and 2024, respectively.

Actuarial Assumptions and Other Inputs

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

Inflation	2.5% Annually
Salary Increases	3.5% Annually
Discount Rate	4.83% for 2025; 4.08% for 2024
Healthcare Cost Trend	N/A

The discount rate was based on the Bond Buyer 20-Bond Go Index.

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

Termination rates for employees less than 31 years old varied from 19.00% for those with 0-1 year of service to 0.30% for those with over 24 years of service. For employees 31 years or older, termination rates varied from 11.50% for those with 0-1 year of service to 0.30% for those with over 24 years of service.

Note 4: LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

An experience study was not performed on the actuarial assumptions used in the December 31, 2025 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended December 31, 2025 and 2024, respectively:

	December 31, 2025		December 31, 2024	
Balance at Beginning of Year		$ 383,984.00		$ 410,055.00
Changes for the Year:				
Service Cost	$ 13,768.00		$ 17,257.00	
Interest Cost	16,110.00		13,849.00	
Benefit Payments	(5,820.00)		(4,976.00)	
Changes of Assumptions	(38,792.00)		(52,201.00)	
Differences Between Expected and Actual Demographic Experience	(37,814.00)		-	
Net Changes		(52,548.00)		(26,071.00)
Balance at End of Year		$ 331,436.00		$ 383,984.00

Note 4: LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

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

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

	December 31, 2025		
	1.00% Decrease (3.83%)	Current Discount Rate (4.83%)	1.00% Increase (5.83%)
Total OPEB Liability	$ 384,437.00	$ 331,436.00	$ 287,502.00

	December 31, 2024		
	1.00% Decrease (3.08%)	Current Discount Rate (4.08%)	1.00% Increase (5.08%)
Total OPEB Liability	$ 447,542.00	$ 383,984.00	$ 331,374.00

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

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

	December 31, 2025		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 331,436.00	$ 331,436.00	$ 331,436.00

	December 31, 2024		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 383,429.00	$ 383,984.00	$ 384,474.00

Note 4: LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

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

For the years ended December 31, 2025 and 2024, the Authority recognized OPEB (benefit) expense of $16,714.00 and $25,602.00. At December 31, 2025 and 2024 , the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2025		December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 13,435.00	$ 76,674.00	$ 15,280.00	$ 46,981.00
Differences Between Expected and Actual Demographic Experience	-	49,535.00	-	17,631.00
	$ 13,435.00	$ 126,209.00	$ 15,280.00	$ 64,612.00

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

Year Ending December 31,	
2026	$ (13,164.00)
2027	(13,164.00)
2028	(13,164.00)
2029	(13,164.00)
2030	(13,164.00)
Thereafter	(46,954.00)
	$ (112,774.00)

Note 5: CONDUIT DEBT OBLIGATIONS

To further economic development in the County, the Authority has issued bonds that provide capital financing for the acquisition and construction of Finlaw State Office Building. This debt is commonly referred to as conduit (or non-commitment) debt. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Authority for any of those bonds.

As of December 31, 2025, there were two series of Special Revenue Bonds outstanding. The corresponding aggregate principal totaling $25,180,000.00 is treated strictly as conduit debt obligations under GASB Statement 91 *Conduit Debt Obligations* and accordingly is not included in the financial statements.

As of December 31, 2024, there were two series of Special Revenue Bonds outstanding. The corresponding aggregate principal totaling $26,855,000.00 is treated strictly as conduit debt obligations under GASB Statement 91 *Conduit Debt Obligations* and accordingly is not included in the financial statements.

Note 6: INTERGOVERNMENTAL AGREEMENTS

Salem County Service Agreements

In 1984, a service agreement was enacted between the Solid Waste Landfill Division (formerly the Salem County Utilities Authority) and the County of Salem. Section 301 of the agreement provides "Charges may and still at all times be such that the receipts of the Authority shall be sufficient to pay or provide for expenses of operation, repair and maintenance of the system including insurance, renewals and replacements and the cost of all enlargements and alterations of the system not otherwise provided for to pay the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to repay to the County any deficiency advances made by the County to meet any deficits of the Authority by any participant or any other cause, and to provide and maintain such reserves or sinking funds, if required, for any of the foregoing purposes as provided by the terms of any contract or other obligation of the Authority."

