

**STONY BROOK REGIONAL**  
**SEWERAGE AUTHORITY**  
**REPORT OF AUDIT**  
**FOR THE YEARS ENDED**  
**NOVEMBER 30, 2025 AND 2024**

# STONY BROOK REGIONAL SEWERAGE AUTHORITY

## TABLE OF CONTENTS

<u>Page</u>		<u>Exhibits</u>
1	Independent Auditor's Report	
<b><u>REQUIRED SUPPLEMENTARY INFORMATION - PART I</u></b>		
6	Management's Discussion and Analysis	
<b><u>FINANCIAL STATEMENTS</u></b>		
16	Comparative Statement of Net Position	A
19	Comparative Statement of Revenues, Expenses and Changes in Net Position	B
20	Comparative Statement of Cash Flows	C
22	Notes to Financial Statements	
<b><u>REQUIRED SUPPLEMENTARY INFORMATION - PART II</u></b>		
54	Schedule of the Authority's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS)	RSI-1
55	Schedule of the Authority's Contributions Public Employees' Retirement System (PERS)	RSI-2
56	Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios	RSI-3
57	Note to Required Supplementary Information	RSI-4
<b><u>SUPPLEMENTARY SCHEDULES</u></b>		
<b><u>Schedules</u></b>		
58	Schedule of Revenues, Expenses and Changes in Net Position - Restricted and Unrestricted	1
59	Schedule of Cash Receipts, Disbursements and Changes in Cash	2
60	Schedule of Operating Revenue and Costs Funded by Operating Revenue Compared to Budget	3
62	Schedule of Capital Budget Program Funded by Financing Sources - Current Year	4
63	Schedule of Revenue and Revenue Refunding Bonds	5
73	Schedule of Amounts Refundable to or Receivable from Individual Members	6
74	Roster of Officials and Report on Surety Bonds	7

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT**

75	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
77	Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and N.J. OMB Circular 25-12
81	Schedule of Expenditures of Federal Awards
82	Schedule of Expenditures of State Assistance
83	Notes to the Schedule of Expenditures of Federal and State Awards
84	Schedule of Findings and Questioned Costs
90	Summary Schedule of Prior Year Findings
91	General Comments



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**INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Members of the  
Stony Brook Regional Sewerage Authority  
290 River Road  
Princeton, New Jersey 08540

**Report on the Financial Statements**

***Modified Opinion***

We have audited the accompanying statement of net position of the Stony Brook Regional Sewerage Authority, as of and for the years ended November 30, 2025 and 2024 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Stony Brook Regional Sewerage Authority, as of November 30, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Modified Opinion***

Management has not updated the net pension obligation, deferred outflow, accounts payable, and deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended November 30, 2025. Government Accounting Standards Board Statements No. 68 and 75 require a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net pension and net post-employment benefit obligation has not been determined.



***Management's Responsibilities for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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 the Authority's proportionate share of the net pension liability-PERS, and schedule of the Authority's contributions-PERS and schedule of the Authority's proportionate share of the State OPEB Liability, as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Emphasis of Matter***

#### *Prior Period Restatement*

The Authority restated the net pension obligation, deferred outflow, accounts payable and deferred inflow accounts to a measurement acceptable under current accounting standards for the year ending November 30, 2024. The resulting adjustment is discussed in Note 14 to the financial statements. Our opinion is not modified with respect to this matter.



***Other Information***

Accounting principles generally accepted in the United States of America and the reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey require that the information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 25-12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 25-12 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Honorable Chairperson and Members of the  
Stony Brook Regional Sewerage Authority  
Page 5.

***Other Reporting Required by Government Auditing Standards***

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026 on our consideration of the Stony Brook Regional Sewerage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stony Brook Regional Sewerage Authority's internal control over financial reporting and compliance.

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

March 5, 2026



**Required Supplementary Information - Part I**

## **Management Discussion and Analysis**

## STONY BROOK REGIONAL SEWERAGE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

*As management of the Stony Brook Regional Sewerage Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended November 30, 2025 and 2024. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.*

### **Financial Highlights**

- The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$50,661,576 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$49,721,170, as restated.
  
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$39,229,597 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.
  - (2) Restricted of \$444,294 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted of \$10,987,685 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
  
- Total liabilities of the Authority decreased by \$1,284,747 to \$59,703,906 during the fiscal year.

### **Overview of the Financial Statements**

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

### *Required Financial Statements*

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets), the consumption of net assets that is applicable to a future period (deferred outflows of resources), the acquisition of net assets that is applicable to a future reporting period (deferred inflows of resources) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

*Notes to the Financial Statements*

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

*Other Information*

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

**Financial Analysis of the Authority**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position**

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

The Authority's net position at fiscal year-end is \$50,661,576. This is a \$940,406 increase over last year's restated net position of \$49,721,170. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position at November 30, 2025  
With Comparative Prior Year Balances**

	<u>FY 2025</u>	<u>Restated FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	35,948,764	46,672,121	(10,723,357)	(22.98)%
Capital Assets	<u>75,168,292</u>	<u>64,533,120</u>	<u>10,635,172</u>	16.48%
Total Assets	<u>111,117,056</u>	<u>111,205,241</u>	<u>(88,185)</u>	(0.08)%
 Deferred Outflows of Resources	 <u>900,600</u>	 <u>900,600</u>	 <u>-</u>	 0.00%
Current Liabilities	6,286,383	23,792,876	(17,506,493)	(73.58)%
Long-term Liabilities	<u>53,417,523</u>	<u>37,195,777</u>	<u>16,221,746</u>	43.61%
Total Liabilities	<u>59,703,906</u>	<u>60,988,653</u>	<u>(1,284,747)</u>	(2.11)%
 Deferred Inflows of Resources	 <u>1,652,174</u>	 <u>1,668,125</u>	 <u>(15,951)</u>	 (0.96)%
Net Investment in Capital Assets	39,229,597	33,054,884	6,174,713	18.68%
Restricted	444,294	929,526	(485,232)	(52.20)%
Unrestricted	<u>10,987,685</u>	<u>15,736,760</u>	<u>(4,749,075)</u>	(30.18)%
Total Net Position	<u>50,661,576</u>	<u>49,721,170</u>	<u>940,406</u>	1.89%

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

A summary of the Authority's prior year statement of net position is presented with comparative figures in the following table. This comparison has not been updated to include the restatements described in Note 14 to the financial statements.

**Condensed Statement of Net Position at November 30, 2024  
With Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	46,672,121	26,005,102	20,667,019	79.47%
Capital Assets	<u>64,533,120</u>	<u>63,416,307</u>	<u>1,116,813</u>	1.76%
Total Assets	<u>111,205,241</u>	<u>89,421,409</u>	<u>21,783,832</u>	24.36%
Deferred Outflows of Resources	<u>1,136,486</u>	<u>1,136,486</u>	<u>0</u>	0.00%
Current Liabilities	44,070,550	23,705,739	20,364,811	85.91%
Long-term Liabilities	<u>17,356,090</u>	<u>19,004,994</u>	<u>(1,648,904)</u>	(8.68)%
Total Liabilities	<u>61,426,640</u>	<u>42,710,733</u>	<u>18,715,907</u>	43.82%
Deferred Inflows of Resources	<u>1,668,125</u>	<u>1,788,396</u>	<u>(120,271)</u>	(6.73)%
Net Investment in Capital Assets	33,054,884	33,756,701	(701,817)	(2.08)%
Restricted	929,526	1,060,795	(131,269)	(12.37)%
Unrestricted	<u>15,262,552</u>	<u>11,241,270</u>	<u>4,021,282</u>	35.77%
Total Net Position	<u>49,246,962</u>	<u>46,058,766</u>	<u>3,188,196</u>	6.92%

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

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

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position for the Year Ending  
November 30, 2025 with Comparative Prior Year Balances**

	<u>FY 2025</u>	<u>Restated FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	18,429,518	18,054,902	374,616	2.07%
Non-operating Revenues	<u>1,032,776</u>	<u>1,229,320</u>	<u>(196,544)</u>	(15.99)%
Total Revenues	<u>19,462,294</u>	<u>19,284,222</u>	<u>178,072</u>	0.92%
Depreciation	2,732,494	2,761,197	(28,703)	(1.04)%
Other Operating Expenses	14,895,376	12,901,635	1,993,741	15.45%
Other Non-operating Expense	<u>894,018</u>	<u>433,194</u>	<u>460,824</u>	106.38%
Total Expenses	18,521,888	16,096,026	2,425,862	15.07%
Change in Net Position	<u>940,406</u>	<u>3,188,196</u>	<u>(2,247,790)</u>	(70.50)%
Net Position, December 1	<u>49,721,170</u>	<u>46,532,974</u>	<u>3,188,196</u>	6.85%
Net Position, November 30	<u>50,661,576</u>	<u>49,721,170</u>	<u>940,406</u>	1.89%

The Authority's operating revenues increased by \$374,616 to \$18,429,518 in fiscal year 2025 from \$18,054,902 in 2024. This increase is primarily due to an increase in revenue from sludge handling revenues.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

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

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position for the Year Ending  
November 30, 2024 with Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	18,054,902	17,437,222	617,680	3.54%
Non-operating Revenues	<u>1,229,320</u>	<u>1,187,772</u>	<u>41,548</u>	3.50%
Total Revenues	<u>19,284,222</u>	<u>18,624,994</u>	<u>659,228</u>	3.54%
Depreciation	2,761,197	2,944,864	(183,667)	(6.24)%
Other Operating Expenses	12,901,635	12,658,215	243,420	1.92%
Other Non-operating Expense	<u>433,194</u>	<u>543,604</u>	<u>(110,410)</u>	(20.31)%
Total Expenses	<u>16,096,026</u>	<u>16,146,683</u>	<u>(50,657)</u>	(0.31)%
Change in Net Position	<u>3,188,196</u>	<u>2,478,311</u>	<u>709,885</u>	28.64%
Net Position, December 1	<u>46,058,766</u>	<u>43,580,455</u>	<u>2,478,311</u>	5.69%
Net Position, November 30	<u>49,246,962</u>	<u>46,058,766</u>	<u>3,188,196</u>	6.92%

