

BOROUGH OF ROCKAWAY

COUNTY OF MORRIS

REPORT OF AUDIT

2019

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF ROCKAWAY

COUNTY OF MORRIS

REPORT OF AUDIT

2019

BOROUGH OF ROCKAWAY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

<u>PART I – Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Schedule</u>
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
Statement of Fund Balance - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-1
Statement of Revenue - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet– Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Changes in Fund Balance – Water Utility	
Operating Fund – Regulatory Basis	D-1
Statement of Water Capital Fund Balance – Regulatory Basis	D-1A
Statement of Revenue – Regulatory Basis	D-2
Statement of Expenditures – Regulatory Basis	D-3
<u>Sewer Utility Fund (Not Applicable)</u>	
<u>Public Assistance Fund (Not Applicable)</u>	
<u>Bond and Interest Fund (Not Applicable)</u>	
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet – Regulatory Basis	H
	<u>Page</u>
<u>Notes to Financial Statements</u>	1-29
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash	A-4
Schedule of Cash - Collector	A-5
Schedule of Cash - Grant Funds (Not Applicable)	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Sewer Rents Receivable	A-10
Schedule of 2018 Appropriation Reserves	A-11
Schedule of Local School District Taxes Payable	A-12
Schedule of Regional High School District Taxes Payable	A-13
Schedule of Federal and State Grants Receivable	A-14
Schedule of Unappropriated Grant Reserves	A-15
Schedule of Appropriated Grant Reserves	A-16

BOROUGH OF ROCKAWAY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

PART I – Financial Statements and Supplementary Data (Cont’d)

	<u>Schedule</u>
<u>Supplementary Data</u>	
<u>Trust Funds</u>	
Schedule of Cash and Investments - Treasurer	B-4
Analysis of Cash - Assessment Trust Fund (Not Applicable)	B-5
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-6
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of Bonds and Notes Authorized But Not Issued	C-9
<u>Water Utility Fund</u>	
Schedule of Cash - Treasurer	D-4
Schedule of Cash - Collector	D-4A
Analysis of Cash – Water Utility	D-5
Schedule of Consumer Accounts Receivable	D-6
Schedule of Fixed Capital	D-7
Schedule of Fixed Capital Authorized and Uncompleted	D-8
Schedule of 2018 Appropriation Reserves	D-9
Schedule of Improvement Authorizations	D-10
Schedule of Capital Improvement Fund	D-11
Schedule of Deferred Reserve for Amortization	D-12
Schedule of Reserve for Amortization	D-12A
Schedule of Bond Anticipation Notes Payable	D-13
Schedule of Serial Bonds Payable	D-14
Schedule of Bonds and Notes Authorized But Not Issued	D-15
<u>Sewer Utility Fund (Not Applicable)</u>	
<u>Public Assistance Fund (Not Applicable)</u>	

PART II – Single Audit

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to the Schedule of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Schedule of Findings and Responses	6-7
Summary Schedule of Prior Audit Findings	8

PART III – Comments and Recommendations

	<u>Page</u>
Comments and Recommendations	9-13
Summary of Recommendations	14

BOROUGH OF ROCKAWAY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Rockaway
Rockaway, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* of the various funds of the Borough of Rockaway, in the County of Morris (the "Borough") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements 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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Borough as of December 31, 2019 and 2018, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Borough of Rockaway as of December 31, 2019 and 2018, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund 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 data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Mayor and Members
of the Borough Council
Borough of Rockaway
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020 on our consideration of the Borough of Rockaway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rockaway's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 13, 2020

NISIVOCCIA LLP

Kathryn L. Mantell
Certified Public Accountant
Registered Municipal Accountant No. 447

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
CURRENT FUND

BOROUGH OF ROCKAWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2019	2018
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 4,748,756.54	\$ 4,671,634.17
Change Fund		100.00	100.00
		<u>4,748,856.54</u>	<u>4,671,734.17</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	346,006.67	286,489.46
Sewer Rents Receivable	A-10	67,418.26	64,354.46
Tax Title Liens Receivable	A-8	719,650.31	696,629.26
Property Acquired for Taxes at Assessed Valuation		961,500.00	961,500.00
Revenue Accounts Receivable	A-9	4,237.58	5,260.36
Grants Receivable	A-14	65,415.14	120,658.79
Due from Animal Control Trust Fund	B	555.19	744.99
Total Receivables and Other Assets With Full Reserves		<u>2,164,783.15</u>	<u>2,135,637.32</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,913,639.69</u>	<u>\$ 6,807,371.49</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 279,810.48	\$ 232,839.11
Unencumbered	A-3;A-11	753,263.30	904,430.38
		<u>1,033,073.78</u>	<u>1,137,269.49</u>
Accounts Payable - Vendors		4,573.35	21,578.24
Tax Overpayments			1,083.90
Local School Taxes Payable	A-12		265,821.00
County Added and Omitted Taxes Payable		5,565.17	6,837.71
Due to State of New Jersey:			
Senior Citizens' and Veterans' Deductions		10,012.10	9,761.65
Marriage License Fees		350.00	225.00
Construction Code Surcharge Fees		662.00	1,093.00
Prepaid Taxes		169,242.77	188,336.55
Due to Other Trust Funds	B		156,000.00
Reserve for Appropriated Grants:			
Encumbered	A-16	19,520.00	24,909.00
Unencumbered	A-16	57,378.20	65,766.65
Reserve for Unappropriated Grants	A-15		7,713.92
Reserve for:			
Revaluation of Real Property		2,160.00	2,160.00
Master Plan		16,500.00	4,500.00
Sale of Municipal Assets		514,311.00	514,311.00
Pending Tax Appeals		650,000.00	500,000.00
Sewer Improvements		300,323.50	157,322.72
		<u>2,783,671.87</u>	<u>3,064,689.83</u>
Reserve for Receivables and Other Assets	A	2,164,783.15	2,135,637.32
Fund Balance	A-1	1,965,184.67	1,607,044.34
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,913,639.69</u>	<u>\$ 6,807,371.49</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 730,363.00	\$ 541,500.00
Miscellaneous Revenue Anticipated		1,804,257.18	1,921,711.66
Receipts from:			
Delinquent Taxes		286,485.87	330,790.58
Current Taxes		23,914,613.94	23,581,503.41
Nonbudget Revenue		465,947.10	238,352.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		546,353.89	237,940.39
Interfunds Returned		744.99	41,916.09
Decrease in Grants Receivable		55,243.65	
Cancellation of Appropriated Grant Reserves		75.43	50,927.55
Cancellation of Unappropriated Grant Reserves			23,472.35
Total Income		<u>27,804,085.05</u>	<u>26,968,114.70</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		9,060,967.31	8,528,157.56
Local School District Taxes		8,539,307.00	8,273,487.00
County Taxes		2,147,161.22	2,207,808.94
County Share of Added Taxes		5,565.17	6,837.71
Regional School District Taxes		6,752,960.00	6,722,499.00
Refund of Prior Year Tax Revenue		922.76	
Refund of Prior Year Revenue		100.02	2,406.25
Increase in Grants Receivable			61,872.76
Reserve for Tax Appeals		208,043.05	266,506.34
Interfunds Advanced		555.19	744.99
Total Expenditures		<u>26,715,581.72</u>	<u>26,070,320.55</u>
Excess in Revenue/Statutory Excess to Fund Balance		1,088,503.33	897,794.15
<u>Fund Balance</u>			
Balance January 1		<u>1,607,044.34</u>	<u>1,250,750.19</u>
		2,695,547.67	2,148,544.34
Decreased by:			
Utilized as Anticipated Revenue		<u>730,363.00</u>	<u>541,500.00</u>
Balance December 31	A	<u>\$ 1,965,184.67</u>	<u>\$ 1,607,044.34</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 730,363.00		\$ 730,363.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	17,050.00		17,050.00	
Other Licenses	15,000.00		16,055.00	\$ 1,055.00
Fees and Permits	65,900.00		56,990.03	8,909.97 *
Municipal Court - Fines and Costs	70,000.00		63,784.83	6,215.17 *
Interest and Costs on Taxes	88,000.00		96,298.51	8,298.51
Consolidated Municipal Property Tax Relief Act	13,649.00		13,649.00	
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)	533,346.00		533,346.00	
Uniform Construction Code Fees	80,000.00		95,053.00	15,053.00
Shared Service Agreement:				
Morris Hills Regional School Resource Officer	52,500.00		52,500.00	
Uniform Fire Safety Fees	15,000.00		32,901.67	17,901.67
Sewer User Fees	650,000.00		739,522.99	89,522.99
Recycling Tonnage Grant	10,604.00		10,604.00	
Clean Communities	11,500.00	\$ 2,024.27	13,524.27	
Bulletproof Vest Partnership Grant		1,735.98	1,735.98	
Body Armor Replacement	1,864.98		1,864.98	
Safe and Secure Communities Grant - Salaries	29,407.00		29,407.00	
Drive Sober Or Get Pulled Over Grant		5,500.00	5,500.00	
Municipal Alliance Grant	9,256.00	2,000.00	11,256.00	
Distracted Driving Grant		5,500.00	5,500.00	
Reserve for Drunk Driving Enforcement Fund	7,713.92		7,713.92	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Total Miscellaneous Revenues	\$ 1,670,790.90	\$ 16,760.25	\$ 1,804,257.18	\$ 116,706.03
Receipts from Delinquent Taxes	300,000.00		286,485.87	13,514.13 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,543,372.00		6,669,311.55	125,939.55
Minimum Library Tax	269,509.00		269,509.00	
	6,812,881.00		6,938,820.55	125,939.55
Budget Totals	9,514,034.90	16,760.25	9,759,926.60	\$ 229,131.45
Nonbudget Revenue			465,947.10	
	\$ 9,514,034.90	\$ 16,760.25	\$ 10,225,873.70	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes	\$	23,914,613.94
Allocated to:		
Local School District Taxes	\$	8,539,307.00
Regional High School Taxes		6,752,960.00
County Taxes		2,152,726.39
		17,444,993.39
Balance for Support of Municipal Budget		6,469,620.55
Add: Appropriation "Reserve for Uncollected Taxes"		469,200.00
Realized for Support of Municipal Budget	\$	6,938,820.55
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	\$	286,485.87
Analysis of Nonbudget Revenue:		
Treasurer:		
Cable Television Franchise Fees	\$	101,696.14
Prior Year Police Outside Duty Administrative Fees		231,282.79
Hotel Tax		18,442.02
NJ Senior Citizens & Veterans Deductions - Admin Fee		785.36
Interest on Investments		68,438.49
Motor Vehicle Inspection Fees		200.00
Prior Year Refund		41,856.95
Other Miscellaneous		2,117.16
		464,818.91
Tax Collector - Other Miscellaneous Revenue		573.00
Statutory Excess Due from Animal Control Trust Fund		555.19
	\$	465,947.10

