

*BOROUGH OF ROCKAWAY*  
*COUNTY OF MORRIS*  
*REPORT OF AUDIT*  
*2020*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF ROCKAWAY

COUNTY OF MORRIS

REPORT OF AUDIT

2020

BOROUGH OF ROCKAWAY  
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BOROUGH OF ROCKAWAY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020



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Independent Member  
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## 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, 2020 and 2019, 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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Rockaway  
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### ***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, 2020 and 2019, 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, 2020 and 2019, 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 28, 2021 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 28, 2021

*Nisivoccia, LLP*

NISIVOCCIA LLP

*Kathryn L. Mantell*

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Kathryn L. Mantell

Certified Public Accountant

Registered Municipal Accountant No. 447



BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
CURRENT FUND

BOROUGH OF ROCKAWAY  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2020	2019
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 5,567,905.92	\$ 4,748,756.54
Change Fund		100.00	100.00
		<u>5,568,005.92</u>	<u>4,748,856.54</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	185,205.03	346,006.67
Sewer Rents Receivable	A-10	60,934.71	67,418.26
Tax Title Liens Receivable	A-8	998,424.58	719,650.31
Property Acquired for Taxes at Assessed Valuation		961,500.00	961,500.00
Revenue Accounts Receivable	A-9	2,344.82	4,237.58
Due from General Capital Fund	C	85,000.00	
Grants Receivable	A-14	65,591.66	65,415.14
Due from Animal Control Trust Fund			555.19
Total Receivables and Other Assets With Full Reserves		<u>2,359,000.80</u>	<u>2,164,783.15</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,927,006.72</u>	<u>\$ 6,913,639.69</u>

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

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 196,176.97	\$ 279,810.48
Unencumbered	A-3;A-11	1,145,843.91	753,263.30
		<u>1,342,020.88</u>	<u>1,033,073.78</u>
Accounts Payable - Vendors		10,730.11	4,573.35
Regional School Taxes Payable	A-13	2.00	
Local School Taxes Payable	A-12	308,285.00	
County Added and Omitted Taxes Payable		1,988.82	5,565.17
Due to State of New Jersey:			
Senior Citizens' and Veterans' Deductions		10,762.10	10,012.10
Marriage License Fees		250.00	350.00
Construction Code Surcharge Fees		1,149.00	662.00
Prepaid Taxes		207,960.18	169,242.77
Reserve for Appropriated Grants:			
Encumbered			19,520.00
Unencumbered	A-16	76,889.52	57,378.20
Reserve for:			
Revaluation of Real Property		2,160.00	2,160.00
Master Plan		16,500.00	16,500.00
Sale of Municipal Assets		514,311.00	514,311.00
Pending Tax Appeals		650,000.00	650,000.00
Sewer Improvements		389,157.80	300,323.50
Third Party Tax Title Liens		31,140.91	
		<u>3,563,307.32</u>	<u>2,783,671.87</u>
Reserve for Receivables and Other Assets	A	2,359,000.80	2,164,783.15
Fund Balance	A-1	<u>2,004,698.60</u>	<u>1,965,184.67</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 7,927,006.72	\$ 6,913,639.69

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>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 775,000.00	\$ 730,363.00
Miscellaneous Revenue Anticipated		1,731,283.68	1,804,257.18
Receipts from:			
Delinquent Taxes		238,969.35	286,485.87
Current Taxes		24,502,020.79	23,914,613.94
Nonbudget Revenue		169,972.97	465,947.10
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		504,693.51	546,353.89
Interfunds Returned		555.19	744.99
Decrease in Grants Receivable			55,243.65
Cancellation of Appropriated Grant Reserves			75.43
Total Income		<u>27,922,495.49</u>	<u>27,804,085.05</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		9,173,708.18	9,060,967.31
Local School District Taxes		9,155,878.00	8,539,307.00
County Taxes		2,148,686.04	2,147,161.22
County Share of Added Taxes		1,988.82	5,565.17
Regional School District Taxes		6,542,544.00	6,752,960.00
Refund of Prior Year Tax Revenue			922.76
Refund of Prior Year Revenue			100.02
Increase in Grants Receivable		176.52	
Reserve for Tax Appeals			208,043.05
Interfunds Advanced		85,000.00	555.19
Total Expenditures		<u>27,107,981.56</u>	<u>26,715,581.72</u>
Excess in Revenue/Statutory Excess to Fund Balance		814,513.93	1,088,503.33
<u>Fund Balance</u>			
Balance January 1		<u>1,965,184.67</u>	<u>1,607,044.34</u>
		2,779,698.60	2,695,547.67
Decreased by:			
Utilized as Anticipated Revenue		<u>775,000.00</u>	<u>730,363.00</u>
Balance December 31	A	<u><u>\$ 2,004,698.60</u></u>	<u><u>\$ 1,965,184.67</u></u>

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

BOROUGH OF ROCKAWAYCURRENT FUNDSTATEMENT OF REVENUE - REGULATORY BASISYEAR ENDED DECEMBER 31, 2020

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 775,000.00		\$ 775,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	17,050.00		17,205.00	\$ 155.00
Other Licenses	15,000.00		15,085.00	85.00
Fees and Permits	47,000.00		54,964.64	7,964.64
Municipal Court - Fines and Costs	60,000.00		32,116.35	27,883.65 *
Interest and Costs on Taxes	88,000.00		79,405.57	8,594.43 *
Consolidated Municipal Property Tax Relief Act	291.00		290.99	0.01 *
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)	546,704.00		546,704.00	
Uniform Construction Code Fees	80,000.00		107,652.80	27,652.80
Shared Service Agreement:				
Morris Hills Regional School Resource Officer	57,500.00		57,500.00	
Uniform Fire Safety Fees	15,000.00		28,038.45	13,038.45
Sewer User Fees	650,000.00		733,711.70	83,711.70
Recycling Tonnage Grant	5,825.52		5,825.52	
Clean Communities	11,500.00	\$ 694.36	12,194.36	
Body Armor Replacement	1,842.95		1,842.95	
Safe and Secure Communities Grant	14,703.50	14,703.50	29,407.00	
Drunk Driving Enforcement Fund		83.35	83.35	
Municipal Alliance Grant	9,256.00		9,256.00	
Total Miscellaneous Revenues	1,619,672.97	15,481.21	1,731,283.68	96,129.50

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Receipts from Delinquent Taxes	\$ 300,000.00		\$ 238,969.35	\$ 61,030.65 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,686,086.42		6,874,642.00	188,555.58
Minimum Library Tax	272,481.93		272,481.93	
	6,958,568.35		7,147,123.93	188,555.58
Budget Totals	9,653,241.32	\$ 15,481.21	9,892,376.96	\$ 223,654.43
Nonbudget Revenue			169,972.97	
	\$ 9,653,241.32	\$ 15,481.21	\$ 10,062,349.93	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 24,502,020.79
Allocated to:		
Local School District Taxes	\$ 9,155,878.00	
Regional High School Taxes	6,542,544.00	
County Taxes	<u>2,150,674.86</u>	
		<u>17,849,096.86</u>
Balance for Support of Municipal Budget		<u>6,652,923.93</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>494,200.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 7,147,123.93</u></u>

Analysis of Nonbudget Revenue:

Treasurer:		
Cable Television Franchise Fees	\$ 100,054.98	
Hotel Tax	12,387.72	
NJ Senior Citizens & Veterans Deductions - Admin Fee	774.82	
Interest on Investments	56,116.49	
Prior Year Refund	<u>78.96</u>	
		\$ 169,412.97
Tax Collector - Other Miscellaneous Revenue		<u>560.00</u>
		<u><u>\$ 169,972.97</u></u>

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, 2020

	Appropriations		Budget After Modification	Expended By		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<b>GENERAL GOVERNMENT:</b>						
Mayor & Council:						
Salaries & Wages	\$ 28,265.00	\$	28,265.00	\$ 28,265.00		
Other Expenses	1,800.00		1,800.00	320.80	\$ 1,479.20	
Municipal Clerk:						
Salaries & Wages	103,600.00		103,600.00	86,264.58	17,335.42	
Other Expenses	54,335.00		70,335.00	46,887.48	23,447.52	
Financial Administration:						
Salaries & Wages	96,450.00		96,450.00	92,763.60	3,686.40	
Other Expenses	20,700.00		20,700.00	17,147.35	3,552.65	
Audit	26,000.00		26,000.00	26,000.00		
Tax Assessment Administration:						
Salaries & Wages	20,500.00		20,500.00	20,400.00	100.00	
Other Expenses	5,400.00		5,400.00	2,687.75	2,712.25	
Revenue Administration (Tax Collection):						
Salaries & Wages	64,150.00		64,150.00	64,112.26	37.74	
Other Expenses	12,350.00		12,350.00	6,486.26	5,863.74	
Legal Services and Costs:						
Other Expenses	121,700.00		121,700.00	98,864.33	22,835.67	
Engineering Services:						
Other Expenses	48,500.00		48,500.00	23,769.81	24,730.19	
<b>LAND USE ADMINISTRATION:</b>						
Municipal Land Use Law (N.J.S.A. 40A:55D-1):						
Land Use Board:						
Salaries & Wages	21,800.00		22,800.00	21,800.00	1,000.00	
Other Expenses	19,250.00		3,250.00	565.70	2,684.30	
Zoning Commission:						
Salaries & Wages	16,640.00		16,640.00	16,640.00		
Other Expenses	2,200.00		2,200.00	1,800.00	400.00	



BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
Insurance:					
Employee Group Insurance	\$ 589,400.00	\$ 589,400.00	\$ 417,492.89	\$ 171,907.11	
Workers' Compensation	60,295.95	60,295.95	59,978.17	317.78	
General Liability Insurance	116,888.40	116,888.40	104,336.40	12,552.00	
Health Benefit Waiver	20,000.00	20,000.00	15,291.68	4,708.32	
Unemployment Insurance	7,500.00	7,500.00	7,500.00		
PUBLIC SAFETY:					
Volunteer Fire/Ambulance:					
Other Expenses	88,875.00	88,875.00	67,157.08	21,717.92	
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Fire Prevention Bureau:					
Salaries & Wages	47,422.00	47,422.00	47,422.00		
Other Expenses	5,900.00	5,900.00	4,543.48	1,356.52	
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	2,079.00	721.00	
Police:					
Salaries & Wages	2,206,700.00	2,206,700.00	1,990,845.01	215,854.99	
Other Expenses	148,200.00	148,200.00	122,033.44	26,166.56	
Alarm System - Police and Fire:					
Other Expenses	135,200.00	135,200.00	134,993.61	206.39	
PUBLIC WORKS:					
Road Repair and Maintenance:					
Salaries & Wages	377,260.00	377,260.00	327,233.36	50,026.64	
Other Expenses	179,000.00	179,000.00	79,664.11	99,335.89	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>PUBLIC WORKS: (Continued)</b>					
Other Public Works:					
Other Expenses	\$ 6,000.00	\$ 6,000.00	\$ 5,418.75	\$ 581.25	
Shade Tree Commission:					
Other Expenses	15,000.00	15,000.00	14,890.76	109.24	
Solid Waste Disposal:					
Salaries & Wages	37,400.00	37,400.00	34,005.67	3,394.33	
Other Expenses	622,500.00	622,500.00	597,458.62	25,041.38	
Sewer:					
Salaries & Wages	113,300.00	113,300.00	113,300.00		
Other Expenses	37,500.00	37,500.00	37,500.00		
Public Building and Grounds:					
Other Expenses	88,000.00	88,000.00	80,980.12	7,019.88	
Vehicle Maintenance:					
Other Expenses	54,700.00	54,700.00	54,012.43	687.57	
<b>HEALTH AND WELFARE:</b>					
Board of Health:					
Salaries & Wages	2,686.00	2,686.00	2,686.00		
Other Expenses	142,597.00	142,597.00	135,064.34	7,532.66	
Senior Citizens' Programs:					
Salaries & Wages	6,310.00	6,310.00	4,502.09	1,807.91	
Other Expenses	5,000.00	5,000.00		5,000.00	
<b>RECREATION AND EDUCATION:</b>					
Board of Recreation Commissioners:					
Salaries & Wages	59,400.00	59,400.00	39,999.98	19,400.02	
Other Expenses	47,800.00	47,800.00	25,687.66	22,112.34	
Maintenance of Parks:					
Other Expenses	32,400.00	32,400.00	26,615.40	5,784.60	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNIFORM CONSTRUCTION CODE:					
Uniform Construction Code Enforcement:					
Salaries & Wages	\$ 26,000.00	\$ 28,500.00	\$ 27,313.72	\$ 1,186.28	
Other Expenses	4,600.00	4,600.00	4,213.99	386.01	
Construction Code Official:					
Salaries & Wages	37,600.00	38,600.00	38,123.84	476.16	
Other Expenses	5,100.00	5,100.00	5,020.00	80.00	
UNCLASSIFIED:					
Utilities:					
Gasoline and Diesel	30,000.00	30,000.00	15,401.35	14,598.65	
Electricity	47,000.00	47,000.00	36,508.73	10,491.27	
Natural Gas	17,000.00	17,000.00	9,687.98	7,312.02	
Street Lighting	73,000.00	73,000.00	72,629.97	370.03	
Telephone	33,000.00	33,000.00	17,137.87	15,862.13	
Celebration of Public Events:					
Other Expenses	14,200.00	14,200.00		14,200.00	
Salary Adjustments	22,000.00	17,500.00	6,770.74	10,729.26	
Total Operations Within "CAPS"	6,234,174.35	6,234,174.35	5,345,275.08	888,899.27	
Contingent	500.00	500.00		500.00	
Total Operations including Contingent within "CAPS"	6,234,674.35	6,234,674.35	5,345,275.08	889,399.27	
Detail:					
Salaries & Wages	3,292,483.00	3,292,483.00	2,960,677.03	314,305.97	
Other Expenses	2,942,191.35	2,942,191.35	2,384,598.05	575,093.30	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

DEFERRED CHARGES AND STATUTORY EXPENDITURES:	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Statutory Expenditures:					
Public Employee's Retirement System	\$ 152,632.00	\$ 152,632.00	\$ 140,657.00	\$ 11,975.00	
Contribution to Social Security System (O.A.S.I.)	137,000.00	137,000.00	116,337.10	20,662.90	
Police and Fireman's Retirement System of NJ	492,500.00	492,500.00	492,426.00	74.00	
Defined Contribution Retirement Plan	7,500.00	7,500.00	7,499.97	0.03	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	789,632.00	789,632.00	756,920.07	32,711.93	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,024,306.35	7,024,306.35	6,102,195.15	922,111.20	
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)	272,481.93	272,481.93	261,799.86	10,682.07	
Sewerage Processing and Disposal (RVRSA)	258,000.07	258,000.07	209,878.76	48,121.31	
SHARED SERVICE AGREEMENTS:					
Township of Parsippany-Troy Hills - Municipal Court	83,030.00	83,030.00	78,030.00	5,000.00	
Morris Hills Regional High School District - Resource Officers:					
Police:					
Salaries & Wages	57,500.00	57,500.00	56,353.68	1,146.32	
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Clean Communities Grant (N.J.S.A 40A:4-87, + \$694.36)	11,500.00	12,194.36	12,194.36		
Municipal Alliance Grant	9,256.00	9,256.00	9,256.00		
Municipal Alliance Grant - Local Match	2,314.00	2,314.00	2,314.00		

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS" (Continued):					
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Safe and Secure Communities Grant:					
Police:					
Salaries & Wages (N.J.S.A. 40A:4-87, + \$14,703.50):	\$ 14,703.50	\$ 29,407.00	\$ 29,407.00		
Drunk Driving Enforcement Fund:					
Police:					
Salaries & Wages (N.J.S.A. 40A:4-87, + \$83.35):		83.35	83.35		
Body Armor Grant:					
Police:					
Other Expenses	1,842.95	1,842.95	1,842.95		
Recycling Tonnage Grant	5,825.52	5,825.52	5,825.52		
	736,453.97	751,935.18	666,985.48	\$ 84,949.70	
Total Operations Excluded from "CAPS"					
Detail:					
Salaries & Wages	72,203.50	86,990.35	85,844.03	1,146.32	
Other Expenses	664,250.47	664,944.83	581,141.45	83,803.38	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</b>					
Capital Improvement Fund	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00		
Fire Equipment	62,700.00	62,700.00	58,903.66	\$ 3,796.34	
Buildings & Grounds Equipment	6,000.00	6,000.00	6,000.00		
Police Equipment	13,000.00	13,000.00	12,521.98	478.02	
Recreation Equipment	16,500.00	16,500.00	6,991.35	9,508.65	
Sewer Capital Improvements	125,000.00	125,000.00		125,000.00	
Total Capital Improvements - Excluded from "CAPS"	298,200.00	298,200.00	159,416.99	138,783.01	
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</b>					
Payment of Bond Principal	395,000.00	395,000.00	395,000.00		
Payment of Bond Anticipation Notes and Capital Notes	552,231.00	552,231.00	552,231.00		\$ 814.35
Interest on Bonds	36,450.00	36,450.00	35,635.65		
Interest on Notes	83,400.00	83,400.00	83,400.00		
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"	1,100,081.00	1,100,081.00	1,099,266.65		814.35
Total General Appropriations - Excluded from "CAPS"	2,134,734.97	2,150,216.18	1,925,669.12	223,732.71	814.35
Subtotal General Appropriations	9,159,041.32	9,174,522.53	8,027,864.27	1,145,843.91	814.35
Reserve for Uncollected Taxes	494,200.00	494,200.00	494,200.00		
Total General Appropriations	\$ 9,653,241.32	\$ 9,668,722.53	\$ 8,522,064.27	\$ 1,145,843.91	\$ 814.35
Ref.				A	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,653,241.32	
Added by N.J.S.A. 40A:4-87		15,481.21	
		<u>\$ 9,668,722.53</u>	
Reserve for Uncollected Taxes			\$ 494,200.00
Reserve for Encumbrances	A		196,176.97
Reserve for Sewer Improvements			22,961.30
Transferred to Federal and State Grant Appropriated			60,923.18
Cash Disbursed			7,978,992.83
			<u>8,753,254.28</u>
Less: Appropriation Refunds			231,190.01
			<u>\$ 8,522,064.27</u>

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

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
TRUST FUNDS



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

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-4	\$ 24,342.00	\$ 28,185.79
		<u>24,342.00</u>	<u>28,185.79</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,542,416.36	1,518,885.65
Police Outside Duty Receivable			4,393.01
		<u>1,542,416.36</u>	<u>1,523,278.66</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,566,758.36</u>	<u>\$ 1,551,464.45</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of New Jersey:			
Board of Health		\$ 55.20	\$ 52.80
Due to Current Fund			555.19
Prepaid Animal Licenses		783.80	771.60
Reserve for Animal Control Expenditures	B-6	<u>23,503.00</u>	<u>26,806.20</u>
		<u>24,342.00</u>	<u>28,185.79</u>

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

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Other Trust Funds:			
Reserve for:			
Tax Sale Premiums		\$ 150,900.00	\$ 123,900.00
Council on Affordable Housing		169,893.65	196,518.40
State Unemployment Insurance		109,456.90	83,054.59
Deferred Sick Leave		198,734.12	231,618.46
Shade Tree			362.00
Trust Escrow		121,818.91	183,135.45
Addison Hills Escrow		9,561.24	9,555.37
Forfeited Assets		29,855.21	28,933.20
Recycling		25,541.36	25,860.47
Tree Replacement		11,409.12	11,487.12
Parking Offenses Adjudication Act		2,707.26	2,685.26
Public Defender		16,798.46	15,468.46
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
Police Donations		4,945.00	4,695.00
National Night Out		2,338.90	2,373.90
Fire Prevention		16,026.75	10,526.75
Police Outside Duty		77,147.56	
Recreation		64,582.10	61,604.41
Storm Recovery		527,351.30	528,151.30
		<u>1,542,416.36</u>	<u>1,523,278.66</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,566,758.36</u>	<u>\$ 1,551,464.45</u>

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, 2020

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, 2020

NOT APPLICABLE

BOROUGH OF ROCKAWAY  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2020	2019
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 3,010,427.44	\$ 3,463,824.88
Grant Receivable - County of Morris:			
Community Development Block Grant		80,000.00	
Grant Receivable - NJ Department of Transportation		454,654.65	305,000.00
Deferred Charges to Future Taxation:			
Funded		415,000.00	810,000.00
Unfunded	C-4	6,502,622.00	5,958,157.00
<u>TOTAL ASSETS</u>		<u>\$ 10,462,704.09</u>	<u>\$ 10,536,981.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 5,720,199.00	\$ 5,559,009.00
Serial Bonds Payable	C-8	415,000.00	810,000.00
Improvement Authorizations:			
Funded	C-5	453,180.94	200,462.52
Unfunded	C-5	3,546,364.26	3,737,838.08
Due to Current Fund	A	85,000.00	
Capital Improvement Fund	C-6	115,064.50	101,814.50
Reserve to Pay Debt Service		12,925.52	12,887.91
Fund Balance	C-1	114,969.87	114,969.87
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,462,704.09</u>	<u>\$ 10,536,981.88</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, 2019	C	\$ 114,969.87
Balance December 31, 2020	C	<u>\$ 114,969.87</u>