**Budgetary Highlights**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Budgetary Highlights (Continued)**

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

**Budget vs. Actual  
FY 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Net Position Utilized	1,790,000	1,790,000	-
Operating	17,585,042	18,403,427	545,385
Non-Operating	<u>760,000</u>	<u>930,177</u>	<u>170,177</u>
	<u>20,408,042</u>	<u>21,123,604</u>	<u>715,562</u>
Expenses:			
Operating	16,369,103	14,895,376	1,473,727
Non-Operating	<u>4,038,939</u>	<u>3,395,470</u>	<u>643,469</u>
	<u>20,408,042</u>	<u>18,313,471</u>	<u>2,117,196</u>
Income before Depreciation	<u>0</u>	<u>2,832,758</u>	<u>2,832,758</u>

**Budget vs. Actual  
FY 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Net Position Utilized	1,600,000	1,600,000	0
Operating	17,706,273	17,989,551	283,278
Non-Operating	<u>660,000</u>	<u>1,174,400</u>	<u>514,400</u>
	<u>19,966,273</u>	<u>20,763,951</u>	<u>797,678</u>
Expenses:			
Operating	16,369,984	12,901,635	3,468,349
Non-Operating	<u>3,596,289</u>	<u>3,103,384</u>	<u>492,905</u>
	<u>19,966,273</u>	<u>16,005,019</u>	<u>3,961,254</u>
Income before Depreciation	<u>0</u>	<u>4,758,932</u>	<u>4,758,932</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's net property, plant and equipment at fiscal year end was \$75,168,292. This is a \$10,635,172 increase over last year's net property, plant and equipment of \$64,533,120. A summary of the Authority's capital assets is presented in the following table:

**CAPITAL ASSETS**

	<u>FY</u> <u>2025</u>	<u>FY</u> <u>2024</u>
Land	\$911,690	\$911,690
Treatment Plant	103,112,312	101,131,414
Pumping Stations	14,783,143	14,783,143
Collection System	11,556,726	11,556,726
Furniture & Equipment	10,352,359	9,503,267
Automotive	870,507	870,507
Construction in Progress	<u>46,589,941</u>	<u>36,052,265</u>
Total Property, Plant and Equipment	188,176,678	174,809,012
Less: Accumulated Depreciation	<u>113,008,386</u>	<u>110,275,892</u>
Property, Plant and Equipment, Net	<u>\$75,168,292</u>	<u>\$64,533,120</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

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

Sludge Storage Cake Hopper	\$1,810,000
Sludge Thickener 2 Improvement	460,000
Fly Ash Header Replacement	450,000
Sludge Cake Receiving Upgrade	2,950,000
RR Ops Building HVAC Upgrade	2,400,000
PS Insulent Screening	4,100,000
Disinfection Building Storage	200,000
Guardrail System	135,000
SB Pump Station Replacement	1,100,000
RRWWTP Nitrate Removal	1,930,000
Millstone PS Replacement	1,100,000
SB PS – Pump 4	1,100,000
Scum Collection Improvement	300,000
RRWWTP Capacity Re-Rating	1,930,000
Princeton PS Replacement	800,000
AI Technology	100,000
Nitrification Clarifier Drive	600,000
Millstone Force Main Assmt	550,000
Sludge Mix Tank Platform	150,000
Pepcon System Upgrades	3,300,000
Fixed Assets Mgmt Program	267,000
Process Drain Pump	180,000
MA Diffuser and Grit Removal	250,000
MS 6 Upgrades	80,000
Settling Tank Skimmers	160,000
Aerator Gearbox Rebuild	300,000
MA Odor Control Fan Replacement	80,000
Millstone Generator Replacement	100,000
Valve Replacement Program	250,000
Painting-River Road	250,000
Painting-Remote Facilities	250,000
Concrete Pavement Repair	250,000
Lighting Improvements	150,000
Nitrification Foam Spray Lines	150,000
FAS Piping Replacement	500,000
Franklin Miller Grinder Lift	100,000
Roof Replacements	800,000
Asphalt Paving Pennington	300,000
River Rd Paving-Western Half	<u>300,000</u>
Total	<u>\$28,252,000</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Debt Administration**

At November 30, 2025, the Authority had outstanding bonds of \$27,890,302 (gross). The debt service schedule has a final maturity in 2054. Full details of the specific bond issues outstanding are found in Note 5 to the financial statements and the supplementary schedules. The Authority also had outstanding \$20,301,410 in temporary financing through the New Jersey Infrastructure Bank ("NJIB").

**Economic Factors, Future Years' Budgets and Rates**

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

**Contacting the Authority**

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Executive Director of the Stony Brook Regional Sewerage Authority, 290 River Road, Princeton, New Jersey 08540.

## **Financial Statements**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>Restated 2024</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 21,166,335	\$ 24,492,318
Accounts Receivable, Net	483,338	364,051
Prepaid Expenses	193,277	170,652
	<hr/>	<hr/>
Total Unrestricted Assets	21,842,950	25,027,021
Restricted:		
Cash and Cash equivalents	544,275	1,036,507
Loan Receivable (NJIB)	13,561,539	20,608,593
	<hr/>	<hr/>
Total Restricted Assets	14,105,814	21,645,100
	<hr/>	<hr/>
Total Current Assets	35,948,764	46,672,121
<b>Capital Assets:</b>		
Property, Plant and Equipment	188,176,678	174,809,012
Less: Accumulated Depreciation	(113,008,386)	(110,275,892)
	<hr/>	<hr/>
Total Capital Assets	75,168,292	64,533,120
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>111,117,056</b>	<b>111,205,241</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows Related to Pensions	\$ 900,600	\$ 900,600
	<hr/>	<hr/>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>900,600</b>	<b>900,600</b>
	<hr/>	<hr/>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2025 AND 2024**

	2025	Restated 2024
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Payable from Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 3,488,263	\$ 2,132,909
Accounts Payable - Pension Related	620,000	620,000
Accrued Interest Payable	198,936	55,871
Total Current Liabilities Payable from Unrestricted Assets	4,307,199	2,808,780
Payable from Restricted Assets:		
Accrued Interest Payable	81,375	88,375
Contractor Hauler Deposits	18,606	18,606
Current Portion of Long-Term Debt	1,879,203	1,615,688
NJIB Notes Payable	-	19,261,427
Total Current Liabilities Payable from Restricted Assets	1,979,184	20,984,096
<b>Non-Current Liabilities</b>		
Accrued Compensated Absences	441,599	365,432
Post-Retirement Health Benefits Payable	447,799	457,381
Long-Term Debt	26,011,099	9,855,938
Net Pension Obligation	6,215,616	6,215,616
NJIB Notes Payable	20,301,410	20,301,410
Total Non-Current Liabilities	53,417,523	37,195,777
<b>TOTAL LIABILITIES</b>	<b>\$ 59,703,906</b>	<b>\$ 60,988,653</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
<b>Deferred Inflows:</b>		
Deferred Inflows Related to Pensions	\$ 343,652	\$ 343,652
Deferred Savings on Refunding Bond	170,802	190,554
Unamortized Premiums	918,720	573,812
Unamortized Savings Credits	219,000	288,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,652,174</b>	<b>1,396,018</b>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>Restated 2024</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	39,229,597	33,054,884
Restricted		
Bond/Loan Service	295,000	280,000
Bond/Loan Reserve	667	485
Renewal and Replacement	148,627	649,041
Unrestricted		
Designated	10,656,983	9,656,983
Undesignated	330,702	6,079,777
<b>TOTAL NET POSITION</b>	<u>\$ 50,661,576</u>	<u>\$ 49,721,170</u>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

	<b>2025</b>	<b>Restated 2024</b>
<b>Operating Revenue:</b>		
Member Service Charges	\$ 15,093,542	\$ 14,944,238
Septage, Sludge and Special Waste	3,309,885	3,045,313
Other	26,091	65,351
Total Operating Revenue	18,429,518	18,054,902
<b>Operating Expenses:</b>		
Administrative:		
Salaries & Wages	492,407	520,622
Fringe Benefits	147,406	167,908
Other Expenses	1,202,063	1,037,161
Cost of Services:		
Salaries & Wages	3,894,723	3,428,352
Fringe Benefits	1,585,966	1,466,750
Other Expenses	7,572,811	6,280,842
Depreciation Expense	2,732,494	2,761,197
Total Operating Expenses	17,627,870	15,662,832
Operating Income	801,648	2,392,070
<b>Non-Operating Revenue (Expenses):</b>		
Interest Income	904,086	1,109,049
Interest Expense	(686,433)	(433,194)
Amortization of Bond Premium	128,690	120,271
Cost of Issuance	(207,585)	-
Non-Operating Income (Loss)	138,758	796,126
<b>Change In Net Position</b>	940,406	3,188,196
<b>Total Net Position - December 1,</b>	49,721,170	46,532,974
<b>Total Net Position - November 30,</b>	\$ 50,661,576	\$ 49,721,170

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

	<b>2025</b>	<b>Restated 2024</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Members	\$ 14,951,630	\$ 14,790,069
Cash Received from Other Operating Fees	3,335,976	3,110,664
Cash Paid to Suppliers	(7,419,520)	(7,157,994)
Cash Paid to Employees	(6,053,917)	(5,616,848)
	4,814,169	5,125,891
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flow from Capital and Related Financing Activities:</b>		
Acquisition of Fixed Assets	(13,367,666)	(3,878,010)
Proceeds from NJEIT Loans Receivable	6,281,309	3,609,091
Bond Principal Paid	(1,709,037)	(1,670,190)
Interest Paid on Debt	(550,368)	(475,300)
Cost of Issuance Paid	(190,708)	
	(9,536,470)	(2,414,409)
<b>Net Cash Used for Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Interest Received	904,086	1,109,049
	904,086	1,109,049
<b>Net Cash Provided by (Used for ) Investing Activities</b>		
	(3,818,215)	3,820,531
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		
	25,528,825	21,708,294
<b>Cash and Cash Equivalents, December 1,</b>		
	25,528,825	21,708,294
<b>Cash and Cash Equivalents November, 30,</b>	\$ 21,710,610	25,528,825
<b>Analysis of Balance at November 30,</b>		
Unrestricted - Cash and Cash Equivalents	21,166,335	24,492,318
Restricted - Cash and Cash Equivalents	544,275	1,036,507
	21,710,610	25,528,825

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

	<b>2025</b>	<b>Restated 2024</b>
<b>Operating Income</b>	\$ 801,648	\$ 2,392,070
<b>Adjustments to Reconcile Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Depreciation Expense	2,732,494	2,761,197
Cancellation of Accounts Payable		
Net Pension Adjustments		
(Increase)/Decrease in Accounts Receivable	(119,287)	(60,221)
(Increase)/Decrease in Prepaid Items	(22,625)	(93,948)
Increase/(Decrease) in Accounts Payable	1,355,354	160,009
Increase/(Decrease) in Accrued Compensated Absences	76,167	(19,941)
Increase/(Decrease) in Post-Retirement Health Benefits Payable	(9,582)	(13,275)
<b>Total Adjustments</b>	4,012,521	2,733,821
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 4,814,169	\$ 5,125,891

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

**Notes to Financial Statements**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 1. GENERAL**

The Stony Brook Regional Sewerage Authority (the “Authority”) is a public body corporate and politic of the State of New Jersey, governed by six members appointed by its participant municipalities.