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Mayor & Council:					
Salaries & Wages	\$ 27,750.00	\$ 27,750.00	\$ 27,750.00		
Other Expenses	1,800.00	1,800.00	1,800.00		
Municipal Clerk:					
Salaries & Wages	116,757.00	116,757.00	109,303.93	\$ 7,453.07	
Other Expenses	57,705.00	57,705.00	49,204.21	8,500.79	
Financial Administration:					
Salaries & Wages	95,157.00	95,157.00	94,341.00	816.00	
Other Expenses	20,525.00	20,525.00	18,303.30	2,221.70	
Audit	25,500.00	25,500.00	20,390.00	5,110.00	
Tax Assessment Administration:					
Salaries & Wages	20,500.00	20,500.00	20,400.02	99.98	
Other Expenses	5,400.00	5,400.00	4,061.78	1,338.22	
Revenue Administration (Tax Collection):					
Salaries & Wages	61,500.00	61,500.00	61,500.00		
Other Expenses	12,350.00	11,850.00	7,102.85	4,747.15	
Legal Services and Costs:					
Other Expenses	124,300.00	119,300.00	85,691.03	33,608.97	
Engineering Services:					
Other Expenses	54,000.00	54,000.00	40,518.12	13,481.88	
Municipal Land Use Law (N.J.S.A. 40A:55D-1):					
Land Use Board:					
Salaries & Wages	21,800.00	21,800.00	21,750.00	50.00	
Other Expenses	19,250.00	18,750.00	17,904.00	846.00	
Zoning Commission:					
Salaries & Wages	14,200.00	14,200.00	14,126.00	74.00	
Other Expenses	400.00	400.00		400.00	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
Insurance:					
Employee Group Insurance	\$ 594,400.00	\$ 589,400.00	\$ 462,909.96	\$ 126,490.04	
Workers' Compensation	59,066.00	59,066.00	59,066.00		
General Liability Insurance	117,457.00	117,457.00	96,791.31	20,665.69	
Health Benefit Waiver	11,000.00	14,100.00	14,083.34	16.66	
Unemployment Insurance	7,500.00	7,500.00	7,500.00		
PUBLIC SAFETY:					
Volunteer Fire/Ambulance:					
Other Expenses	82,825.00	82,825.00	79,888.77	2,936.23	
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Fire Prevention Bureau:					
Salaries & Wages	46,500.00	46,500.00	45,871.98	628.02	
Other Expenses	5,900.00	5,900.00	5,607.96	292.04	
Office of Emergency Management:					
Salaries & Wages	5,000.00	5,000.00	4,999.92	0.08	
Other Expenses	2,800.00	2,800.00	2,800.00		
Police:					
Salaries & Wages	2,146,146.00	2,146,146.00	2,056,924.49	89,221.51	
Other Expenses	148,200.00	148,200.00	142,173.26	6,026.74	
Alarm System - Police and Fire:					
Other Expenses	135,200.00	135,200.00	135,193.61	6.39	
PUBLIC WORKS:					
Road Repair and Maintenance:					
Salaries & Wages	371,000.00	371,000.00	358,010.77	12,989.23	
Other Expenses	199,200.00	199,200.00	166,886.05	32,313.95	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC WORKS: (Continued)					
Other Public Works:					
Other Expenses	\$ 4,000.00	\$ 4,000.00	\$	\$ 4,000.00	
Shade Tree Commission:					
Other Expenses	19,500.00	19,000.00	\$ 18,221.74	778.26	
Sewer:					
Salaries & Wages	112,800.00	112,800.00	112,800.00		
Other Expenses	36,900.00	36,900.00	36,900.00		
Public Building and Grounds:					
Other Expenses	104,845.00	109,845.00	109,845.00		
Vehicle Maintenance:					
Other Expenses	52,500.00	52,500.00	52,500.00		
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	2,655.00	2,655.00	2,655.00		
Other Expenses	139,785.00	136,785.00	134,343.71	2,441.29	
Senior Citizens' Programs:					
Salaries & Wages	6,200.00	6,200.00	4,725.74	1,474.26	
Other Expenses	5,000.00	4,200.00	3,260.70	939.30	
RECREATION AND EDUCATION:					
Board of Recreation Commissioners:					
Salaries & Wages	42,700.00	42,700.00	36,770.00	5,930.00	
Other Expenses	48,024.00	48,024.00	32,216.48	15,807.52	
Maintenance of Parks:					
Other Expenses	27,400.00	27,400.00	22,601.09	4,798.91	
Celebration of Public Events:					
Other Expenses	11,700.00	11,700.00	9,200.00	2,500.00	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNIFORM CONSTRUCTION CODE:					
Uniform Construction Code Enforcement:					
Salaries & Wages	\$ 21,600.00	\$ 24,200.00	\$ 24,103.93	\$ 96.07	
Other Expenses	700.00	700.00	471.13	228.87	
Construction Code Official:					
Salaries & Wages	37,600.00	37,600.00	37,370.04	229.96	
Other Expenses	1,200.00	1,200.00	1,186.55	13.45	
UNCLASSIFIED:					
Utilities:					
Gasoline and Diesel	29,000.00	29,000.00	27,566.93	1,433.07	
Electricity	48,000.00	48,000.00	39,349.53	8,650.47	
Natural Gas	17,000.00	17,000.00	11,750.76	5,249.24	
Street Lighting	73,000.00	73,000.00	71,382.82	1,617.18	
Telephone	34,000.00	34,000.00	21,291.22	12,708.78	
Salary Adjustments	13,086.00	10,086.00		10,086.00	
Solid Waste Disposal:					
Salaries & Wages	36,800.00	36,800.00	34,213.02	2,586.98	
Other Expenses	622,500.00	620,000.00	596,239.01	23,760.99	
Total Operations Within "CAPS"	6,159,583.00	6,149,483.00	5,673,818.06	475,664.94	
Contingent	500.00	500.00		500.00	
Total Operations including Contingent within "CAPS"	6,160,083.00	6,149,983.00	5,673,818.06	476,164.94	
Detail:					
Salaries & Wages	3,186,665.00	3,199,351.00	3,067,615.84	121,649.16	
Other Expenses	2,973,418.00	2,950,632.00	2,606,202.22	354,515.78	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Public Employee's Retirement System	\$ 155,580.00	\$ 157,680.00	\$ 148,066.04	\$ 9,613.96	
Contribution to Social Security System (O.A.S.I.)	120,000.00	127,000.00	121,474.73	5,525.27	
Police and Fireman's Retirement System of NJ	493,570.00	493,570.00	493,570.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	769,150.00	778,250.00	763,110.77	15,139.23	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,929,233.00	6,928,233.00	6,436,928.83	491,304.17	
OPERATIONS EXCLUDED FROM "CAPS":					
Length of Service Awards Program ("LOSAP")	20,000.00	20,000.00		20,000.00	
Aid to Library (N.J.S.A. 40:54-35)	269,509.00	269,509.00	261,287.91	8,221.09	
Sewerage Processing and Disposal (RVRSA)	258,000.00	258,000.00	174,988.44	83,011.56	
SHARED SERVICE AGREEMENTS:					
Township of Parsippany-Troy Hills - Municipal Court	81,500.00	81,500.00	76,500.00	5,000.00	
Morris Hills Regional High School District - Resource Officers:					
Police:					
Salaries & Wages	52,500.00	52,500.00	48,186.17	4,313.83	
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Clean Communities Grant (N.J.S.A 40A:4-87, + \$2,024,27)	11,500.00	13,524.27	13,524.27		
Municipal Alliance Grant - (N.J.S.A 40A:4-87, + \$2,000.00)	9,256.00	11,256.00	11,256.00		
Municipal Alliance Grant - Local Match	2,314.00	3,314.00	3,314.00		

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

OPERATIONS EXCLUDED FROM "CAPS" (Continued):
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:

Safe and Secure Communities Grant:

Police:
Salaries & Wages
Drive Sober or Get Pulled Over Grant (N.J.S.A. 40A:4-87, + \$5,500.00):

Police:
Salaries & Wages
Distracted Driving Grant (N.J.S.A. 40A:4-87, + \$5,500.00):

Police:
Salaries & Wages
Drunk Driving Enforcement Fund:

Police:
Salaries & Wages
Body Armor Grant:

Police:
Salaries & Wages
Bulletproof Vest Partnership Grant (N.J.S.A. 40A:4-87, + \$1,735.98):

Police:
Salaries & Wages
Recycling Tonnage Grant

Total Operations Excluded from "CAPS"

Detail:

Salaries & Wages
Other Expenses

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
\$	29,407.00	\$ 29,407.00	\$ 29,407.00		
		5,500.00	5,500.00		
		5,500.00	5,500.00		
	7,713.92	7,713.92	7,713.92		
	1,864.98	1,864.98	1,864.98		
	10,604.00	10,604.00	10,604.00		
	754,168.90	771,929.15	651,382.67	\$ 120,546.48	
	91,485.90	104,221.88	99,908.05	4,313.83	
	662,683.00	667,707.27	551,474.62	116,232.65	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":					
Capital Improvement Fund	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00		
DPW Equipment	15,000.00	15,000.00	2,520.00	\$ 12,480.00	
Fire Equipment	11,000.00	11,000.00	9,299.00	1,701.00	
Buildings & Grounds Equipment	17,600.00	17,600.00	17,600.00		
Police Equipment	20,000.00	20,000.00	20,000.00		
Recreation Equipment	90,000.00	90,000.00	72,241.35	17,758.65	
Sewer Capital Improvements	165,000.00	165,000.00	55,527.00	109,473.00	
Administration	4,000.00	4,000.00	4,000.00		
Total Capital Improvements - Excluded from "CAPS"	377,600.00	377,600.00	236,187.35	141,412.65	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":					
Payment of Bond Principal	375,000.00	375,000.00	375,000.00		
Payment of Bond Anticipation Notes and Capital Notes	367,000.00	367,000.00	367,000.00		
Interest on Bonds	55,200.00	55,200.00	54,572.16		\$ 627.84
Interest on Notes	153,633.00	153,633.00	153,633.00		
Payment of Bond Anticipation Notes and Capital Notes (Sewer)	33,000.00	33,000.00	33,000.00		
Total Municipal Debt Service - Excluded from "CAPS"	983,833.00	983,833.00	983,205.16		627.84
Total General Appropriations - Excluded from "CAPS"	2,115,601.90	2,133,362.15	1,870,775.18	261,959.13	627.84
Subtotal General Appropriations	9,044,834.90	9,061,595.15	8,307,704.01	753,263.30	627.84
Reserve for Uncollected Taxes	469,200.00	469,200.00	469,200.00		
Total General Appropriations	\$ 9,514,034.90	\$ 9,530,795.15	\$ 8,776,904.01	\$ 753,263.30	\$ 627.84

Ref.

