NOTE 4. INVESTMENTS

Investments are stated at fair value, which is determined using selected bases. The Authority classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The Authority had no investments at December 31, 2009.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investment maturities to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America or the local unit or school districts of which the local unit is part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

NOTE 5. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

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

	Balance Dec.31,2008	Less: Amounts Received	Balance Dec.31, 2009
NJEIT - Fund Portion	$5,758,344.42	$400,153.00	$5,358,191.42
NJEIT - Interest Portion	284,146.71	284,146.71	0.00
NJEIT - Trust Portion	5,958,765.00	400,153.00	5,558,612.00
	$12,001,256.13	$1,084,452.71	$10,916,803.42

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

NOTE 6. LONG-TERM DEBT

The Authority has issued and has outstanding the following bonds as of December 31, 2009 and 2008.

	2009	2008
Series 2007 NJ Environmental Infrastructure Trust Bonds	$13,459,315.00	$13,459,315.00
Series 1992 Sewer Revenue Refunding Bonds	0.00	2,488,080.15
	13,459,315.00	15,947,395.15
Less:		
Unamortized Losses Resulting from Refunding Transactions:		
1992 Defeasance of Series A, B and C	0.00	(146,566.50)
Net Carrying Amount of Debt	$13,459,315.00	$15,800,828.65
Current Portion	620,482.42	2,341,513.65
Long-Term Portion	12,838,832.58	13,459,315.00
	$13,459,315.00	$15,800,828.65

Presented below is a summary of debt service requirements to maturity.

Year	Principal	Interest	Total
2010	$620,482.42	$311,970.00	$932,452.42
2011	636,742.91	298,970.00	935,712.91
2012	644,379.48	285,220.00	929,599.48
2013	654,574.87	275,530.00	930,104.87
2014	664,370.04	265,205.00	929,575.04
2015	681,903.63	254,225.00	936,128.63
2016	696,273.38	238,225.00	934,498.38
2017	710,170.45	221,475.00	931,645.45
2018	731,746.07	203,975.00	935,721.07
2019	744,540.20	185,475.00	930,015.20
2020	767,439.34	170,075.00	937,514.34
2021	781,683.04	153,875.00	935,558.04
2022	801,052.80	132,875.00	933,927.80
2023	819,792.30	110,875.00	930,667.30
2024	840,075.91	91,325.00	931,400.91
2025	867,218.75	69,725.00	936,943.75
2026	885,501.33	47,000.00	932,501.33
2027	911,368.08	23,375.00	934,743.08
	$13,459,315.00	$3,339,395.00	$16,798,710.00

NOTE 6. LONG-TERM DEBT, (continued)

Series 2007 NJ Environmental Infrastructure Trust Bonds

On November 8, 2007, the Authority issued $13,459,315.00 Series 2007 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used for improvements to the treatment facilities.

Principal and interest due on outstanding 2007A bonds to maturity is as follows:

	NJEIT SERIES 2007A			
	Trust Portion		Fund Portion	Total
Year	Principal	Interest	Principal	Debt Service
2010	$260,000.00	$311,970.00	$360,482.42	$932,452.42
2011	275,000.00	298,970.00	361,742.91	935,712.91
2012	285,000.00	285,220.00	359,379.48	929,599.48
2013	295,000.00	275,530.00	359,574.87	930,104.87
2014	305,000.00	265,205.00	359,370.04	929,575.04
2015	320,000.00	254,225.00	361,903.63	936,128.63
2016	335,000.00	238,225.00	361,273.38	934,498.38
2017	350,000.00	221,475.00	360,170.45	931,645.45
2018	370,000.00	203,975.00	361,746.07	935,721.07
2019	385,000.00	185,475.00	359,540.20	930,015.20
2020	405,000.00	170,075.00	362,439.34	937,514.34
2021	420,000.00	153,875.00	361,683.04	935,558.04
2022	440,000.00	132,875.00	361,052.80	933,927.80
2023	460,000.00	110,875.00	359,792.30	930,667.30
2024	480,000.00	91,325.00	360,075.91	931,400.91
2025	505,000.00	69,725.00	362,218.75	936,943.75
2026	525,000.00	47,000.00	360,501.33	932,501.33
2027	550,000.00	23,375.00	361,368.08	934,743.08
	$6,965,000.00	$3,339,395.00	$6,494,315.00	$16,798,710.00

NOTE 7. PENSION PLAN

Description of Plan - All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

NOTE 7. PENSION PLAN, (continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. The legislation also provided that the Authority's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for PERS was reduced.

NOTE 7. PENSION PLAN, (continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Chapter 6 of Public Laws 1990 required PERS to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active state payroll.

The Authority's contribution to the Public Employees' Retirement System, equal to the required contributions for each year, were as follows:

Year ended December 31,	Amount
2009	$106,588.45
2008	77,462.84
2007	41,221.20

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of $1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than $5,000 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

NOTE 7. PENSION PLAN, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Authority provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Rockaway Valley Regional Sewerage Authority contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at http://www.state.nj.us/treasury/pensions/ gasb-43 -sept2008 .pdf

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within the Authority shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Authority. This includes dental benefits and the full cost of Medicare charges.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Authority on a monthly basis.