The Authority was created and organized in 1968 under and pursuant to the State Municipal Utilities Authorities Law (P.L. 1957, Chapter 183).

The Stony Brook Regional Sewerage Authority was created to construct and operate a wastewater collection and treatment system to serve seven member municipalities (Princeton Borough, Princeton Township, South Brunswick Township, West Windsor Township, Hopewell Borough, Hopewell Township, and Pennington Borough) in Mercer and Middlesex Counties, New Jersey. In 2013, Princeton Borough and Princeton Township merged and became Princeton. The Authority has entered into an agreement with its member municipalities other than Hopewell Township, obligating each participating municipality to guarantee its proportionate share of the Authority’s operating expenses, debt service and required reserve additions to the extent not met by other sources.

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

**Component Unit**

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

The basic-but not the only-criterion for including a potential component unity 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.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 1. GENERAL, (continued)**

**Component Unit, (continued)**

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The financial statements of the Stony Brook Regional Sewerage Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant of the Authority's accounting policies are described below.

On January 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net position reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

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

- *Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**B. Basis of Accounting**

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

**C. Reporting Entity**

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

**D. Risks of Loss**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

**E. Grants**

Contributions received from the U.S. Environmental Protection Agency and N.J. Department of Environmental Protection are recorded in the period in which they are awarded.

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

**F. Inventories of Materials and Supplies**

The cost of inventories, primarily chemicals for the treatment of sewerage and sludge, are recorded as expenditures at the time individual items are purchased, since they are not material to the results of operations and financial position.

**G. Property, Plant and Equipment**

Property, Plant and Equipment is stated at cost which includes direct construction costs and other expenditures related to construction. Land is stated at approximate fair market value as of the date it was donated to the Authority or at the purchase price if purchased by the Authority.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and placed into operation. Assets with a cost of more than \$5,000 are capitalized.

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

Treatment Plant	25-40 Years
Pumping Station	15-40 Years
Collection System	40 Years
Furniture and Equipment	5-15 Years
Vehicles	5 Years

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

A summary of the changes in property, plant and equipment at November 30, 2025 and 2024 are as follows:

	<u>Balance</u> <u>Nov. 30, 2024</u>	<u>Additions</u>	<u>Deletions/ Cancellations</u>	<u>Balance</u> <u>Nov. 30, 2025</u>
Land	\$911,690	\$	\$	\$911,690
Treatment Plant	101,131,414	1,980,898		103,112,312
Pumping Stations	14,783,143			14,783,143
Collection System	11,556,726			11,556,726
Furniture & Equipment	9,503,267	849,092		10,352,359
Automotive	870,507			870,507
Construction in Progress	<u>36,052,265</u>	<u>10,537,676</u>	<u>          </u>	<u>46,589,941</u>
	174,809,012	13,367,666		<u>188,176,678</u>
Less: Accumulated Depreciation	<u>110,275,892</u>	<u>2,732,494</u>	<u>          </u>	<u>113,008,386</u>
Property, Plant and Equipment, Net	<u>\$64,533,120</u>	<u>\$10,635,172</u>	<u>\$          </u>	<u>\$75,168,292</u>
	<u>Balance</u> <u>Nov. 30, 2023</u>	<u>Additions</u>	<u>Deletions/ Cancellations</u>	<u>Balance</u> <u>Nov. 30, 2024</u>
Land	\$911,690	\$	\$	\$911,690
Treatment Plant	100,384,825	746,589		101,131,414
Pumping Stations	14,580,467	202,676		14,783,143
Collection System	11,549,726	7,000		11,556,726
Furniture & Equipment	7,027,145	2,476,122		9,503,267
Automotive	870,507			870,507
Construction in Progress	<u>35,606,642</u>	<u>1,172,488</u>	<u>726,865</u>	<u>36,052,265</u>
	170,931,002	4,604,875	726,865	174,809,012
Less: Accumulated Depreciation	<u>107,514,695</u>	<u>2,761,197</u>	<u>          </u>	<u>110,275,892</u>
Property, Plant and Equipment, Net	<u>\$63,416,307</u>	<u>\$1,843,678</u>	<u>\$726,865</u>	<u>\$64,533,120</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

**H. Restricted and Designated Accounts**

Construction in Progress consists of several projects in process which are largely funded through the New Jersey Infrastructure Bank Financing Program.

Restricted Accounts

The Authority has established the following restricted accounts:

Renewal and Replacement

Pay for emergency and non-recurring repairs, etc. Holds amounts needed for replacement of assets at the Authority's discretion.

Construction Reserve

The Authority established this account to provide funds for future construction projects.

Bond Service

The Authority established this account to provide funds for future debt service payments.

Bond Reserve

The Authority established this account to equal the greatest amount of debt service due in any fiscal year.

**I. Unamortized Premium on Bonds**

Premiums paid in connection with the Series 2015, 2020, 2023, and 2025 bond issues are being amortized over the life of the issues.

**J. Operating Fund Budget**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

**K. Use of Estimates**

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

**L. Compensated Absences**

The Authority provides compensated absences benefits to its employees. As of November 30, 2025 and 2024, the vested amounts were \$441,599 and \$365,432, respectively.

**M. Net Position**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

**N. Recent Accounting Pronouncements**

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

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

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

**O. Revenues and Expenses**

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

**NOTE 3. CASH AND CASH EQUIVALENTS**

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

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

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 3. CASH AND CASH EQUIVALENTS, (continued)**

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

As of November 30, 2025, the Authority’s cash and cash equivalents are summarized as follows:

	<u>Money Market/ Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Unrestricted	\$18,643,348	\$2,522,987	\$21,166,335
Restricted	<u>544,275</u>	<u>                    </u>	<u>544,275</u>
	<u>\$19,187,623</u>	<u>\$2,522,987</u>	<u>\$21,710,610</u>

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of November 30, 2025, the Authority had \$2,522,987 on deposit with the New Jersey Cash Management Fund.

The carrying amount of the Authority’s cash and cash equivalents at November 30, 2025 was \$21,710,610 and the bank balance was \$21,910,199. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposit may not be returned to it. The Authority’s policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of November 30, 2025, \$-0- of the Authority’s bank balance of \$21,910,199 was exposed to custodial risk.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 4. NEW JERSEY INFRASTRUCTURE BANK**

The Authority issued bonds in 2007, 2009, 2010, 2015, 2020, and 2025 through the Trust to finance the improvement to the treatment facilities. The proceeds of the Bonds are held by the Trust until the Authority expends funds on the project. The Authority then submits for reimbursement of these expenditures from the Trust. The following is the remaining amount of funds to be received by the Trust:

	Balance <u>Nov. 30, 2024</u>	Loans <u>Authorized</u>	Less: Amounts <u>Received</u>	Balance <u>Nov. 30, 2025</u>
Project No. S340400-11:				
Fund Portion	\$567,148	\$	\$184,276	\$ -
Trust Portion	<u>567,148</u>	<u>          </u>	<u>184,275</u>	<u>          </u>
	<u>1,134,296</u>	<u>          </u>	<u>368,551</u>	<u>          </u>
 Project No. S340400-12:				
Fund Portion	12,030,370		4,434,568	7,595,802
Trust Portion	<u>7,443,927</u>	<u>          </u>	<u>1,478,190</u>	<u>5,965,737</u>
	<u>19,474,297</u>	<u>          </u>	<u>5,912,758</u>	<u>13,561,539</u>
	<u>\$20,608,593</u>	<u>\$</u>	<u>\$6,281,309</u>	<u>\$13,561,539</u>
	Balance <u>Nov. 30, 2023</u>	Loans <u>Authorized</u>	Less: Amounts <u>Received</u>	Balance <u>Nov. 30, 2024</u>
Project No. S340400-11:				
Fund Portion	\$1,958,137	\$	\$1,390,989	\$567,148
Trust Portion	<u>1,958,137</u>		<u>1,390,989</u>	<u>567,148</u>
	<u>3,916,274</u>	<u>          0</u>	<u>2,781,978</u>	<u>1,134,296</u>
 Project No. S340400-12:				
Fund Portion	-0-	12,650,705	620,335	12,030,370
Trust Portion	<u>-0-</u>	<u>7,650,705</u>	<u>206,778</u>	<u>7,443,927</u>
	<u>-0-</u>	<u>20,301,410</u>	<u>827,113</u>	<u>19,474,297</u>
	<u>\$3,916,274</u>	<u>\$20,301,410</u>	<u>\$3,609,091</u>	<u>\$20,608,593</u>

These funds shall be disbursed to the Authority under the terms of its loan agreements with the New Jersey Infrastructure Bank.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE**

The Authority has issued and has outstanding the following bonds as of November 30, 2025 and 2024.