A

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,514,034.90	
Added by N.J.S.A. 40A:4-87		<u>16,760.25</u>	
		<u>\$ 9,530,795.15</u>	
Reserve for Uncollected Taxes			\$ 469,200.00
Reserve for Encumbrances	A		279,810.48
Reserve for Sewer Improvements			21,000.78
Reserve for Master Plan			16,000.00
Transferred to Federal and State Grant Appropriated			90,420.15
Cash Disbursed			<u>8,121,633.08</u>
			8,998,064.49
Less: Appropriation Refunds			<u>221,160.48</u>
			<u>\$ 8,776,904.01</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
TRUST FUNDS

BOROUGH OF ROCKAWAY
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	2019	2018
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-4	\$ 28,185.79	\$ 30,407.19
		28,185.79	30,407.19
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,518,885.65	1,381,743.71
Police Outside Duty Receivable		4,393.01	
Due from Current Fund	A		156,000.00
		1,523,278.66	1,537,743.71
<u>TOTAL ASSETS</u>		\$ 1,551,464.45	\$ 1,568,150.90

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:			
Due to State of New Jersey:			
Board of Health		\$ 52.80	\$ 61.20
Due to Current Fund	A	555.19	744.99
Prepaid Animal Licenses		771.60	879.80
Reserve for Animal Control Expenditures	B-6	26,806.20	28,721.20
		28,185.79	30,407.19

BOROUGH OF ROCKAWAY
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	December 31,	
Ref.	2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>		
Other Trust Funds:		
Reserve for:		
Tax Sale Premiums	\$ 123,900.00	\$ 149,100.00
Council on Affordable Housing	196,518.40	168,856.92
State Unemployment Insurance	83,054.59	73,227.60
Deferred Sick Leave	231,618.46	251,883.58
Shade Tree	362.00	650.00
Trust Escrow	183,135.45	180,132.77
Addison Hills Escrow	9,555.37	9,540.31
Forfeited Assets	28,933.20	25,709.88
Recycling	25,860.47	37,461.24
Tree Replacement	11,487.12	11,237.12
Parking Offenses Adjudication Act	2,685.26	2,645.26
Public Defender	15,468.46	13,368.46
D.A.R.E.	1,575.75	1,575.75
Vital Life	1,000.00	1,000.00
State of NJ Housing	772.77	772.77
Uniform Construction Code	4,695.00	4,695.00
National Night Out	2,373.90	1,703.30
Fire Prevention	10,526.75	8,471.75
Police Outside Duty		121,725.73
Recreation	61,604.41	57,109.97
Storm Recovery	528,151.30	416,876.30
	1,523,278.66	1,537,743.71
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	\$ 1,551,464.45	\$ 1,568,150.90

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
GENERAL CAPITAL FUND

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2019	2018
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 3,463,824.88	\$ 3,208,348.73
Due from County of Morris:			
Community Development Block Grant - Community Center			79,821.11
Historic Society Preservation Trust			116,825.00
NJ Department of Transportation		305,000.00	305,000.00
Deferred Charges to Future Taxation:			
Funded		810,000.00	1,185,000.00
Unfunded	C-4	5,958,157.00	5,754,159.00
<u>TOTAL ASSETS</u>		<u>\$ 10,536,981.88</u>	<u>\$ 10,649,153.84</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 5,559,009.00	\$ 5,121,093.00
Serial Bonds Payable	C-8	810,000.00	1,185,000.00
Improvement Authorizations:			
Funded	C-5	200,462.52	570,244.97
Unfunded	C-5	3,737,838.08	3,425,240.49
Capital Improvement Fund	C-6	101,814.50	85,304.50
Reserve to Pay Debt Service		12,887.91	147,301.32
Fund Balance	C-1	114,969.87	114,969.56
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,536,981.88</u>	<u>\$ 10,649,153.84</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref</u>	
Balance December 31, 2018	C	\$ 114,969.56
Increased by:		
Improvement Authorizations Cancelled		<u>0.31</u>
Balance December 31, 2019	C	<u><u>\$ 114,969.87</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
WATER UTILITY FUND

BOROUGH OF ROCKAWAY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31	
		2019	2018
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 1,125,032.22	\$ 1,305,433.52
Change Fund		100.00	100.00
		<u>1,125,132.22</u>	<u>1,305,533.52</u>
Due from Water Utility Capital Fund	D	<u>4,695.99</u>	
		<u>1,129,828.21</u>	<u>1,305,533.52</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>213,779.62</u>	<u>208,632.98</u>
Total Operating Fund		<u>1,343,607.83</u>	<u>1,514,166.50</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	2,671,219.73	2,003,738.27
Due from Water Utility Operating Fund	D		82,000.00
Fixed Capital	D-7	7,539,586.24	7,426,425.74
Fixed Capital Authorized and Uncompleted	D-8	<u>5,096,287.57</u>	<u>3,943,287.57</u>
Total Capital Fund		<u>15,307,093.54</u>	<u>13,455,451.58</u>
<u>TOTAL ASSETS</u>		<u>\$ 16,650,701.37</u>	<u>\$ 14,969,618.08</u>

BOROUGH OF ROCKAWAY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31	
		2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3; D-9	\$ 425,284.39	\$ 359,232.28
Encumbered	D-3; D-9	68,069.49	73,388.71
		<u>493,353.88</u>	<u>432,620.99</u>
Due to Water Utility Capital Fund	D		82,000.00
Accounts Payable		6,791.50	18,900.00
Accrued Interest on Notes		15,958.60	11,262.61
Accrued Interest on Bonds		21,696.10	22,633.60
		<u>537,800.08</u>	<u>567,417.20</u>
Reserve for Receivables	D	213,779.62	208,632.98
Fund Balance	D-1	592,028.13	738,116.32
		<u>1,343,607.83</u>	<u>1,514,166.50</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	D-14	1,310,000.00	1,360,000.00
Bond Anticipation Notes Payable	D-13	3,481,876.00	2,024,758.00
Improvement Authorizations:			
Funded	D-10	58,610.68	38,259.60
Unfunded	D-10	2,624,918.20	2,439,701.35
Capital Improvement Fund	D-11	190,112.04	150,112.04
Due to Water Utility Operating Fund	D	4,695.99	
Reserve to Pay Debt Service	D-5	5,102.14	74,674.60
Reserve for Water Capital Improvements		150,063.08	205,063.08
Deferred Reserve for Amortization	D-12	329,241.15	274,241.15
Reserve for Amortization	D-12A	7,147,676.66	6,883,844.16
Fund Balance	D-1A	4,797.60	4,797.60
		<u>15,307,093.54</u>	<u>13,455,451.58</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 16,650,701.37</u>	<u>\$ 14,969,618.08</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2019	2018
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	464,000.00	\$ 301,000.00
Water Rents		1,707,202.28	1,706,740.78
Miscellaneous		24,826.10	50,442.23
Nonbudget Revenue		33,965.87	101,066.86
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		246,549.32	281,548.61
		<u>2,476,543.57</u>	<u>2,440,798.48</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,614,750.00	1,503,965.00
Capital Improvements		269,000.00	250,700.00
Debt Service		196,161.76	156,244.42
Deferred Charges and Statutory Expenditures		78,720.00	82,838.00
		<u>2,158,631.76</u>	<u>1,993,747.42</u>
Excess in Revenue		317,911.81	447,051.06
<u>Fund Balance</u>			
Balance January 1	D	738,116.32	592,065.26
		<u>1,056,028.13</u>	<u>1,039,116.32</u>
Decreased by:			
Utilized by Water Utility Operating Budget		464,000.00	301,000.00
		<u>464,000.00</u>	<u>301,000.00</u>
Balance December 31	D	<u>\$ 592,028.13</u>	<u>\$ 738,116.32</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2018	D	\$ <u>4,797.60</u>
Balance December 31, 2019	D	\$ <u><u>4,797.60</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Anticipated	Realized	Excess
Fund Balance Anticipated	\$ 464,000.00	\$ 464,000.00	
Rents	1,678,570.00	1,707,202.28	\$ 28,632.28
Miscellaneous Revenue Anticipated	17,000.00	24,826.10	7,826.10
	2,159,570.00	2,196,028.38	36,458.38
Nonbudget Revenue		33,965.87	33,965.87
	\$ 2,159,570.00	\$ 2,229,994.25	\$ 70,424.25
 <u>Analysis of Revenue - Rents</u>			
Collections		\$ 1,707,202.28	
		\$ 1,707,202.28	
 <u>Miscellaneous Revenue Anticipated:</u>			
Collector:			
Water Allocation Fees		\$ 3,570.00	
Sprinklers		15,481.10	
Hydrants		5,775.00	
		24,826.10	
		\$ 24,826.10	
 <u>Nonbudget Revenue:</u>			
Collector:			
Interest and Penalties		\$ 6,704.25	
Treasurer:			
Interest on Investments	\$ 10,098.35		
Due from Water Utility Capital Fund:			
Interest on Investments	17,163.27		
	27,261.62	27,261.62	
		\$ 33,965.87	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
 WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Appropriation		Expended by			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 563,700.00	\$ 563,700.00	\$ 512,438.03	\$ 51,261.97		
Other Expenses	1,051,050.00	1,051,050.00	902,836.34	148,213.66		
Capital Improvements:						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00			
Capital Outlay	229,000.00	229,000.00	11,113.41	217,886.59		
Debt Service:						
Payment of Bonds	50,000.00	50,000.00	50,000.00			
Payment of Bond Interest	60,357.00	60,357.00	59,418.76			\$ 938.24
Payment of Bond Anticipation Notes and Capital Notes	26,000.00	26,000.00	26,000.00			
Interest on Notes	60,743.00	60,743.00	60,743.00			
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	26,220.00	26,220.00	26,220.00			
Unemployment Insurance	7,500.00	7,500.00	7,500.00			
Social Security System (O.A.S.I.)	45,000.00	45,000.00	37,077.83	7,922.17		
	<u>\$ 2,159,570.00</u>	<u>\$ 2,159,570.00</u>	<u>\$ 1,733,347.37</u>	<u>\$ 425,284.39</u>	<u>\$ 938.24</u>	

Ref:

D

Cash Disbursed	\$ 1,546,196.12
Accrued Interest on Bonds	59,418.76
Accrued Interest on Notes	60,743.00
Encumbrances Payable	68,069.49
	<u>1,734,427.37</u>
	<u>1,080.00</u>
Less: Appropriation Refunds	<u>\$ 1,733,347.37</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF ROCKAWAY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2019	2018
<u>ASSETS</u>		
Land	\$ 9,407,660.00	\$ 9,407,660.00
Buildings	4,269,606.00	4,269,606.00
Equipment and Vehicles	7,286,806.22	6,971,456.30
<u>TOTAL ASSETS</u>	<u>\$ 20,964,072.22</u>	<u>\$ 20,648,722.30</u>
 <u>RESERVES</u>		
Investment in Fixed Assets	\$ 20,964,072.22	\$ 20,648,722.30
<u>TOTAL RESERVES</u>	<u>\$ 20,964,072.22</u>	<u>\$ 20,648,722.30</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Rockaway include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Rockaway, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Rockaway do not include the operations of the Library or Volunteer Fire and First Aid Squads.

Governmental Accounting Standards Board publication Codification of Government Accounting and Financial Reporting Standards ("GASB"), Section 2100 "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Rockaway conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Rockaway accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Fund – Account for the operations and acquisition of capital facilities of the municipally owned water utility.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E – “Basis of Accounting”.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Water Utility Capital Fund would be depreciated, investments would generally be stated at fair value, and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the period reported. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

General Fixed Assets – General fixed assets are recorded at cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. Fixed assets are reviewed for impairment.

The total value recorded for general fixed assets is offset by an “Investment in Fixed Assets”. When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Water Utility Fund. The values recorded in the general fixed assets account group and the capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and does not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized and depreciation is not recorded. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund represent charges to operations for the acquisition cost of property, equipment and improvements.