Section 401 provides "On or before January 15 next following the close of each fiscal year, the Authority shall make and deliver to the Board of County Commissioners of the County, a certificate, signed by its Chairperson or Vice-Chairperson and its Registered Municipal Accountant, stating the receipts and expenses to the Authority for the current fiscal year, and deficiency advances (if any) payable by the County to the Authority, for or with respect to the preceding and current fiscal year. Such deficiency advances shall be a sum of money equal to the excess (if any) of the expenses of the Authority for a fiscal year over the receipts of the Authority for such fiscal year".

Section 402 provides "On or before May 1 of each fiscal year, the County will pay to the Authority the deficiency advances (if any) stated in the certificate delivered to the Board of County Commissioners pursuant to Section 401 of this Article".

Since inception, the now Solid Waste Landfill Division of the Authority has filed annually with the County a statement of receipts and disbursements, for which no deficiencies have been noted.

Note 7: CONCENTRATIONS

Major Customers

The revenues from two customers represent $2,938,413.75 or 30.10% of the Authority's landfill fees for the year ended December 31, 2025.

The revenues from two customers represent $3,211,467.26 or 33.10% of the Authority's landfill fees for the year ended December 31, 2024.

Note 8: DEFERRED COMPENSATION

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

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

Note 9: CONTINGENCIES

Litigation - The Authority is currently involved in a potential legal proceeding that is in negotiations. It is believed that the outcome, if any, would not be material to the financial statements.

Note 10: RISK MANAGEMENT

The Authority is a member of the Statewide Insurance Fund (the ”Fund”). The Fund provides the Authority with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of $500,000.00 for each insured event.

The Fund publishes its own financial report which can be obtained from:

Statewide Insurance Fund
One Sylvan Way, Suite 100,
Parsippany, NJ 07054

Note 11: CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require the Authority to place a final cover on Solid Waste Landfill Division’s landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The original funding plan for closure and post-closure costs of the landfill was developed and implemented at the Authority’s inception and has since been revised. Governmental Accounting Standards Board Statement No. 18 requires the Authority to disclose specific information relevant to closure and post-closure costs including:

- Current year expenditures
- Nature and source of landfill closure and post-closure requirements
- Recognition of liability for closure and post-closure
- Landfill life in years
- Assets restricted for this purpose
- Nature of estimates and potential for changes due to inflation, technology, laws and regulations

Pursuant to Statement No. 18, the Authority directed its engineer to update the closure/post-closure plan along with the required financial schedules. This plan was completed and filed with the Authority on March 2, 1995, revised in December 1998, May 2006, May 2007, March 2009, August 2015 and August 2018.

Landfill Closure and Post-Closure Liability

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense each year based on landfill capacity used as of each statement of net position date.

As of December 31, 2025, the Authority had an accrued liability for landfill closure and postclosure care of $20,364,563.66. This liability represents the cumulative amount reported to date based on the estimate that the landfill is 64.71% filled. The Authority will recognize the remaining $11,106,677.22 of estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts, from the August 2018 closure plan, are based on what it would cost to perform all closure and postclosure care in 2025.

Note 11: CLOSURE AND POST-CLOSURE COSTS (CONT'D)

Landfill Closure and Post-Closure Liability (Cont'd)

As of December 31, 2024, the Authority had an accrued liability for landfill closure and postclosure care of $18,923,059.26. This liability represents the cumulative amount reported to date based on the estimate that the landfill is 61.74% filled. The Authority will recognize the remaining $11,727,637.78 of estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts, from the August 2018 closure plan, are based on what it would cost to perform all closure and postclosure care in 2024.

The Authority expects to close the landfill in the year 2046. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Assets Held In Trust

The Authority is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Authority is in compliance with these requirements. At December 31, 2025 and 2024, The NJDEP and Alternative closure/post-closure fund restricted cash and investment balance is $16,319,286.42 and $15,137,214.40, respectively. These balances are reported as restricted on the comparative statements of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The Authority's funding progress, which includes accumulated contributions and investment income at December 31, 2025 and 2024, and additional contributions and investment income subsequent to December 31, 2025 and 2024, (estimated) regarding the plan overall are as follows:

	Dec. 31, 2025	Dec. 31, 2024
New Jersey Department of Environmental Protection and Energy Escrow Tax Account	$ 6,461,998.19	$ 6,080,454.24
Closure/Post-Closure Account Balance of the Authority	9,857,288.23	9,056,760.16
Subtotal	16,319,286.42	15,137,214.40
Remaining Estimated Contributions to be made by the Authority to the NJDEP Escrow Tax Account	2,000,000.00	2,100,000.00
Remaining Estimated Contributions to be made by the Authority	13,900,000.00	14,400,000.00
Projected Investment Earnings Assuming an Interest Rate ranging from 1.07% to 4.00%	24,267,892.00	24,472,647.00
Total	$ 56,487,178.42	$ 56,109,861.40

REQUIRED SUPPLEMENTARY INFORMATION

SALEM COUNTY IMPROVEMENT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan
For the Year Ended December 31, 2025

	Year Ended December 31,		
Total OPEB Liability	**2025**	**2024**	**2023**
Service Cost	$ 13,768.00	$ 17,257.00	$ 13,008.00
Service Cost - Accrued Prior to Plan Being Established (Extraordinary Expense)	-	-	391,332.00
Interest Cost	16,110.00	13,849.00	10,320.00
Benefit Payments	(5,820.00)	(4,976.00)	(1,765.00)
Actuarial Assumption Changes	(38,792.00)	(52,201.00)	18,454.00
Actuarial Demographic Gains	(37,814.00)	-	(21,294.00)
Net Change in Total OPEB Liability	(52,548.00)	(26,071.00)	410,055.00
Total OPEB Liability - Beginning of Year	383,984.00	410,055.00	-
Total OPEB Liability - End of Year	$ 331,436.00	$ 383,984.00	$ 410,055.00
Covered-Employee Payroll	$ 925,960.00	$ 724,498.11	$ 706,991.38
Total OPEB Liability as a Percentage of Covered-Employee Payroll	35.79%	53.00%	58.00%

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

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

	Measurement Date Ending June 30,				
	2025	**2024**	**2023**	**2022**	**2021**
Authority's Proportion of the Net Pension Liability	0.0072949400%	0.0069521259%	0.0085618156%	0.0090502501%	0.0085754939%
Authority's Proportionate Share of the Net Pension Liability	$ 897,179.00	$ 944,658.00	$ 1,240,125.00	$ 1,365,807.00	$ 1,015,896.00
Authority's Covered Payroll (Plan Measurement Period)	740,312.00	714,368.00	753,448.00	755,176.00	720,132.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	121.19%	132.24%	164.59%	180.86%	141.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.84%	68.22%	65.23%	62.91%	70.33%

	Measurement Date Ending June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Authority's Proportion of the Net Pension Liability	0.0085881473%	0.0089479298%	0.0094629722%	0.0088418179%	0.0082692685%
Authority's Proportionate Share of the Net Pension Liability	$ 1,400,502.00	$ 1,612,281.00	$ 1,863,212.00	$ 2,058,234.00	$ 2,449,120.00
Authority's Covered Payroll (Plan Measurement Period)	704,604.00	709,568.00	744,140.00	687,288.00	625,076.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	198.76%	227.22%	250.38%	299.47%	391.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%

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

	Year Ended December 31,				
	2025	**2024**	**2023**	**2022**	**2021**
Authority's Contractually Required Contribution	$ 99,698.00	$ 94,599.00	$ 114,431.00	$ 114,128.00	$ 100,429.00
Authority's Contribution in Relation to the Contractually Required Contribution	(99,698.00)	(94,599.00)	(114,431.00)	(114,128.00)	(100,429.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Calendar Year)	$ 811,699.00	$ 741,497.00	$ 729,732.00	$ 760,504.00	$ 730,539.00
Authority's Contributions as a Percentage of Covered Payroll	12.28%	12.76%	15.68%	15.01%	13.75%

	Year Ended December 31,				
	2020	**2019**	**2018**	**2017**	**2016**
Authority's Contractually Required Contribution	$ 93,950.00	$ 87,037.00	$ 94,126.00	$ 81,910.00	$ 73,463.00
Authority's Contribution in Relation to the Contractually Required Contribution	(93,950.00)	(87,037.00)	(94,126.00)	(81,910.00)	(73,463.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Calendar Year)	$ 720,132.00	$ 701,051.00	$ 718,870.00	$ 735,806.00	$ 680,264.00
Authority's Contributions as a Percentage of Covered Payroll	13.05%	12.42%	13.09%	11.13%	10.80%

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

Changes in Benefit Terms

None.