	<u>Balance</u> <u>Nov. 30, 2024</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Nov. 30, 2025</u>
Series 2007A NJEIB Bonds	\$836,930	\$	\$327,075	\$509,855
Series 2009A NJEIB Bonds	475,625		89,125	386,500
Series 2010B NJEIB Bonds	1,831,225		556,432	1,274,793
Series 2015A-1 NJEIB Bonds	2,005,391		190,559	1,814,832
Series 2020A-1 NJEIB Bonds	2,787,455		172,497	2,614,958
Series 2023 A-2 Revenue Refunding Bonds	3,535,000		280,000	3,255,000
Series 2025A NJIB Bonds	<u>-</u>	<u>18,127,713</u>	<u>93,349</u>	<u>18,034,364</u>
	<u>\$11,471,626</u>	<u>\$18,127,713</u>	<u>\$1,709,037</u>	<u>\$27,890,302</u>
Due Within One Year	1,615,688			1,879,203
Long-Term Debt	<u>9,855,938</u>			<u>26,011,099</u>
	<u>\$11,471,626</u>			<u>\$27,890,302</u>

	<u>Balance</u> <u>Nov. 30, 2023</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Nov. 30, 2024</u>
Series 2007A NJEIT Bonds	\$1,161,507	\$	\$324,577	\$836,930
Series 2009A NJEIT Bonds	564,750		89,125	475,625
Series 2010B NJEIT Bonds	2,369,657		538,432	1,831,225
Series 2015A-1 NJEIT Bonds	2,195,950		190,559	2,005,391
Series 2020A-1 NJEIT Bonds	2,959,952		172,497	2,787,455
Series 2023 A-2 Revenue Refunding Bonds	<u>3,890,000</u>	<u>                    </u>	<u>355,000</u>	<u>3,535,000</u>
	<u>\$13,141,816</u>	<u>\$0</u>	<u>\$1,670,190</u>	<u>\$11,471,626</u>
Due Within One Year	1,670,190			1,615,688
Long-Term Debt	<u>11,471,626</u>			<u>9,855,938</u>
	<u>\$13,141,816</u>			<u>\$11,471,626</u>

Presented below is a summary of debt service requirements to maturity for all permanently financed bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$1,879,203	\$752,607	\$2,631,810
2027	1,794,555	692,496	2,487,051
2028	1,649,555	633,075	2,282,630
2029	1,408,555	580,840	1,989,395
2030	1,221,430	539,200	1,760,630
2031-2035	5,931,390	2,151,598	8,082,988
2036-2040	3,730,246	1,542,987	5,273,233
2041-2045	3,279,080	1,144,328	4,423,408
2046-2050	3,685,559	723,719	4,409,578
2051-2054	<u>3,310,729</u>	<u>220,959</u>	<u>3,531,688</u>
	<u>\$27,890,302</u>	<u>\$8,981,809</u>	<u>\$36,872,111</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2007 NJEIB Bonds**

In 2007, the Authority participated in the NJEIB Financing Program in the amount of \$5,515,000 to finance energy efficiencies to the sludge incineration facilities. This financing is comprised of a Trust Loan in the amount of \$2,865,000 which bears interest from 3.4% to 5.0% and a Fund Loan in the amount of \$2,650,000 which bears no interest.

Year	Trust Portion		Fund Portion	Total
	Principal	Interest	Principal	
2026	191,000	19,663	117,855	328,518
2027	201,000	9,805		210,805
	<u>392,000</u>	<u>29,468</u>	<u>117,855</u>	<u>539,323</u>

**Series 2009A NJEIB Bonds**

In 2009, the Authority participated in the NJEIB Financing Program in the amount of \$3,310,373 to finance the replacement of eight mechanical surface aerators located in the existing nitrification tanks. In addition, the project included replacement of the polymer and caustic chemical storage and feed systems for sludge processing and various appurtenance work.

This financing comprised of a Trust Loan in the amount of \$825,000 which bears interest from 2.0% to 5.0%, a Fund Loan in the amount of \$828,458 which bears no interest, and the American Recovery and Reinvestment Act (ARRA) which provides for principal forgiveness in the amount of \$1,656,915. The principal forgiveness portion is being recognized as revenue as the funds are expended and reimbursed.

Year	Trust Portion		Fund Portion	Total
	Principal	Interest	Principal	
2026	52,000	8,720	42,125	102,845
2027	52,000	6,640	42,125	100,765
2028	57,000	4,560	42,125	103,685
2029	57,000	2,280	42,125	101,405
	<u>218,000</u>	<u>22,200</u>	<u>168,500</u>	<u>408,700</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2010B NJEIB Bonds**

In 2010, the Authority participated in the NJEIB Financing Program in the amount of \$12,917,500 to finance the Headworks project. The project includes the construction of four new grit chambers and the installation of influent screens.

This financing is comprised a Trust Loan in the amount of \$6,220,000 (net of bond premium) which bears interest at 5.0%; a Fund Loan in the amount of \$4,107,500 which bears no interest; and principal forgiveness of \$2,500,000. The Fund Loan principal amortization reflects the principal forgiveness on a pro-rata basis over the life of the loan. On July 18, 2014, \$810,000 of these bonds were defeated by the Trust. This includes \$320,000 of year 2029 bonds and \$490,000 of year 2030 bonds.

Year	Trust Portion		Fund Portion	Total
	Principal	Interest	Principal	
2026	361,000	58,550	13,793	433,343
2027	378,000	40,500		418,500
2028	394,000	23,490		417,490
2029	128,000	5,760		133,760
	<u>1,261,000</u>	<u>128,300</u>	<u>13,793</u>	<u>1,403,093</u>

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**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2015A-1 NJEIB Bonds**

In 2015, the Authority participated in the NJEIB Financing Program in the amount of \$3,650,628 to finance the Emergency Generator project. This project includes the installation of a natural gas emergency generator at the River Road Wastewater Treatment plant and the replacement of existing turbine emergency generators with new diesel emergency generators at both the Millstone and South Brunswick Pump Stations.

This financing is comprised of a Trust Loan in the amount of \$1,075,000 (net of bond premium) which bears interest from 4.0% to 5.0%; a Fund Loan in the amount of \$2,575,628 which bears no interest; and principal forgiveness in the amount of \$873,874. The Fund Loan principal amortization reflects the principal forgiveness on a pro-rata basis over the life of the loan.

Year	Trust Portion		Fund Portion	Total
	Principal	Interest	Principal	
2026	60,000	25,400	135,559	220,959
2027	60,000	22,400	135,559	217,959
2028	65,000	20,000	135,559	220,559
2029	65,000	17,400	135,559	217,959
2030	70,000	14,800	135,559	220,359
2031	70,000	12,000	135,559	217,559
2032	75,000	9,200	135,559	219,759
2033	75,000	6,200	135,559	216,759
2034	80,000	3,200	110,360	193,560
	<u>620,000</u>	<u>130,600</u>	<u>1,194,832</u>	<u>1,945,432</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2020A-1 NJEIB Bonds**

In 2020, the Authority participated in the NJEIB Financing Program in the amount of \$3,559,101 to finance the improvements to the Authority's Sludge Pumps. This financing is comprised of a Trust Loan in the amount of \$855,000 (net of bond premium) which bears interest from 4.0% to 5.0%; a Fund Loan in the amount of \$2,704,101 which bears no interest. The Fund Loan principal amortization is on a pro-rata basis over the life of the loan.

Year	Trust Portion		Fund Portion	Total
	Principal	Interest	Principal	
2026	40,000	22,950	137,497	200,447
2027	40,000	20,950	137,497	198,447
2028	40,000	18,950	137,497	196,447
2029	45,000	16,950	137,497	199,447
2030	45,000	14,700	137,497	197,197
2031	50,000	12,450	137,497	199,947
2032	50,000	10,450	137,497	197,947
2033	50,000	9,387	137,497	196,884
2034	50,000	8,262	137,497	195,759
2035	55,000	7,075	137,497	199,572
2036	55,000	5,769	137,497	198,266
2037	55,000	4,394	137,497	196,891
2038	55,000	3,018	137,497	195,515
2039	60,000	1,575	137,497	199,072
	<u>690,000</u>	<u>156,880</u>	<u>1,924,958</u>	<u>2,771,838</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2023 Revenue Refunding Bonds**

In April 2023, the Authority issued \$3,890,000 2023 Revenue Refunding Bonds with a maturity date of December 1, 2033, and an interest rate of 5.00%. The Series 2023 Bonds were issued to (i) refund Authority's outstanding Revenue Refunding Bonds (Series 2012) maturing on December 1 in the years 2023 through 2033, inclusive, in the aggregate principal amount of \$4,805,000 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Series 2023 Bonds.

Year	Trust Portion		Total
	Principal	Interest	
2026	295,000	155,375	450,375
2027	310,000	140,250	450,250
2028	325,000	124,375	449,375
2029	340,000	107,750	447,750
2030	360,000	90,250	450,250
2031	375,000	71,875	446,875
2032	395,000	52,625	447,625
2033	415,000	32,375	447,375
2034	440,000	11,000	451,000
	3,255,000	785,875	4,040,875

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2025 A-SW1/C-SW1 NJIB Bonds**

In 2025, the Authority participated in the NJIB Financing Program in the amount of \$18,127,713 to finance the UV Disinfection Project. This financing is comprised of a Trust Loan in the amount of \$11,243,187 which bears interest from 3.71% to 5.00%; a Fund Loan in the amount of \$6,884,526 which bears no interest. The Fund Loan principal amortization is on a pro-rata basis over the life of the loan.

Year	Trust Portion		Fund Portion	
	Principal	Interest	Principal	Total
2026	200,000	461,950	233,374	895,324
2027	205,000	451,950	233,374	890,324
2028	220,000	441,700	233,374	895,074
2029	225,000	430,700	233,374	889,074
2030	240,000	419,450	233,374	892,824
2031	255,000	407,450	233,373	895,823
2032	260,000	394,700	233,374	888,074
2033	275,000	381,700	233,374	890,074
2034	285,000	367,950	233,373	886,323
2035	305,000	353,700	233,374	892,074
2036	320,000	338,450	233,374	891,824
2037	335,000	322,450	233,373	890,823
2038	350,000	305,700	233,374	889,074
2039	398,050	288,200	233,374	919,624
2040	385,340	273,432	233,373	892,145
2041	395,265	259,136	233,374	887,775
2042	405,059	244,472	233,374	882,905
2043	424,651	229,444	233,373	887,468
2044	434,034	213,689	233,374	881,097
2045	453,202	197,586	233,374	884,162
2046	467,080	180,773	233,374	881,227
2047	485,723	163,444	233,374	882,541
2048	504,058	145,423	233,374	882,855
2049	522,073	126,723	233,373	882,169
2050	539,756	107,354	233,374	880,484
2051	562,096	87,329	233,374	882,799
2052	584,014	66,476	233,374	883,864
2053	605,495	44,808	233,374	883,677
2054	<u>602,291</u>	<u>22,345</u>	<u>256,711</u>	<u>881,347</u>
	<u>11,243,187</u>	<u>7,728,484</u>	<u>6,791,177</u>	<u>25,762,848</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 6. NOTES PAYABLE**

The Authority has issued and has outstanding the following notes as of November 30, 2025 and 2024:

	<u>Balance Nov. 30, 2024</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2025</u>
Series 2021 Notes (NJIB)	\$19,261,427	\$	\$19,261,427	\$ -
Series 2024 Notes (NJIB)	<u>20,301,410</u>	<u>                    </u>	<u>                    </u>	<u>20,301,410</u>
	<u>\$39,562,837</u>	<u>\$                    </u>	<u>\$19,261,427</u>	<u>\$20,301,410</u>
Due Within One Year	\$19,261,427			\$
Long-Term Debt	<u>20,301,410</u>			<u>20,301,410</u>
	<u>\$39,562,837</u>			<u>\$20,301,410</u>
	<u>Balance Nov. 30, 2023</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2024</u>
Series 2021 Notes (NJIB)	\$19,261,427	\$	\$	\$19,261,427
Series 2024 Notes (NJIB)		<u>20,301,410</u>		<u>20,301,410</u>
	<u>\$19,261,427</u>	<u>\$20,301,410</u>	<u>\$0</u>	<u>\$39,562,837</u>
Due Within One Year	\$19,261,427			\$19,261,427
Long-Term Debt	<u>-0-</u>			<u>20,301,410</u>
	<u>\$19,261,427</u>			<u>\$39,562,837</u>

A description of these outstanding notes is as follows:

**2021 Financing Trust Loan Program**

In 2021, for the purpose of temporary/interim financing during construction, the Authority issued a low-interest bearing note to the NJIB in the amounts of \$19,210,000 which are due June 30, 2024. This note represents funding for the improvements to the Authority's treatment system. Proceeds of the note are held by the NJIB for the benefit of the Authority upon submission of approved construction cost requisitions. The Authority permanently financed this note in 2025 as Series A-SW1/6-SW1 Bonds.