- F. Budget/Budgetary Control – Annual budgets are usually prepared in the first quarter for the Current and Water Utility Operating Funds. Budgets are prepared on the cash basis of accounting and are submitted to the governing body and the Division of Local Government Services. The legal level of budgetary control is established at the line item accounts within each fund and are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough Council during the year.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2019	2018	2017
<u>Issued</u>			
General:			
Bonds and Notes	\$ 6,369,009.00	\$ 6,306,093.00	\$ 6,054,251.00
Water Utility:			
Bonds and Notes	4,791,876.00	3,384,758.00	3,078,535.00
	<u>11,160,885.00</u>	<u>9,690,851.00</u>	<u>9,132,786.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	399,148.00	633,066.00	
Water Utility:			
Bonds and Notes	367,080.00	826,870.00	
Total Authorized but not Issued	<u>766,228.00</u>	<u>1,459,936.00</u>	<u>- 0 -</u>
<u>Less:</u>			
General:			
Reserve to Pay Debt Service	12,887.91	147,301.32	53,684.80
Water Utility:			
Reserve to Pay Debt Service	5,102.14	74,674.60	16,236.81
	<u>17,990.05</u>	<u>221,975.92</u>	<u>69,921.61</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 11,909,122.95</u>	<u>\$ 10,928,811.08</u>	<u>\$ 9,062,864.39</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .821%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 1,869,601.33	\$ 1,869,601.33	
Water Utility Debt	5,158,956.00	5,158,956.00	
General Debt	6,768,157.00	12,887.91	\$ 6,755,269.09
	<u>\$ 13,796,714.33</u>	<u>\$ 7,041,445.24</u>	<u>\$ 6,755,269.09</u>

Net Debt: \$6,755,269.09 divided by Average Equalized Valuations of \$822,916,366 of Real Property = 0.821%.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 2: Long-Term Debt (Cont'd)

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$28,802,072.81
Net Debt	<u>6,755,269.09</u>
Remaining Borrowing Power	<u><u>\$22,046,803.72</u></u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,229,994.25
--	-----------------

Deductions:

Operating and Maintenance Cost	\$ 1,693,470.00	
Debt Service	<u>196,161.76</u>	
		<u>1,889,631.76</u>

Excess in Revenue	<u><u>\$ 340,362.49</u></u>
-------------------	-----------------------------

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount. The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Serial Bonds:				
General Capital Fund	\$ 1,185,000.00		\$ 375,000.00	\$ 810,000.00
Water Utility Capital Fund	1,360,000.00		50,000.00	1,310,000.00
Bond Anticipation Notes:				
General Capital Fund	5,121,093.00	\$ 5,559,009.00	5,121,093.00	5,559,009.00
Water Utility Capital Fund	<u>2,024,758.00</u>	<u>3,481,876.00</u>	<u>2,024,758.00</u>	<u>3,481,876.00</u>
	<u><u>\$9,690,851.00</u></u>	<u><u>\$9,040,885.00</u></u>	<u><u>\$7,570,851.00</u></u>	<u><u>\$ 11,160,885.00</u></u>

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018
Serial Bonds:				
General Capital Fund	\$ 1,550,000.00		\$ 365,000.00	\$ 1,185,000.00
Water Utility Capital Fund	1,410,000.00		50,000.00	1,360,000.00
Bond Anticipation Notes:				
General Capital Fund	4,504,251.00	\$ 5,121,093.00	4,504,251.00	5,121,093.00
Water Utility Capital Fund	<u>1,668,535.00</u>	<u>2,024,758.00</u>	<u>1,668,535.00</u>	<u>2,024,758.00</u>
	<u><u>\$9,132,786.00</u></u>	<u><u>\$7,145,851.00</u></u>	<u><u>\$6,587,786.00</u></u>	<u><u>\$ 9,690,851.00</u></u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding:
General Capital Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
General Improvement Bond Series 2011	8/15/2021	4.50%	<u>\$ 810,000.00</u>

General Capital - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Capital Improvements	9/11/2020	1.50%	<u>\$ 5,559,009.00</u>

Water Utility Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Water Utility Bonds of 2011	8/15/2036	3.000-5.000%	<u>\$ 1,310,000.00</u>

Water Utility - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Water Improvements	9/11/2020	1.50%	<u>\$ 3,481,876.00</u>

Total Debt Issued and Outstanding \$ 11,160,885.00

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and
Thereafter for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 395,000.00	\$ 36,450.00	\$ 55,000.00	\$ 57,856.26	\$ 544,306.26
2021	415,000.00	18,675.00	55,000.00	55,381.26	544,056.26
2022			60,000.00	52,906.26	112,906.26
2023			60,000.00	50,206.26	110,206.26
2024			65,000.00	47,206.26	112,206.26
2025-2029			360,000.00	194,931.30	554,931.30
2030-2034			455,000.00	105,218.78	560,218.78
2035-2036			200,000.00	13,125.00	213,125.00
	<u>\$ 810,000.00</u>	<u>\$ 55,125.00</u>	<u>\$ 1,310,000.00</u>	<u>\$ 576,831.38</u>	<u>\$ 2,751,956.38</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2019 which were included in the introduced budget as appropriated and as anticipated revenue for the year ending December 31, 2020 budget were as follows:

Current Fund	\$ 775,000.00
Water Utility Operating Fund	464,000.00

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Rockaway has not elected to defer school taxes.

Note 5: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2019, the Borough did not have any deferred charges on the various balance sheets that need to be raised in the succeeding year.

Note 6: Pension Plans

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

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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$174,800 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2018, the Borough's liability was \$3,450,028 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0175%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2018 pension information in the Notes to the Financial Statements as the June 30, 2019 pension information has not been released as of the date of this audit.

For the year ended December 31, 2019, the Borough recognized actual pension expense in the amount of \$174,800.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's proportionate share of the Net Pension Liability	\$ 4,338,013	\$ 3,450,028	\$ 2,705,066

Pension Plan Fiduciary Net Position

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), 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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under 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. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers 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 local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2018 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2018 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$493,570 for the year ended December 31, 2019. During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$54,957 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$109,914.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2018, the Borough's liability for its proportionate share of the net pension liability was \$6,831,518. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Borough's proportion was 0.050%, which was an increase of 0.004% from its proportion measured as of June 30, 2017. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2018 pension information in the Notes to the Financial Statements as the June 30, 2019 pension information has not been released as of the date of this audit.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$927,949 as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the State's proportion was 0.050%, which was an increase of 0.004% from its proportion measured as of June 30, 2017 which is the same proportion as the Borough's. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Borough's Proportionate Share of the Net Pension Liability	\$ 6,831,518
State's Proportionate Share of the Net Pension Liability Associated with the Borough	927,949
Total Net Pension Liability	\$ 7,759,467

For the year ended December 31, 2019, the Borough recognized total pension expense of \$493,570.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For pre-retirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability retirement rates were based on a custom table with representative rates and no mortality improvement assumed.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
 (Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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 PFRS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 10,385,084	\$ 7,759,467	\$ 5,593,812

Pension Plan Fiduciary Net Position - PFRS

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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 Chapter 103, 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.

For DCRP, the Borough recognized pension expense of \$6,183.85 for the year ended December 31, 2019. Employee contributions to DCRP amounted to \$8,397.63 for the year ended December 31, 2019.

Note 7: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$233,604.57 at December 31, 2019. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. The Borough has reserved \$231,618.46 for Deferred Sick Leave on the Trust Fund balance sheet at December 31, 2019.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 8: Selected Tax Information (Cont'd)

	2019	2018	2017
<u>Tax Rate</u>	\$ 3.09	\$ 3.06	\$ 2.95
<u>Apportionment of Tax Rate</u>			
Municipal	0.87	0.85	0.82
County	0.27	0.28	0.30
Local School	1.09	1.06	1.03
Regional School	0.86	0.86	0.79
<u>Assessed Valuations</u>			
2019	\$ 785,402,692.00		
2018		\$ 779,501,497.00	
2017			\$ 779,819,847.00

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2019	\$ 24,315,947.73	\$ 23,914,613.94	98.34%
2018	23,902,781.48	23,581,503.41	98.65%
2017	23,022,336.39	22,657,188.52	98.41%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

GASB require disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

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

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments

As of December 31, 2019, cash and cash equivalents of the Borough of Rockaway consisted of the following:

<u>Fund</u>	<u>Change Funds</u>	<u>Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current Fund	\$ 100.00	\$ 4,745,881.61	\$ 2,874.93	\$ 4,748,856.54
Animal Control Trust Fund		28,185.79		28,185.79
Other Trust Funds		1,518,885.65		1,518,885.65
General Capital Fund		3,463,824.88		3,463,824.88
Water Utility Operating Fund	100.00	1,120,701.85	4,330.37	1,125,132.22
Water Utility Capital Fund		2,671,219.73		2,671,219.73
	<u>\$ 200.00</u>	<u>\$ 13,548,699.51</u>	<u>\$ 7,205.30</u>	<u>\$ 13,556,104.81</u>

During the period ended December 31, 2019, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2019, was \$13,556,104.81 and the bank balance was \$13,609,487.16. The \$7,205.30 invested with the State of New Jersey Cash Management Fund is uninsured and/or unregistered.

Note 10: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Rockaway is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of this Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Risk Management (Cont'd)

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Auditing Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2019 financial statements were not available as of the date of this report. Selected financial information for the Fund as of December 31, 2018 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 33,810,987.00</u>
Net Position	<u>\$ 13,583,877.00</u>
Total Revenue	<u>\$ 19,078,609.00</u>
Total Expenditures	<u>\$ 20,655,181.00</u>
Change in Net Position	<u>\$ (1,576,572.00)</u>
Members Dividends	<u>\$ -0-</u>

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

On following page is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Year</u>	<u>Borough Contributions</u>	<u>Interest Earned</u>	<u>Employees Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 15,000.00	\$ 614.52	\$ 5,086.05	\$ 10,873.58	\$ 83,054.59
2018	15,000.00	567.66	4,482.07	12,872.64	73,227.60
2017	15,000.00	102.24	4,858.60	15,758.00	66,050.51

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 555.19	
Animal Control Fund		\$ 555.19
Water Utility Operating Fund	4,695.99	
Water Utility Capital Fund		4,695.99
	<u>\$ 5,251.18</u>	<u>\$ 5,251.18</u>

The interfund receivable in the Current Fund consists of the statutory excess in the Animal Control Fund that was not turned over by year-end. The interfund between the Water Utility Operating Fund and the Water Utility Capital Fund represents accrued interest on notes paid by capital ordinance.

Note 12: Deferred Compensation Plans

The Borough offers its employees deferred compensation plans (the “plans”) created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by AXA Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 13: Economic Dependency

The Borough of Rockaway receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough’s programs and activities.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 14: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests all lawsuits and believes the ultimate resolution would not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend-the Borough's assessments. The Borough has established a reserve in the amount of \$650,000.00 which it feels should be sufficient to cover these tax appeals.

Note 15: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2018 and 2019.