Changes in Assumptions

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

Year	Rate
2025	4.83%
2024	4.08%
2023	3.26%

Note 2: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

Year	Rate	Year	Rate
2025	7.00%	2020	7.00%
2024	7.00%	2019	7.00%
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%

SUPPLEMENTARY SCHEDULES

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2025

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance
Operating Revenues:					
Service Fees - Landfill Fees	$ 7,328,750.00		$ 7,328,750.00	$ 9,763,185.97	$ 2,434,435.97
Methane Gas Generator	30,000.00		30,000.00	55,865.84	25,865.84
Finlaw Building Lease	28,800.00		28,800.00	28,800.00	
Miscellaneous	30,000.00		30,000.00	103,620.55	73,620.55
Recycling Program Products	5,000.00		5,000.00	1,813.48	(3,186.52)
Total Operating Revenues	7,422,550.00	$ -	7,422,550.00	9,953,285.84	2,530,735.84
Non - Operating Revenues:					
Clean Communities	141,852.00		141,852.00	159,724.54	17,872.54
REA Entitlement Grant	162,000.00		162,000.00		(162,000.00)
Interest on Investments & Deposits				1,516,790.65	1,516,790.65
Total Non Operating Revenues	303,852.00	-	303,852.00	1,676,515.19	1,372,663.19
Total Revenues	7,726,402.00	-	7,726,402.00	11,629,801.03	3,903,399.03
Operating Appropriations:					
Administration:					
Salaries and Wages	339,520.00	29,179.44	368,699.44	329,471.26	39,228.18
Employee Benefits:					
Health Benefits	102,200.00		102,200.00	62,410.30	39,789.70
Pension	43,200.00		43,200.00	30,272.00	12,928.00
FICA	30,400.00		30,400.00	24,019.10	6,380.90
DCRP Employer Contribution	1,600.00		1,600.00	1,102.70	497.30
Retiree Health Benefits	5,000.00		5,000.00	2,178.80	2,821.20
Unemployment	1,600.00		1,600.00	924.15	675.85
Disability Insurance	3,840.00		3,840.00	3,027.34	812.66
Total Employee Benefits	187,840.00	-	187,840.00	123,934.39	63,905.61
Other Expenses:					
Employment / Payroll Services	13,500.00		13,500.00	10,203.53	3,296.47
Travel	2,575.00		2,575.00	386.95	2,188.05
Training & Education	4,500.00		4,500.00	2,934.10	1,565.90
Reference Materials & Subscriptions	600.00		600.00	50.00	550.00
Office Supplies	14,500.00		14,500.00	12,251.99	2,248.01
Postage	3,700.00		3,700.00	1,843.22	1,856.78
Office Expenses	17,775.00		17,775.00	11,882.51	5,892.49
Marketing & Sales	30,000.00		30,000.00	1,804.61	28,195.39
Records Retention	1,000.00		1,000.00	30.95	969.05
Legal Advertisement	5,000.00		5,000.00	1,799.67	3,200.33
Trustee Fees	50,000.00	7,551.51	57,551.51	57,551.51	
Special Studies	50,000.00	(12,551.51)	37,448.49	12,100.69	25,347.80
Insurance	180,000.00		180,000.00	171,911.00	8,089.00
Computer/Data Processing	45,000.00		45,000.00	38,873.68	6,126.32
Audit and Accounting	125,000.00	(22,837.50)	102,162.50	47,011.50	55,151.00
Legal Expenses	75,000.00		75,000.00	27,105.00	47,895.00
Consultants	20,000.00		20,000.00	10,400.08	9,599.92
Total Other Expenses	638,150.00	(27,837.50)	610,312.50	408,140.99	202,171.51
Total Administration	1,165,510.00	1,341.94	1,166,851.94	861,546.64	305,305.30
Cost of Providing Service:					
Salaries and Wages	721,480.00	62,006.32	783,486.32	718,480.65	65,005.67

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2025

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Employee Benefits:					
Pension	$ 91,800.00		$ 91,800.00	$ 64,328.00	$ 27,472.00
FICA	64,600.00		64,600.00	53,744.26	10,855.74
Unemployment	3,400.00		3,400.00	1,963.82	1,436.18
DCRP Employer Contribution	3,400.00		3,400.00	2,343.15	1,056.85
Retiree Health Benefits	5,000.00		5,000.00	4,656.00	344.00
Disability Insurance	8,160.00		8,160.00	6,433.08	1,726.92
Health Benefits	222,800.00		222,800.00	150,801.31	71,998.69
Total Employee Benefits	399,160.00	$ -	399,160.00	284,269.62	114,890.38
Other Expenses:					
Propane	45,000.00		45,000.00	18,706.33	26,293.67
Telecommunications	15,500.00	5,000.00	20,500.00	18,693.38	1,806.62
Electric/Gas	30,000.00		30,000.00	20,578.00	9,422.00
Diesel Fuel	160,000.00		160,000.00	122,193.64	37,806.36
Landfill Engineer	100,000.00		100,000.00	82,604.70	17,395.30
Topographical Engineer	25,000.00		25,000.00	19,510.00	5,490.00
Title V Engineer	100,000.00		100,000.00	34,966.23	65,033.77
Convenience Center Expenses	8,000.00		8,000.00	4,453.98	3,546.02
Safety Program	15,000.00		15,000.00	14,785.58	214.42
Daily Cover	150,000.00		150,000.00	133,857.68	16,142.32
Leachate Treatment	190,000.00		190,000.00	112,816.74	77,183.26
Leachate Hauling	550,000.00		550,000.00	283,341.89	266,658.11
Road Maintenance	15,000.00		15,000.00	4,310.55	10,689.45
Environmental Monitoring	40,000.00		40,000.00	29,737.00	10,263.00
Special Projects	50,000.00	(21,744.50)	28,255.50	9,282.49	18,973.01
Methane Gas Collection System	50,000.00	10,000.00	60,000.00	56,811.22	3,188.78
Equipment Maintenance	170,000.00		170,000.00	137,982.14	32,017.86
Scale Maintenance	20,000.00		20,000.00	5,546.21	14,453.79
Site Improvements	30,000.00		30,000.00	29,722.85	277.15
Tire Recycling	500.00		500.00		500.00
Household Hazardous Waste	500.00		500.00		500.00
Ref. Materials and Subscriptions	500.00		500.00		500.00
NJ DEP Permits	222,000.00		222,000.00	143,365.54	78,634.46
Membership and Sponsorships	2,000.00		2,000.00	555.00	1,445.00
Clean Communities Programs	141,852.00	(38,628.42)	103,223.58	76,096.12	27,127.46
REA Bonus Grant	162,000.00	(7,975.34)	154,024.66	155,924.66	(1,900.00)
Total Other Expenses	2,292,852.00	(53,348.26)	2,239,503.74	1,515,841.93	723,661.81
Total Cost of Providing Service	3,413,492.00	8,658.06	3,422,150.06	2,518,592.20	903,557.86
Total Principal Payments on Debt in lieu of Depreciation	733,667.00	-	733,667.00	733,002.50	664.50
Total Operating Appropriations	5,312,669.00	10,000.00	5,322,669.00	4,113,141.34	1,209,527.66
Non-Operating Appropriations:					
Interest on Bonds	137,132.00		137,132.00	137,079.17	52.83
Finlaw Debt & Support Agreement	300,000.00		300,000.00	73,897.18	226,102.82
Closure/Post Closure Reserves	100,000.00		100,000.00	95,102.27	4,897.73
Construction/Landfill Cells Reserve	450,000.00		450,000.00	380,409.08	69,590.92
Community Host Benefits and Taxes	285,000.00		285,000.00	275,137.32	9,862.68
Landfill Taxes	63,000.00	(10,000.00)	53,000.00	47,848.13	5,151.87
Renewal and Replacement Reserve	633,361.00		633,361.00		633,361.00
Recycling Tax	310,000.00		310,000.00	285,306.93	24,693.07
Municipal/County Appropriations	135,240.00		135,240.00	135,240.00	
Total Non-Operating Appropriations	2,413,733.00	(10,000.00)	2,403,733.00	1,430,020.08	973,712.92

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2025

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance
Total Budget Appropriations	$ 7,726,402.00	$ -	$ 7,726,402.00	$ 5,543,161.42	$ 2,183,240.58
Excess of Revenues Over Appropriations	$ -	$ -	$ -	$ 6,086,639.61	$ 6,086,639.61

Reconciliation of Excess Revenues over Appropriations to Operating Income

Excess Revenues over Appropriations		$ 6,086,639.61
Add:		
Interest on Debt	$ 137,079.17	
Principal on Debt	733,002.50	
Pension Benefit - GASB 68	107,238.00	
On-Behalf Pension Revenue	3,083.00	
Non-Operating Expenditures		
Unemployment Expenditures	2,887.97	
Reserve Expenditures	95,102.27	
Municipal/County Appropriations	135,240.00	
Escrow and Alternate Escrow Reserve Deposits	380,409.08	
		1,594,041.99
Less:		
Depreciation and Amortization	2,733,778.74	
Landfill Closure and Post-Closure	1,441,504.40	
OPEB Liability Expense	9,879.20	
On-Behalf Pension Expense	3,083.00	
Non-Operating Revenues		
State Grants	159,724.54	
Investment Income Including Net Realized and Unrealized Gains on Investments	1,516,790.65	
		5,864,760.53
Operating Income Exhibit B		$ 1,815,921.07

Schedule 2

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Accrued Interest Receivable
For the Year Ended December 31, 2025

	Balance Dec. 31, 2024	Accrued	Received	Balance Dec. 31, 2025
Solid Waste Landfill Division:				
Unrestricted:				
Operating Accounts	$ 323,986.00	$ 806,774.35	$ 870,189.98	$ 260,570.37
Restricted:				
Closure/Post-Closure	238,390.28	710,016.30	750,493.53	197,913.05
	$ 562,376.28	$ 1,516,790.65	$ 1,620,683.51	$ 458,483.42

Cash Receipts	$ 1,618,611.16
Unrealized Gain on Investments	2,072.35
	$ 1,620,683.51

Schedule 3

SALEM COUNTY IMPROVEMENT AUTHORITY
Analysis of Accrued Interest Payable
For the Year Ended December 31, 2025

Balance December 31, 2024		$ 52,094.80
Increased by:		
Accrued		132,283.97
		184,378.77
Decreased by:		
Payments Made		137,079.17
Balance December 31, 2025		$ 47,299.60
Analysis of Interest Expense:		
Accrued		$ 132,283.97
Premium on Loans		(22,169.28)
Exhibit B		$ 110,114.69

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Intergovernmental Loans Payable
For the Year Ended December 31, 2025

Description	Date Issued	Amount	Maturities Date	Amount	Interest Rate	Balance Dec. 31, 2024	Paid	Balance Dec. 31, 2025
Pollution Control Financing Authority of Salem County Reimbursement Agreement	10/03/23	$ 200,000.00	10/03/26	$ 66,666.66	5.000%	$ 133,333.33	$ 66,666.67	$ 66,666.66

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2025

Description	Date Issued	Amount	Maturities Date	Amount	Interest Rate	Balance Dec. 31, 2024	Paid	Balance Dec. 31, 2025
New Jersey Infrastructure Bank Loan, Series 2017A (Interest Bearing)	05/25/17	$ 1,870,000.00	08/01/26	$ 95,000.00	5.000%			
			08/01/27	100,000.00	3.000%			
			08/01/28	105,000.00	3.000%			
			08/01/29	105,000.00	3.000%			
			08/01/30	110,000.00	3.000%			
			08/01/31	115,000.00	3.000%			
			08/01/32	115,000.00	3.000%			
			08/01/33	120,000.00	3.000%			
			08/01/34	125,000.00	3.125%			
			08/01/35	125,000.00	3.250%			
			08/01/36	130,000.00	3.250%			
				1,245,000.00		$ 1,335,000.00	$ 90,000.00	$ 1,245,000.00
New Jersey Infrastructure Bank Loan, Series 2017A (Non-Interest Bearing)	05/25/17	5,695,088.00	02/01/26	96,526.91				
			08/01/26	193,053.83				
			02/01/27	96,526.91				
			08/01/27	193,053.83				
			02/01/28	96,526.91				
			08/01/28	193,053.83				
			02/01/29	96,526.91				
			08/01/29	193,053.83				
			02/01/30	96,526.91				
			08/01/30	193,053.83				
			02/01/31	96,526.91				
			08/01/31	193,053.83				
			02/01/32	96,526.91				
			08/01/32	193,053.83				
			02/01/33	96,526.91				
			08/01/33	193,053.83				

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2025

Description	Date Issued	Amount	Maturities Date	Amount	Interest Rate	Balance Dec. 31, 2024	Paid	Balance Dec. 31, 2025
New Jersey Infrastructure Bank Loan, Series 2017A (Non-Interest Bearing) (Cont'd)	05/25/17	$ 5,695,088.00	02/01/34	$ 96,526.91				
			08/01/34	193,053.83				
			02/01/35	96,526.91				
			08/01/35	124,691.68				
				2,827,445.25		$ 3,117,025.99	$ 289,580.74	$ 2,827,445.25
New Jersey Infrastructure Bank Loan, Series 2021A (Interest Bearing)	06/10/21	2,940,000.00	08/01/26	125,000.00	5.000%			
			08/01/27	130,000.00	5.000%			
			08/01/28	140,000.00	5.000%			
			08/01/29	145,000.00	5.000%			
			08/01/30	150,000.00	5.000%			
			08/01/31	160,000.00	4.000%			
			08/01/32	165,000.00	3.000%			
			08/01/33	170,000.00	3.000%			
			08/01/34	170,000.00	3.000%			
			08/01/35	180,000.00	3.000%			
			08/01/36	185,000.00	3.000%			
			08/01/37	185,000.00	2.000%			
			08/01/38	190,000.00	3.000%			
			08/01/39	200,000.00	3.000%			
			08/01/40	200,000.00	2.000%			
				2,495,000.00		2,615,000.00	120,000.00	2,495,000.00
New Jersey Infrastructure Bank Loan, Series 2021A (Non-Interest Bearing)	06/10/21	3,279,517.00	02/01/26	55,585.03				
			08/01/26	111,170.06				
			02/01/27	55,585.03				
			08/01/27	111,170.06				

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2025

Description	Date Issued	Amount	Maturities Date	Amount	Interest Rate	Balance Dec. 31, 2024	Paid	Balance Dec. 31, 2025
New Jersey Infrastructure Bank Loan, Series 2021A (Non-Interest Bearing) (Cont'd)	06/10/21	$ 3,279,517.00	02/01/28	$ 55,585.03				
			08/01/28	111,170.06				
			02/01/29	55,585.03				
			08/01/29	111,170.06				
			02/01/30	55,585.03				
			08/01/30	111,170.06				
			02/01/31	55,585.03				
			08/01/31	111,170.06				
			02/01/32	55,585.03				
			08/01/32	111,170.06				
			02/01/33	55,585.03				
			08/01/33	111,170.06				
			02/01/34	55,585.03				
			08/01/34	111,170.06				
			02/01/35	55,585.03				
			08/01/35	111,170.06				
			02/01/36	55,585.03				
			08/01/36	111,170.06				
			02/01/37	55,585.03				
			08/01/37	111,170.06				
			02/01/38	55,585.03				
			08/01/38	111,170.06				
			02/01/39	55,585.03				
			08/01/39	111,170.06				
			02/01/40	55,585.03				
			08/01/40	111,170.29				
				2,501,326.58		$ 2,668,081.67	$ 166,755.09	$ 2,501,326.58
						9,735,107.66	666,335.83	9,068,771.83
Premium on Loans - Amortized						345,472.03	22,169.28	323,302.75
						$ 10,080,579.69	$ 688,505.11	$ 9,392,074.58

SCHEDULES ASSOCIATED WITH THE

ISSUANCE OF CONDUIT DEBT

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Conduit Debt Obligations Payable (Memorandum)
For the Year Ended December 31, 2025

Issue	Date Issued	Issue Amount	Balance Dec. 31, 2024	Paid	Balance Dec. 31, 2025
Salem City Guaranteed:					
Revenue Refunding Bonds of 2021	07/08/21	$ 14,690,000.00	$ 13,060,000.00	$ 675,000.00	$ 12,385,000.00
Salem County Guaranteed:					
Lease Revenue Bonds of 2023	02/09/23	14,745,000.00	13,795,000.00	1,000,000.00	12,795,000.00
			$ 26,855,000.00	$ 1,675,000.00	$ 25,180,000.00

SALEM COUNTY IMPROVEMENT AUTHORITY

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED
DECEMBER 31, 2025

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2025

Schedule of Financial Statement Findings

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

None

SALEM COUNTY IMPROVEMENT AUTHORITY
Summary Schedule of Prior Year Findings
And Recommendations as Prepared by Management

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

None

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

PKF O'Connor Davies, LLP

Voorhees, NJ
August 31, 2026