**2024 Financing Trust Loan Program**

In 2024, for the purpose of temporary/interim financing during construction, the Authority issued a low-interest bearing note to the NJIB in the amounts of \$20,301,410 which are due June 30, 2027. This note represents funding for the improvements to the Authority's Hopewell Wastewater Treatment Plant system. Proceeds of the note are held by the NJIB for the benefit of the Authority upon submission of approved construction cost requisitions. The Authority expects to permanently finance this note prior to maturity through the NJIB financing program. Each bond is expected to be amortized on a level debt service basis for a period of no less than twenty years and no more than thirty years.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLAN**

Description of Plans:

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

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

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

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

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**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLAN, (continued)**

*Public Employees' Retirement System (PERS), (continued)*

Benefits Provided, (continued)

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

Defined Contribution Retirement Program

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

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

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

Contribution Requirements

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

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

<u>Year</u> <u>Funding</u>	<u>Three Year Trend Information for PERS</u>	
	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
2025	\$622,444	100%
2024	616,144	100%
2023	636,685	100%

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

**Public Employees Retirement System (PERS)**

At November 30, 2025 and 2024, the Authority reported a liability of \$6,215,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2024 the Authority's proportion was 0.0457432671 percent, which was a decrease of 0.00035703 percent from its proportion measured as of June 30, 2023.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

For the year ended November 30, 2025, the Authority recognized pension expense (benefit) of \$474,208. At November 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2025</u>	Restated <u>2024</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$7,722	\$7,722
Changes in proportion and differences between Authority contributions and proportionate share of contributions	272,878	272,878
Authority contributions subsequent to the measurement date	<u>620,000</u>	<u>620,000</u>
Total	<u>\$900,600</u>	<u>\$900,600</u>
	<u>2025</u>	Restated <u>2024</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$70,719	\$70,719
Net difference between projected and actual earnings on pension plan investments	288,201	288,201
Changes in proportion and differences between Authority contributions and proportionate share of contributions	618,732	618,732
Deferred Pension Adjustment	<u>(634,000)</u>	<u>(634,000)</u>
Total	<u>\$343,652</u>	<u>\$343,652</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

The \$900,600 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending November 30, 2025 and 2024, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	<u>Nov. 30, 2025</u>	Restated <u>Nov. 30, 2024</u>
2025	\$(263,900)	\$(352,538)
2026	204,198	(196,774)
2027	(117,479)	274,978
2028	(67,820)	(49,210)
2029	1,765	837

**Changes in Proportion**

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

**Additional Information**

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

	<u>Nov. 30, 2025</u>	<u>Nov. 30, 2024</u>
Collective deferred outflows of resources	N/A	1,079,580,780
Collective deferred inflows of resources	N/A	1,611,322,898
Collective net pension liability	N/A	13,702,423,985
Authority's Proportion	N/A	0.0457432671%

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

**Actuarial Assumptions**

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

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

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

**Mortality Rates**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

**Long-Term Rate of Return**

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

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

**Discount Rate**

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

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

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

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$8,328,546	\$6,215,616	\$4,514,369

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (continued)**

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Authority under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Authority does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Authority related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Authority as of November 30, 2024 was 0.0459546042%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2024 was \$20,039. Information regarding the special funding situation as of June 30, 2025 was not available during the audit.

**Pension Plan Fiduciary Net Position**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

In 2013, the Authority adopted a single-employer defined benefit healthcare plan ("Plan"). In order to be eligible to receive retirement health benefits under the Plan, the following conditions must be met:

- A. Retire with 25 or more years of service with the Authority for pension purposes.
- B. Retiree must be 55 years of age or older at the time of retirement.

Retiree health benefits terminate when the retired employee is eligible for Medicare or dies. The maximum contribution by the Authority for retiree health benefits is \$7,000 per year, which serves as a reimbursement for insurance purchased by the retiree directly. As a result of implementing GASB Statement No. 45, Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans (OPEB), the Authority had hired an independent financial firm to calculate their 2019 annual OPEB costs and unfunded accrued liability as required by GASB Statement 45. Calculation is required at least every three years for OPEB with fewer than two hundred total plan members Annual OPEB Cost and Net OPEB Obligation - the Authority's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to the Plan:

	<u>2025</u>	<u>2024</u>
Annual Required Contribution	\$	\$ -
Payments to Retirees	<u>(9,582)</u>	<u>(13,275)</u>
Net other post-employment benefit obligation	<u>(9,582)</u>	<u>(13,275)</u>
Net other post-employment benefit, beginning of year	<u>457,381</u>	<u>470,656</u>
Net other post-employment benefit, end of year	<u>\$447,799</u>	<u>\$457,381</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**General Information about the OPEB Plan**

Methods and Assumptions:

- The only postemployment benefit offered by the SBRSA other than pensions is Retiree Health Benefit Coverage.
- All employees who meet the Retiree Health Benefit Coverage requirements will receive an annual payment of \$7,000 per year until the Employee is eligible for Medicare.
- Medicare eligibility begins at age 65.
- All employees will remain employed with SBRSA until they turn 55 years of age and complete 25 years of service.
- Annual earnings on funds deposited into an OPEB account would earn 4% per year (the average of the 20-year Treasury over the last 15 years).
- All eligible employees would receive the maximum Retiree Health Benefit Coverage.
- Employees are not covered by any other insurance.

The Authority had an actuarial valuation performed during the fiscal year ended November 30, 2024. In accordance with State requirements, the Authority will need to update their other post-employment benefit obligation every year. The authority currently has six retired employees receiving retirement benefits. The net OPEB obligation of the Authority to provide benefits to retirees for the years ended November 30, 2025 and 2024 \$447,799 and \$457,381, respectively. The Authority has funds set aside in unrestricted net position equal to the OPEB obligation.

**NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES**

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

**NOTE 10. RISK MANAGEMENT**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 11. DEFERRED COMPENSATION PLAN**

Employees of the Stony Brook Regional Sewerage Authority may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Government). The deferred compensation plan is available to all eligible employees of the Authority. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution. The employees' contributions to the Plan and all income attributable to those amounts have been transferred to the exclusive benefit of the participating employees and their beneficiaries.

**NOTE 12. DESIGNATION OF UNRESTRICTED NET ASSETS**

The Authority maintains funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board as follows:

	<u>2025</u>	<u>2024</u>
Designated for Emergencies	\$1,323,983	\$1,323,983
Designated for Capital Projects	<u>9,333,000</u>	<u>8,333,000</u>
	<u>\$10,656,983</u>	<u>\$9,656,983</u>

At November 30, 2025, the Authority reported a total amount of \$10,656,983 of Unrestricted Net Position - Designated for the purposes described above.

The remaining, undesignated portion of the Authority's net position was comprised of the following at November 30, 2025 and 2024:

	<u>2025</u>	Restated <u>2024</u>
Pension Related	\$(5,658,668)	\$(5,658,668)
OPEB related	(447,799)	(457,381)
Available for Use in Future Budgets	<u>6,437,169</u>	<u>12,195,826</u>
	<u>\$330,702</u>	<u>\$6,079,777</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2025 AND 2024**

**NOTE 13. SUBSEQUENT EVENTS**

The Stony Brook Regional Sewerage Authority has evaluated subsequent events through March 5, 2026, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**NOTE 14. PRIOR PERIOD ADJUSTMENTS**

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

	Balance 11/30/2024 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 11/30/2024 as <u>Restated</u>
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$1,136,486	(\$235,886)	\$900,600
Liabilities:			
Net Pension Liability	6,677,339	(461,723)	6,215,616
Accounts Payable - Pension-Related	596,264	23,736	620,000
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	615,759	(272,107)	343,652
Net Position:			
Unrestricted: Undesignated	5,605,569	474,208	6,079,777

**Required Supplementary Information - Part II**

**SCHEDULE RSI-I**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System  
 Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	N/A	0.0457432671%	0.0461002943%	0.0504885610%	0.0490346720%	0.0514327186%	0.0458943069%	0.0479553700%	0.0460637000%	0.0463048860%
Authority's Proportionate Share of the Net Pension Liability	N/A	\$ 6,215,616	\$ 6,677,339	\$ 7,619,419	\$ 5,808,892	\$ 8,387,331	\$ 8,326,986	\$ 9,442,173	\$ 10,722,893	\$ 13,714,179
Authority's Covered-Employee Payroll	\$ 3,497,139	\$ 3,389,860	\$ 3,452,246	\$ 3,776,862	\$ 3,651,148	\$ 3,584,184	\$ 3,639,294	\$ 3,421,078	\$ 3,347,769	\$ 3,105,794
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	N/A	183.36%	193.42%	201.74%	159.10%	234.01%	228.81%	276.00%	320.30%	441.57%