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Land	\$ 9,407,660.00			\$ 9,407,660.00
Buildings and Improvements	4,269,606.00			4,269,606.00
Equipment	6,086,529.52	\$ 884,926.78		6,971,456.30
	<u>\$ 19,763,795.52</u>	<u>\$ 884,926.78</u>	<u>\$ -0-</u>	<u>\$ 20,648,722.30</u>
	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Land	\$ 9,407,660.00			\$ 9,407,660.00
Buildings and Improvements	4,269,606.00			4,269,606.00
Equipment	6,971,456.30	\$ 315,349.92		7,286,806.22
	<u>\$ 20,648,722.30</u>	<u>\$ 315,349.92</u>	<u>\$ -0-</u>	<u>\$ 20,964,072.22</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

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

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB liability as of June 30, 2019 was not available from the State of New Jersey Division of Pensions and Benefits as of the date of this report. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2018 was \$4,810,821. At June 30, 2018, the State's proportion related to the Borough was .077421%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

Additionally, during the year ended June 30, 2018, the State of New Jersey's OPEB expense related to the Borough was \$145,629.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% to 9.98%

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

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 – June 30, 2014, respectively.

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 17: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the Borough's normal financial operations with the municipal office closed to the public and minimal staff working on site. Though the impact on the Borough's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on tax collections as well as other revenue in the Operating Funds.

BOROUGH OF ROCKAWAY

SUPPLEMENTARY DATA

BOROUGH OF ROCKAWAY
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2019

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Russell Greuter	Mayor	
Melissa Burnside	Councilwoman	
Joyce Kanigel	Councilwoman through 09/30/19	
Thomas Mulligan	Councilman	
Robert Smith	Councilman	
Patrick McDonald	Councilman from 10/24/2019	
Thomas Haynes	Councilman	
James Hurley	Councilman	
Sheila Seifert	Borough Clerk through 06/30/19	(A)
Patricia L. Bussow	Borough Clerk from 07/01/19	(A)
Patricia Reiche	Chief Financial Officer/Treasurer	(A)
Donna Browne	Tax Collector	(A)
Deborah Tanzola	Water Clerk	(A)

All bonds were examined and were properly executed.

(A) All employees are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
CURRENT FUND

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 4,671,634.17
Increased by Receipts:		
Tax Collector		\$ 24,320,536.79
Revenue Accounts Receivable		881,329.53
Miscellaneous Revenue Not Anticipated		464,818.91
Due Animal Control Trust Fund:		
Prior Year Interfund Returned		744.99
Due Water Utility Operating Fund:		
Sewer Receipts		739,522.99
Due State of New Jersey:		
Marriage License Fees		900.00
DCA Training Fees		7,733.00
Veterans and Senior Citizens' Deductions		39,267.81
Appropriation Refunds		221,160.48
Grants Receivable		117,261.50
		26,793,276.00
		31,464,910.17
Decreased by Disbursements:		
2019 Appropriation Expenditures		\$ 8,121,633.08
2018 Appropriation Reserves		465,915.60
Local School Taxes		8,805,128.00
Regional High School Taxes		6,752,960.00
County Taxes		2,153,998.93
Due Other Trust Funds:		
Prior Year Interfund Returned		156,000.00
Refund of:		
Tax Overpayments		5,945.86
Redemption of Third Party Tax Title Liens		75,814.65
Due State of New Jersey:		
DCA Training Fees		8,164.00
Marriage License Fees		775.00
Reserve for Pending Tax Appeals		58,043.05
Reserve for Master Plan		4,000.00
Reserve for Sewer Improvements		3,000.00
Appropriated Grant Reserves		73,104.29
Grant Encumbrances		13,643.50
Refund of Prior Year Revenue		100.02
Refund of Prior Year Tax Revenue		922.76
Accounts Payable		17,004.89
		\$ 26,716,153.63
Balance December 31, 2019	A	\$ 4,748,756.54

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by Receipts:

Taxes Receivable	\$ 23,972,662.02
Interest and Costs on Taxes	96,298.51
2020 Prepaid Taxes	169,242.77
Tax Overpayments	5,945.84
Third Party Tax Title Liens	75,814.65
Other Miscellaneous Revenue	573.00

\$ 24,320,536.79

Decreased by Disbursements:

Paid to Treasurer	<u>\$ 24,320,536.79</u>
-------------------	-------------------------

BOROUGH OF ROCKAWAY
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2018	2019 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Overpayments Applied	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2019
			2018	2019					
2018	\$ 286,489.46		\$ 286,485.87						
2019	\$ 286,489.46	\$ 24,315,947.73	\$ 188,336.55	\$ 23,686,176.15	\$ 39,017.36	\$ 1,083.88	\$ 32,306.07	\$ 346,006.67	
		\$ 24,315,947.73	\$ 188,336.55	\$ 23,972,662.02	\$ 39,017.36	\$ 1,083.88	\$ 32,309.66	\$ 346,006.67	

Ref. A

A

Analysis of 2019 Property Tax Levy:

Tax Yield:

General Purpose Tax
Added and Omitted Taxes

\$ 24,253,235.07
62,712.66
<u>\$ 24,315,947.73</u>

Tax Levy:

Local School District Taxes
Regional High School District Taxes
County Taxes
County Added and Omitted Taxes

\$ 8,539,307.00
6,752,960.00
<u>2,152,726.39</u>
<u>17,444,993.39</u>

Local Tax for Municipal Purposes Levied
Minimum Library Tax
Add: Additional Tax Levied

6,543,372.00
269,509.00
<u>58,073.34</u>
<u>6,870,954.34</u>
<u>\$ 24,315,947.73</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 696,629.26
Increased by:		
Transfer from Taxes Receivable		<u>23,021.05</u>
Balance December 31, 2019	A	<u><u>\$ 719,650.31</u></u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2018	Accrued In 2019	Collected by Treasurer	Balance Dec. 31, 2019
Municipal Clerk:				
Alcoholic Beverage Licenses	\$ 17,050.00	\$ 17,050.00	17,050.00	
Fees and Permits		56,990.03	56,990.03	
Other Licenses		16,055.00	16,055.00	
Construction Code Official:				
Fees and Permits		95,053.00	95,053.00	
Municipal Court:				
Fines and Costs - Township of Parsippany	\$ 5,260.36	62,762.05	63,784.83	\$ 4,237.58
Consolidated Municipal				
Property Tax Relief Program		13,649.00	13,649.00	
Energy Receipts Taxes		533,346.00	533,346.00	
Uniform Fire Safety Fees		32,901.67	32,901.67	
Morris Hills Regional -				
School Resource Officer		52,500.00	52,500.00	
	<u>\$ 5,260.36</u>	<u>\$ 880,306.75</u>	<u>\$ 881,329.53</u>	<u>\$ 4,237.58</u>

Ref.

A

A

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF SEWER RENTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 64,354.46
Increased by:		
Sewer Rents Levied		\$ 738,719.43
Sewer Service Fees Levied		1,000.00
Interest on Rents		2,867.36
		742,586.79
		806,941.25
Decreased by:		
Collections in Current Fund:		
Sewer Rents		735,655.63
Sewer Service Fees		1,000.00
Interest on Rents		2,867.36
		739,522.99
Balance December 31, 2019	A	\$ 67,418.26

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
Mayor & Council:				
Salaries & Wages	\$ 34.33	\$ 34.33		\$ 34.33
Other Expenses	1,086.09	1,086.09		1,086.09
Clerk:				
Salaries & Wages	2,633.77	2,633.77	\$ 824.48	1,809.29
Other Expenses	10,406.18	10,406.18	1,837.11	8,569.07
Financial Administration:				
Salaries & Wages	2.33	2.33		2.33
Other Expenses	9,316.44	9,316.44	6,422.26	2,894.18
Audit Fees	23,114.00	23,114.00	23,114.00	
Assessment of Taxes:				
Salaries & Wages	4,431.98	4,431.98		4,431.98
Other Expenses	554.27	554.27	400.00	154.27
Revenue Administration (Tax Collection):				
Salaries & Wages	176.08	176.08	176.08	
Other Expenses	3,666.37	3,666.37	1,608.00	2,058.37
Legal Services and Costs:				
Other Expenses - Fees	27,904.26	27,904.26	10,396.15	17,508.11
Engineering Services:				
Other Expenses	32,644.00	32,644.00	26,817.72	5,826.28
Land Use Board:				
Salaries & Wages	546.04	546.04		546.04
Other Expenses	2,430.85	2,430.85	680.00	1,750.85
Zoning Enforcement:				
Salaries & Wages	51.00	51.00		51.00
Other Expenses	200.00	200.00		200.00
Insurance:				
Employee Group Insurance	120,800.20	120,800.20	25.00	120,775.20
Workers' Compensation	2,854.74	2,854.74		2,854.74
General Liability Insurance	9,728.74	9,728.74	2,509.00	7,219.74
Health Benefit Waiver	1,583.33	1,583.33		1,583.33
PUBLIC SAFETY				
Office of Emergency Management:				
Salaries & Wages	0.08	0.08		0.08
Other Expenses	1,370.00	1,370.00		1,370.00
Volunteer Fire/Ambulance Department:				
Other Expenses	25,597.99	25,597.99	23,322.60	2,275.39

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC SAFETY (Cont'd)				
Fire Prevention/Uniform Fire Code:				
Salaries & Wages	\$ 2,170.74	\$ 2,170.74		\$ 2,170.74
Other Expenses	1,906.13	1,906.13	\$ 1,080.79	825.34
Police:				
Salaries & Wages	213,769.12	213,769.12	32,720.23	181,048.89
Other Expenses	27,066.67	27,066.67	10,146.09	16,920.58
Alarm System - Police and Fire:				
Other Expenses	206.39	206.39		206.39
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	29,292.03	29,292.03	29,250.00	42.03
Other Expenses	98,329.88	98,329.88	98,283.81	46.07
Other Public Works Functions:				
Other Expenses	8,409.73	8,409.73	7,806.04	603.69
Shade Tree Commission:				
Other Expenses	4,076.00	4,076.00	1,566.57	2,509.43
Sewer:				
Other Expenses	10,918.35	10,918.35	10,918.35	
Public Building and Grounds:				
Other Expenses	15,774.54	15,774.54	6,200.97	9,573.57
Vehicle Maintenance:				
Other Expenses	2,132.98	2,132.98	2,083.47	49.51
HEALTH AND WELFARE:				
Board of Health:				
Salaries & Wages	16.64	16.64		16.64
Other Expenses	1,206.46	1,206.46	725.00	481.46
Senior Citizens' Programs:				
Salaries & Wages	1,888.57	1,888.57		1,888.57
Other Expenses	2,101.60	2,101.60	282.31	1,819.29
RECREATION AND EDUCATION:				
Recreation Commission:				
Salaries & Wages	5,615.14	5,615.14		5,615.14
Other Expenses	15,409.79	15,409.79	10,688.70	4,721.09
Maintenance of Parks	14,220.16	14,220.16	3,035.50	11,184.66
UNIFORM CONSTRUCTION CODE:				
Construction Code Official:				
Salaries & Wages	68.00	68.00		68.00
Other Expenses	155.31	0.31		0.31
Uniform Construction Code Enforcement:				
Other Expenses	165.00	320.00	141.00	179.00
UNCLASSIFIED:				
Utilities:				
Gas (Natural or Propane)	6,088.65	6,088.65	1,777.99	4,310.66
Street Lighting	3,627.69	3,627.69	3,627.69	
Electricity	13,107.77	13,107.77	8,532.04	4,575.73
Gasoline and Diesel	11.26	11.26		11.26
Telephone	2,307.32	2,307.32	269.70	2,037.62