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

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
WATER UTILITY FUND



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

		December 31	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 1,005,511.89	\$ 1,125,032.22
Change Fund		100.00	100.00
		<u>1,005,611.89</u>	<u>1,125,132.22</u>
Due from Water Utility Capital Fund	D		<u>4,695.99</u>
		<u>1,005,611.89</u>	<u>1,129,828.21</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>195,454.76</u>	<u>213,779.62</u>
Total Operating Fund		<u>1,201,066.65</u>	<u>1,343,607.83</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	2,982,158.34	2,671,219.73
Fixed Capital	D-7	7,813,935.08	7,539,586.24
Fixed Capital Authorized and Uncompleted	D-8	<u>6,726,287.57</u>	<u>5,096,287.57</u>
Total Capital Fund		<u>17,522,380.99</u>	<u>15,307,093.54</u>
<u>TOTAL ASSETS</u>		<u>\$ 18,723,447.64</u>	<u>\$ 16,650,701.37</u>

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

		December 31	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3; D-9	\$ 454,577.82	\$ 425,284.39
Encumbered	D-3; D-9	110,842.97	68,069.49
		<u>565,420.79</u>	<u>493,353.88</u>
Accounts Payable		12,262.75	6,791.50
Accrued Interest on Notes		12,695.75	15,958.60
Accrued Interest on Bonds		20,767.97	21,696.10
		<u>611,147.26</u>	<u>537,800.08</u>
Reserve for Receivables	D	195,454.76	213,779.62
Fund Balance	D-1	394,464.63	592,028.13
		<u>1,201,066.65</u>	<u>1,343,607.83</u>
Total Operating Fund			
		<u>1,201,066.65</u>	<u>1,343,607.83</u>
Capital Fund:			
Serial Bonds Payable	D-14	1,255,000.00	1,310,000.00
Bond Anticipation Notes Payable	D-13	4,117,540.00	3,481,876.00
Improvement Authorizations:			
Funded	D-10	47,853.87	58,610.68
Unfunded	D-10	3,806,813.17	2,624,918.20
Capital Improvement Fund	D-11	230,112.04	190,112.04
Due to Water Utility Operating Fund	D		4,695.99
Reserve to Pay Debt Service		12,518.58	5,102.14
Reserve for Water Capital Improvements		150,063.08	150,063.08
Deferred Reserve for Amortization	D-12	329,241.15	329,241.15
Reserve for Amortization	D-12A	7,568,441.50	7,147,676.66
Fund Balance	D-1A	4,797.60	4,797.60
		<u>4,797.60</u>	<u>4,797.60</u>
Total Capital Fund		<u>17,522,380.99</u>	<u>15,307,093.54</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			
		<u>\$ 18,723,447.64</u>	<u>\$ 16,650,701.37</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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	464,000.00	\$ 464,000.00
Water Rents		1,634,916.79	1,707,202.28
Miscellaneous		54,743.40	24,826.10
Nonbudget Revenue		32,900.04	33,965.87
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		235,829.20	246,549.32
		<u>2,422,389.43</u>	<u>2,476,543.57</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,610,655.65	1,614,750.00
Capital Improvements		214,000.00	269,000.00
Debt Service		252,212.28	196,161.76
Deferred Charges and Statutory Expenditures		79,085.00	78,720.00
		<u>2,155,952.93</u>	<u>2,158,631.76</u>
Excess in Revenue		266,436.50	317,911.81
<u>Fund Balance</u>			
Balance January 1	D	592,028.13	738,116.32
		858,464.63	1,056,028.13
Decreased by:			
Utilized by Water Utility Operating Budget		464,000.00	464,000.00
Balance December 31	D	<u>\$ 394,464.63</u>	<u>\$ 592,028.13</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, 2019	D	<u>\$ 4,797.60</u>
Balance December 31, 2020	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, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 464,000.00	\$ 464,000.00	
Rents	1,680,573.91	1,634,916.79	\$ 45,657.12 *
Miscellaneous Revenue Anticipated	<u>15,570.00</u>	<u>54,743.40</u>	<u>39,173.40</u>
	2,160,143.91	2,153,660.19	6,483.72 *
Nonbudget Revenue	<u>                    </u>	<u>32,900.04</u>	<u>32,900.04</u>
	<u><u>\$ 2,160,143.91</u></u>	<u><u>\$ 2,186,560.23</u></u>	<u><u>\$ 26,416.32</u></u>
<u>Miscellaneous Revenue Anticipated:</u>			
Treasurer:			
Water Allocation Fees	\$ 8,455.00		
Hydrants	6,350.00		
Miscellaneous	<u>828.70</u>		
		\$ 15,633.70	
Collector:			
Water Allocation Fees	1,075.00		
Sprinklers	14,709.70		
Hydrants	<u>23,325.00</u>		
		<u>39,109.70</u>	
		<u><u>\$ 54,743.40</u></u>	
<u>Nonbudget Revenue:</u>			
Collector:			
Interest and Penalties		\$ 8,111.83	
Treasurer:			
Interest on Investments	\$ 7,600.89		
Due from Water Utility Capital Fund:			
Interest on Investments	<u>17,187.32</u>		
		<u>24,788.21</u>	
		<u><u>\$ 32,900.04</u></u>	

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, 2020

	Appropriation		Expended by			Unexpended Balance Cancelled
	Budget	Modification	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 563,051.00	\$ 563,051.00	\$ 514,069.05	\$ 48,981.95		
Other Expenses	1,047,604.65	1,047,604.65	734,625.08	312,979.57		
Capital Improvements:						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00			
Capital Outlay	174,000.00	174,000.00	89,428.10	84,571.90		
Debt Service:						
Payment of Bonds	55,000.00	55,000.00	55,000.00			
Payment of Bond Interest	57,856.26	57,856.26	56,928.13		\$ 928.13	
Payment of Bond Anticipation Notes and Capital Notes	86,317.00	86,317.00	86,317.00			
Interest on Notes	57,230.00	57,230.00	53,967.15			3,262.85
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	26,585.00	26,585.00	26,585.00			
Unemployment Insurance	7,500.00	7,500.00	7,500.00			
Social Security System (O.A.S.I.)	45,000.00	45,000.00	36,955.60	8,044.40		
	<u>\$ 2,160,143.91</u>	<u>\$ 2,160,143.91</u>	<u>\$ 1,701,375.11</u>	<u>\$ 454,577.82</u>	<u>\$ 4,190.98</u>	
Ref.				D		
Cash Disbursed			\$ 1,481,823.31			
Accrued Interest on Bonds			56,928.13			
Accrued Interest on Notes			53,967.15			
Encumbrances Payable			110,842.97			
			<u>1,703,561.56</u>			
			<u>2,186.45</u>			
Less: Appropriation Refunds			<u>\$ 1,701,375.11</u>			

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

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
PUBLIC ASSISTANCE FUND  
  
NOT APPLICABLE



BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
BOND AND INTEREST FUND  
  
NOT APPLICABLE

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2020	2019
<u>ASSETS</u>		
Land	\$ 9,407,660.00	\$ 9,407,660.00
Buildings	4,269,606.00	4,269,606.00
Equipment and Vehicles	7,712,802.54	7,286,806.22
<u>TOTAL ASSETS</u>	<u>\$ 21,390,068.54</u>	<u>\$ 20,964,072.22</u>
<u>RESERVES</u>		
Investment in Fixed Assets	\$ 21,390,068.54	\$ 20,964,072.22
<u>TOTAL RESERVES</u>	<u>\$ 21,390,068.54</u>	<u>\$ 20,964,072.22</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, 2020

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, 2020  
(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, 2020  
(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, 2020  
(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, 2020  
(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,		
	2020	2019	2018
<u>Issued</u>			
General:			
Bonds and Notes	\$ 6,135,199.00	\$ 6,369,009.00	\$ 6,306,093.00
Water Utility:			
Bonds and Notes	5,372,540.00	4,791,876.00	3,384,758.00
	<u>11,507,739.00</u>	<u>11,160,885.00</u>	<u>9,690,851.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	782,423.00	399,148.00	633,066.00
Water Utility:			
Bonds and Notes	1,270,000.00	367,080.00	826,870.00
Total Authorized but not Issued	<u>2,052,423.00</u>	<u>766,228.00</u>	<u>1,459,936</u>
<u>Less:</u>			
General:			
Reserve to Pay Debt Service	12,925.52	12,887.91	147,301.32
Water Utility:			
Reserve to Pay Debt Service	12,518.58	5,102.14	74,674.60
	<u>25,444.10</u>	<u>17,990.05</u>	<u>221,975.92</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 13,534,717.90</u>	<u>\$ 11,909,122.95</u>	<u>\$ 10,928,811.08</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 Revised Annual Debt Statement and indicates a statutory net debt of .838%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 1,693,536.93	\$ 1,693,536.93	
Water Utility Debt	6,642,540.00	6,642,540.00	
General Debt	6,917,622.00	12,925.52	\$ 6,904,696.48
	<u>\$ 15,253,698.93</u>	<u>\$ 8,349,002.45</u>	<u>\$ 6,904,696.48</u>

Net Debt: \$6,904,696.48 divided by Average Equalized Valuations of \$824,131,645 of Real Property = 0.838%.



BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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	\$ 28,844,607.58
Net Debt	<u>6,904,696.48</u>
Remaining Borrowing Power	<u><u>\$ 21,939,911.10</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	\$ 2,186,560.23
Deductions:	
Operating and Maintenance Cost	\$ 1,689,740.65
Debt Service	<u>252,212.28</u>
	<u>1,941,952.93</u>
Excess in Revenue	<u><u>\$ 244,607.30</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 Revised Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Serial Bonds:				
General Capital Fund	\$ 810,000.00		\$ 395,000.00	\$ 415,000.00
Water Utility Capital Fund	1,310,000.00		55,000.00	1,255,000.00
Bond Anticipation Notes:				
General Capital Fund	5,559,009.00	\$ 5,720,199.00	5,559,009.00	5,720,199.00
Water Utility Capital Fund	3,481,876.00	4,117,540.00	3,481,876.00	4,117,540.00
	<u>\$ 11,160,885.00</u>	<u>\$ 9,837,739.00</u>	<u>\$ 9,490,885.00</u>	<u>\$ 11,507,739.00</u>

Summary of Municipal Debt Issued and Outstanding - Prior 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	2,024,758.00	3,481,876.00	2,024,758.00	3,481,876.00
	<u>\$ 9,690,851.00</u>	<u>\$ 9,040,885.00</u>	<u>\$ 7,570,851.00</u>	<u>\$ 11,160,885.00</u>

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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>\$ 415,000.00</u>

General Capital - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Capital Improvements	1/22/2021	1.00%	<u>\$ 5,720,199.00</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>\$ 1,255,000.00</u>

Water Utility - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Water Improvements	1/22/2021	1.00%	<u>\$ 4,117,540.00</u>

Total Debt Issued and Outstanding	<u>\$ 11,507,739.00</u>
-----------------------------------	-------------------------

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>	
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			65,000.00	43,956.26	108,956.26
2026-2030			380,000.00	179,631.30	559,631.30
2031-2035			470,000.00	85,312.52	555,312.52
2036			100,000.00	4,375.00	104,375.00
	<u>\$ 415,000.00</u>	<u>\$ 18,675.00</u>	<u>\$ 1,255,000.00</u>	<u>\$ 518,975.12</u>	<u>\$ 2,207,650.12</u>

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2020 which were included in the introduced budget as appropriated and as anticipated revenue for the year ending December 31, 2021 budget were as follows:

Current Fund	\$ 775,000.00
Water Utility Operating Fund	203,500.00

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, 2020, 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](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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.