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

SCHEDULE RSI-2

STONY BROOK REGIONAL SEWERAGE AUTHORITY  
Required Supplementary Information  
Schedule of Authority's Contributions  
Public Employees' Retirement System  
*Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	N/A	\$ 616,144	\$ 636,685	\$ 574,253	\$ 563,649	\$ 451,413	\$ 478,714	\$ 451,988	\$ 411,366	\$ 398,381
Contribution in Relation to the Contractually Required Contribution	N/A	(616,144)	(636,685)	(574,253)	(563,649)	(451,413)	(478,714)	(451,988)	(411,366)	(398,381)
Contribution Deficiency (Excess)		-	-	-	-	-	-	-	-	-
Authority's Covered-Employee Payroll	3,497,139	3,389,860	3,452,246	3,776,862	3,651,148	3,584,184	3,639,294	3,421,078	3,347,769	3,105,794
Contributions as a Percentage of Authority's Covered-Employee Payroll	N/A	18.18%	18.44%	15.20%	15.44%	12.59%	13.15%	13.21%	12.29%	12.83%

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

**SCHEDULE RSI-3**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios**  
*Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability:										
Service cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	-	-	-	-	-	-	-	-	-	-
Total OPEB liability - beginning	457,381	470,656	486,056	294,155	305,712	273,443	241,176	206,082	171,349	135,894
Total OPEB liability - ending	447,799	457,381	470,656	486,056	294,155	305,712	273,443	241,176	206,082	171,349
Authority's Covered-Employee Payroll	3,497,139	3,389,860	3,452,246	3,776,862	3,651,148	3,584,184	3,639,294	3,421,078	3,347,769	3,105,794

Total OPEB liability as a percentage of Authority's Covered-Employee Payroll

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**Note to Required Supplementary Information**  
**For the Year Ended November 30, 2025**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Change in Benefit Terms

None

Change in Assumptions

Assumptions used in calculating the PERS Liability are presented in Note 7.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Change in Benefit Terms

None

Change in Assumptions

Assumptions used in calculating the OPEB Liability are presented in Note 8.

**Supplementary Schedules**

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR YEAR ENDED NOVEMBER 30, 2025

	Net Investment in Capital Assets	Restricted			Unrestricted		Total
		Bond / Loan Service	Bond / Loan Reserve	Renewal and Replacement	Designated for Emergencies	Designated for Capital Projects	
<b>Operating Revenue:</b>							
Member Service Fees							15,093,542
Other Operating Fees							3,309,885
Miscellaneous							26,091
Total Operating Revenue	-	-	-	-	-	-	18,429,518
<b>Operating Expense:</b>							
Administrative							1,841,876
Cost of Providing Services	2,732,494						13,053,500
Depreciation							2,732,494
Total Operating Expense	2,732,494	-	-	-	-	-	14,895,376
<b>Operating Income</b>	(2,732,494)	-	-	-	-	-	3,534,142
<b>Non-Operating Revenue (Expense):</b>							
Interest Income							904,086
Interest Expense	128,690						(686,433)
Amortization Expense	(207,585)						128,690
Costs of Issuance Expense							(207,585)
	(78,895)	-	-	-	-	-	217,653
<b>Net Income (Loss) Before Transfers</b>	(2,811,389)	-	-	-	-	-	3,751,795
<b>Transfers:</b>							
Capital Expenditures	13,367,666			(500,414)			(12,867,252)
Budget Appropriations					1,000,000		(1,000,000)
Bond Principal Payments	1,709,037						(1,709,037)
NUJB Receipts / Credits	(6,281,309)						6,281,309
Other Transfers	190,708	15,000	182				(205,890)
Increase/(Decrease) in Net Position	6,174,713	15,000	182	(500,414)	-	1,000,000	(5,749,075)
<b>Net Position - December 1, 2024</b>	33,054,884	280,000	485	649,041	1,323,983	8,333,000	6,079,777
<b>Net Position - November 30, 2025</b>	39,229,597	295,000	667	148,627	1,323,983	9,333,000	330,702
							49,721,170
							50,661,576

**SCHEDULE 2**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH**

**FOR THE YEAR ENDED NOVEMBER 30, 2025**

	Operating Accounts	Bond/Loan Service Accounts	Bond/Loan Reserve Account	Renewal and Replacement Account	Total
<b>Cash, Cash Equivalents and Investments - December 1, 2024</b>	23,978,053	901,246	485	649,041	25,528,825
<b>Cash Receipts:</b>					
Interest on Investments	904,086				904,086
Member Service Fees	14,951,630				14,951,630
Other Operating Fees	3,309,885				3,309,885
Miscellaneous	26,091				26,091
NJIB Reimbursements	6,281,309		182		6,281,309
Transfers					182
<b>Total Cash Receipts</b>	<b>25,473,001</b>	<b>-</b>	<b>182</b>	<b>-</b>	<b>25,473,183</b>
<b>Cash and Investments Available</b>	<b>49,451,054</b>	<b>901,246</b>	<b>667</b>	<b>649,041</b>	<b>51,002,008</b>
<b>Cash Disbursements:</b>					
Operations	13,473,437				13,473,437
Construction	12,867,252			500,414	13,367,666
Debt Service Payments	2,259,405				2,259,405
Cost of Issuance	190,708				190,708
Transfers	182				182
<b>Total Cash Disbursements</b>	<b>28,790,984</b>	<b>-</b>	<b>-</b>	<b>500,414</b>	<b>29,291,398</b>
<b>Cash, Cash Equivalents and Investments - November 30, 2025</b>	<b>20,660,070</b>	<b>901,246</b>	<b>667</b>	<b>148,627</b>	<b>21,710,610</b>
<b>Analysis of Balance:</b>					
Cash and Cash Equivalents	20,660,070	901,246	667	148,627	21,710,610
	<u>20,660,070</u>	<u>901,246</u>	<u>667</u>	<u>148,627</u>	<u>21,710,610</u>
Unrestricted	20,560,089	606,246			21,166,335
Restricted	99,981	295,000	667	148,627	544,275
	<u>20,660,070</u>	<u>901,246</u>	<u>667</u>	<u>148,627</u>	<u>21,710,610</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED  
BY OPERATING REVENUE COMPARED TO BUDGET  
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	<u>FY 2025 Adopted Budget</u>	<u>FY 2025 Budget as Amended</u>	<u>Current Year Actual</u>	<u>Excess / (Deficit)</u>	<u>Prior Year Actual</u>
<b>Revenues</b>					
Unrestricted Net Position	1,790,000	1,790,000	1,790,000	-	1,600,000
Operating Revenues:					
Member Charges	15,093,542	15,093,542	15,093,542	-	14,944,238
Septage, Sludge and Special Waste	2,764,500	2,764,500	3,309,885	545,385	3,045,313
Non-Operating Revenues:					
Interest on Investments	750,000	750,000	904,086	154,086	1,109,049
Miscellaneous	10,000	10,000	26,091	16,091	65,351
Total Revenues	<u>20,408,042</u>	<u>20,408,042</u>	<u>21,123,604</u>	<u>715,562</u>	<u>20,763,951</u>
<b>Expenses</b>					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	550,549	550,549	492,407	58,142	520,622
Fringe Benefits	175,005	175,005	147,406	27,599	167,908
Other Expenses:					
Insurance	492,487	492,487	478,569	13,918	433,020
Professional Services	655,695	655,695	546,066	109,629	489,436
Office/ Other	229,205	229,205	177,428	51,777	114,705
	<u>2,102,941</u>	<u>2,102,941</u>	<u>1,841,876</u>	<u>261,065</u>	<u>1,725,691</u>
Cost of Producing Services					
Personnel:					
Salaries and wages	4,216,055	4,216,055	3,894,723	321,332	3,428,352
Fringe Benefits	1,882,907	1,882,907	1,585,966	296,941	1,466,750
Other Expenses:					
Operations & Maintenance	7,122,557	7,122,557	6,713,193	409,364	5,382,287
Laboratory	207,207	207,207	99,139	108,068	111,908
Engineering	572,800	572,800	655,493	(82,693)	684,661
Safety	264,636	264,636	104,986	159,650	101,986
	<u>14,266,162</u>	<u>14,266,162</u>	<u>13,053,500</u>	<u>1,212,662</u>	<u>11,175,944</u>
Total Operating Appropriations	<u>16,369,103</u>	<u>16,369,103</u>	<u>14,895,376</u>	<u>1,473,727</u>	<u>12,901,635</u>
Non-Operating Appropriations					
Debt Service:					
Bond and Loan Principal	2,415,666	2,415,666	1,709,037	706,629	1,670,190
Interest on Bonds and Notes	623,273	623,273	686,433	(63,160)	433,194
Capital Projects Reserve	1,000,000	1,000,000	1,000,000	-	1,000,000
Total Non-Operating Appropriations	<u>4,038,939</u>	<u>4,038,939</u>	<u>3,395,470</u>	<u>643,469</u>	<u>3,103,384</u>
Total Appropriations	<u>20,408,042</u>	<u>20,408,042</u>	<u>18,290,846</u>	<u>2,117,196</u>	<u>16,005,019</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED  
BY OPERATING REVENUE COMPARED TO BUDGET  
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	<u>FY 2025 Adopted Budget</u>	<u>FY 2025 Budget as Amended</u>	<u>Current Year Actual</u>	<u>Excess / (Deficit)</u>	<u>Prior Year Actual</u>
<b>Excess (Deficit) of Revenues Over Expenses</b>	-	-	2,832,758		4,758,932
<b>Reconciliation of Budgetary Basis to GAAP:</b>					
Unrestricted Net Position Utilized			(1,790,000)		(1,600,000)
Depreciation			(2,732,494)		(2,761,197)
Bond and Loan Principal			1,709,037		1,670,190
Capital Projects Reserve			1,000,000		1,000,000
Amortization of Bond Premium			128,690		120,271
Cost of Issuance			<u>(207,585)</u>		<u>-</u>
<b>Change in Net Position</b>			<u>940,406</u>		<u>3,188,196</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CAPITAL BUDGET PROGRAM  
FUNDED BY FINANCING SOURCES  
FOR THE YEAR ENDED NOVEMBER 30, 2025