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UNCLASSIFIED (Cont'd)				
Solid Waste Disposal:				
Salaries & Wages	\$ 3,502.72	\$ 3,502.72		\$ 3,502.72
Other Expenses	88,137.74	88,137.74	\$ 71,679.75	16,457.99
Contingent	500.00	500.00		500.00
STATUTORY EXPENDITURES:				
Public Employees Retirement System	239.29	239.29	239.29	
Contribution to Social Security System (O.A.S.I.)	5,027.08	5,027.08		5,027.08
Aid to Municipal Library	19,367.19	19,367.19	19,367.19	
Length of Service Awards Program	14,400.00	14,400.00	6,800.00	7,600.00
Sewage Processing and Disposal	5,444.12	5,444.12		5,444.12
SHARED SERVICE AGREEMENTS:				
Morris Hills Regional District - Police:				
Salaries & Wages	23,345.12	23,345.12		23,345.12
Parsippany-Troy Hills - Municipal Court	5,000.00	5,000.00		5,000.00
CAPITAL IMPROVEMENTS:				
DPW Equipment	10,758.59	10,758.59	2,229.50	8,529.09
Fire Department Equipment	6,865.22	6,865.22	742.21	6,123.01
Recreation Equipment	33,381.81	33,381.81	33,381.81	
Sewer Capital Improvements	125,000.00	125,000.00	125,000.00	
Buildings and Ground Equipment	35,125.62	35,125.62	4,207.20	30,918.42
	<u>\$ 1,137,269.49</u>	<u>\$ 1,137,269.49</u>	<u>\$ 590,915.60</u>	<u>\$ 546,353.89</u>

	<u>Ref.</u>	
<u>Balance December 31, 2018</u>		
Unencumbered	A	\$ 904,430.38
Encumbered	A	<u>232,839.11</u>
		<u>\$ 1,137,269.49</u>

<u>Analysis of Paid or Charged</u>		
Cash Disbursed		\$ 465,915.60
Reserve for Sewer Improvements		<u>125,000.00</u>
		<u>\$ 590,915.60</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 265,821.00
Increased by:		
Levy - Calendar Year 2019		8,539,307.00
		8,805,128.00
Decreased by:		
Payments to Local School District		8,805,128.00
		8,805,128.00
Balance December 31, 2019	A	\$ -0-

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

Increased by:		
Levy - Calendar Year 2019		\$ 6,752,960.00
		6,752,960.00
Decreased by:		
Payments to Regional High School District		\$ 6,752,960.00
		6,752,960.00

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2018	Revenue Realized	Received in Current Fund	Transfer from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2019
Recycling Tonnage Grant	\$ 10,604.00	\$ 10,604.00	\$ 15,856.90		\$ 572.62	4,778.48
Clean Communities		13,524.27	13,524.27			
Bulletproof Vest Partnership Grant	3,560.00	1,735.98				5,295.98
Body Armor Replacement		1,864.98	1,864.98			
Safe and Secure Communities Grant:						
2017	29,407.00		29,407.00			
2018	29,407.00		29,407.00			
2019		29,407.00	7,351.75			22,055.25
Drive Sober Or Get Pulled Over Grant		5,500.00	5,500.00			
Drunk Driving Enforcement Fund		7,713.92		\$ 7,713.92		
Municipal Alliance Grant	1,479.03		3,849.60		301.76	1,479.03
Distracted Driving Grant	2,301.76	11,256.00	5,500.00		5,500.00	9,406.40
Drive Sober or Get Pulled Over Year - End Crackdown Grant	5,500.00	5,500.00				
Highland Coalition - Historic Trolley Trail	11,000.00				11,000.00	
Pedestrian Bridge Project	5,000.00		5,000.00			
Morris County Historic Preservation Trust Fund Grant:						
Fox's Brook Culvert Project	22,400.00					22,400.00
	<u>\$ 120,658.79</u>	<u>\$ 87,106.15</u>	<u>\$ 117,261.50</u>	<u>\$ 7,713.92</u>	<u>\$ 17,374.38</u>	<u>\$ 65,415.14</u>

Ref. A

A

Adopted Budget \$ 70,345.90
Added by N.J.S.A. 40A:4-87 16,760.25
\$ 87,106.15

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF UNAPPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2018	Transferred to 2019 Budget Revenue	Balance Dec. 31, 2019
Drunk Driving Enforcement Fund	\$ 7,713.92	\$ 7,713.92	
	<u>\$ 7,713.92</u>	<u>\$ 7,713.92</u>	<u>\$ -0-</u>
<u>Ref.</u>	A		A

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2018	Transferred from 2019 Budget Appropriations	Paid or Charged	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2019
Body Armor Grant	\$ 4,939.32	\$ 1,864.98	\$ 5,240.00			\$ 1,564.30
Clean Communities		13,524.27	9,048.07			4,476.20
Bulletproof Vest	3,560.00	1,735.98	3,560.00			1,735.98
Distracted Driving	5,500.00	5,500.00	5,445.00		\$ 5,500.00	55.00
Drive Sober or Get Pulled Over	5,500.00	5,500.00	5,500.00		5,500.00	
Drive Sober or Get Pulled Over - Year End Crackdown	5,500.00				5,500.00	
Drunk Driving Enforcement Fund	17,278.20	7,713.92	3,000.55			21,991.57
Highland Coalition - Historic Trolley Trail Pedestrian Bridge Project	2,375.00		2,375.00			
Highland Committee - Historic Trolley Trail Pedestrian Bridge Project	1,678.00		1,678.00			
Trolley 2018 - Local Match:	3,947.00		3,947.00	\$ 65.50		65.50
Municipal Alliance: 2018	1,316.16		1,014.40		301.76	
2019	329.03	11,256.00	8,351.85			2,904.15
Municipal Alliance 2018 - Local Match:			253.60		75.43	
Municipal Alliance 2019 - Local Match:		3,314.00	2,587.96			726.04
Recycling Tonnage	10,604.00	10,604.00			572.62	20,635.38
Safe and Secure Communities: 2018	15.86		15.86			
2019		29,407.00	29,407.00			
Local Safety Improvement	3,224.08					3,224.08
	<u>\$ 65,766.65</u>	<u>\$ 90,420.15</u>	<u>\$ 81,424.29</u>	<u>\$ 65.50</u>	<u>\$ 17,449.81</u>	<u>\$ 57,378.20</u>
<u>Ref.</u>	A					A
		Cash Disbursed	\$ 73,104.29			
		Encumbrances	8,320.00			
			<u>\$ 81,424.29</u>			
		Federal	\$ 14,505.00			
		State	56,077.73	Grants Receivable	\$ 17,374.38	
		Local	10,841.56	Fund Balance	75.43	
			<u>\$ 81,424.29</u>		<u>\$ 17,449.81</u>	

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
TRUST FUNDS

BOROUGH OF ROCKAWAY
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2018	B	\$ 30,407.19	\$ 1,381,743.71
Increased by Receipts:			
Due Current Fund:			
Interfund			\$ 156,000.00
License Fees	\$	11,801.80	
Interest on Investments		252.08	
State Registration Fees		885.60	
Prepaid Licenses		771.60	
Miscellaneous Fees		1,231.00	
Tax Sale Premiums			
Trust Escrow			43,000.00
Council on Affordable Housing			81,523.90
Addison Hills Escrow			38,071.48
Parking Offense Adjudication Act			15.06
Unemployment Insurance Deposits			40.00
Forfeited Assets			20,700.57
Recycling			5,149.21
Tree Replacement			5,733.61
Public Defender			1,000.00
National Night Out			2,100.00
Fire Prevention			1,800.00
Outside Police Services			4,925.00
Recreation Deposits			486,720.47
Reserve for Storm Recovery			19,859.30
		<u>14,942.08</u>	<u>111,275.00</u>
			<u>977,913.60</u>
			<u>2,359,657.31</u>

BOROUGH OF ROCKAWAY
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:		
Due Current Fund:		
Interfund - Current	\$ 744.99	
Interest on Investments	252.08	
State of New Jersey Board of Health	894.00	
Expenditures Under R.S. 4:19-15.11	15,272.41	
Tax Sale Premiums		\$ 68,200.00
Council on Affordable Housing		10,410.00
Unemployment Insurance Expenditures		10,873.58
Shade Tree		288.00
Tree Replacement		750.00
National Night Out		1,129.40
Fire Prevention		2,870.00
Outside Police Services		612,839.21
Forfeited Assets		1,925.89
Recycling		17,334.38
Trust Escrow		78,521.22
Reserve for Deferred Sick Leave		20,265.12
Recreation Expenditures		15,364.86
	\$ 17,163.48	\$ 840,771.66
Balance December 31, 2019	\$ 28,185.79	\$ 1,518,885.65

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF ROCKAWAY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2018	B	\$ 28,721.20
Dog and Cat License Fees		\$ 11,801.80
Prior Year Prepaid Licenses Applied		879.80
Miscellaneous Fees		1,231.00
		13,912.60
		42,633.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11		15,272.41
Statutory Excess Due to Current Fund		555.19
		15,827.60
Balance December 31, 2019	B	\$ 26,806.20

<u>License Fees Collected</u>		<u>Amount</u>
<u>Year</u>		
2017		\$ 13,542.20
2018		13,264.00
		26,806.20
Maximum Allowable Reserve		\$ 26,806.20

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
GENERAL CAPITAL FUND

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 3,208,348.73
Increased by:		
Reserve to Pay Debt Service:		
Grant Funds Received on Fully Funded Ordinances:		
CDBG - Stone Arch Culvert	\$ 5,240.00	
Premium on Bond Anticipation Notes	7,648.59	
Grants Receivable:		
Morris County Historic Society Preservation Trust	74,525.00	
Community Development Block Grant:		
Community Center	79,821.11	
Capital Improvement Fund:		
2019 Budget Appropriation	55,000.00	
Bond Anticipation Note Proceeds	5,559,009.00	
Due Current Fund:		
Interest	25,274.51	
	<hr/>	5,806,518.21
		<hr/>
		9,014,866.94
Decreased by:		
Improvement Authorizations	804,674.55	
Bond Anticipation Notes	4,721,093.00	
Due Current Fund:		
Interest	25,274.51	
	<hr/>	5,551,042.06
		<hr/>
		5,551,042.06
Balance December 31, 2019	C	<u><u>\$ 3,463,824.88</u></u>

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Notes Paid by		Paid by Reserve for		Balance Dec. 31, 2019	Analysis of Balance December 31, 2019	
				Budget Appropriation	Debt Service	Payment of Debt Service	Bond Anticipation Notes		Unexpended Improvement Authorizations	
12-13	Road Improvements	\$ 212,500.00		\$124,259.00	\$ 88,241.00			\$1,000,376.00		
12-15	Various Capital Improvements	1,180,805.00		178,604.00	1,825.00			2,034,780.00		
14-16	Various Capital Improvements	2,144,520.00		97,137.00	12,603.00			787,217.00		
10-17	Various Capital Improvements	823,650.00			36,433.00			1,290,811.00		\$ 93,673.00
06-18	Various Capital Improvements	1,392,684.00			8,200.00			445,825.00		305,475.00
12-19	Various Capital Improvements		\$ 751,300.00					\$5,958,157.00	\$5,559,009.00	\$ 399,148.00
		\$5,754,159.00	\$ 751,300.00	\$400,000.00	\$ 147,302.00					

Ref.

C

C

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 12-15 (Various Capital Improvements)	\$ 768,732.99	\$ 3,737,838.08
Ordinance 14-16 (Various Capital Improvements)	870,485.90	
Ordinance 10-17 (Various Capital Improvements)	1,066.08	
Ordinance 06-18 (Various Capital Improvements)	1,258,825.26	
Ordinance 12-19 (Various Capital Improvements)	439,579.85	
	<u>3,338,690.08</u>	
		<u>\$ 399,148.00</u>

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 85,304.50
Increased by:		
Current Fund Budget Appropriation		<u>55,000.00</u>
		140,304.50
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>38,490.00</u>
Balance December 31, 2019	C	<u><u>\$ 101,814.50</u></u>

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Matured	Balance Dec. 31, 2018	Balance Dec. 31, 2019
			Date	Amount				
General Improvement Bonds	08/30/11	\$3,470,000.00	08/15/20	\$ 395,000.00	4.50%			
			08/15/21	415,000.00	4.50%	\$ 375,000.00	\$ 1,185,000.00	\$ 810,000.00
						\$ 375,000.00	\$ 1,185,000.00	\$ 810,000.00

Ref.

C

C

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Ord. Date	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Bond Anticipation Notes Issued	Notes Paid by Budget Appropriation	Paid by Reserve for Payment of Debt Service	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2019
12-13	07/25/13	Road Improvements				\$ 124,259.00	\$ 88,241.00	\$ 212,500.00	
12-15	08/19/15	Various Capital Improvements			\$ 1,000,376.00	178,604.00	1,825.00	1,180,805.00	
14-16	09/08/16	Various Capital Improvements			2,034,780.00	97,137.00	12,603.00	2,144,520.00	
10-17	06/22/17	Various Capital Improvements			787,217.00		36,433.00	823,650.00	
06-18	06/28/18	Various Capital Improvements	\$ 633,066.00		1,290,811.00		8,200.00	759,618.00	\$ 93,673.00
12-19	07/11/19	Various Capital Improvements		\$ 751,300.00	445,825.00				305,475.00
			<u>\$ 633,066.00</u>	<u>\$ 751,300.00</u>	<u>\$ 5,559,009.00</u>	<u>\$ 400,000.00</u>	<u>\$ 147,302.00</u>	<u>\$ 5,121,093.00</u>	<u>\$ 399,148.00</u>

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
WATER UTILITY FUND

BOROUGH OF ROCKAWAY
WATER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2018	D	\$ 1,305,433.52	\$ 2,003,738.27
Increased by Receipts:			
Water Utility Collector		\$ 2,471,480.62	
Interest on Investments		10,098.35	\$ 17,163.27
Appropriation Refunds		1,080.00	
Note Premium - Reserve to Pay Debt Service			5,099.06
Bond Anticipation Note Payable			1,557,790.00
Private Hydrants		5,775.00	
Budget Appropriation:			
Capital Improvement Fund			40,000.00
Due Water Utility Operating Fund:			
Prior Year Interfund			82,000.00
Reserve to Pay Debt Service			0.48
Due Water Utility Capital Fund - Interest Earned		17,163.27	
		<u>2,505,597.24</u>	<u>1,702,052.81</u>
		3,811,030.76	3,705,791.08
Decreased by Disbursements:			
2019 Budget Appropriations		1,546,196.12	
2018 Appropriation Reserves		186,071.67	
Accounts Payable		12,108.50	
Accrued Interest on Notes		60,743.00	
Accrued Interest on Bonds		60,356.26	
Improvement Authorizations Expenditures			942,736.08
BAN's Paid by Reserve to Pay Debt Service			74,672.00
Due from Water Capital Fund:			
Prior Year Interfund		82,000.00	
Due Current Fund:			
Sewer Receipts		738,522.99	
Due Water Utility Operating Fund			17,163.27
		<u>2,685,998.54</u>	<u>1,034,571.35</u>
Balance December 31, 2019	D	\$ 1,125,032.22	\$ 2,671,219.73

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by Receipts:

Water Rents	\$ 1,707,202.28	
Allocation Fees	3,570.00	
Sprinklers	15,481.10	
Interest on Delinquent Accounts	6,704.25	
Total Consumer Accounts Receivable		\$ 1,732,957.63

Due Current Fund:

Sewer Rents	735,655.63	
Sewer Interest on Delinquents	2,867.36	
		738,522.99

Decreased by Disbursements:

Paid to Treasurer		\$ 2,471,480.62
-------------------	--	-----------------

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2018	Receipts			Disbursements			Transfers		Balance Dec. 31, 2019
		Bond Anticipation Notes	Misc.	Bond Anticipation Notes	Improvement Authorizations	Misc.	From	To		
Capital Fund Balance	\$ 4,797.60									\$ 4,797.60
Capital Improvement Fund	150,112.04		\$ 40,000.00							190,112.04
Due Water Utility Operating Fund	(82,000.00)		99,163.27		\$ 17,163.27				\$ 4,695.99	4,695.99
Reserve for Capital Improvements	205,063.08						\$ 55,000.00			150,063.08
Reserve to Pay Debt Service	74,674.60		5,099.54	\$ 74,672.00						5,102.14
Ord. No.										
		Improvement Description								
08-09	1,188.18									1,188.18
05-11	37,071.42				\$ 34,648.92					2,422.50
11-15	85,687.38				32,526.26					53,161.12
15-16	644,637.72				280,298.15		4,695.99			359,643.58
09-17	531,150.00				430,129.00					101,021.00
07-18	351,356.25	\$ 826,870.00			160,981.00					1,017,245.25
10-19									55,000.00	55,000.00
11-19		730,920.00			4,152.75					726,767.25
	<u>\$ 2,003,738.27</u>	<u>\$ 1,557,790.00</u>	<u>\$ 144,262.81</u>	<u>\$ 74,672.00</u>	<u>\$ 942,736.08</u>	<u>\$ 17,163.27</u>	<u>\$ 59,695.99</u>	<u>\$ 59,695.99</u>	<u>\$ 59,695.99</u>	<u>\$ 2,671,219.73</u>

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>2019</u> <u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Water Rents	\$ 208,632.98	\$ 1,712,348.92	\$ 1,707,202.28	\$ 213,779.62
Miscellaneous		24,826.10	24,826.10	
	<u>\$ 208,632.98</u>	<u>\$ 1,737,175.02</u>	<u>\$ 1,732,028.38</u>	<u>\$ 213,779.62</u>

Ref.

D

D

Miscellaneous:

Water Allocation Fees	\$ 3,570.00
Sprinklers	15,481.10
Hydrants	5,775.00
	<u>\$ 24,826.10</u>

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2018	Additions By Budget Capital Outlay	Balance Dec. 31, 2019
Fixed Capital Prior to 1970	\$ 32,512.50		\$ 32,512.50
Pumping Station Land	2,700.00		2,700.00
Storage System Land	400.00		400.00
Springs and Wells	445,846.92		445,846.92
Pumping Station Structures	22,848.54		22,848.54
Electric Pumping Station Equipment	31,401.51		31,401.51
Storage Reservoirs and tanks	767,359.38		767,359.38
Distribution Mains and Accessories	2,820,197.43		2,820,197.43
Service Pipes and Stops	83,753.92		83,753.92
Fire Hydrants and Cisterns	77,747.86		77,747.86
General Structures	71,837.61		71,837.61
Meters, Meter Boxes and Vaults	343,303.86		343,303.86
Engineering	11,004.96		11,004.96
General Equipment	259,054.64		259,054.64
Shoring Unit	5,961.50		5,961.50
Booster Pump	1,736.67		1,736.67
Pumping Equipment	28,091.31		28,091.31
Water Line and Reservoirs	84,562.63		84,562.63
Sewer Lines	16,651.20		16,651.20
Water Treatment Facility	788,753.37		788,753.37
Altitude Valve	4,000.00		4,000.00
Trucks	51,193.06		51,193.06
Purification Equipment	273,279.87		273,279.87
Loader Replacement	153,601.91		153,601.91
Woodside Transit Pipeline	213,373.95		213,373.95
Water Utility Vehicles	342,996.86		342,996.86
Improvement to Hillside Water Tank	80,000.00		80,000.00
Portable Radios	2,760.00		2,760.00
Hillside Water Tank Replacement	58,000.00		58,000.00
Redevelop/Repair Well 6A	55,104.00		55,104.00
Potable Water Improvements	80,000.00		80,000.00
Land Acquisition	31,515.10		31,515.10
Pressure Valve Replacement	75,410.18		75,410.18
Air Stripper Insulation	9,465.00		9,465.00
Siding and Infrastructure Upgrades	100,000.00		100,000.00
Hydrants and Valves Replacement		\$ 48,734.54	48,734.54
Computer Equipment		3,922.41	3,922.41
Security Upgrades		10,700.00	10,700.00
Replacement of Water Meters		37,857.00	37,857.00
Well House Repairs		8,200.00	8,200.00
Vehicle Accessories		3,746.55	3,746.55
	<u>\$ 7,426,425.74</u>	<u>\$ 113,160.50</u>	<u>\$ 7,539,586.24</u>
	D		D

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Balance Dec. 31, 2019
08-09	Various Water Utility Improvements	\$ 417,000.00		\$ 417,000.00
05-11	Various Water Utility Improvements	643,241.15		643,241.15
11-15	Various Water Utility Improvements	251,321.00		251,321.00
15-16	Various Water Utility Improvements	694,000.00		694,000.00
09-17	Various Water Utility Improvements	731,255.42		731,255.42
07-18	Various Water Utility Improvements	1,206,470.00		1,206,470.00
10-19	Acquisition and Installation of Generator		\$ 55,000.00	55,000.00
11-19	Various Water Utility Improvements		1,098,000.00	1,098,000.00
		<u>\$ 3,943,287.57</u>	<u>\$ 1,153,000.00</u>	<u>\$ 5,096,287.57</u>

D

D

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 8,994.40	\$ 8,994.40		\$ 8,994.40
Other Expenses	250,425.82	250,425.82	\$ 84,024.58	166,401.24
Capital Improvements:				
Capital Outlay	163,035.35	163,035.35	102,047.09	60,988.26
Deferred Charges/Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	10,165.42	10,165.42		10,165.42
	<u>\$ 432,620.99</u>	<u>\$ 432,620.99</u>	<u>\$ 186,071.67</u>	<u>\$ 246,549.32</u>

	<u>Ref.</u>
<u>Balance December 31, 2018:</u>	
Unencumbered	D \$ 359,232.28
Encumbered	D <u>73,388.71</u>
	<u>\$ 432,620.99</u>

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2018	D	\$ 150,112.04
Increased by:		
2019 Budget Appropriation		<u>40,000.00</u>
Balance December 31, 2019	D	<u><u>\$ 190,112.04</u></u>

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2018	2019 Authorizations	Balance Dec. 31, 2019
08-09	Various Water Utility Improvements	06/25/2009	\$ 58,850.00		\$ 58,850.00
16-10	Various Water Utility Improvements	08/12/2010	2,500.00		2,500.00
05-11	Various Water Utility Improvements	05/12/2011	212,891.15		212,891.15
10-19	Acquisition and Installation of Generator	07/11/2019		\$ 55,000.00	55,000.00
			\$ 274,241.15	\$ 55,000.00	\$ 329,241.15

Ref.

D

D

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2018	D	\$ 6,883,844.16
Increased by:		
Budget Appropriations:		
Capital Outlay	\$ 113,160.50	
Paid by Operating Budget	26,000.00	
Paid by Reserve for Payment of Debt Service	74,672.00	
Serial Bonds Paid by Operating Budget	<u>50,000.00</u>	
		<u>263,832.50</u>
Balance December 31, 2019	D	<u>\$ 7,147,676.66</u>

BOROUGH OF ROCKAWAY
 WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER CAPITAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Matured	Balance Dec. 31, 2018	Balance Dec. 31, 2019
			Date	Amount				
Water Utility Bonds of 2011	8/30/11	\$ 1,710,000.00	8/15/2020	\$ 55,000.00	4.500%			
			8/15/2021	55,000.00	4.500%			
			8/15/2022	60,000.00	4.500%			
			8/15/2023	60,000.00	5.000%			
			8/15/2024	65,000.00	5.000%			
			8/15/2025	65,000.00	3.000%			
			8/15/2026	70,000.00	3.000%			
			8/15/2027	70,000.00	5.000%			
			8/15/2028	75,000.00	5.000%			
			8/15/2029	80,000.00	5.000%			
			8/15/2030	85,000.00	4.375%			
			8/15/2031	85,000.00	4.375%			
			8/15/2032	90,000.00	4.375%			
			8/15/2033	95,000.00	4.375%			
			8/15/2034	100,000.00	4.375%			
			8/15/2035	100,000.00	4.375%			
			8/15/2036	100,000.00	4.375%			
						\$ 50,000.00	\$ 1,360,000.00	\$ 1,310,000.00
						\$ 50,000.00	\$ 1,360,000.00	\$ 1,310,000.00

Ref.

D

D

BOROUGH OF ROCKAWAY
 WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2018	2019 Improvement Authorizations	Bond Anticipation Notes Issued	Notes Paid by Budget Appropriation	Paid by Reserve for Payment of Debt Service	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2019
11-15	Various Water Improvements			\$ 155,336.00	\$ 7,143.00	\$ 48,679.00	\$ 211,158.00	
15-16	Various Water Improvements			657,895.00	18,857.00	17,248.00	694,000.00	
09-17	Various Water Improvements			731,255.00		8,745.00	740,000.00	
07-18	Various Water Improvements	\$ 826,870.00		1,206,470.00			379,600.00	
11-19	Various Water Improvements		\$ 1,098,000.00	730,920.00				\$ 367,080.00
		\$ 826,870.00	\$ 1,098,000.00	\$ 3,481,876.00	\$ 26,000.00	\$ 74,672.00	\$ 2,024,758.00	\$ 367,080.00

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2019
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2019

BOROUGH OF ROCKAWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Funding Department	Federal Program	CFDA #	State Pass Through Entity ID	Grant Name	Grant Period		Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amount Paid to Subrecipients
					From	To					
U.S. Department of Housing and Urban Development:											
(Passed Through County of Morris Department of Community Development)	Community Development Block Grants	14.218	N/A	Replacement of Sidewalks on Various Streets	01/01/17	12/31/19	\$ 80,000.00	\$ 79,821.11	\$ 79,821.11	\$ 80,000.00	
Total Department of Housing and Urban Development								79,821.11	79,821.11	80,000.00	
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid - Hoagland Ave.	20.205	18-480-078-6320-AM2-6010	N/A	01/01/18	12/31/19	305,000.00	\$305,000.00	\$305,000.00	305,000.00	
(Passed through New Jersey Department of Law & Public Safety)	Distracted Driving	20.616	100-066-1160-113-YHTS-6120	N/A	01/01/19	12/31/19	5,500.00	5,500.00	5,445.00	5,445.00	
(Passed through New Jersey Department of Law & Public Safety)	Drive Sober or Get Pulled Over	20.616	100-066-1160-157-031020	N/A	01/01/19	12/31/19	5,500.00	5,500.00	5,500.00	5,500.00	
Total Department of Transportation								11,000.00	315,945.00	315,945.00	
U.S. Department of Justice: Office of Justice Program	Bulletproof Vest Partnership Grant	16.607	N/A	N/A	01/01/18	12/31/19	3,560.00		3,560.00	3,560.00	
Total Department of Justice									3,560.00	3,560.00	
TOTAL FEDERAL AWARDS								<u>\$ 90,821.11</u>	<u>\$399,326.11</u>	<u>\$399,505.00</u>	<u>\$ -0-</u>

N/A - Not Available/Applicable

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF ROCKAWAY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Treasury: Passed through the County of Morris: Morris: Governor's Council on Alcoholism and Drug Abuse	Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-2000-044-995120	07/01/18	06/30/19	\$ 11,256.00	\$ 2,000.00	\$ 4,864.00	\$ 10,954.24
			07/01/19	06/30/20	11,256.00	1,849.60	8,351.85	8,351.85
Subtotal - Department of Treasury						3,849.60	13,215.85	19,306.09
Department of Environmental Protection	Clean Communities Act	765-042-4900-004-V42Y-6020	01/01/18	12/31/19	12,117.71		1,025.00	12,117.71
			01/01/19	12/31/20	13,524.27	13,524.27	8,728.07	8,728.07
	Recycling Grant	752-042-4900-001-V42Y-6020	01/01/18	12/31/18	10,604.00	10,031.38		
			01/01/19	12/31/20	10,604.00	5,825.52	9,753.07	20,845.78
	Radon Test Program	100-042-4900-047-017200	01/01/18	12/31/18	675.00	675.00	675.00 *	675.00
Subtotal - Department of Environmental Protection						30,056.17	10,428.07	21,520.78
Department of Law and Public Safety	Body Armor Replacement Fund	1020-718-066-1020-001-6120	01/01/15	12/31/19	3,428.90		1,640.24	3,428.90
			01/01/16	12/31/19	1,705.18		1,705.18	1,705.18
			01/01/17	12/31/19	1,593.90		1,593.90	1,593.90
			01/01/18	12/31/20	1,864.98	1,864.98	300.68	300.68
	Drunk Driving Enforcement Fund	100-078-6400-260-YYYY	01/01/13	12/31/19	16,569.69		3,000.55	11,724.55
			01/01/18	12/31/20	7,713.92			
	Safe and Secure Communities	100-066-1020-232-YCJF	01/01/17	12/31/18	29,407.00	29,407.00		29,398.97
			01/01/18	12/31/19	29,407.00	29,407.00	15.86	29,407.00
			01/01/19	12/31/20	29,407.00	7,351.75	29,407.00	29,407.00
Subtotal - Department of Law and Public Safety						68,030.73	37,663.41	106,966.18
TOTAL STATE AWARDS						\$ 101,936.50	\$ 61,307.33	\$ 147,793.05

* - Expended in prior years.

BOROUGH OF ROCKAWAY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Borough of Rockaway under programs of the federal and state governments for the year ended December 31, 2019. The information in these schedules is presented in accordance with the 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. 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.



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Rockaway
Rockaway, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Rockaway, in the County of Morris (the "Borough") as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 13, 2020. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Borough's Response to the Finding

The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough'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 result of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
May 13, 2020

NISIVOCCIA LLP

Kathryn L. Mantell
Certified Public Accountant
Registered Municipal Accountant No. 447

BOROUGH OF ROCKAWAY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2019 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2019-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds are performed by one person with limited oversight review.

BOROUGH OF ROCKAWAY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2019-001 (Cont'd)

Segregation of Duties (Cont'd)

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since Federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since State expenditures were below the single audit threshold.

BOROUGH OF ROCKAWAY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

The Borough's prior year audit finding 2018-001 regarding segregation of duties has not been resolved due to budgetary constraints and is included as finding 2019-001.

BOROUGH OF ROCKAWAY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, 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, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. 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 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999 c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 and thereafter, the threshold in accordance with N.J.S.A.40A:11-3 IS \$17,500, and with a qualified purchasing agent the threshold may be up to \$40,000.

The governing body of the Borough of Rockaway has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

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. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 3, 2019, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Mayor and Council of the Borough of Rockaway, Morris County, New Jersey, that the rate of interest to be charged on delinquent taxes and utility charges in this Borough shall be as follows:

On all delinquents to and including December 31, 2019, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2019 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500; and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Borough be and hereby directed to collect interest on all taxes accordingly.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Tax Title Liens</u>
2019	13
2018	13
2017	14

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2019 and 2020 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5
Payment of 2019 Water Rents	10
Delinquent Water Rents	3

For items not returned, alternative procedures were performed, as appropriate.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting system.

The Borough is in compliance with these requirements.

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also the deposit and recording of receipts for the various funds, the reconciliation of the bank accounts, and the preparation of the general ledger are all performed by the Chief Financial Officer. The disbursement of funds and the preparation of payroll are performed by the Finance Clerk, however; the Chief Financial Officer currently oversees and is partially involved in these duties. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Interfunds

An interfund balance still exists among the Current, Water Utility and Other Trust Funds. However, interfunds are liquidated and monitored on a regular basis. Therefore, a formal recommendation is not judged to be necessary.

Police Outside Duty Receivable

During our review of the Police Outside Duty trust account activity it was noted that there is currently a Police Outside Duty receivable on the Other Trust Funds balance sheet due to a delay in cash receipts due from outside vendors. As controls and procedures currently in place are functioning effectively, no formal recommendation is deemed necessary.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2019.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Receipts	Disbursements	Balance Dec. 31, 2019
Municipal Treasurer:				
Fines and Fees	\$ 5,260.36	\$ 62,762.05	\$ 63,784.83	\$ 4,237.58
Parking Offense Adjudication Act	4.00	36.00	40.00	
Interest:				
Regular Account	43.89	191.44	235.33	
Bail Account		27.22	27.22	
Municipal Treasurer - Shared Court:				
Public Defender		2,185.00	2,100.00	85.00
State Treasurer	3,293.14	41,670.72	41,605.00	3,358.86
County Treasurer	2,195.50	24,298.51	24,466.51	2,027.50
Weights and Measures		11,450.00	7,950.00	3,500.00
Restitution		1,000.00	1,000.00	
Conditional Dismissal		225.00	225.00	
Conditional Discharge		530.00	385.00	145.00
Bail Account	1,250.00	8,325.00	7,825.00	1,750.00
	<u>\$ 12,046.89</u>	<u>\$ 152,700.94</u>	<u>\$ 149,643.89</u>	<u>\$ 15,103.94</u>

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Grants Receivable

During our review of federal and state grants, we noted that there are still a few grants receivable several years old. It is suggested that the federal and state grants receivable continue to be reviewed to identify those grants which will be collected and disbursed and which grants should be canceled.

Status of Prior Year Recommendations

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2018 audit report. The recommendation regarding segregation of duties is included as current year recommendation as no resolution can be made at this time due to budgetary constraints.

BOROUGH OF ROCKAWAY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.