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  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  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 will be paid by the employer in level annual payments over a period of 15 years, beginning 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 \$167,242 for 2020.

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

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2019, the Borough's liability was \$3,273,651 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the Borough's proportion was 0.018%, which was an increase of 0.005% from its proportion measured as of June 30, 2018. The Borough has rolled forward the net pension liability as of June 30, 2019 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, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

For the year ended December 31, 2020, the Borough recognized actual pension expense in the amount of \$167,242.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 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, 2019		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.28%)	(6.28%)	(7.28%)
Borough's proportionate share of the Net Pension Liability	\$ 4,135,153	\$ 3,273,651	\$ 2,547,713

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, 2020  
(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](http://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 by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.



BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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, 2019 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, 2019 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$492,426 for the year ended December 31, 2020. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$63,473 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$637,124.

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

Pension Liabilities and Pension Expense

At June 30, 2019, the Borough's liability for its proportionate share of the net pension liability was \$5,965,901. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the Borough's proportion was 0.049%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018. The Borough has rolled forward the net pension liability as of June 30, 2019 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, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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 \$942,027 as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the State's proportion was 0.049%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018 which is the same proportion as the Borough's. The Borough has rolled forward the net pension liability as of June 30, 2019 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	\$ 5,965,901
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>942,027</u>
Total Net Pension Liability	<u><u>\$ 6,907,928</u></u>

For the year ended December 31, 2020, the Borough recognized total pension expense of \$492,426.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through all future years	3.25% - 15.25% based on years of service
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Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis.

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(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 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2076, 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, 2019 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, 2019		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.85%)	(6.85%)	(7.85%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 9,337,002	\$ 6,907,928	\$ 4,897,520

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, 2020  
(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 \$7,499.97 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$11,848.54 for the year ended December 31, 2020.

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 \$190,806.86 at December 31, 2020. 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 \$198,734.12 for Deferred Sick Leave on the Trust Fund balance sheet at December 31, 2020.

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, 2020  
(Continued)

Note 8: Selected Tax Information (Cont'd)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$ 3.15</u>	<u>\$ 3.09</u>	<u>\$ 3.06</u>
<u>Apportionment of Tax Rate</u>			
Municipal	0.89	0.87	0.85
County	0.27	0.27	0.28
Local School	1.16	1.09	1.06
Regional School	0.83	0.86	0.86
<u>Assessed Valuations</u>			
2020	<u>\$ 788,525,792.00</u>		
2019		<u>\$ 785,402,692.00</u>	
2018			<u>\$ 779,501,497.00</u>

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	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2020	\$ 24,829,924.45	\$ 24,502,020.79	98.67%
2019	24,315,947.73	23,914,613.94	98.34%
2018	23,902,781.48	23,581,503.41	98.65%

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, 2020  
(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, 2020  
(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, 2020  
(Continued)

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

Investments(Cont'd)

As of December 31, 2020, 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	\$ 5,565,015.80	\$ 2,890.12	\$ 5,568,005.92
Animal Control Trust Fund		24,342.00		24,342.00
Other Trust Funds		1,542,416.36		1,542,416.36
General Capital Fund		3,010,427.44		3,010,427.44
Water Utility Operating Fund	100.00	1,001,158.31	4,353.58	1,005,611.89
Water Utility Capital Fund		2,982,158.34		2,982,158.34
	<u>\$ 200.00</u>	<u>\$ 14,125,518.25</u>	<u>\$ 7,243.70</u>	<u>\$14,132,961.95</u>

During the period ended December 31, 2020, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2020, was \$14,132,961.95 and the bank balance was \$14,212,224.84. The \$7,243.70 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, 2020  
(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 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, 2020 financial statements were not available as of the date of this report. Selected financial information for the Fund as of December 31, 2019 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 35,348,941.00</u>
Net Position	<u>\$ 12,793,902.00</u>
Total Revenue	<u>\$ 21,031,442.00</u>
Total Expenditures	<u>\$ 21,821,417.00</u>
Change in Net Position	<u>\$ (789,975.00)</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, 2020  
(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>Other Reimbursements</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 15,000.00	\$ 584.65	\$ 5,285.86	\$ 7,415.02	\$ 1,883.22	\$ 109,456.90
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

Note 11: 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 and Nationwide, 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 12: 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.

Note 13: 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.

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 14: 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. 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, 2020  
(Continued)

Note 14: 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 (benefit) 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 (benefit) 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, 2018 through June 30, 2019. 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, 2020  
(Continued)

Note 14: 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 Borough has rolled forward the net OPEB liability as of June 30, 2019 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 OPEB information in the Note to the Financial Statements as the June 30, 2020 OPEB information has not been released as of the date of this audit. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2019 was \$4,263,092. At June 30, 2019, the State's proportion related to the Borough was .07715%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

Additionally, during the year ended June 30, 2019, the State of New Jersey's OPEB expense related to the Borough was \$56,508.

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*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, 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, 2020  
(Continued)

Note 14: 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 medical benefits, the trend rate is initially is 5.7% and decreases to a 4.5% long term trend rate after eight years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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 15: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2019 and 2020.

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Land	\$ 9,407,660.00			\$ 9,407,660.00
Buildings	4,269,606.00			4,269,606.00
Equipment and Vehicles	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>
	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
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	\$ 425,996.32		7,712,802.54
	<u>\$ 20,964,072.22</u>	<u>\$ 425,996.32</u>	<u>\$ -0-</u>	<u>\$ 21,390,068.54</u>

BOROUGH OF ROCKAWAY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 16: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey continues to have an impact on the Borough's operations and finances. Public access to the municipal offices continues to be restricted. Though the impact on the Borough's finances cannot be reasonably estimated at this date, the following is likely to continue through at least mid-year 2021: Certain miscellaneous revenues (fees and permits) continue to be lower than years previous to 2020. Interest on investments continues to be negatively impacted.

The finances of the Borough's Water Utility Operating Fund will likely continue to be impacted by a decline in the collection of water rents, miscellaneous revenues and interest earnings similar to that of the Current Fund.

Note 17: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 85,000.00	
General Capital Fund		\$ 85,000.00
	<u>\$ 85,000.00</u>	<u>\$ 85,000.00</u>

The interfund receivable in the Current Fund consists of improvement authorization expenditures not reimbursed by the General Capital Fund by December 31, 2020.



BOROUGH OF ROCKAWAY

SUPPLEMENTARY DATA

BOROUGH OF ROCKAWAY  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2020

Name	Title	Amount of Bond
Thomas Mulligan	Mayor	
Robert Smith	Council President	
Melissa Burnside	Councilwoman	
Russell Greuter	Councilman	
Patrick McDonald	Councilman	
Thomas Haynes	Councilman	
James Hurley	Councilman	
Patricia L. Bussow	Borough Clerk/Administrator through 06/21/20	(A)
Kimberly Cuspilich	Acting Borough Clerk from 06/21/20	(A)
Patricia Reiche	Chief Financial Officer/Treasurer/Administrator (from 06/22/20 )	(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  
2020  
CURRENT FUND

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 4,748,756.54
Increased by Receipts:		
Tax Collector	\$ 25,027,157.08	
Revenue Accounts Receivable	859,557.23	
Miscellaneous Revenue Not Anticipated	169,412.97	
Due Animal Control Trust Fund:		
Prior Year Interfund Returned	555.19	
Due Water Utility Operating Fund:		
Sewer Receipts	732,711.70	
Due State of New Jersey:		
Marriage License Fees	875.00	
DCA Training Fees	5,924.00	
Veterans and Senior Citizens' Deductions	38,741.10	
Appropriation Refunds	231,190.01	
Sewer Service Fee	1,000.00	
Grants Receivable	53,654.18	
	<hr/>	27,120,778.46
		<hr/> 31,869,535.00
Decreased by Disbursements:		
2020 Appropriation Expenditures	\$ 7,978,992.83	
2019 Appropriation Reserves	412,750.51	
Local School Taxes	8,847,593.00	
Regional High School Taxes	6,542,542.00	
County Taxes	2,154,251.21	
Due Other Trust Funds:		
Tax Sale Premiums	92,000.00	
Refund of:		
Tax Overpayments	2,161.60	
Redemption of Third Party Tax Title Liens	80,172.55	
Due State of New Jersey:		
DCA Training Fees	5,437.00	
Marriage License Fees	975.00	
Due General Capital Fund:		
Improvement Authorizations	85,000.00	
Reserve for Sewer Improvements	43,600.00	
Appropriated Grant Reserves	44,633.38	
Grant Encumbrances	11,520.00	
	<hr/>	\$ 26,301,629.08
Balance December 31, 2020	A	<hr/> <hr/> \$ 5,567,905.92

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2020

Increased by Receipts:

Taxes Receivable	\$ 24,533,756.27
Interest and Costs on Taxes	79,405.57
2021 Prepaid Taxes	207,960.18
Tax Overpayments	2,161.60
Tax Sale Premiums - Due Other Trust Funds	92,000.00
Third Party Tax Title Liens	111,313.46
Other Miscellaneous Revenue	<u>560.00</u>

\$ 25,027,157.08

Decreased by Disbursements:

Paid to Treasurer	<u><u>\$ 25,027,157.08</u></u>
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BOROUGH OF ROCKAWAY  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Year	Balance Dec. 31, 2019	2020 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2020
			2019	2020				
2019	\$ 346,006.67			\$ 238,969.35		\$ 4.60	\$ 107,032.72	
2020		\$ 24,829,924.45	\$ 169,242.77	24,294,786.92	\$ 37,991.10	3,434.64	139,263.99	\$ 185,205.03
	<u>\$ 346,006.67</u>	<u>\$ 24,829,924.45</u>	<u>\$ 169,242.77</u>	<u>\$ 24,533,756.27</u>	<u>\$ 37,991.10</u>	<u>\$ 3,439.24</u>	<u>\$ 246,296.71</u>	<u>\$ 185,205.03</u>

Ref. A

A

## Analysis of 2020 Property Tax Levy:

Tax Yield:	
General Purpose Tax	\$ 24,807,021.58
Added and Omitted Taxes	<u>22,902.87</u>
	<u>\$ 24,829,924.45</u>

## Tax Levy:

Local School District Taxes	\$ 9,155,878.00
Regional High School District Taxes	6,542,544.00
County Taxes	\$ 2,148,686.04
County Added and Omitted Taxes	<u>1,988.82</u>
	<u>2,150,674.86</u>
	<u>17,849,096.86</u>
Local Tax for Municipal Purposes Levied	6,686,086.42
Minimum Library Tax	272,481.93
Add: Additional Tax Levied	<u>22,259.24</u>
	<u>6,980,827.59</u>
	<u>\$ 24,829,924.45</u>

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 719,650.31
Increased by:		
Transfer from Taxes Receivable		\$ 246,296.71
Interest and Cost Accrued at Tax Sale		<u>32,477.56</u>
		<u>278,774.27</u>
Balance December 31, 2020	A	<u><u>\$ 998,424.58</u></u>

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued In 2020	Collected by Treasurer	Balance Dec. 31, 2020
Municipal Clerk:				
Alcoholic Beverage Licenses	\$	17,205.00	\$ 17,205.00	
Fees and Permits		54,964.64	54,964.64	
Other Licenses		15,085.00	15,085.00	
Construction Code Official:				
Fees and Permits		107,652.80	107,652.80	
Municipal Court:				
Fines and Costs - Town of Dover		1,757.08	1,757.08	
Fines and Costs - Township of Parsippany	\$	28,466.51	30,359.27	\$ 2,344.82
Consolidated Municipal				
Property Tax Relief Program		290.99	290.99	
Energy Receipts Taxes		546,704.00	546,704.00	
Uniform Fire Safety Fees		28,038.45	28,038.45	
Morris Hills Regional -				
School Resource Officer		57,500.00	57,500.00	
	\$ 4,237.58	\$ 857,664.47	\$ 859,557.23	\$ 2,344.82

Ref.

A

A



BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF SEWER RENTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 67,418.26
Increased by:		
Sewer Rents Levied	\$ 722,953.80	
Interest on Rents	3,274.35	
		<u>726,228.15</u>
		793,646.41
Decreased by:		
Collections in Current Fund:		
Sewer Rents	729,437.35	
Interest on Rents	3,274.35	
		<u>732,711.70</u>
Balance December 31, 2020	A	<u><u>\$ 60,934.71</u></u>

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Clerk:				
Salaries & Wages	\$ 7,453.07	\$ 7,453.07	\$ 153.86	\$ 7,299.21
Other Expenses	10,910.96	10,910.96	2,940.96	7,970.00
Financial Administration:				
Salaries & Wages	816.00	816.00	178.68	637.32
Other Expenses	7,341.67	7,341.67	5,130.10	2,211.57
Audit Fees	25,500.00	25,500.00	25,500.00	
Assessment of Taxes:				
Salaries & Wages	99.98	99.98		99.98
Other Expenses	2,637.30	2,637.30	1,299.08	1,338.22
Revenue Administration (Tax Collection):				
Other Expenses	7,341.30	7,341.30	2,594.15	4,747.15
Legal Services and Costs:				
Other Expenses - Fees	39,508.97	33,508.97	7,448.60	26,060.37
Engineering Services:				
Other Expenses	23,105.07	23,105.07	8,224.69	14,880.38
Land Use Board:				
Salaries & Wages	50.00	50.00		50.00
Other Expenses	1,257.50	1,257.50		1,257.50
Zoning Enforcement:				
Salaries & Wages	74.00	74.00		74.00
Other Expenses	400.00	400.00		400.00
Insurance:				
Employee Group Insurance	126,490.04	126,490.04		126,490.04
General Liability Insurance	20,665.69	20,665.69	1,568.00	19,097.69
Health Benefit Waiver	16.66	16.66		16.66
PUBLIC SAFETY				
Office of Emergency Management:				
Salaries & Wages	0.08	0.08		0.08
Other Expenses	136.67	136.67	136.67	
Volunteer Fire/Ambulance Department:				
Other Expenses	6,282.23	6,282.23	3,685.02	2,597.21
Fire Prevention/Uniform Fire Code:				
Salaries & Wages	628.02	628.02		628.02
Other Expenses	500.89	500.89	282.34	218.55
Police:				
Salaries & Wages	89,221.51	89,221.51	19,716.46	69,505.05
Other Expenses	67,839.66	67,839.66	66,931.40	908.26
Alarm System - Police and Fire:				
Other Expenses	6.39	6.39		6.39

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	\$ 12,989.23	\$ 12,989.23	\$ 982.83	\$ 12,006.40
Other Expenses	60,946.15	60,946.15	28,417.21	32,528.94
Other Public Works Functions:				
Other Expenses	4,000.00	4,000.00	4,000.00	
Shade Tree Commission:				
Other Expenses	1,808.38	1,808.38	1,030.12	778.26
Sewer:				
Other Expenses	11,203.00	11,203.00	11,203.00	
Public Building and Grounds:				
Other Expenses	2,752.93	8,752.93	8,752.93	
Vehicle Maintenance:				
Other Expenses	200.00	200.00	135.50	64.50
HEALTH AND WELFARE:				
Board of Health:				
Other Expenses	2,441.29	2,441.29		2,441.29
Senior Citizens' Programs:				
Salaries & Wages	1,474.26	1,474.26		1,474.26
Other Expenses	939.30	939.30		939.30
RECREATION AND EDUCATION:				
Recreation Commission:				
Salaries & Wages	5,930.00	5,930.00	5,025.00	905.00
Other Expenses	17,012.61	17,012.61	10,132.74	6,879.87
Maintenance of Parks	6,588.91	6,588.91		6,588.91
Celebration of Public Events:				
Other Expenses	2,500.00	2,500.00		2,500.00
UNIFORM CONSTRUCTION CODE:				
Construction Code Official:				
Salaries & Wages	96.07	96.07		96.07
Other Expenses	228.87	228.87		228.87
Uniform Construction Code Enforcement:				
Salaries & Wages	229.96	229.96		229.96
Other Expenses	254.45	254.45	241.00	13.45
UNCLASSIFIED:				
Utilities:				
Gas (Natural or Propane)	6,749.24	6,749.24	1,965.88	4,783.36
Street Lighting	7,651.25	7,651.25	7,651.25	
Electricity	12,450.47	12,450.47	7,302.66	5,147.81
Gasoline and Diesel	4,220.44	4,220.44	4,220.44	
Telephone	13,008.78	13,008.78	241.68	12,767.10
Salary Adjustments	10,086.00	10,086.00	10,086.00	

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2019</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	\$ 2,586.98	\$ 2,586.98		\$ 2,586.98
Other Expenses	94,464.19	94,464.19	\$ 79,785.37	14,678.82
Contingent	500.00	500.00		500.00
STATUTORY EXPENDITURES:				
Public Employees Retirement System	9,613.96	9,613.96	1,924.91	7,689.05
Contribution to Social Security System (O.A.S.I.)	5,525.27	5,525.27		5,525.27
Aid to Municipal Library	8,221.09	8,221.09	8,221.09	
Length of Service Awards Program	20,000.00	20,000.00	19,400.00	600.00
Sewage Processing and Disposal	83,011.56	83,011.56		83,011.56
SHARED SERVICE AGREEMENTS:				
Morris Hills Regional District - Police:				
Salaries & Wages	4,313.83	4,313.83		4,313.83
Parsippany-Troy Hills - Municipal Court	5,000.00	5,000.00		5,000.00
CAPITAL IMPROVEMENTS:				
DPW Equipment	12,480.00	12,480.00	10,260.00	2,220.00
Fire Department Equipment	1,701.00	1,701.00		1,701.00
Police Department Equipment	3,914.00	3,914.00	3,914.00	
Recreation Equipment	17,758.65	17,758.65	17,758.65	
Sewer Capital Improvements	125,473.00	125,473.00	125,473.00	
Buildings and Ground Equipment	14,465.00	14,465.00	14,465.00	
	<u>\$ 1,033,073.78</u>	<u>\$ 1,033,073.78</u>	<u>\$ 528,380.27</u>	<u>\$ 504,693.51</u>

Ref.

Balance December 31, 2019

Unencumbered	A \$ 753,263.30
Encumbered	A <u>279,810.48</u>
	<u>\$ 1,033,073.78</u>

Analysis of Paid or Charged

Cash Disbursed	\$ 412,750.51
Reserve for Sewer Improvements	109,473.00
Accounts Payable	<u>6,156.76</u>
	<u>\$ 528,380.27</u>

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2019	<u>Ref.</u> A	\$ -0-
Increased by:		
Levy - Calendar Year 2020		9,155,878.00
		<u>9,155,878.00</u>
Decreased by:		
Payments to Local School District		8,847,593.00
		<u>8,847,593.00</u>
Balance December 31, 2020	A	<u>\$ 308,285.00</u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2019	<u>Ref.</u> A	\$ -0-
Increased by:		
Levy - Calendar Year 2020		6,542,544.00
		<u>6,542,544.00</u>
Decreased by:		
Payments to Regional High School District		6,542,542.00
		<u>6,542,542.00</u>
Balance December 31, 2020	A	<u>\$ 2.00</u>

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

	Balance Dec. 31, 2019	Revenue Realized	Received in Current Fund	Cancelled	Balance Dec. 31, 2020
Recycling Tonnage Grant	\$ 4,778.48	\$ 5,825.52		\$ 4,778.48	5,825.52
Clean Communities		12,194.36	\$ 12,194.36		
Bulletproof Vest Partnership Grant	5,295.98		3,560.00		1,735.98
Body Armor Replacement		1,842.95	1,842.95		
Safe and Secure Communities Grant:					
2019	22,055.25		22,055.25		
2020		29,407.00	7,351.75		22,055.25
Drunk Driving Enforcement Fund	1,479.03	83.35	83.35		1,479.03
Municipal Alliance Grant	9,406.40	9,256.00	6,566.52		12,095.88
Morris County Historic Preservation Trust Fund Grant:					
Fox's Brook Culvert Project	22,400.00				22,400.00
	<u>\$ 65,415.14</u>	<u>\$ 58,609.18</u>	<u>\$ 53,654.18</u>	<u>\$ 4,778.48</u>	<u>\$ 65,591.66</u>

Ref.      A

A

Adopted Budget  
Added by N.J.S.A. 40A:4-87

\$ 43,127.97  
15,481.21  
\$ 58,609.18

Federal \$ 3,560.00  
State 50,094.18  
\$ 53,654.18

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED GRANT RESERVES  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF ROCKAWAY  
CURRENT FUND  
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2019	Transferred from 2020 Budget Appropriations	Paid or Charged	Prior Year Encumbrances Cancelled	Canceled	Balance Dec. 31, 2020
Body Armor Grant	\$ 1,564.30	\$ 1,842.95				\$ 3,407.25
Clean Communities						
2019	4,476.20					4,476.20
2020		12,194.36				12,194.36
Bulletproof Vest	1,735.98					1,735.98
Distracted Driving	55.00					55.00
Drunk Driving Enforcement Fund	21,991.57	83.35	\$ 3,037.83			19,037.09
Trolley 2018 - Local Match:	65.50			\$ 8,000.00		8,065.50
Municipal Alliance:						
2019	2,904.15		2,904.15			
2020		9,256.00	431.85			8,824.15
Municipal Alliance 2019 - Local Match	726.04		726.04			
Municipal Alliance 2020 - Local Match		2,314.00	107.96			2,206.04
Recycling Tonnage						
2018	10,031.38		8,018.55			2,012.83
2019	10,604.00			\$ 4,778.48		5,825.52
2020		5,825.52				5,825.52
Safe and Secure Communities:						
2020		29,407.00	29,407.00			
Local Safety Improvement	3,224.08					3,224.08
	<u>\$ 57,378.20</u>	<u>\$ 60,923.18</u>	<u>\$ 44,633.38</u>	<u>\$ 8,000.00</u>	<u>\$ 4,778.48</u>	<u>\$ 76,889.52</u>

Ref.

A

A

State	\$ 43,799.38
Local	834.00
	<u>\$ 44,633.38</u>



BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
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, 2019	B	\$ 28,185.79	\$ 1,518,885.65
Increased by Receipts:			
Police Outside Duty - Prior Year Receivable			
License Fees		\$ 9,938.40	\$ 4,393.01
Interest on Investments		190.62	
State Registration Fees		757.80	
Prepaid Licenses		783.80	
Miscellaneous Fees		436.00	
Tax Sale Premiums			92,100.00
Trust Escrow			60,717.91
Council on Affordable Housing			2,055.25
Addison Hills Escrow			5.87
Parking Offense Adjudication Act			22.00
Unemployment Insurance Deposits			28,285.53
Forfeited Assets			922.01
Recycling			6,582.85
Public Defender			1,330.00
Fire Prevention			6,050.00
Outside Police Services			347,142.32
Recreation Deposits			10,654.75
Police Donations			250.00
		<u>12,106.62</u>	<u>560,511.50</u>
			<u>2,079,397.15</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	\$	555.19	
Interest on Investments		190.62	
State of New Jersey Board of Health		755.40	
Expenditures Under R.S. 4:19-15.11		14,449.20	
Tax Sale Premiums	\$		65,100.00
Council on Affordable Housing			28,680.00
Unemployment Insurance Expenditures			1,883.22
Shade Tree			362.00
Tree Replacement			78.00
National Night Out			35.00
Fire Prevention			550.00
Outside Police Services			269,994.76
Recycling			6,901.96
Trust Escrow			122,034.45
Reserve for Deferred Sick Leave			32,884.34
Reserve for Storm Recovery			800.00
Recreation Expenditures			7,677.06
		<u>\$ 15,950.41</u>	<u>\$ 536,980.79</u>
Balance December 31, 2020	B	<u>\$ 24,342.00</u>	<u>\$ 1,542,416.36</u>

BOROUGH OF ROCKAWAY  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 26,806.20
Dog and Cat License Fees		\$ 9,938.40
Prior Year Prepaid Licenses Applied		771.60
Miscellaneous Fees		<u>436.00</u>
		<u>11,146.00</u>
		37,952.20
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>14,449.20</u>
		<u>14,449.20</u>
Balance December 31, 2020	B	<u><u>\$ 23,503.00</u></u>

<u>License Fees Collected</u>	<u>Amount</u>
<u>Year</u>	
2018	\$ 13,264.00
2019	<u>12,681.60</u>
Maximum Allowable Reserve	<u><u>\$ 25,945.60</u></u>

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
GENERAL CAPITAL FUND

BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 3,463,824.88
Increased by:		
Reserve to Pay Debt Service:		
Grant Funds Received on Fully Funded Ordinances:		
NJ Department of Transportation - Elycroft Ave.	\$ 106,687.30	
CDBG - Stone Arch Culvert	21,220.00	
Premium on Bond Anticipation Notes	10,684.31	
Grants Receivable:		
NJ Department of Transportation	175,345.35	
Capital Improvement Fund:		
2020 Budget Appropriation	75,000.00	
Bond Anticipation Note Proceeds	5,720,199.00	
Due Current Fund:		
Interest	22,608.68	
Reserve for Sewer Improvements	43,600.00	
		<u>6,175,344.64</u>
		9,639,169.52
Decreased by:		
Improvement Authorizations	1,632,355.40	
Bond Anticipation Notes	4,973,778.00	
Due Current Fund:		
Interest	22,608.68	
		<u>6,628,742.08</u>
Balance December 31, 2020	C	<u>\$ 3,010,427.44</u>

BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2019	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2020
		Miscellaneous	Budget Appropriation	Bond Anticipation Notes	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Fund Balance	\$ 114,969.87									\$ 114,969.87
Capital Improvement Fund	101,814.50		\$ 75,000.00					\$ 61,750.00		115,064.50
Due from Current Fund		\$ 22,608.68					\$ 22,608.68		\$ 85,000.00	85,000.00
Community Development Block Grant Receivable:										
Sanitary Sewer Rehabilitation Project										(80,000.00)
NJ Department of Transportation	(305,000.00)	175,345.35						325,000.00		(454,654.65)
Reserve for Sewer Improvements		43,600.00						43,600.00		
Reserve to Pay Debt Service	12,887.91	138,591.61						138,554.00		12,925.52
Ord. No.	Improvement Description									
04-11	Various Capital Improvements	184,442.95			\$ 120,117.79					64,325.16
12-13	Road Improvements	11,901.29								11,901.29
08-14	Maple Avenue Improvement Project	2,689.48								2,689.48
6-15	Various Capital Improvements	1,428.80								1,428.80
12-15	Various Capital Improvements	768,732.99		\$ 545,210.00	435,323.90	\$ 552,857.00			7,647.00	333,409.09
14-16	Various Capital Improvements	870,485.90		1,937,642.00	7,502.75	1,937,642.00				862,983.15
10-17	Various Capital Improvements	1,066.08		746,643.00		746,643.00				1,066.08
06-18	Various Capital Improvements	1,258,825.26		1,159,904.00	632,184.28	1,290,811.00			130,907.00	626,640.98
12-19	Various Capital Improvements	439,579.85		751,300.00	258,527.95	445,825.00				486,526.90
05-20	Sanitary Sewer Rehabilitation Project				83,113.69					40,486.31
06-20	Various Capital Improvements			579,500.00	22,900.10				123,600.00	911,849.90
11-20	Fox Lake Dam Repairs and Improvements				72,684.94			85,000.00	31,500.00	(126,184.94)
		\$ 3,463,824.88	\$ 380,145.64	\$ 75,000.00	\$ 1,632,355.40	\$ 4,973,778.00	\$ 22,608.68	\$ 733,904.00	\$ 733,904.00	\$ 3,010,427.44



BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Notes Paid by Budget Appropriation	Paid by Reserve for Payment of Debt Service	Balance Dec. 31, 2020	Analysis of Balance December 31, 2020		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
12-15	Various Capital Improvements	\$1,000,376.00		\$447,519.00	\$ 7,647.00	\$ 545,210.00	\$ 545,210.00		
14-16	Various Capital Improvements	2,034,780.00		97,138.00		1,937,642.00	1,937,642.00		
10-17	Various Capital Improvements	787,217.00		40,574.00		746,643.00	746,643.00		
06-18	Various Capital Improvements	1,384,484.00			130,907.00	1,253,577.00	1,159,904.00		\$ 93,673.00
12-19	Various Capital Improvements	751,300.00				751,300.00	751,300.00		
06-20	Various Capital Improvements		\$ 669,750.00			669,750.00	579,500.00		90,250.00
11-20	Fox Lake Dam Repairs and Improvements		598,500.00			598,500.00		\$ 126,184.94	472,315.06
		<u>\$5,958,157.00</u>	<u>\$1,268,250.00</u>	<u>\$585,231.00</u>	<u>\$ 138,554.00</u>	<u>\$6,502,622.00</u>	<u>\$ 5,720,199.00</u>	<u>\$ 126,184.94</u>	<u>\$ 656,238.06</u>

Ref.

C

C

## Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 12-15 (Various Capital Improvements) \$ 333,409.09  
Ordinance 14-16 (Various Capital Improvements) 862,983.15  
Ordinance 10-17 (Various Capital Improvements) 1,066.08  
Ordinance 06-18 (Various Capital Improvements) 626,640.98  
Ordinance 12-19 (Various Capital Improvements) 486,526.90  
Ordinance 06-20 (Various Capital Improvements) 579,500.00

2,890,126.20  
\$ 656,238.06

BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

2020 Authorizations											
Ord. No.	Improvement Description	Ordinance		Balance December 31, 2019		Capital Improvement Fund	Other Sources	Deferred Charges to Future Taxation Unfunded	Paid or Charged	Balance December 31, 2020	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
04-11	Various Capital Improvements	05/12/11	\$ 1,713,175.00	\$ 184,442.95					\$ 120,117.79	\$ 64,325.16	
12-13	Road Improvements	07/25/13	400,000.00	11,901.29						11,901.29	
08-14	Maple Avenue Improvement Project	07/10/14	129,000.00	2,689.48						2,689.48	
6-15	Various Capital Improvements	06/11/15	80,000.00	1,428.80						1,428.80	
12-15	Various Capital Improvements	08/19/15	1,543,200.00		\$ 768,732.99				435,323.90		\$ 333,409.09
14-16	Various Capital Improvements	09/08/16	2,361,600.00		870,485.90				7,502.75		862,983.15
10-17	Various Capital Improvements	06/22/17	947,000.00		1,066.08						1,066.08
06-18	Various Capital Improvements	06/28/18	1,761,410.00		1,352,498.26				632,184.28		720,313.98
12-19	Various Capital Improvements	07/11/19	789,790.00		745,054.85				258,527.95		486,526.90
05-20	Sanitary Sewer Rehabilitation Project	05/14/20	123,600.00			\$ 123,600.00			83,113.69	40,486.31	
06-20	Various Capital Improvements	06/11/20	1,025,000.00			\$ 30,250.00	\$ 325,000.00	\$ 669,750.00	22,900.10	332,349.90	669,750.00
11-20	Fox Lake Dam Repairs and Improvements	08/13/20	630,000.00			31,500.00		598,500.00	157,684.94		472,315.06
				\$ 200,462.52	\$ 3,737,838.08	\$ 61,750.00	\$ 448,600.00	\$ 1,268,250.00	\$ 1,717,355.40	\$ 453,180.94	\$ 3,546,364.26
				C	C					C	C
				Ref.		Reserve for Sewer Improvements					
						\$ 43,600.00					
						NJ Department of Transportation					
						Community Development Block Grant					
						80,000.00					
						\$ 448,600.00					

BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 101,814.50
Increased by:		
Current Fund Budget Appropriation		<u>75,000.00</u>
		176,814.50
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>61,750.00</u>
Balance December 31, 2020	C	<u><u>\$ 115,064.50</u></u>

BOROUGH OF ROCKAWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec. 31, 2019	Issued	Matured	Balance Dec. 31, 2020
		Original Issue	Issue					
12-15	Various Capital Improvements	09/22/15	09/12/19 09/10/20	1.50% 1.00%	\$ 1,000,376.00	\$ 545,210.00	\$ 1,000,376.00	\$ 545,210.00
14-16	Various Capital Improvements	11/23/16	09/12/19 09/10/20	1.50% 1.00%	2,034,780.00	1,937,642.00	2,034,780.00	1,937,642.00
10-17	Various Capital Improvements	09/14/17	09/12/19 09/10/20	1.50% 1.00%	787,217.00	746,643.00	787,217.00	746,643.00
06-18	Various Capital Improvements	06/28/18	09/12/19 09/10/20	1.50% 1.00%	1,290,811.00	1,159,904.00	1,290,811.00	1,159,904.00
12-19	Various Capital Improvements	07/11/19	09/12/19 09/10/20	1.50% 1.00%	445,825.00	751,300.00	445,825.00	751,300.00
06-20	Various Capital Improvements	09/10/20	09/10/20	1.00%		579,500.00		579,500.00
					<u>\$ 5,559,009.00</u>	<u>\$ 5,720,199.00</u>	<u>\$ 5,559,009.00</u>	<u>\$ 5,720,199.00</u>
					<u>Ref.</u>	<u>C</u>	<u>C</u>	
					Renewed		\$ 4,835,224.00	\$ 4,835,224.00
					Issued for Cash		884,975.00	
					Paid by Reserve for Payment of Debt Service		138,554.00	
					Paid by Budget Appropriation		585,231.00	
					<u>\$ 5,720,199.00</u>		<u>\$ 5,559,009.00</u>	



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

Ord. Number	Ord. Date	Improvement Description	Balance Dec. 31, 2019	2020 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, 2020
12-15	08/19/15	Various Capital Improvements			\$ 545,210.00	\$ 447,519.00	\$ 7,647.00	\$ 1,000,376.00	
14-16	09/08/16	Various Capital Improvements			1,937,642.00	97,138.00		2,034,780.00	
10-17	06/22/17	Various Capital Improvements			746,643.00	40,574.00		787,217.00	
06-18	06/28/18	Various Capital Improvements	\$ 93,673.00		1,159,904.00		130,907.00	1,290,811.00	\$ 93,673.00
12-19	07/11/19	Various Capital Improvements	305,475.00		751,300.00			445,825.00	
06-20	06/11/20	Various Capital Improvements		\$ 669,750.00	579,500.00				90,250.00
11-20	08/13/20	Fox Lake Dam Repairs and Improvements		598,500.00					598,500.00
			<u>\$ 399,148.00</u>	<u>\$ 1,268,250.00</u>	<u>\$ 5,720,199.00</u>	<u>\$ 585,231.00</u>	<u>\$ 138,554.00</u>	<u>\$ 5,559,009.00</u>	<u>\$ 782,423.00</u>

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
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, 2019	D	\$ 1,125,032.22	\$ 2,671,219.73
Increased by Receipts:			
Water Utility Collector	\$	2,414,850.02	\$ 17,187.32
Interest on Investments		7,600.89	
Appropriation Refunds		2,186.45	
Water Allocation Fees		8,455.00	
Other Miscellaneous Revenue		828.70	
Note Premium - Reserve to Pay Debt Service			7,122.00
Bond Anticipation Note Payable			727,080.00
Private Hydrants			
Budget Appropriation:		6,350.00	
Capital Improvement Fund			40,000.00
Reserve to Pay Debt Service:			
Premium on Bond Anticipation Notes			5,393.44
Due Water Utility Capital Fund:			
Prior Year Interfund		4,695.99	
Interest Earned		17,187.32	
		<u>2,462,154.37</u>	<u>796,782.76</u>
		3,587,186.59	3,468,002.49
Decreased by Disbursements:			
2020 Budget Appropriations		1,481,823.31	
2019 Appropriation Reserves		251,160.93	
Accounts Payable		892.50	
Accrued Interest on Notes		57,230.00	
Accrued Interest on Bonds		57,856.26	
Improvement Authorizations Expenditures			458,861.84
Bond Anticipation Notes Paid by			
Reserve to Pay Debt Service			5,099.00
Due Current Fund:			
Sewer Receipts		732,711.70	
Due Water Utility Operating Fund			
Prior Year Interfund			4,695.99
Interest Earned			17,187.32
		<u>2,581,674.70</u>	<u>485,844.15</u>
Balance December 31, 2020	D	\$ 1,005,511.89	\$ 2,982,158.34



BOROUGH OF ROCKAWAY  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2020

## Increased by Receipts:

Water Rents	\$ 1,634,916.79	
Allocation Fees	1,075.00	
Hydrants	23,325.00	
Sprinklers	14,709.70	
Interest on Delinquent Accounts	8,111.83	
Total Consumer Accounts Receivable		\$ 1,682,138.32

## Due Current Fund:

Sewer Rents	729,437.35	
Sewer Interest on Delinquents	3,274.35	
		732,711.70

## Decreased by Disbursements:

Paid to Treasurer		\$ 2,414,850.02
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BOROUGH OF ROCKAWAY  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF WATER CAPITAL CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
	Balance Dec. 31, 2019	Bond	Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	
					From	To	
Capital Fund Balance	\$ 4,797.60						\$ 4,797.60
Capital Improvement Fund	190,112.04		\$ 40,000.00				230,112.04
Due Water Utility Operating Fund	4,695.99		17,187.32	\$ 21,883.31			
Reserve for Capital Improvements	150,063.08						150,063.08
Reserve to Pay Debt Service	5,102.14		12,515.44	5,099.00			12,518.58
Ord. No.	Improvement Description						
08-09	Various Water Utility Improvements						
05-11	Various Water Utility Improvements						
11-15	Various Water Utility Improvements						
15-16	Various Water Utility Improvements						
09-17	Various Water Utility Improvements						
07-18	Various Water Utility Improvements						
10-19	Acquisition and Installation of Generator						
11-19	Various Water Utility Improvements						
07-20	Various Water Utility Improvements						
14-20	Water Main Improvements						
			\$ 367,080.00		\$ 184,000.00		
			360,000.00		179,460.00		
					136,540.00		
						\$ 500,000.00	
	\$ 2,671,219.73	\$ 727,080.00	\$ 69,702.76	\$ 26,982.31	\$ 500,000.00	\$ 500,000.00	\$ 2,982,158.34

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

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 213,779.62
Increased by:		
Water Rents Levied		1,616,591.93
		<u>1,830,371.55</u>
Decreased by:		
Collections		1,634,916.79
		<u>1,634,916.79</u>
Balance December 31, 2020	D	<u><u>\$ 195,454.76</u></u>

BOROUGH OF ROCKAWAY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2019	Additions By Budget Capital Outlay	Balance Dec. 31, 2020
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	\$ 16,385.00	359,688.86
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	14,791.54	65,984.60
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	36,000.00	378,996.86
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
Air Stripper Repairs		125,000.00	125,000.00
Siding and Infrastructure Upgrades	100,000.00		100,000.00
Hydrants and Valves Replacement	48,734.54	52,125.74	100,860.28
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
Water Tank Site Improvements		16,445.00	16,445.00
Chlorinator Analyst		6,803.56	6,803.56
Fire Door and Security Camera		6,000.00	6,000.00
Signage		798.00	798.00
	<u>\$ 7,539,586.24</u>	<u>\$ 274,348.84</u>	<u>\$ 7,813,935.08</u>
	D		D

2020 Appropriations	\$ 89,428.10
2019 Appropriation Reserves	184,920.74
	<u>\$ 274,348.84</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Reapprop- riation	Balance Dec. 31, 2020
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		\$ (184,000.00)	1,022,470.00
10-19	Acquisition and Installation of Generator	55,000.00			55,000.00
11-19	Various Water Utility Improvements	1,098,000.00		(179,460.00)	918,540.00
07-20	Various Water Utility Improvements		\$ 360,000.00	(136,540.00)	223,460.00
14-20	Water Main Improvements			500,000.00	500,000.00
15-20	Refunding Bonds Ordinance		1,270,000.00		1,270,000.00
		<u>\$ 5,096,287.57</u>	<u>\$ 1,630,000.00</u>	<u>\$ - 0 -</u>	<u>\$ 6,726,287.57</u>

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BOROUGH OF ROCKAWAY  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 51,261.97	\$ 51,261.97		\$ 51,261.97
Other Expenses	216,283.15	216,283.15	\$ 72,603.94	143,679.21
Capital Outlay	217,886.59	217,886.59	184,920.74	32,965.85
Deferred Charges/Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	7,922.17	7,922.17		7,922.17
	<u>\$ 493,353.88</u>	<u>\$ 493,353.88</u>	<u>\$ 257,524.68</u>	<u>\$ 235,829.20</u>

	<u>Ref.</u>	
<u>Balance December 31, 2019:</u>		
Unencumbered	D	\$ 425,284.39
Encumbered	D	<u>68,069.49</u>
		<u>\$ 493,353.88</u>

Cash Disbursements	\$ 251,160.93
Accounts Payable	<u>6,363.75</u>
	<u>\$ 257,524.68</u>

BOROUGH OF ROCKAWAY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Reappro- priation	Balance Dec. 31, 2020	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
08-09	Various Water Utility Improvements	06/25/2009	\$ 477,000.00	\$ 1,188.18					\$ 1,188.18	
05-11	Various Water Utility Improvements	05/12/2011	701,000.00	2,422.50			\$ 711.00		1,711.50	
11-15	Various Water Utility Improvements	07/09/2015	300,000.00		\$ 53,161.12		34,221.63			\$ 18,939.49
15-16	Various Water Utility Improvements	09/08/2016	774,000.00		359,643.58		130,901.81			228,741.77
09-17	Various Water Utility Improvements	05/10/2017	740,000.00		101,021.00		45,019.00			56,002.00
07-18	Various Water Utility Improvements	06/28/2018	1,206,470.00		1,017,245.25		203,722.09	\$(184,000.00)		629,523.16
10-19	Acquisition and Installation of Generator	07/11/2019	55,000.00	55,000.00			10,045.81		44,954.19	
11-19	Various Water Utility Improvements	07/11/2019	1,098,000.00		1,093,847.25		34,240.50	(179,460.00)		880,146.75
07-20	Various Water Utility Improvements	06/11/2020	360,000.00			\$ 360,000.00		(136,540.00)		223,460.00
14-20	Water Main Improvements	10/22/2020	500,000.00					500,000.00		500,000.00
15-20	Refunding Bonds Ordinance	11/12/2020	1,270,000.00			1,270,000.00				1,270,000.00
				\$ 58,610.68	\$ 2,624,918.20	\$ 1,630,000.00	\$ 458,861.84	\$ - 0 -	\$ 47,853.87	\$ 3,806,813.17
				D	D				D	D
				Ref.						

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

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 190,112.04
Increased by:		
2020 Budget Appropriation		<u>40,000.00</u>
Balance December 31, 2020	D	<u><u>\$ 230,112.04</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, 2019	Balance Dec. 31, 2020
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
			<u>\$ 329,241.15</u>	<u>\$ 329,241.15</u>
		<u>Ref.</u>	D	D

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

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 7,147,676.66
Increased by:		
Budget Appropriations:		
Capital Outlay	\$ 274,348.84	
Notes Paid by Operating Budget	86,317.00	
Notes Paid by Reserve for Payment of Debt Service	5,099.00	
Serial Bonds Paid by Operating Budget	<u>55,000.00</u>	
		<u>420,764.84</u>
Balance December 31, 2020	D	<u><u>\$ 7,568,441.50</u></u>

BOROUGH OF ROCKAWAY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Original Note	Date of Original Note	Date of		Interest Rate	Balance		Issued	Matured	Balance	
				Issue	Maturity		Dec. 31, 2019	Dec. 31, 2020				
11-15	Various Water Improvements	\$ 300,000.00	9/19/2016	09/12/2019 09/10/2020	09/11/2020 01/22/2021	1.50% 1.00%	\$ 155,336.00	\$ 108,094.00	\$ 108,094.00	\$ 155,336.00	\$ 108,094.00	
15-16	Various Water Improvements	694,000.00	11/23/2016	09/12/2019 09/10/2020	09/11/2020 01/22/2021	1.50% 1.00%	657,895.00	639,239.00	639,239.00	657,895.00	639,239.00	
09-17	Various Water Improvements	740,000.00	9/14/2017	09/12/2019 09/10/2020	09/11/2020 01/22/2021	1.50% 1.00%	731,255.00	705,737.00	705,737.00	731,255.00	705,737.00	
07-18	Various Water Improvements	379,600.00	9/13/2018	09/12/2019 09/10/2020	09/11/2020 01/22/2021	1.50% 1.00%	1,206,470.00	1,022,470.00	1,022,470.00	1,206,470.00	1,022,470.00	
11-19	Various Water Improvements	730,920.00	09/12/2019	09/12/2019 09/10/2020	09/11/2020 01/22/2021	1.50% 1.00%	730,920.00	918,540.00	918,540.00	730,920.00	918,540.00	
07-20	Various Water Improvements	360,000.00	09/10/2020	09/10/2020	01/22/2021	1.00%		223,460.00	223,460.00		223,460.00	
14-20	Water Main Improvements	500,000.00	09/10/2020	09/10/2020	01/22/2021	1.00%		500,000.00	500,000.00		500,000.00	
							<u>\$ 3,481,876.00</u>	<u>\$ 4,117,540.00</u>	<u>\$ 4,117,540.00</u>	<u>\$ 3,481,876.00</u>	<u>\$ 4,117,540.00</u>	
							<u>Ref.</u>	<u>D</u>	<u>D</u>			
Renewed												
Issued for Cash								\$ 3,390,460.00	\$ 3,390,460.00			
Paid by Reserve for Payment of Debt Service								727,080.00		5,099.00		
Funded by Budget Appropriation										86,317.00		
							<u>\$ 4,117,540.00</u>	<u>\$ 4,117,540.00</u>	<u>\$ 4,117,540.00</u>	<u>\$ 3,481,876.00</u>	<u>\$ 3,481,876.00</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	Balance Dec. 31, 2019	Matured	Balance Dec. 31, 2020
			Date	Amount				
Water Utility Bonds of 2011	8/30/11	\$ 1,710,000.00	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%			
						\$ 1,310,000.00	\$ 55,000.00	\$ 1,255,000.00
						\$ 1,310,000.00	\$ 55,000.00	\$ 1,255,000.00

Ref.

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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Improvement Authorizations	Bond Anticipation Notes Issued	Notes Paid by Budget Appropriation	Reappropriation	Paid by Reserve for Payment of Debt Service	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2020
11-15	Various Water Improvements			\$ 108,094.00	\$ 42,143.00		\$ 5,099.00	\$ 155,336.00	
15-16	Various Water Improvements			639,239.00	18,656.00			657,895.00	
09-17	Various Water Improvements			705,737.00	25,518.00			731,255.00	
07-18	Various Water Improvements			1,022,470.00		\$ (184,000.00)		1,206,470.00	
11-19	Various Water Improvements	\$ 367,080.00		918,540.00		(179,460.00)		730,920.00	
07-20	Various Water Improvements		\$ 360,000.00	223,460.00		(136,540.00)			
14-20	Water Main Improvements			500,000.00		500,000.00			
15-20	Refunding Bonds Ordinance		1,270,000.00						\$ 1,270,000.00
		\$ 367,080.00	\$ 1,630,000.00	\$ 4,117,540.00	\$ 86,317.00	\$ -0-	\$ 5,099.00	\$ 3,481,876.00	\$ 1,270,000.00

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS  
2020  
PUBLIC ASSISTANCE FUND  
  
NOT APPLICABLE

BOROUGH OF ROCKAWAY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020



BOROUGH OF ROCKAWAY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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:	Community Development Block Grants	14.218	N/A	Sanitary Sewer Rehabilitation Project	01/01/19	12/31/20	\$ 80,000.00		\$ 80,000.00	\$ 80,000.00	
									80,000.00	80,000.00	
					Total Department of Housing and Urban Development						
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	
								3,560.00		3,560.00	
Total Department of Justice											
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID 19 - Local Government Emergency Fund (LGEF) COVID-19 Mitigation	21.019	20-100-022-8030-686	N/A	03/01/20	12/31/21	60,233.85	60,223.85	60,223.85	60,223.85	
								60,223.85	60,223.85	60,223.85	
								\$ 63,783.85	\$ 140,223.85	\$ 143,783.85	\$ -0-
					Total U.S. Department of Treasury						
TOTAL FEDERAL AWARDS											

**BOROUGH OF ROCKAWAY**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	06/30/20	\$ 11,256.00	\$ 301.76	\$ 2,904.15	\$ 10,954.24
			07/01/19	06/30/20	11,256.00	6,264.76	431.85	11,256.00
			07/01/20	06/30/21	9,256.00			130.09
Subtotal - Department of Treasury						6,566.52	3,336.00	22,340.33
Department of Transportation:								
	Municipal Aid - Hoagland Ave.	18-480-078- 6320-AM2-6010	01/01/18	12/31/19	305,000.00	175,345.35		305,000.00
	Municipal Aid - Elycroft Ave.	18-480-078- 6320-AM2-6010	01/01/19	12/31/21	142,249.73	106,687.30	106,687.30	106,687.30
Subtotal - Department of Transportation						282,032.65	106,687.30	411,687.30
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-V42Y-6020	01/01/19	12/31/21	13,524.27			9,048.07
			01/01/20	12/31/21	12,194.36	12,194.36		9,048.07
Subtotal - Department of Environmental Protection	Recycling Grant	752-042-4900- 001-V42Y-6020	01/01/18	12/31/21	10,604.00		8,018.55	8,018.55
						12,194.36	8,018.55	17,066.62
Department of Law and Public Safety	Body Armor Replacement Fund	1020-718-066- 1020-001-6120	01/01/19	12/31/21	1,842.95	1,842.95		
	Drunk Driving Enforcement Fund	100-078-6400- 260-YYYY	01/01/13	12/31/21	16,569.69		3,037.83	14,762.38
			01/01/19	12/31/21	83.35	83.35	3,037.83	14,762.38
Subtotal - Department of Law and Public Safety	Safe and Secure Communities	100-066-1020- 232-YCJF	01/01/19	12/31/20	29,407.00	22,055.25		29,407.00
			01/01/20	12/31/21	29,407.00	7,351.75	29,407.00	29,407.00
						29,407.00	29,407.00	58,814.00
						31,333.30	32,444.83	73,576.38
TOTAL STATE AWARDS						\$ 332,126.83	\$ 150,486.68	\$ 524,670.63

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF ROCKAWAY  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020

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, 2020. 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.

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 years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated May 28, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 2020-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Rockaway  
Page 2

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 28, 2021

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Certified Public Accountant  
Registered Municipal Accountant No. 447

BOROUGH OF ROCKAWAY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified 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.
- 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, 2020 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 2020-001

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 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.

BOROUGH OF ROCKAWAY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020  
(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 2020-001 (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, 2020

The Borough's prior year audit finding 2019-001 regarding segregation of duties has not been resolved due to budgetary constraints and is included as finding 2020-001.



BOROUGH OF ROCKAWAY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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 through June 30, 2020, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

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 2, 2020, 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, 2020, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2020 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 and utility charges accordingly.

The grace period for the 2020 year second quarter property taxes was extended to May 29, 2020.

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>
2020	15
2019	13
2018	13

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 2020 and 2021 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5
Payment of 2020 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 Council 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)

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, 2020.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Receipts	Disbursements	Balance Dec. 31, 2020
Municipal Treasurer:				
Fines and Fees	\$ 4,237.58	\$ 28,466.51	\$ 30,359.27	\$ 2,344.82
Parking Offense Adjudication Act		22.00	22.00	
Interest:				
Regular Account		36.90	36.90	
Bail Account		5.88	5.88	
Municipal Treasurer - Shared Court:				
Public Defender	85.00	1,245.00	1,330.00	
State Treasurer	3,358.86	20,514.91	22,386.39	1,487.38
County Treasurer	2,027.50	13,136.18	14,058.18	1,105.50
Weights and Measures	3,500.00	950.00	4,450.00	
Conditional Dismissal		90.00	90.00	
Conditional Discharge	145.00	367.00	512.00	
Bail Account	1,750.00	2,124.00	3,624.00	250.00
	<u>\$ 15,103.94</u>	<u>\$ 66,958.38</u>	<u>\$ 76,874.62</u>	<u>\$ 5,187.70</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 that are 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.

Effect on Internal Controls due to COVID-19

With the increased ability for certain work functions to be done remotely and the increased use of electronic payments and processes, it is suggested that the Borough routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Sick and Vacation Leave

It is suggested that the Borough consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Status of Prior Year Recommendations

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2019 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.