	FY 2025 Adopted Budget	FY 2025 Budget as Amended	Current Year Actual	Excess / Actual
<b>Financing Sources:</b>				
Unrestricted Net Position Utilized	3,765,000	3,765,000	3,341,793	423,207
Renewal and Replacement Reserve	1,090,000	1,090,000	500,414	589,586
Debt Authorization			9,525,459	(9,525,459)
	<u>4,855,000</u>	<u>4,855,000</u>	<u>13,367,666</u>	<u>(8,512,666)</u>
<b>Capital Outlays:</b>				
Sludge Cake Storage Hopper <sup>(1)</sup>	2,000,000	2,000,000	-	2,000,000
Thickener No. 2 Improvements <sup>(1)</sup>	415,000	415,000	-	415,000
Fly Ash Slurry Line Replacement <sup>(1)</sup>	400,000	400,000	15,692	384,308
Engineering Trailer <sup>(1)</sup>	300,000	300,000	320,193	(20,193)
Sludge Cake Receiving Facility <sup>(1)</sup>	200,000	200,000	76,439	123,561
RR HVAC Upgrades <sup>(1)</sup>	200,000	200,000	176,830	23,170
MA Diffusers <sup>(1)</sup>	200,000	200,000	-	200,000
RR Parking & Road Improvements <sup>(1)</sup>	50,000	50,000	-	50,000
Asset Management Program <sup>(2)</sup>	200,000	200,000	76,830	123,170
Millstone PS VFD <sup>(2)</sup>	180,000	180,000	-	180,000
Process Drain Pump 3 <sup>(2)</sup>	180,000	180,000	21,719	158,281
Data Storage Replacement <sup>(2)</sup>	160,000	160,000	111,443	48,557
South Brunswick PS VFD <sup>(2)</sup>	120,000	120,000	-	120,000
Valve Replacement Program <sup>(2)</sup>	50,000	50,000	-	50,000
Painting - River Road <sup>(2)</sup>	50,000	50,000	-	50,000
Painting - Remote Facilities <sup>(2)</sup>	50,000	50,000	-	50,000
Concrete and Pavement Repair <sup>(2)</sup>	50,000	50,000	290,422	(240,422)
MS6 Upgrades <sup>(2)</sup>	50,000	50,000	-	50,000
UV Disinfection Filtration <sup>(1)</sup>			372,382	(372,382)
Upstream Improvements <sup>(1)(3)</sup>			10,165,294	(10,165,294)
Small Capital Projects <sup>(1)</sup>			179,205	(179,205)
Phosphorous Impairment Study <sup>(1)</sup>			50,532	(50,532)
Engineering Improvements <sup>(1)</sup>			25,449	(25,449)
New Equipment <sup>(1)</sup>			173,890	(173,890)
RTO Repair Design <sup>(1)</sup>			28,862	(28,862)
Main Substation Project <sup>(1)</sup>			5,936	(5,936)
Mechanical Bypass <sup>(1)</sup>			3,400	(3,400)
Millstone Pump Station Influent Screen <sup>(1)</sup>			10,774	(10,774)
Nitrification Aerator Tank <sup>(1)</sup>			9,287	(9,287)
Odor Line Repair & Coating <sup>(1)</sup>			43,620	(43,620)
Pennington AST Replacement <sup>(1)</sup>			89,309	(89,309)
Nitrification Clarifier 4 <sup>(1)</sup>			374,007	(374,007)
Mechanical Room Ventilation <sup>(1)</sup>			74,020	(74,020)
VFD Modifications <sup>(1)</sup>			672,131	(672,131)
	<u>4,855,000</u>	<u>4,855,000</u>	<u>13,367,666</u>	<u>(8,512,666)</u>
<b>Total Capital Outlays</b>	<u>4,855,000</u>	<u>4,855,000</u>	<u>13,367,666</u>	<u>(8,512,666)</u>
<b>Total Costs Funded by Capital Revenue</b>	<u>4,855,000</u>	<u>4,855,000</u>	<u>13,367,666</u>	<u>(8,512,666)</u>
<b>Add: Excess</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,855,000</u>	<u>4,855,000</u>	<u>13,367,666</u>	<u>(8,512,666)</u>

(1) Funded by Unrestricted Net Position Utilized.  
(2) Funded by Renewal and Replacement Fund.  
(3) Funded by Debt Authorization.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
			Date	Amount				
New Jersey Infrastructure Bank Series 2007A Trust Portion		4.50%	2026	191,000				
		4.25%	2027	201,000	573,000		181,000	392,000
New Jersey Infrastructure Bank Series 2007A Fund Portion		n/a	2026	117,855	263,930		146,075	117,855

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
			Date	Amount				
New Jersey Infrastructure Bank Series 2009A Trust Portion		4.50%	2026	52,000	265,000		47,000	218,000
		4.50%	2027	52,000				
		4.50%	2028	57,000				
		4.25%	2029	57,000				
New Jersey Infrastructure Bank Series 2009A Fund Portion		n/a	2026	42,125	210,625		42,125	168,500
		n/a	2027	42,125				
		n/a	2028	42,125				
		n/a	2029	42,125				

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities November 30, 2025	Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
New Jersey Infrastructure Bank Series 2010B Trust Portion		4.25%	361,000				
		4.50%	378,000				
		4.50%	394,000				
		4.50%	128,000	1,604,000		343,000	1,261,000
New Jersey Infrastructure Bank Series 2010B Fund Portion		n/a	13,793	227,225		213,432	13,793

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities November 30, 2025	Balance		2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
				Date	Amount			
New Jersey Infrastructure Bank Series 2015A-1 Trust Portion		5.00%	2026		60,000			
		4.00%	2027		60,000			
		4.00%	2028		65,000			
		4.00%	2029		65,000			
		4.00%	2030		70,000			
		4.00%	2031		70,000			
		4.00%	2032		75,000			
		4.00%	2033		75,000			
	4.00%	2034		80,000				
								675,000
							55,000	620,000

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities November 30, 2025	Balance		2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
				Date	Amount			
New Jersey Infrastructure Bank Series 2015A-1 Fund Portion		n/a	2026	135,559				
		n/a	2027	135,559				
		n/a	2028	135,559				
		n/a	2029	135,559				
		n/a	2030	135,559				
		n/a	2031	135,559				
		n/a	2032	135,559				
		n/a	2033	135,559				
			2034	110,360				
				1,330,391			135,559	1,194,832

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
			Date	Amount				
New Jersey Infrastructure Bank Series 2020A-1 Trust Portion		5.00%	2026	40,000				
		5.00%	2027	40,000				
		5.00%	2028	40,000				
		5.00%	2029	45,000				
		5.00%	2030	45,000				
		4.00%	2031	50,000				
		2.13%	2032	50,000				
		2.25%	2033	50,000				
		2.38%	2034	50,000				
		2.38%	2035	55,000				
		2.50%	2036	55,000				
		2.50%	2037	55,000				
		2.63%	2038	55,000				
	2.63%	2039	60,000					
					725,000		35,000	690,000

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
			Date	Amount				
New Jersey Infrastructure Bank Series 2020A-1 Fund Portion		n/a	2026	137,497				
		n/a	2027	137,497				
		n/a	2028	137,497				
		n/a	2029	137,497				
		n/a	2030	137,497				
		n/a	2031	137,497				
		n/a	2032	137,497				
		n/a	2033	137,497				
		n/a	2034	137,497				
		n/a	2035	137,497				
		n/a	2036	137,497				
		n/a	2037	137,497				
		n/a	2038	137,497				
	n/a	2039	137,497					
					2,062,455		137,497	1,924,958

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2024	2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
			Date	Amount				
Series 2023 Revenue Refunding Bonds		5.00%	2026	295,000				
		5.00%	2027	310,000				
		5.00%	2028	325,000				
		5.00%	2029	340,000				
		5.00%	2030	360,000				
		5.00%	2031	375,000				
		5.00%	2032	395,000				
		5.00%	2033	415,000				
		5.00%	2034	440,000				
					3,535,000	-	280,000	3,255,000

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities	Balance		2025 Issued	2025 Redeemed	Balance Nov. 30, 2025
				November 30, 2025	Dec. 1, 2024			
	Date		Amount					
	2026	5.00%	200,000					
	2027	5.00%	205,000					
	2028	5.00%	220,000					
	2029	5.00%	225,000					
	2030	5.00%	240,000					
	2031	5.00%	255,000					
	2032	5.00%	260,000					
	2033	5.00%	275,000					
	2034	5.00%	285,000					
	2035	5.00%	305,000					
	2036	5.00%	320,000					
	2037	5.00%	335,000					
	2038	5.00%	350,000					
	2039	3.71%	398,050					
	2040	3.71%	385,340					
	2041	3.71%	395,265					
	2042	3.71%	405,059					
	2043	3.71%	424,651					
	2044	3.71%	434,034					
	2045	3.71%	453,202					
	2046	3.71%	467,080					
	2047	3.71%	485,723					
	2048	3.71%	504,058					
	2049	3.71%	522,073					
	2050	3.71%	539,756					
	2051	3.71%	562,096					
	2052	3.71%	584,014					
	2053	3.71%	605,495					
	2054	3.71%	602,291					
						11,243,187		11,243,187

New Jersey Infrastructure Bank  
Series 2025A-SW1/C-SW1  
Trust Portion



STONY BROOK REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF AMOUNTS REFUNDABLE TO OR RECEIVABLE FROM INDIVIDUAL MEMBERS