The Authority had no employees eligible for retiree SHBP; therefore, the Authority did not contribute to SHBP for post-retirement benefits for the year ended December 31, 2009.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2009, the Authority's general counsel advises us that there is no pending litigation that would have a material effect on the Authority's financial statement except as follows:

NOTE 10. RISK MANAGEMENT

The Rockaway Valley Regional Sewerage Authority 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.

NOTE 10. RISK MANAGEMENT, (continued)

Property and Liability Insurance

The Authority is currently a member of the New Jersey Utility Authorities Joint Insurance Fund, a public entity risk pool currently composed of 46 member authorities. The Fund provides members with Property, Liability and Worker's Compensation Insurance. The Authority continues to carry Public Officials Liability and Public Employee Dishonesty insurance through outside policies.

New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority 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 Authority is billed quarterly for amounts due to the State. The following is a summary of Authority contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Authority's expendable trust fund for the current and prior year:

Fiscal Year	Employee Contributions/ Interest Earnings/ Authority Contributions	Amount Reimbursed	Ending Balance
2009	$22,862.49	$9,605.64	$49,303.10
2008	6,913.23	23,969.74	36,046.25
2007	7,993.92	2,652.76	53,102.76

NOTE 11. DEFERRED COMPENSATION PLAN

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

NOTE 12. LITIGATION

We are advised by the Authority's Counsel that the Authority is involved in the following matters:

Rockaway Valley Regional Sewerage Authority v. NJDEP, OAL Docket No. EWR 07237-01N. RVRSA brought this action against the NJDEP to challenge the terms and conditions of the NJPDES Permit issued to RVRSA in July, 2007. NJDEP and RVRSA have exchanged a draft settlement agreement intended to dispose of all issues raised, with the exception of the flow condition contained in the permit and winter ammonia action levels. With respect to flow limitations and winter ammonia action levels, these issues will be raised and addressed as part of the Wastewater Management Plan currently being prepared by the County of Morris. A stay of the other contested issues, which are Copper, Nickel and Zinc has been granted by NJDEP. Other issues resolved are Bis (2-Ethylhexyl Phthalate), Thallium, TTO and PCE. A Status Conference is scheduled before Administrative Law Judge Karaszegi on July 6, 2010.

Jersey City Municipal Utilities Authority, et al., v. Town of Dover, et als., Docket No. HUD-L-0131-10. As a member of the RVRSA, the City of Jersey City ("City") shares a portion of the RVRSA's capital and operating costs and is billed together with the RVRSA's members. The City's participation in the RVRSA's construction program and operations dates back to a Stipulation of Settlement approved by Order of the Chancery Division of the Superior Court of New Jersey, Hudson County, Docket No. C658-68, July 1971 (City of Jersey City vs. Town of Dover, et. al.) (The "Stipulation of Settlement"), which provided that the City would, among other things, transfer to the RVRSA all rights and title to its wastewater treatment plant located in Parsippany and its trunkline utilized for sewage transmission and pay a share of the cost of the RVRSA's capital improvement program, all in accordance with the formula set forth in the Stipulation of Settlement. The formula for determining the amount due to the RVRSA from the City is based upon sewage flow and system capacity. On July 27, 1984, an Amendment to the Stipulation of Settlement (the "Amendment") was accepted by the Superior Court in full settlement of litigation which was reinstated by Jersey City in 1981. The Amendment reduced the City's capital share of project costs for Segment I of the new treatment plant by the total sum of $500,000. The City's financial obligation to pay a percentage share of the system's operations and maintenance costs, and capital expenses for all the RVRSA's construction projects has been reaffirmed. The Amendment foreclosed the City from challenging the terms of the Stipulation of Settlement or its Amendment in the future and provided for the dismissal of the litigation with prejudice.

Notwithstanding the provisions of the Amendment which bars future challenges to the terms of the Stipulation Agreement, on January 7, 2010, the City and Jersey City Municipal Utilities Authority, filed the above referenced litigation in the Superior Court of New Jersey. The RVRSA has not consented to any change in the obligation of the City, nor have any of the nine (9) municipalities and authorities which, together with the City of Jersey City, comprise the parties to the Amended Stipulation. The RVRSA has filed a Counterclaim, Answer and Separate Defenses. The Counterclaim seeks an Order to compel the City to continue to make payments for capital costs, which payments the City has withheld since February 1, 2010. The RVRSA will vigorously prosecute the Counterclaim and aggressively defend the legality of the Amended Stipulation.

NOTE 13. DESIGNATION OF UNRESTRICTED NET ASSETS

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

	2009	2008
Designated for Renewal and Replacement	$2,248,134.00	$0.00
Designated for Subsequent Year's Budget	1,565,000.00	1,005,240.00
Designated for Boonton Infiltration and Inflow Study	13,955.11	13,955.11
Designated for Capital Replacements	1,081,079.80	1,179,765.77
Designated for Passaic River TMDL Study	78,334.12	78,083.36
Designated for Retired Health Benefits	20,000.00	15,000.00
Designated for Jet Vac Truck	35,432.78	325,000.00
Total Designated - Unrestricted	$5,041,935.81	$2,617,044.24

NOTE 14. INTER-ACCOUNT ADVANCES

At December 31, 2009, the following inter-account advances were outstanding between restricted and unrestricted accounts:

	Due from Other Accounts	Due To Other Accounts
Unrestricted Accounts:		
Operating Revenue	$981,024.43	
Capital Replacement		$990,681.07
Restricted Accounts:		
State Unemployment Insurance	9,656.64	
	$990,681.07	$990,681.07

Advances between restricted and unrestricted accounts should be settled upon occurrence.

NOTE 15. SUBSEQUENT EVENTS

On March 10, 2010, the Authority issued $2,817,500 in subordinate bonds through the New Jersey Infrastructure Trust Program. These bonds are being used to fund the improvement of the Authority's sewer system, including the rehabilitation of portions of the sanitary interceptor sewer.

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SUPPLEMENTARY SCHEDULES

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ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2009

		Restricted						
	Invested in Capital Assets	State Unemployment Insurance	Operations	Future Debt Service	Renewal and Replacement	Current Debt Service	Unrestricted: Undesignated	Total Carried Forward
Operating Revenue:								
Service Agreements							7,658,000.00	7,658,000.00
User Charges and Fees							178,762.00	178,762.00
Sewer Permits							10,174.00	10,174.00
Sewer Use Permits							12,517.60	12,517.60
IPP Surcharge							161,103.06	161,103.06
Industrial Annual Fees							36,000.00	36,000.00
Miscellaneous							17,960.66	17,960.66
Interest Income							23,756.33	23,756.33
Total Operating Revenue	-	-	-	-	-	-	8,098,273.65	8,098,273.65
Operating Expense:								
Cost of Providing Services							3,556,089.90	3,556,089.90
Employee Benefits							701,560.55	701,560.55
Administrative and General							1,359,592.20	1,359,592.20
Depreciation							1,945,727.00	1,945,727.00
Total Operating Expense	-	-	-	-	-	-	7,562,969.65	7,562,969.65
Operating Income	-	-	-	-	-	-	535,304.00	535,304.00
Non-Operating Revenue (Expense):								
Interest Income		89.37	16,585.53	179,552.71	378.04	30.72	-	196,636.37
Interest Expense							(183,154.18)	(183,154.18)
Unemployment Ins. Claims - Net		(6,832.52)					15,000.00	8,167.48
Amortization on Debt Issue Cost and Bond Discount							(202,216.66)	(202,216.66)
Retired Health Benefit Expenditures - Net							5,000.00	5,000.00
Gain / Loss on Disposal of Building and Equipment							(531,833.00)	(531,833.00)
Jet Vac Truck Expenditures - Net								-
	-	(6,743.15)	16,585.53	179,552.71	378.04	30.72	(897,203.84)	(707,399.99)
Net Income (Loss) Before Transfers	-	(6,743.15)	16,585.53	179,552.71	378.04	30.72	(361,899.84)	(172,095.99)
Transfers:								
Interest Income			(16,585.53)	(179,552.71)		(30.72)	196,168.96	-
Other Transfers	1,319,282.75		(1,492,858.75)	(2,655,000.00)	(2,248,512.04)	(38,200.45)	2,545,061.09	(2,570,227.40)
Budget Appropriation		20,000.00			50,000.00		(200,000.00)	(130,000.00)
Increase/(Decrease) in Net Assets	1,319,282.75	13,256.85	(1,492,858.75)	(2,655,000.00)	(2,198,134.00)	(38,200.45)	2,179,330.21	(2,872,323.39)
Net Assets - January 1, 2009	40,089,935.78	36,046.25	1,492,858.75	2,655,000.00	2,198,134.00	38,200.45	805,823.62	47,315,998.85
Net Assets - December 31, 2009	41,409,218.53	49,303.10	-	-	-	-	2,985,153.83	44,443,675.46

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted							
	Designated							
	Subsequent Year's Budget Appropriation	Boonton Infiltration and Inflow Study	Capital Replacements	Passaic River TMDL Study	Retired Health Benefit	Jet Vac Truck	Renewal and Replacement	Total
Operating Revenue:								
Service Agreements								7,658,000.00
User Charges and Fees								178,762.00
Sewer Permits								10,174.00
Sewer Use Permits								12,517.60
IPP Surcharge								161,103.06
Industrial Annual Fees								36,000.00
Miscellaneous								17,960.66
Interest Income			12,871.66	250.76	112.31	996.66	-	37,987.72
Total Operating Revenue	-	-	12,871.66	250.76	112.31	996.66	-	8,112,505.04
Operating Expense:								
Cost of Providing Services								3,556,089.90
Employee Benefits								701,560.55
Administrative and General								1,359,592.20
Depreciation								1,945,727.00
Total Operating Expense	-	-	-	-	-	-	-	7,562,969.65
Operating Income	-	-	12,871.66	250.76	112.31	996.66	-	549,535.39
Non-Operating Revenue (Expense):								
Interest Income								196,636.37
Interest Expense								(183,154.18)
Unemployment Ins. Claims - Net								8,167.48
Amortization on Debt Issue Cost and Bond Discount								(202,216.66)
Retired Health Benefit Expenditures - Net								5,000.00
Gain / Loss on Disposal of Building and Equipment								(531,833.00)
Jet Vac Truck Expenditures - Net						(289,567.22)	-	(289,567.22)
	-	-	-	-	-	(289,567.22)	-	(996,967.21)
Net Income (Loss) Before Transfers	-	-	12,871.66	250.76	112.31	(288,570.56)	-	(447,431.82)
Transfers:								
Interest Income								-
Other Transfers	559,760.00		(236,557.63)		(112.31)	(996.66)	2,248,134.00	-
Budget Appropriation			125,000.00		5,000.00			-
Increase/(Decrease) in Net Assets	559,760.00	-	(98,685.97)	250.76	5,000.00	(289,567.22)	2,248,134.00	(447,431.82)
Net Assets - January 1, 2009	1,005,240.00	13,955.11	1,179,765.77	78,083.36	15,000.00	325,000.00	-	49,933,043.09
Net Assets - December 31, 2009	1,565,000.00	13,955.11	1,081,079.80	78,334.12	20,000.00	35,432.78	2,248,134.00	49,485,611.27

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Trustee/ Treasurer Revenue	Revenue Operating	General Account	Operations Account
Cash, Cash Equivalents and Investments - January 1, 2009	282,371.13	479,215.17	648,137.63	1,996,515.52
Cash Receipts:				
Interest on Investments	112.31	2,852.04	2,148.97	15,645.93
Participant Charges	7,995,607.00			
User Charges	185,042.30			
Budget				
Other	237,755.32			
Transfers	6,557,017.50	10,440,401.05	4,132,504.23	
Total Cash Receipts	14,975,534.43	10,443,253.09	4,134,653.20	15,645.93
Cash and Investments Available	15,257,905.56	10,922,468.26	4,782,790.83	2,012,161.45
Cash Disbursements:				
Bond Interest Payments				
Bond Principal Payments				
Operations		8,025,335.66		
Other				
Transfers	14,393,126.85	2,452,661.10	591,898.74	2,012,161.45
Total Cash Disbursements	14,393,126.85	10,477,996.76	591,898.74	2,012,161.45
Cash, Cash Equivalents and Investments - December 31, 2009	864,778.71	444,471.50	4,190,892.09	-
Analysis of Balance:				
Cash and Cash Equivalents	864,778.71	444,471.50	4,190,892.09	-
Investments	-	-	-	-
	864,778.71	444,471.50	4,190,892.09	-
Unrestricted	864,778.71	444,471.50	4,190,892.09	-
Restricted	-	-	-	-
	864,778.71	444,471.50	4,190,892.09	-

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Bond Service Account	Bond Reserve Account	Renewal and Replacement Account	Construction Account
Cash, Cash Equivalents and Investments - January 1, 2009	-	2,850,024.85	2,201,147.63	1,197,978.03
Cash Receipts:				
Interest on Investments	30.72	179,552.71	378.04	14,776.68
Participant Charges				
User Charges				
Budget				
Other				
Transfers	81,608.18		50,000.00	
Total Cash Receipts	81,638.90	179,552.71	50,378.04	14,776.68
Cash and Investments Available	81,638.90	3,029,577.56	2,251,525.67	1,212,754.71
Cash Disbursements:				
Bond Interest Payments	-	1,820,427.30		
Bond Principal Payments	-	834,572.70		
Operations				
Other				
Transfers	81,638.90	374,577.56	1,244,521.74	
Total Cash Disbursements	81,638.90	3,029,577.56	1,244,521.74	-
Cash, Cash Equivalents and Investments - December 31, 2009	-	-	1,007,003.93	1,212,754.71
Analysis of Balance:				
Cash and Cash Equivalents	-	-	1,007,003.93	1,212,754.71
Investments	-	-	-	-
	-	-	1,007,003.93	1,212,754.71
Unrestricted	-	-	1,007,003.93	-
Restricted	-	-	-	1,212,754.71
	-	-	1,007,003.93	1,212,754.71

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Unemployment Insurance Account	Passaic River TMDL Account	Capital Replacement Account	Jet Vac Reserve Account
Cash, Cash Equivalents and Investments - January 1, 2009	26,389.61	78,083.36	1,238,935.72	177,058.72
Cash Receipts:				
Interest on Investments	89.37	250.76	18,463.77	160.10
Participant Charges				
User Charges				
Budget	20,000.00		125,000.00	-
Other	2,773.12		800,306.00	1,198.17
Transfers			-	
Total Cash Receipts	22,862.49	250.76	943,769.77	1,358.27
Cash and Investments Available	49,252.10	78,334.12	2,182,705.49	178,416.99
Cash Disbursements:				
Bond Interest Payments				
Bond Principal Payments				
Operations				178,416.99
Other	9,605.64			-
Transfers			110,944.62	
Total Cash Disbursements	9,605.64	-	110,944.62	178,416.99
Cash, Cash Equivalents and Investments - December 31, 2009	39,646.46	78,334.12	2,071,760.87	-
Analysis of Balance:				
Cash and Cash Equivalents	39,646.46	78,334.12	2,071,760.87	-
Investments	-	-	-	-
	39,646.46	78,334.12	2,071,760.87	-
Unrestricted	(9,656.64)	78,334.12	2,071,760.87	-
Restricted	49,303.10	-	-	-
	39,646.46	78,334.12	2,071,760.87	-

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Retired Health Benefits Reserve Account	Salerno Escrow Account	Total
Cash, Cash Equivalents and Investments - January 1, 2009	15,504.40	5,362.82	11,196,724.59
Cash Receipts:			
Interest on Investments	120.88	41.81	234,624.09
Participant Charges			7,995,607.00
User Charges			185,042.30
Budget	5,000.00		150,000.00
Other		-	1,042,032.61
Transfers			21,261,530.96
Total Cash Receipts	5,120.88	41.81	30,868,836.96
Cash and Investments Available	20,625.28	5,404.63	42,065,561.55
Cash Disbursements:			
Bond Interest Payments			1,820,427.30
Bond Principal Payments			834,572.70
Operations			8,203,752.65
Other	8.00	15.00	9,628.64
Transfers			21,261,530.96
Total Cash Disbursements	8.00	15.00	32,129,912.25
Cash, Cash Equivalents and Investments - December 31, 2009	20,617.28	5,389.63	9,935,649.30
Analysis of Balance:			
Cash and Cash Equivalents	20,617.28	5,389.63	9,935,649.30
Investments	-	-	-
	20,617.28	5,389.63	9,935,649.30
Unrestricted	20,617.28	5,389.63	8,673,591.49
Restricted	-	-	1,262,057.81
	20,617.28	5,389.63	9,935,649.30

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009

	FY 2009 Adopted Budget	FY 2009 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Revenues:					
Retained Earnings Appropriated	583,435.00	583,435.00	583,435.00	-	200,220.00
Service Agreements	7,658,000.00	7,658,000.00	7,658,000.00	-	7,435,848.00
User Charges and Fees	130,000.00	130,000.00	178,762.00	48,762.00	150,520.00
Sewer Connection Permits	6,500.00	6,500.00	10,174.00	3,674.00	7,930.00
Sewer Use Permits - IPP	6,500.00	6,500.00	12,517.60	6,017.60	11,221.93
IPP Surcharge	110,000.00	110,000.00	161,103.06	51,103.06	213,510.51
Industrial Annual Fees	36,000.00	36,000.00	36,000.00	-	42,000.00
Miscellaneous	1,000.00	1,000.00	17,960.66	16,960.66	39,330.12
Interest Income from Operating and Non-operating Investments (1)	275,000.00	275,000.00	221,034.26	(53,965.74)	303,855.10
Total Operating Revenues	8,806,435.00	8,806,435.00	8,878,986.58	72,551.58	8,404,435.66
Expenses:					
Operating:					
Cost of Providing Services:					
Supervision and Engineering:					
Salaries and Wages	60,734.00	60,734.00	94,585.78	(33,851.78)	47,056.74
Other Expenses	5,400.00	5,400.00	5,818.84	(418.84)	6,245.02
Laboratory:					
Salaries and Wages	102,562.00	102,562.00	111,172.13	(8,610.13)	92,037.63
Other Expenses	55,600.00	55,600.00	55,902.67	(302.67)	54,441.95
Industrial Pretreatment Program:					
Salaries and Wages	99,188.00	99,188.00	90,387.50	8,800.50	55,490.47
Other Expenses	27,500.00	27,500.00	24,747.18	2,752.82	25,059.59
Consulting Engineering	335,000.00	335,000.00	352,159.27	(17,159.27)	410,407.77
Direct Labor	1,058,461.00	1,058,461.00	1,002,558.25	55,902.75	991,282.09
Sludge Removal:					
Sludge Treatment - Contractual	1,329,000.00	1,329,000.00	1,183,437.90	145,562.10	1,116,701.55
Chemicals	187,000.00	187,000.00	205,482.31	(18,482.31)	181,792.67
Utilities	568,000.00	568,000.00	418,980.99	149,019.01	538,590.19
Garbage Service	9,000.00	9,000.00	10,857.08	(1,857.08)	11,604.12
Sub-total Cost of Providing Services	3,837,445.00	3,837,445.00	3,556,089.90	281,355.10	3,530,709.79
Employee Benefits:					
Public Employees' Retirement System	106,795.00	106,795.00	106,588.45	206.55	77,462.84
Social Security Tax	145,000.00	145,000.00	137,717.68	7,282.32	126,709.99
Unemployment Insurance	15,000.00	15,000.00	15,000.00	-	2,500.00
Worker's Compensation Insurance	43,000.00	43,000.00	51,334.74	(8,334.74)	40,998.11
Group Insurance Plans	380,000.00	380,000.00	333,814.52	46,185.48	327,521.68
Disability Insurance	5,000.00	5,000.00	5,000.00	-	1,500.00
Temporary Disability Insurance	9,000.00	9,000.00	6,876.71	2,123.29	7,435.53
Long-Term Disability Insurance	6,000.00	6,000.00	4,705.00	1,295.00	5,387.66
Retired Health Insurance	5,000.00	5,000.00	5,000.00	-	5,000.00
Dental Insurance	40,000.00	40,000.00	35,523.45	4,476.55	38,196.52
Sub-total Employee Benefits	754,795.00	754,795.00	701,560.55	53,234.45	632,712.33

(1) Interest earned on Unemployment, Capital Replacement Fund, Passaic River TMDL Study and Renewal and Replacement Accounts are not included in this amount.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009

	FY 2009 Adopted Budget	FY 2009 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Administrative Expenses:					
Salaries and Wages	594,575.00	594,575.00	494,912.96	99,662.04	460,749.86
Overtime	18,720.00	18,720.00	17,856.95	863.05	17,763.94
Other Expenses:					
Members' Expenses	9,000.00	9,000.00	12,408.01	(3,408.01)	10,266.28
Office Supplies and Printing	15,000.00	15,000.00	19,285.96	(4,285.96)	15,838.25
Travel	3,000.00	3,000.00	3,095.07	(95.07)	2,014.44
Legal Services and Costs	180,000.00	180,000.00	282,544.20	(102,544.20)	239,506.65
Auditing	28,000.00	28,000.00	29,040.00	(1,040.00)	25,627.50
Trustee Fees	15,000.00	15,000.00	35,810.00	(20,810.00)	14,915.00
General Insurance	110,000.00	110,000.00	52,548.24	57,451.76	86,607.84
Labor Relations Consultant	2,000.00	2,000.00	350.00	1,650.00	5,516.50
Special Counsel	50,000.00	50,000.00	-	50,000.00	-
Contract and Licenses Fees	87,400.00	87,400.00	100,434.46	(13,034.46)	86,087.01
Training and Education	3,500.00	3,500.00	3,539.30	(39.30)	3,165.53
Authority Association	10,000.00	10,000.00	5,100.00	4,900.00	5,100.00
Arbitrator	500.00	500.00	1,800.00	(1,300.00)	-
Temporary Employee			-	-	-
Computer Service	5,000.00	5,000.00	10,304.55	(5,304.55)	648.77
Operating and Maintenance Expenses:					
Building and Grounds - Other Expense	11,500.00	11,500.00	18,415.73	(6,915.73)	18,065.33
Clarifier Maintenance	3,000.00	3,000.00	6,564.47	(3,564.47)	6,473.00
Equipment, Supplies and Maintenance	112,000.00	112,000.00	121,110.68	(9,110.68)	123,130.58
Vehicle Maintenance	24,000.00	24,000.00	33,478.84	(9,478.84)	36,438.37
Trunk Line Maintenance	75,000.00	75,000.00	95,124.59	(20,124.59)	62,403.30
Safety Equipment and Training	7,500.00	7,500.00	7,370.18	129.82	6,070.02
Physical Exams	3,000.00	3,000.00	703.00	2,297.00	1,096.00
Security	2,000.00	2,000.00	-	2,000.00	507.00
Protective Clothing	9,500.00	9,500.00	7,795.01	1,704.99	9,261.73
	1,379,195.00	1,379,195.00	1,359,592.20	19,602.80	1,237,252.90
Sub-total Operating	5,971,435.00	5,971,435.00	5,617,242.65	354,192.35	5,400,675.02
Other Costs Funded by Operating Revenues:					
Debt Service:					
Interest Expense - Bonds	1,820,427.30	1,820,427.30	1,820,427.30	-	1,814,276.10
Bond Principal	834,572.70	834,572.70	834,572.70	-	915,723.90
Reserves:					
Jet Vac Truck	-	-	-	-	125,000.00
Renewal and Replacement	50,000.00	50,000.00	50,000.00	-	50,000.00
Capital Replacement	125,000.00	125,000.00	125,000.00	-	125,000.00
Dep. Inspection Fees	2,500.00	2,500.00	-	2,500.00	-
Contingency	2,500.00	2,500.00	-	2,500.00	-
Sub-total Other Costs	2,835,000.00	2,835,000.00	2,830,000.00	5,000.00	3,030,000.00
Total Costs Funded by Operating Revenues	8,806,435.00	8,806,435.00	8,447,242.65	359,192.35	8,430,675.02
Add: Excess / (Deficit)			431,743.93	431,743.93	(26,239.36)
	8,806,435.00	8,806,435.00	8,878,986.58	(72,551.58)	8,404,435.66

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009

	FY 2009 Adopted Budget	FY 2009 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Excess of Revenues Over Expenses:			431,743.93		(26,239.36)
Reconciliation of Budgetary Basis to GAAP:					
Retained Earnings Appropriated:					
Unrestricted Accounts			(583,435.00)		(200,220.00)
Interest Earned on Unemployment, Capital Replacements, and Renewal and Replacement Accounts			13,589.83		82,704.35
Renewal and Replacement			50,000.00		50,000.00
Capital Replacement			125,000.00		250,000.00
Depreciation Expense			(1,945,727.00)		(2,111,809.59)
Amortization			(202,216.66)		(202,216.62)
Bond Principal			834,572.70		915,723.90
Accreted Bond Principal Redeemed			1,637,273.12		1,485,944.07
Unemployment Fund - Net			8,167.48		(17,484.92)
Retired Health Benefit Expenditures (Net)			5,000.00		5,000.00
Prior Year's Payables Cancelled			-		66,101.24
Jet Vac Truck Expenditures (Net)			(289,567.22)		-
Gain / Loss on Disposal of Equipment			(531,833.00)		-
Total Adjustments			(879,175.75)		323,742.43
Change in Net Assets			(447,431.82)		297,503.07

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2009

	FY 2009 Adopted Budget	FY 2009 Budget as Amended	FY 2009 Actual	FY 2008 Actual
Financing Sources:				
Capital Replacement Fund	345,000.00	775,000.00	223,685.97	49,183.90
Proceeds of NJEIT Loans	10,000,000.00	9,750,000.00	888,864.16	77,855.76
Retained Earnings Appropriated	421,805.00	421,805.00	1,468,105.16	226,660.07
	10,766,805.00	10,946,805.00	2,580,655.29	353,699.73
Capital Outlays:				
Oxidation Equipment	25,500.00	25,500.00	69,195.72	24,267.26
Pumping Equipment	49,800.00	49,800.00	21,556.70	43,423.40
Odor Control Equipment	6,000.00	6,000.00	-	15,201.63
Laboratory Equipment	5,000.00	5,000.00	3,918.27	4,508.93
Trunkline Equipment	94,000.00	94,000.00	44,064.37	77,944.86
Monroe Street Project	-	-	1,221,280.00	-
Radios/Communications Upgrade	3,000.00	3,000.00	2,522.60	-
Generator Upgrade	5,000.00	5,000.00	-	-
Infrastructure Upgrade	10,000.00	10,000.00	935.00	26,422.26
Clarifiers-Turntable, Catwalk	10,000.00	10,000.00	-	6,618.00
Phosphorous Control Equipment	8,000.00	8,000.00	-	-
Vehicles	35,000.00	35,000.00	26,302.20	-
Grit Collection	3,000.00	3,000.00	-	-
Computers and Peripherals	5,000.00	5,000.00	6,813.08	1,294.69
File Cabinets/Furniture	3,000.00	13,000.00	11,472.20	-
Building Misc. Structural Repairs	65,805.00	65,805.00	49,403.00	14,900.00
RAS - VFDS	8,000.00	8,000.00	-	6,750.00
Security and Surveillance	6,000.00	6,000.00	10,642.02	-
Miscellaneous Equipment (1)	371,700.00	443,700.00	223,685.97	49,183.90
Interceptor Cleaning / Rehab. (2), (3)	50,000.00	50,000.00	59,874.54	-
Auto Shop Equipment	3,000.00	3,000.00	-	5,329.04
Solids Dewatering Facilities (2)	10,000,000.00	10,000,000.00	828,989.62	77,855.76
DOT Project - Route 46 Viaduct	-	25,000.00	-	-
Improvement to Treatment Facility	-	55,000.00	-	-
Meter Certification	-	18,000.00	-	-
Total Capital Outlays	10,766,805.00	10,946,805.00	2,580,655.29	353,699.73
Total Costs Funded by Capital Revenue	10,766,805.00	10,946,805.00	2,580,655.29	353,699.73
Add: Excess	-	-	-	-
	10,766,805.00	10,946,805.00	2,580,655.29	353,699.73

(1) Funded by Capital Replacement Fund.

(2) Funded by Proceeds of NJEIT Loans.

(3) The Authority had bonds authorized but not issued for this project at December 31, 2009.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2009		Balance Jan. 1, 2009	Accreted Principal	2009 Issued	2009 Redeemed	Balance Dec. 31, 2009
			Date	Amount					
Sewer Revenue Refunding Bonds (Series 1992)	02/01/92	CAB			2,488,080.15	166,919.85		2,655,000.00	
					2,488,080.15	166,919.85		2,655,000.00	

The Capital Appreciation Bonds are not subject to redemption prior to maturity.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2009 Date	Outstanding Maturities December 31, 2009 Amount	Balance Jan. 1, 2009	Accreted Principal	2009 Issued	2009 Redeemed	Balance Dec. 31, 2009
New Jersey Environmental Infrastructure Fund - Series 2007A	11/08/07								
		5.000%	2010	260,000.00					
		5.000%	2011	275,000.00					
		3.400%	2012	285,000.00					
		3.500%	2013	295,000.00					
		3.600%	2014	305,000.00					
		5.000%	2015	320,000.00					
		5.000%	2016	335,000.00					
		5.000%	2017	350,000.00					
		5.000%	2018	370,000.00					
		4.000%	2019	385,000.00					
		4.000%	2020	405,000.00					
		5.000%	2021	420,000.00					
		5.000%	2022	440,000.00					
		4.250%	2023	460,000.00					
		4.500%	2024	480,000.00					
		4.500%	2025	505,000.00					
		4.500%	2026	525,000.00					
		4.250%	2027	550,000.00					
					6,965,000.00				6,965,000.00
					6,965,000.00				6,965,000.00

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2009 Date	Outstanding Maturities December 31, 2009 Amount	Balance Jan. 1, 2009	Accreted Principal	2009 Issued	2009 Redeemed	Balance Dec. 31, 2009
New Jersey Environmental Infrastructure Trust - Series 2007A	11/08/07								
		5.000%	2010	360,482.42					
		5.000%	2011	361,742.91					
		3.400%	2012	359,379.48					
		3.500%	2013	359,574.87					
		3.600%	2014	359,370.04					
		5.000%	2015	361,903.63					
		5.000%	2016	361,273.38					
		5.000%	2017	360,170.45					
		5.000%	2018	361,746.07					
		4.000%	2019	359,540.20					
		4.000%	2020	362,439.34					
		5.000%	2021	361,683.04					
		5.000%	2022	361,052.80					
		4.250%	2023	359,792.30					
		4.500%	2024	360,075.91					
		4.500%	2025	362,218.75					
		4.500%	2026	360,501.33					
		4.250%	2027	361,368.08					
					6,494,315.00				6,494,315.00
					6,494,315.00				6,494,315.00
					15,947,395.15	166,919.85		2,655,000.00	13,459,315.00

SCHEDULE 6

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

ANALYSIS OF ACCOUNTS RECEIVABLE - SEWER FEES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
City of Jersey City	250,987.00	3,115,581.00	3,366,568.00	-
Town of Boonton	-	231,447.00	231,447.00	-
Boonton Township	-	73,181.00	73,181.00	-
Town of Dover	78,311.00	1,040,947.00	1,119,259.00	(1.00)
Denville Township	-	555,750.00	555,750.00	-
Randolph Township	-	743,651.00	743,651.00	-
Rockaway Borough	-	147,622.00	147,622.00	-
Rockaway Township	-	1,235,415.00	1,235,415.00	-
Victory Gardens	-	87,733.00	80,432.00	7,301.00
Borough of Wharton	15,609.00	426,673.00	442,282.00	-
Picatinny Arsenal	16,983.80	128,442.00	134,722.30	10,703.50
Township of Mine Hill	-	50,320.00	50,320.00	-
	361,890.80	7,836,762.00	8,180,649.30	18,003.50

SCHEDULE 7

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

ANALYSIS OF MISCELLANEOUS REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
Fines	11,000.00	37,800.00
ESA Wetlands	600.00	600.00
Refunds	3,250.00	-
Other	3,110.66	930.12
	17,960.66	39,330.12

SCHEDULE 8

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Program Amount	Grant Period		Cash Received			Program Expenditures		
				From	To	Prior Years	Current Year	Total	Prior Years	Current Year	Total
U.S. Department of Environmental Protection:											
Pass Through New Jersey Department of Environmental Protection											
NJ Environmental Infrastructure Fund	66.458	4800-526-998200-60	$ 6,293,894	01/01/09	12/31/09	535,550	400,153	935,703	617,578	322,939	940,517
Total Federal Financial Assistance						535,550	400,153	935,703	617,578	322,939	940,517

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2009

State Grantor/Pass-Through Grantor/Program	Pass Through Entity ID No.	State Account Number	Program Amount	Grant Period		Cash Received			Program Expenditures		
				From	To	Prior Years	Current Year	Total	Prior Years	Current Year	Total
New Jersey Department of Environmental Protection:											
NJ Environmental Infrastructure Fund	n/a	526-042-4860-510-017	$ 6,494,315	01/01/09	12/31/09	535,550	400,153	935,703	617,578	322,938	940,516
NJ Environmental Infrastructure Grant (non-cash) Grant (non-cash)	n/a	526-042-4860-510-017	$ 538,056	01/01/09	12/31/09	253,909	284,147	538,056	382,766	155,290	538,056
Total State Financial Assistance						789,459	684,300	1,473,759	1,000,344	478,228	1,478,572

SCHEDULE 10

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS

The following officials were in office at December 31, 2009:

Name	Office
Norman Eckstein	Chairman
Edward Secco, Jr.	Vice Chairman
Bruce W. MacNeal	Secretary
Joseph Lowell	Treasurer
Michael Guadagno	Member
Glen Corbett	Member
Hector R. Schorno	Member
John Cegelka	Member
Neil Schulman	Member
Robert Schaefer	Member
Edward Ho	Executive Director
Joseph J. Maraziti, Jr.	Attorney
Hatch Mott MacDonald	Consulting Engineers
The Bank of New York	Trustee

All members and employees are covered by insurance policies provided through the New Jersey Utility Authorities Joint Insurance Fund.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

* * * * * * * *

PART II

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2009

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Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Chairman and Members of the
Rockaway Valley Regional Sewerage Authority
99 Green Bank Road
Boonton, New Jersey 07005

We have audited the financial statements of the Rockaway Valley Regional Sewerage Authority as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 29, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rockaway Valley Regional Sewerage Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockaway Valley Regional Sewerage Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effective of the Rockaway Valley Regional Sewerage Authority's internal control over financial reporting.

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

FWCC

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. As noted in the accompanying Schedule of Findings and Questioned Costs, we consider 2009-1, 2009-2 and 2009-3 to be significant deficiencies.

We did not consider the significant deficiencies noted above to be material misstatements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rockaway Valley Regional Sewerage Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters that we have reported to management in our report entitled "Comments and Recommendations" (Findings 2009-4 and 2009-5).

This report is intended solely for the information of governing body, management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.

Ferraioli, Wielkotz, Cerullo & Cuva P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

March 29, 2010

FWCC

COMMENTS AND RECOMMENDATIONS

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GENERAL COMMENTS

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the sum of $21,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

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

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

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

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

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

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FINDING: 2009-1

STATEMENT OF CONDITION

Inadequate documentation of the components of internal control.

CRITERIA

Statements of Auditing Standards No. 55, Consideration of Internal Control in a Financial Statement Audit, as amended, suggests that a properly designed control environment consist of risk assessment by management, information and communication, monitoring and policies/procedures that help ensure that management directives are carried out and that necessary steps to address risks are taken. These components of internal control should be adequately documented and adopted by the governing body.

EFFECT

A final system of internal controls is not documented.

CAUSE

Unknown

RECOMMENDATION

The Authority should document all components of their internal controls.

FINDING: 2009-2

STATEMENT OF CONDITION

Inadequate segregation of duties within the payroll process.

CRITERIA

Duties should be segregated such that the work of one individual provides a cross-check on the work of another individual.

EFFECT

Opportunities for an individual to perpetrate and control errors or fraud exists.

CAUSE

Unknown

RECOMMENDATION

The Authority should weigh the cost/benefits of implementing segregation of duties.

FINDING: 2009-3

STATEMENT OF CONDITION

Interfund balances existed at year-end.

CRITERIA

All interfunds should be eliminated prior to year-end.

EFFECT

Interfund balances existed between the operating, unemployment and capital replacement accounts.

CAUSE

Unknown

RECOMMENDATION

The Authority should review all interfunds prior to year-end and eliminate any balances.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

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

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

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

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

Respectfully submitted,

Ferraioli, Wielkotz, Cerullo & Cuva P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

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