FOR YEAR ENDED NOVEMBER 30, 2025

	Princeton	South Brunswick Township	West Windsor Township	Hopewell Borough	Pennington Borough	Total
<b>Actual</b>						
Operating Expenses (Less Depreciation)	4,948,557	5,580,427	3,690,755	256,307	419,330	14,895,376
Capital Purchase Fund Contribution	332,221	374,642	247,779	17,207	28,151	1,000,000
Revenues - Septage, Sludge and Special Waste	(1,099,613)	(1,240,021)	(820,118)	(56,954)	(93,179)	(3,309,885)
Interest	(300,356)	(338,708)	(224,013)	(15,557)	(25,452)	(904,086)
Miscellaneous Revenue	(8,668)	(9,775)	(6,465)	(449)	(734)	(26,091)
Budget Balance to Net Position	346,426	390,660	258,373	17,943	29,356	1,042,758
Debt Service Apportioned to Members	795,826	897,443	593,546	41,219	67,436	2,395,470
Total Base Charges	5,014,393	5,654,668	3,739,857	259,716	424,908	15,093,542
Gallons Treated (Actual)	1,027,800,318	1,159,037,734	766,558,508	53,234,115	87,093,663	3,093,724,338
Total Base Charges (Percentage)	33.22%	37.46%	24.78%	1.72%	2.82%	100.00%
Debt Service Adjustment - Increase (Decrease)	-	-	-	-	-	-
Net Member Charges - Actual	5,014,393	5,654,668	3,739,857	259,716	424,908	15,093,542
<b>Budget</b>						
Operating Expenses (Less Depreciation)	5,437,364	6,381,436	3,797,790	288,479	464,034	16,369,103
Capital Purchase Fund Contribution	332,172	389,846	232,010	17,623	28,348	1,000,000
Revenues - Septage, Sludge and Special Waste	(918,291)	(1,077,730)	(641,391)	(48,720)	(78,369)	(2,764,500)
Interest	(249,129)	(292,385)	(174,007)	(13,218)	(21,261)	(750,000)
Miscellaneous Revenue	(3,322)	(3,899)	(2,320)	(176)	(283)	(10,000)
Budget Balance to Net Position	(594,589)	(697,825)	(415,297)	(31,546)	(50,743)	(1,790,000)
Debt Service Apportioned to Members	1,009,452	1,184,719	705,063	53,556	86,148	3,038,939
Total Base Charges	5,013,657	5,884,162	3,501,848	265,998	427,874	15,093,542
Gallons Treated (Budget)	1,171,752,593	1,375,200,183	818,424,204	62,167,341	99,999,404	3,527,543,725
Total Base Charges (Percentage)	33.22%	38.98%	23.20%	1.76%	2.83%	100.00%
Debt Service Adjustment - Increase (Decrease)	-	-	-	-	-	-
Net Member Charges - Budget/ Paid	5,013,657	5,884,162	3,501,848	265,998	427,874	15,093,539
Due (to)/from Members as November 30, 2025	736	(229,494)	238,009	(6,282)	(2,966)	3

**NOTE:**  
This schedule is being generated for management purposes only.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS**

The following officials were in office at November 30, 2025:

<u>Name</u>	<u>Office</u>	
Gale D. Downey	Chairman	Hopewell Township
C. Schuyler Morehouse	Vice Chairman	Hopewell Borough
David A. Goldfarb	Treasurer	Princeton
Julian Antebi	Commissioner	Pennington Borough
Bharat Patel	Commissioner	South Brunswick
Arundhati Bhosle	Commissioner	West Windsor
David Smith	Executive Director	
Maraziti Falcon, LLP	Legal Counsel	
Wielkocz & Company, LLC	Auditors	

**Government Auditing Standards Report**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, RMA, PSA  
DAVID BOTTGE, CPA, RMA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and Members of the  
Stony Brook Regional Sewerage Authority  
290 River Road  
Princeton, New Jersey 08540

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Stony Brook Regional Sewerage Authority, as of and for the year ended November 30, 2025 and 2024, and the related notes to the financial statements, and have issued our report thereon dated March 5, 2026.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 2025-02 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Stony Brook Regional Sewerage Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards (Finding 2025-03).

### ***Management's Response to Findings***

Stony Brook Regional Sewerage Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

***Wielkotz & Company, LLC***

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

March 5, 2026



**Single Audit Section**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND N.J. OMB CIRCULAR 25-12**

Honorable Chairman and Members of the  
Stony Brook Regional Sewerage Authority  
290 River Road  
Princeton, New Jersey 08540

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Stony Brook Regional Sewerage Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the N.J. Office of Management and Budget Circular 25-12 Compliance Supplement that could have a direct and material effect on each of Stony Brook Regional Sewerage Authority's major federal and state programs for the year ended November 30, 2025 and 2024. Stony Brook Regional Sewerage Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Stony Brook Regional Sewerage Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2025 and 2024.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 25-12. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Stony Brook Regional Sewerage Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Stony Brook Regional Sewerage Authority's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Stony Brook Regional Sewerage Authority's federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stony Brook Regional Sewerage Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 25-12 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stony Brook Regional Sewerage Authority's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 25-12, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Stony Brook Regional Sewerage Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Stony Brook Regional Sewerage Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 25-12, but not for the purpose of expressing an opinion on the effectiveness of Stony Brook Regional Sewerage Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Honorable Chairman and Members of the  
Stony Brook Regional Sewerage Authority  
Page 4.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 25-12. Accordingly, this report is not suitable for any other purpose.

*Wielkottz & Company, LLC*

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

March 5, 2026



**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED NOVEMBER 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
<b>U.S. Environmental Protection Agency:</b>								
<i>Pass Through New Jersey Department of Environmental Protection:</i>								
NJ Environmental Infrastructure Fund	66-458	042-4860-711-003	\$ 9,535,360	\$ 184,276	12/1/2024	11/30/2025	\$ 184,276	\$ 9,152,488
2021 Project (S340400-11)								
NJ Environmental Infrastructure Fund	66-458	042-4860-711-003	\$ 10,150,705	\$ 2,348,125	12/1/2024	11/30/2025	\$ 4,781,238	\$ 4,988,016
2024 Project (S340400-12)								
NJ Environmental Infrastructure Fund	66-458	042-4860-711-003	\$ 2,500,000	\$ 2,086,443	12/1/2024	11/30/2025	\$ 2,086,443	\$ 2,500,000
2024 Project (S340400-12) - PF								
<b>Total Federal Financial Awards</b>				\$ 4,618,844			\$ 7,051,957	\$ 16,640,504

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE**

NOVEMBER 30, 2025

<u>State Funding Department</u>	<u>State Grant Account Number</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Period</u>	<u>Grant Expenditures</u>	<u>Cumulative Grant Expenditures</u>
				<u>From</u> <u>To</u>		
<u>New Jersey Department of Environmental Protection:</u>						
NJ Environmental Infrastructure Fund						
2021 Project (S340400-11)	042-4860-711-003	\$ 9,535,360	\$ 184,275	12/1/2024	\$ 184,275	\$ 9,152,487
NJ Environmental Infrastructure Fund						
2024 Project (S340400-12)	042-4860-711-003	\$ 7,650,705	\$ 1,478,190	12/1/2024	\$ 2,289,227	\$ 2,496,005
<b>Total State Financial Assistance</b>		<u>\$ 1,662,465</u>			<u>\$ 2,473,502</u>	<u>\$ 11,648,492</u>

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
NOVEMBER 30, 2025 and 2024**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the accrual basis of accounting. These bases of accounting are described in Notes 2(A) to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements as follows:

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance- 11/30/24	\$12,597,518	\$8,011,075	\$20,608,593
Grants Awarded	-	-	-
Grants Received	(4,618,844)	(1,662,465)	(6,281,309)
Credits Applied	<u>(382,872)</u>	<u>(382,873)</u>	<u>(765,745)</u>
Balance- 11/30/25	<u>\$7,595,802</u>	<u>\$5,965,737</u>	<u>\$13,561,539</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. INDIRECT COST RATE**

The Stony Brook Regional Sewerage Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 and 2024**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: modified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards**

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses?            yes   X   none reported

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

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance            yes   X   no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
66.458	Capitalization Grants for Clean Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low-risk auditee?            yes   X   no



**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 and 2024**  
**(continued)**

*Section II - Financial Statement Findings*

**FINDING 2025-01**

**STATEMENT OF CONDITION**

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

**CRITERIA**

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

**EFFECT**

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

**CAUSE**

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

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE**

Calculation of the net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow amounts are out of the Authority's control. In order to comply with the requirements of Section 616 of their 1977 General Bond Resolution, management has opted to release the report without updating figures in accordance with the measurement guidelines of GASB's No. 68 and 75.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 AND 2024**  
**(continued)**

*Section II - Financial Statement Findings, (continued)*

**FINDING 2025-02**

**STATEMENT OF CONDITION**

There are inadequate controls over safeguarding of assets, specifically the Authority's property, plant and equipment.

**CRITERIA**

Governmental entities should maintain a fixed asset list providing cost and description of property and equipment, as well as any depreciation previously expensed against such listed assets. This list should be updated regularly to include purchases of new capital items and exclude capital assets that have been disposed of or replaced. Management should also have a system of monitoring assets that are included on this fixed asset list.

**EFFECT**

The Authority's property, plant and equipment are susceptible to misstatement, misappropriation and/or theft.

**CAUSE**

Since 1971, the Authority began recording fixed assets in a general, non-itemized format (i.e. "Plant Improvements"). In 1985, the New Jersey Division of Local Government Services issued Technical Accounting Directive No. 2 which, among other things, required all local government units to maintain a physical inventory of all nonexpendable, tangible property. The Authority did not go back and inventory previously recorded items.

**RECOMMENDATION**

The Authority should maintain an itemized fixed asset list providing the cost and description of its property and equipment, as well as any depreciation previously expensed against such fixed assets.

**MANAGEMENT'S RESPONSE**

Management recognizes the importance of maintaining an itemized fixed asset schedule and is currently reviewing options to remedy this finding.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 AND 2024**  
**(continued)**

*Section II - Financial Statement Findings, (continued)*

**FINDING 2025-03**

**STATEMENT OF CONDITION**

Capital expenditures were made without a budgetary capital line item, and in excess of budgeted amounts.

**CRITERIA**

N.J.A.C. 5:31-2.2 states that no Authority shall make appropriations, authorize expenditures or adopt a security agreement for a capital project unless its provisions are in agreement with the adopted capital budget, temporary capital budget or amended capital budget.

**CAUSE**

The capital expenditures discussed in this finding were originally budgeted for the prior period's capital budget. The Authority did not realize an amendment was required to the current year capital budget to include these items. Capital expenditures through the NJIB were also not included in the Authority's adopted budget.

**EFFECT**

The Authority's expenditures exceeded budgetary amounts, and as a result, was not compliant with N.J.A.C. 5:31-2.2.

**RECOMMENDATION**

That a resolution amending the capital budget should be made to ensure the Authority does not exceed budgeted amounts.

**MANAGEMENT'S RESPONSE**

Management acknowledges the requirements of N.J.A.C. 5:31-2.2 and will amend their capital budget accordingly in future periods.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 AND 2024**  
**(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025 AND 2024**

**Status of Prior Year Findings**

A review was performed on all prior year's recommendations and corrective action was taken.

## **General Comments and Recommendations**

## STONY BROOK REGIONAL SEWERAGE AUTHORITY

### GENERAL COMMENTS

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the sum of \$53,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.”

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

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

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

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

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

## STONY BROOK REGIONAL SEWERAGE AUTHORITY

A review was performed on all prior year recommendations and corrective action was taken on all items.

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

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, do not hesitate to call us.

We wish to thank Stony Brook Regional Sewerage Authority for their cooperation during the performance of our audit.

Respectfully submitted,

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey