

ROCKAWAY VALLEY REGIONAL
SEWERAGE AUTHORITY
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Rockaway Valley Regional Sewerage Authority, as of and for the years ended December 31, 2022 and 2021 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rockaway Valley Regional Sewerage Authority, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rockaway Valley Regional Sewerage Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



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

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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic



Honorable Chairperson and Members of the
Rockaway Valley Regional Sewerage Authority
Page 4.

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023 on our consideration of the Rockaway Valley Regional Sewerage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rockaway Valley Regional Sewerage Authority's internal control over financial reporting and compliance.

Wielkocz & Company, LLC

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey

September 26, 2023



Required Supplementary Information - Part I

Management Discussion and Analysis

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Rockaway Valley Regional Sewerage Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended December 31, 2022 and 2021. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$28,033,877 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$28,030,040.

- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$31,890,832 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.
 - (2) Restricted of \$102,644 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted of \$(3,959,599) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.

- Total liabilities of the Authority decreased by \$98,020 to \$50,837,464 during the fiscal year.

Overview of the Financial Statements

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

Required Financial Statements

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Authority

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position

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

The Authority's net position at fiscal year-end is \$28,033,877. This is a \$3,837 increase over last year's net position of \$28,030,040. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position at December 31, 2022
With Comparative Prior Year Balances**

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	22,341,419	29,803,827	(7,462,408)	(25.04)%
Capital Assets	<u>59,166,302</u>	<u>52,541,652</u>	<u>6,624,650</u>	12.61%
Total Assets	<u>81,507,721</u>	<u>82,345,479</u>	<u>(837,758)</u>	(1.02)%
Deferred Outflows of Resources	<u>3,641,486</u>	<u>3,936,004</u>	<u>(294,518)</u>	(7.48)%
Long-term Liabilities	26,495,732	26,092,806	402,926	1.54%
Current Liabilities	<u>24,341,732</u>	<u>24,842,678</u>	<u>(500,946)</u>	(2.02)%
Total Liabilities	<u>50,837,464</u>	<u>50,935,484</u>	<u>(98,020)</u>	(0.19)%
Deferred Inflows of Resources	<u>6,277,866</u>	<u>7,315,959</u>	<u>(1,038,093)</u>	(14.19)%
Net Investment in Capital Assets	31,890,832	33,802,847	(1,912,015)	(5.66)%
Restricted	102,644	98,347	4,297	4.37%
Unrestricted	<u>(3,959,599)</u>	<u>(5,871,154)</u>	<u>1,911,555</u>	(32.56)%
Total Net Position	<u>28,033,877</u>	<u>28,030,040</u>	<u>3,837</u>	0.01%

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative figures in the following table.

**Condensed Statement of Net Position at December 31, 2021
With Comparative Prior Year Balances**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	29,803,827	18,893,534	10,910,293	57.75%
Capital Assets	<u>52,541,652</u>	<u>52,289,715</u>	<u>251,937</u>	0.48%
Total Assets	<u>82,345,479</u>	<u>71,183,249</u>	<u>11,162,230</u>	15.68%
Deferred Outflows of Resources	<u>3,936,004</u>	<u>3,883,538</u>	<u>52,466</u>	1.35%
Long-term Liabilities	26,092,806	21,546,559	4,546,247	21.10%
Current Liabilities	<u>24,824,678</u>	<u>17,349,991</u>	<u>7,474,687</u>	43.08%
Total Liabilities	<u>50,917,484</u>	<u>38,896,550</u>	<u>12,020,934</u>	30.90%
Deferred Inflows of Resources	<u>7,315,959</u>	<u>7,191,266</u>	<u>124,693</u>	1.73%
Net Investment in Capital Assets	33,802,847	35,521,733	(1,718,886)	(4.84)%
Restricted	98,347	103,113	(4,766)	(4.62)%
Unrestricted	<u>(5,871,154)</u>	<u>(6,645,875)</u>	<u>774,721</u>	(11.66)%
Total Net Position	<u>28,030,040</u>	<u>28,978,971</u>	<u>(948,931)</u>	(3.27)%

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2022 with Comparative Prior Year Balances**

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	11,092,149	10,547,680	544,469	5.16%
Non-operating Revenues	<u>231,339</u>	<u>195,220</u>	<u>36,119</u>	18.50%
Total Revenues	<u>11,323,488</u>	<u>10,742,900</u>	<u>580,588</u>	5.40%
Depreciation	3,264,565	3,415,420	(150,855)	(4.42)%
Other Operating Expenses	7,680,631	7,639,598	41,033	0.54%
Other Non-operating Expense	<u>374,455</u>	<u>636,813</u>	<u>(262,358)</u>	(41.20)%
Total Expenses	<u>11,319,651</u>	<u>11,691,831</u>	<u>(372,180)</u>	(3.18)%
Change in Net Position	3,837	(948,931)	952,768	(100.40)%
Beginning Net Position	<u>28,030,040</u>	<u>28,978,971</u>	<u>(948,931)</u>	(3.27)%
Ending Net Position	<u><u>28,033,877</u></u>	<u><u>28,030,040</u></u>	<u><u>3,837</u></u>	(103.68)%

The Authority's operating revenues increased by \$544,469 to \$11,092,149 in fiscal year 2022 from \$10,547,680 in 2021. This increase is primarily due to an increase in revenue from service agreements.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and changes in net position is presented with comparative fiscal year figures in the following table.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2021 with Comparative Prior Year Balances**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	10,547,680	10,584,359	(36,679)	-0.35%
Non-operating Revenues	<u>195,220</u>	<u>89,587</u>	<u>105,633</u>	117.91%
Total Revenues	<u>10,742,900</u>	<u>10,673,946</u>	<u>68,954</u>	0.65%
Depreciation	3,415,420	3,175,269	240,151	7.56%
Other Operating Expenses	7,639,598	8,217,750	(578,152)	(7.04)%
Other Non-operating Expense	<u>636,813</u>	<u>337,634</u>	<u>299,179</u>	88.61%
Total Expenses	<u>11,691,831</u>	<u>11,730,653</u>	<u>(38,822)</u>	(0.33)%
Change in Net Position	(948,931)	(1,056,707)	107,776	(10.20)%
Beginning Net Position	<u>28,978,971</u>	<u>30,035,678</u>	<u>(1,056,707)</u>	(3.52)%
Ending Net Position	<u>28,030,040</u>	<u>28,978,971</u>	<u>(948,931)</u>	(3.27)%

Budgetary Highlights

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Budgetary Highlights (Continued)

The following tables provide a budget comparison for FY 2022 and FY 2021:

**Budget vs. Actual
FY 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>11,760,630</u>	<u>11,195,343</u>	<u>(565,287)</u>
Expenses:			
Operating	9,379,810	8,534,537	845,273
Non-Operating	<u>2,380,820</u>	<u>1,639,012</u>	<u>741,808</u>
	<u>11,760,630</u>	<u>10,173,549</u>	<u>1,587,081</u>
Income before Depreciation	<u>0</u>	<u>1,021,794</u>	<u>1,021,794</u>

**Budget vs. Actual
FY 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>12,022,112</u>	<u>11,238,512</u>	<u>(783,600)</u>
Expenses:			
Operating	9,165,960	8,494,791	671,169
Non-Operating	<u>2,856,152</u>	<u>2,138,967</u>	<u>717,185</u>
	<u>12,022,112</u>	<u>10,633,758</u>	<u>1,388,354</u>
Income before Depreciation	<u>0</u>	<u>604,754</u>	<u>604,754</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's net property, plant and equipment at fiscal year end was \$59,166,302. This is a \$6,624,650 increase over last year's net property, plant and equipment of \$52,541,652. A summary of the Authority's capital assets is presented in the following table:

CAPITAL ASSETS

	<u>FY</u> <u>2022</u>	<u>FY</u> <u>2021</u>	<u>Dollar</u> <u>Change</u>
Land	\$859,400	\$859,400	0
Buildings and Interceptors	111,293,855	101,713,066	9,580,789
Machinery and Equipment	12,863,340	12,394,932	468,408
Less: Accumulated Depreciation	(77,127,319)	(74,045,397)	(3,081,922)
Construction in Progress	<u>11,277,026</u>	<u>11,619,651</u>	<u>(342,625)</u>
	<u>\$59,166,302</u>	<u>\$52,541,652</u>	<u>6,624,650</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

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

Sewer

Administrative Capital Projects:	
Computer Plotter & Software	\$20,000
File Cabinet/Furniture	5,000
Security Surveillance	8,000
Miscellaneous	8,000
Fireman Home Access Agreement	20,000
Engineering Capital Projects:	
Infrastructure Upgrade	645,100
Electrical Breakers	65,000
Building Misc. Upgrade	96,000
Boonton Interceptor Relining	50,000
JC Sewer Replacement	200,000
Emergency Generator & Substation	145,000
Emergency Utility Substation	470,000
Old Admin Building Design/ Update	400,000
Laboratory Capital Projects:	
Laboratory Equipment	15,000
Operation Capital Projects:	
Oxidation Equipment	36,000
Pumping Equipment	134,000
Facilities Building Repair	349,000
Miscellaneous Equipment	75,000
Trunkline Capital Projects:	
Trunkline Equipment	155,000
Meter Chamber Misc. Equip.	377,500
Environmental Infrastructure Trust Prog-Debt Authorized:	
NJEIT-Debt Authorized Emergency Generator	7,000,000
NJEIT Debt Authorized Phosphorous	5,000,000
NJEIT Debt Authorized Boonton Interceptor	<u>6,000,000</u>
 Total	 <u>\$21,273,600</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Debt Administration

At December 31, 2022, the Authority had outstanding New Jersey Environmental Infrastructure Fund bonds of \$15,224,588 (gross). The debt service schedule has a final maturity in 2031. Full details of the specific bond issues outstanding are found in Note 6 to the financial statements and the supplementary schedules. The Authority also had outstanding \$13,034,996 in temporary financing through the New Jersey Infrastructure Bank ("NJIB").

Economic Factors, Future Years' Budgets and Rates

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

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Executive Director of the Rockaway Valley Regional Sewerage Authority, 99 Green Bank Road, Boonton, New Jersey 07005.

Financial Statements

STATEMENT OF NET POSITION

DECEMBER 31,

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
<u>Unrestricted:</u>		
Cash and Cash equivalents	\$ 9,072,309	\$ 7,941,623
Accounts Receivable, net	10,168,825	9,606,304
NJIB Receivable	565,924	541,065
Other Receivables	-	86,203
Total Unrestricted Assets	<u>19,807,058</u>	<u>18,175,195</u>
<u>Restricted:</u>		
State Unemployment Insurance:		
Cash and Cash equivalents	102,644	98,347
New Jersey Infrastructure Bank:		
NJIB Receivable	<u>2,431,717</u>	<u>11,530,285</u>
Total Restricted Assets	<u>2,534,361</u>	<u>11,628,632</u>
Non-Current Assets:		
<u>Capital Assets:</u>		
Land	859,400	859,400
Buildings and Interceptors	111,293,855	101,713,066
Machinery and Equipment	12,863,340	12,394,932
Less: Accumulated Depreciation	(77,127,319)	(74,045,397)
Construction in Progress	<u>11,277,026</u>	<u>11,619,651</u>
Total Capital Assets	<u>59,166,302</u>	<u>52,541,652</u>
TOTAL ASSETS	<u>\$ 81,507,721</u>	<u>\$ 82,345,479</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows:		
Pension-Related Deferred Outflows	1,056,573	1,087,893
OPEB-Related Deferred Outflows	<u>2,584,913</u>	<u>2,848,111</u>
Total Deferred Outflows of Resources	<u>\$ 3,641,486</u>	<u>\$ 3,936,004</u>

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

STATEMENT OF NET POSITION

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
Current Liabilities:		
<u>Payable from Unrestricted Assets:</u>		
Accounts Payable	\$ 598,612	\$ 721,561
Accounts Payable - Pension-Related	444,997	489,800
Accrued Interest on NJIB Bonds	82,385	87,449
Bonds Payable	925,337	913,494
Notes Payable	13,034,996	14,599,129
Unearned Revenue	8,390,294	7,688,067
Total Payable from Unrestricted Assets	<u>23,476,621</u>	<u>24,499,500</u>
<u>Payable from Restricted Assets:</u>		
Accounts Payable - Construction Fund	865,111	343,178
Total Payable from Restricted Assets	<u>865,111</u>	<u>343,178</u>
Total Current Liabilities	<u>24,341,732</u>	<u>24,842,678</u>
Non-Current Liabilities:		
Bonds Payable	14,299,251	13,777,568
Net Pension Obligation	5,204,998	4,300,115
Net OPEB Obligation	6,991,483	8,015,123
Total Non-Current Liabilities	<u>26,495,732</u>	<u>26,092,806</u>
TOTAL LIABILITIES	<u>\$ 50,837,464</u>	<u>\$ 50,935,484</u>

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

STATEMENT OF NET POSITION

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Unamortized Premium on Bonds	\$ 286,157	\$ 298,307
Pension-Related Deferred Inflows	1,288,697	2,984,973
OPEB-Related Deferred Inflows	4,406,677	3,695,265
Deferred Savings on Refunded Bond	<u>296,335</u>	<u>337,414</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ <u>6,277,866</u>	\$ <u>7,315,959</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	31,890,832	33,802,847
Restricted:		
State Unemployment Insurance	102,644	98,347
Unrestricted:		
Designated	4,669,860	4,703,106
Undesignated	<u>(8,629,459)</u>	<u>(10,574,260)</u>
TOTAL NET POSITION	\$ <u><u>28,033,877</u></u>	\$ <u><u>28,030,040</u></u>

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

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Operating Revenue:		
Service Agreements	\$ 10,451,644	\$ 9,862,054
User Charges and Fees	231,015	243,133
Sewer Permits	13,955	23,248
IPP Surcharge/TWA Application Fees	217,329	197,369
Industrial Annual Fees/Industrial User Fines	36,300	36,840
Miscellaneous	139,530	182,122
Interest Income	2,376	2,914
	<u>11,092,149</u>	<u>10,547,680</u>
Operating Expenses:		
Cost of Providing Services	4,714,168	4,529,713
Employee Benefits	607,272	563,450
Administrative and General	2,359,191	2,546,435
Depreciation Expense	3,264,565	3,415,420
	<u>10,945,196</u>	<u>11,055,018</u>
Total Operating Revenue		
Operating Income	<u>146,953</u>	<u>(507,338)</u>
Non-Operating Revenue (Expenses):		
Interest on Investments	22,458	6,176
Interest Expense and NJEIT Fees	(257,209)	(300,838)
Amortization of Bond Premium	75,296	75,296
Unemployment Expenditures (Net)	4,297	(4,766)
Loss from Disposal of Assets	(4,504)	-
FEMA - Public Assistance Hurricane Sandy Grant	129,288	113,748
Debt Service Reserve Credit	(108,936)	(109,568)
Cost of Issuance	(3,806)	(221,641)
	<u>(143,116)</u>	<u>(441,593)</u>
Non-Operating Income (Loss)		
Change In Net Position	3,837	(948,931)
Net Position - January 1,	<u>28,030,040</u>	<u>28,978,971</u>
Net Position - December 31	<u>\$ 28,033,877</u>	<u>\$ 28,030,040</u>

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 11,229,479	\$ 10,462,199
Cash Paid to Vendors and Employees	(9,967,084)	(8,718,498)
Interest Received	2,376	2,914
Net Cash Provided by Operating Activities	<u>1,264,771</u>	<u>1,746,615</u>
Cash Flow from Investing Activities:		
Interest Received	22,458	6,176
Net Cash Provided by (used in) Investing Activities	<u>22,458</u>	<u>6,176</u>
Cash Flow from Financing Activities:		
Capital Expenditures	(8,074,459)	(2,287,331)
Interest Paid	(257,209)	(300,838)
NJEIT Reimbursements Received	9,111,225	2,190,286
Principal Payment on Bonds	(931,803)	(1,113,129)
Note Payment on Bonds	-	(275,000)
Net Cash Used in Financing Activities	<u>(152,246)</u>	<u>(1,786,012)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,134,983	(33,221)
Cash and Cash Equivalents at Beginning of Year	<u>8,039,970</u>	<u>8,073,191</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,174,953</u>	<u>\$ 8,039,970</u>
Classified as:		
Unrestricted Assets	9,072,309	7,941,623
Restricted Assets	102,644	98,347
	<u>9,174,953</u>	<u>8,039,970</u>

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
OPERATING INCOME	\$ 146,953	\$ (507,338)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:		
Depreciation	3,264,565	3,415,420
(Increase) Decrease in Receivables	(562,521)	(891,538)
Increase (Decrease) in Payables	(122,949)	230,698
Increase (Decrease) in Pension-Related Activity	(2,073,026)	(1,268,150)
Increase (Decrease) in OPEB-Related Activity	(90,478)	(41,448)
Increase (Decrease) in Unearned Revenues	702,227	808,971
Total Adjustments	<u>1,117,818</u>	<u>2,253,953</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,264,771</u>	<u>\$ 1,746,615</u>

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

Notes to Financial Statements

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. GENERAL

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

The Authority was created and organized in 1971 under and pursuant to the State Municipal Utilities Authorities Law (P.L. 1957, Chapter 183).

The Rockaway Valley Regional Sewerage Authority was created to operate a wastewater collection and treatment system to serve nine member municipalities (Denville, Randolph, Boonton Township, Town of Boonton, Rockaway Borough, Rockaway Township, Dover, Wharton, and Victory Gardens) in Morris County, New Jersey. The Authority bills and collects its revenue from users of the system, and the City of Jersey City under a stipulation of settlement. The Authority has entered into an agreement with its member municipalities and Jersey City, obligating each municipality to guarantee its proportionate share of the Authority’s debt service, to the extent not met by other sources.

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

Component Unit

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

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. GENERAL, (continued)

Component Unit, (continued)

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

A. Basis of Presentation, (continued)

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

B. Basis of Accounting

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

C. Reporting Entity

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

D. Risks of Loss

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

E. Grants

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

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

F. Inventories of Materials and Supplies

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

G. Unearned Revenue

Unearned revenue arise when assets are recognized before revenue recognition criteria has been satisfied. The Authority's participating municipalities are advancing funds to offset the loss of revenue that the City of Jersey City has been withholding for their portion of the debt service charge. These advances will be either returned to the participants or realized as revenue when the final disposition of the litigation is resolved (See Note 9 – Jersey City Municipal Utilities Authority, et al., v. Town of Dover, et als.).

H. Property, Plant and Equipment

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

H. Property, Plant and Equipment, (continued)

System construction costs are charged to construction in progress until such time as given segments of the system are completed and placed into operation.

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

Building and Improvements	20-50 Years
Sewer Mains and Interceptors	50 Years
Machinery and Equipment	10-20 Years
Furniture and Fixtures	5 Years
Vehicles	3-10 Years

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

A summary of the changes in property, plant and equipment at December 31, 2022 and 2021 are as follows:

	<u>Balance FY 2021</u>	<u>Net Additions</u>	<u>Disposals</u>	<u>Balance FY 2022</u>
Land	\$859,400	\$	\$	\$859,400
Buildings and Interceptors	101,713,066	9,580,789		111,293,855
Machinery and Equipment	12,394,932	655,555	187,147	12,863,340
Construction in Progress	<u>11,619,651</u>	<u>9,893,718</u>	<u>10,236,343</u>	<u>11,277,026</u>
	126,587,049	20,130,062	10,423,490	136,293,621
Less: Accumulated Depreciation	<u>(74,045,397)</u>	<u>(3,264,565)</u>	<u>(182,643)</u>	<u>(77,127,319)</u>
Property, Plant and Equipment, Net	<u>\$52,541,652</u>	<u>\$16,865,497</u>	<u>\$10,240,847</u>	<u>\$59,166,302</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

H. Property, Plant and Equipment, (continued)

	<u>Balance</u> <u>FY 2020</u>	<u>Net</u> <u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>FY 2021</u>
Land	\$859,400	\$	\$	\$859,400
Buildings and Interceptors	100,735,131	977,935		101,713,066
Machinery and Equipment	12,758,254	16,040	379,362	12,394,932
Construction in Progress	<u>8,790,301</u>	<u>3,807,285</u>	<u>977,935</u>	<u>11,619,651</u>
	123,143,086	4,801,260	1,357,297	126,587,049
Less: Accumulated Depreciation	<u>(70,853,371)</u>	<u>(3,415,420)</u>	<u>(223,394)</u>	<u>(74,045,397)</u>
Property, Plant and Equipment, Net	<u>\$52,289,715</u>	<u>\$1,385,840</u>	<u>\$1,133,903</u>	<u>\$52,541,652</u>

I. Restricted and Designated Accounts

State Unemployment Insurance

The Authority is a participant in the New Jersey State Unemployment Fund. The Authority has selected the reimbursement method for payment of unemployment compensation claims. The employer and employee contribute to a restricted fund of the Authority. The State Fund is then reimbursed from the Authority's restricted fund based on actual payments made by the State.

Designated Accounts

The Authority has established the following designated unrestricted accounts:

Capital Replacement Reserve

The Authority established this account in order to provide funds for capital projects to be funded on an ongoing basis.

Renewal and Replacement

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

Construction Reserve

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

Debt Service Reserve

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

J. Unamortized Premium on Bonds

Premiums paid in connection with the Series 2007, 2010, 2012, 2018, 2019, and 2021 bond issues are being amortized over the life of the issues.

K. Operating Fund Budget

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

L. Use of Estimates

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

M. Risk of Loss

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

N. Sick and Vacation Leave

Authority employees are granted varying amounts of sick leave in accordance with the Authority’s personnel policy and union agreements. Any unused sick leave is generally paid in full to the employee at the end of the year and not accumulated into future periods.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

O. Net Position

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

P. Recent Accounting Pronouncements

In April 2022, the Government Accounting Standards Board issued GASB Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

P. Recent Accounting Pronouncements, (continued)

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements- and Management's Discussion Analysis-for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmentary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority is determining the effects, if any, this statement will have on future financial statements.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

P. Recent Accounting Pronouncements, (continued)

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

Q. Revenues and Expenses

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

NOTE 3. CASH AND CASH EQUIVALENTS

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

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

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

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

As of December 31, 2022, the Authority’s cash and cash equivalents are summarized as follows:

	<u>Money Market/ Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Unrestricted	\$8,878,672	\$193,637	\$9,072,309
Restricted	<u>102,644</u>	<u> </u>	<u>102,644</u>
	<u>\$8,981,316</u>	<u>\$193,637</u>	<u>\$9,174,953</u>

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

As of December 31, 2022, the Authority had \$193,637 on deposit with the New Jersey Cash Management Fund.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

The carrying amount of the Authority's cash and cash equivalents at December 31, 2022 was \$9,174,953 and the bank balance was \$9,275,084. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Authority's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2022, \$-0- of the Authority's bank balance of \$9,275,084 was exposed to custodial risk.

NOTE 4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

The Authority issued bonds in 2007, 2010, 2015, 2018, 2019, 2021 and 2022 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:

	<u>Balance Dec.31,2021</u>	<u>Loans Authorized</u>	<u>Less: Amounts Received</u>	<u>Less: Amounts Cancelled</u>	<u>Balance Dec.31, 2022</u>
Project No. S340756-07/S340821-07R (Clarifiers):					
Fund Portion	\$570,601	\$	\$518,134	\$52,467	\$0
Trust Portion	190,200		172,711	17,489	0
Project No. S340821-09/S340821-06-1 (Monroe St.):					
Fund Portion	7,942			7,942	
Trust Portion	2,646			2,646	
Project No. S340821-08 (Phosphorous):					
Fund Portion	5,649,981		4,151,160		1,498,820
Trust Portion	5,649,981		4,151,160		1,498,821
	<u>\$12,071,351</u>	<u>\$0</u>	<u>\$8,993,165</u>	<u>\$80,544</u>	<u>\$2,997,641</u>
Unrestricted	541,065				565,924
Restricted	<u>11,530,285</u>				<u>2,431,717</u>
	<u>\$12,071,350</u>				<u>\$2,997,641</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, (continued)

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

	<u>Balance Dec.31,2020</u>	<u>Loans Authorized</u>	<u>Less: Amounts Received</u>	<u>Less: Amounts Cancelled</u>	<u>Balance Dec.31, 2021</u>
Project No. S340756-02 (Interceptor):					
Fund Portion	\$714,393	\$	\$714,393	\$	\$0
Trust Portion	238,132		238,132		0
Project No. S340756-07/S340821-07R (Clarifiers):					
Fund Portion	706,284		135,683		570,601
Trust Portion	235,427		45,227		190,200
Project No. S340821-09/S340821-06-1 (Monroe St.):					
Fund Portion	93,854		85,912		
Trust Portion	31,284		28,638		
Project No. S340821-08 (Phosphorous):					
Fund Portion	-	6,452,968	802,988		5,649,980
Trust Portion	-	6,452,968	802,987		5,649,981
	<u>\$2,019,374</u>	<u>\$12,905,936</u>	<u>\$2,853,960</u>	<u>\$0</u>	<u>\$12,071,350</u>

NOTE 5. BONDS PAYABLE

The Authority has issued and has outstanding the following bonds as of December 31, 2022 and 2021.

	<u>Balance Dec. 31, 2021</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Dec. 31, 2022</u>
Series 2007 NJ Environmental Infrastructure Fund Bonds	\$60,739	\$	\$60,739	\$0
Series 2010 NJ Environmental Infrastructure Trust and Fund Bonds	1,204,388		145,924	1,058,464
Series 2012 NJ Environmental Infrastructure Trust and Fund Bonds	1,795,286		166,115	1,629,171
Series 2015 NJ Environmental Infrastructure Trust Bonds	1,521,000		224,000	1,297,000
Series 2018 A-2 NJ Environmental Infrastructure Trust and Fund Bonds	1,562,553		52,687	1,509,866
Series 2019A-1 NJ Environmental Infrastructure Trust and Fund Bonds	2,104,206		67,378	2,036,828
Series 2021 NJ Environmental Infrastructure Trust and Fund Bonds	6,442,890		196,651	6,246,239
Series 2022 DL NJ Environmental Infrastructure Trust and Fund Bonds		729,362	18,309	711,053
Series 2022 A-2 NJ Environmental Infrastructure Trust and Fund Bonds		<u>735,967</u>		<u>735,967</u>
	<u>\$14,691,062</u>	<u>\$1,465,329</u>	<u>\$931,803</u>	<u>\$15,224,588</u>
Due Within One Year	913,494			925,337
Long-Term Debt	<u>13,777,568</u>			<u>14,299,251</u>
	<u>\$14,691,062</u>			<u>\$15,224,588</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5. BONDS PAYABLE, (continued)

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Series 2007 NJ Environmental Infrastructure Fund Bonds	\$422,422	\$	\$361,683	\$60,739
Series 2010 NJ Environmental Infrastructure Trust and Fund Bonds	1,349,312		144,924	1,204,388
Series 2012 NJ Environmental Infrastructure Trust and Fund Bonds	2,005,917		210,631	1,795,286
Series 2015 NJ Environmental Infrastructure Trust Bonds	1,734,000		213,000	1,521,000
Series 2018 A-2 NJ Environmental Infrastructure Trust and Fund Bonds	1,615,240		52,687	1,562,553
Series 2019A-1 NJ Environmental Infrastructure Trust and Fund Bonds	2,171,584		67,378	2,104,206
Series 2021 NJ Environmental Infrastructure Trust and Fund Bonds	<u> </u>	<u>6,553,991</u>	<u>111,101</u>	<u>6,442,890</u>
	<u>\$9,298,475</u>	<u>\$6,553,991</u>	<u>\$1,161,404</u>	<u>\$14,691,062</u>
Due Within One Year	1,002,028			913,494
Long-Term Debt	<u>8,296,447</u>			<u>13,777,568</u>
	<u>\$9,298,475</u>			<u>\$14,691,062</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$925,337	\$132,692	\$1,058,029
2024	958,271	127,395	1,085,666
2025	971,736	118,757	1,090,493
2026	990,855	110,135	1,100,990
2027	1,010,911	101,134	1,112,045
2028-2032	3,085,076	386,062	3,471,138
2033-2037	2,100,791	269,361	2,370,152
2038-2042	2,140,802	182,711	2,323,513
2043-2047	2,069,962	97,187	2,167,149
2049-2050	970,847	15,025	985,872
	<u>\$15,224,588</u>	<u>\$1,540,459</u>	<u>\$16,765,047</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5. BONDS PAYABLE, (continued)

Series 2007 NJ Environmental Infrastructure Trust Bonds

On November 8, 2007, the Authority issued \$13,459,315 Series 2007 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used for improvements to the treatment facilities. On December 1, 2014, the State of New Jersey Department of Environmental Protection deobligated \$2,104,271 of Fund Principal based on the final project costs. On November 24, 2015, the remaining balance of the Trust portion was deobligated (\$1,903,850) and refunded (\$3,321,150) with the Series 2015A NJEIT Bonds. The 2007A bonds has matured as of December 31, 2022.

Series 2010 NJ Environmental Infrastructure Trust Bonds

On March 10, 2010, the Authority issued \$2,817,500 Series 2010 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used for improvements to the treatment facilities. On January 17, 2017, these bonds were internally refunded by the New Jersey Environmental Infrastructure Trust, resulting in a savings of \$26,000 in principal and \$13,141 in interest.

Principal and interest due on outstanding 2010A bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2010A				
	Trust Portion		Fund Portion		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>	
2023	\$38,000	\$12,120	\$107,924	\$158,044	
2024	43,000	10,600	107,924	161,524	
2025	43,000	8,880	107,924	159,804	
2026	42,000	7,160	107,924	157,084	
2027	43,000	5,480	107,924	156,404	
2028	47,000	3,760	107,924	158,684	
2029	47,000	1,881	107,922	156,803	
	<u>\$303,000</u>	<u>\$49,881</u>	<u>\$755,464</u>	<u>\$1,108,345</u>	

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5. BONDS PAYABLE, (continued)

Series 2012 NJ Environmental Infrastructure Trust Bonds

On May 3, 2012, the Authority issued \$3,165,646 Series 2012 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used for replacing existing screenings removal and grit removal equipment, installing cover channels, providing odor control systems, installing new HVAC system, installing motorized operators on influent sluice gates, replacing all gas detection and oxygen monitoring instrumentation, replacing existing temporary truck dewatering pad with permanent structure, and replacing corroded piping. In 2021, these bonds were internally refunded by the New Jersey Environmental Infrastructure, resulting in a savings of \$48,275 in principal and \$48,485 in interest.

Principal and interest due on outstanding 2020 bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2012			
	Trust Portion		Fund Portion	Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$82,843	\$28,747	\$87,356	\$198,946
2024	86,856	25,435	87,356	199,647
2025	86,129	21,959	87,356	195,444
2026	90,041	18,514	87,356	195,911
2027	93,877	14,913	87,356	196,146
2028	98,560	12,097	87,356	198,013
2029	98,576	9,140	87,356	195,072
2030	103,138	6,183	87,356	196,677
2031	102,946	3,088	87,357	193,391
	<u>\$842,966</u>	<u>\$140,076</u>	<u>\$786,205</u>	<u>\$1,769,247</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5. BONDS PAYABLE, (continued)

Series 2015 NJ Environmental Infrastructure Trust Bonds

On November 24, 2015, the Authority issued \$2,824,000 Series 2015 Subordinate Refunding Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used to refund outstanding trust principal of the Series 2007A NJEIT bonds.

Principal and interest due on outstanding 2018 bonds to maturity is as follows:

	<u>NJEIT SERIES 2015</u>	
	<u>Fund Portion</u>	<u>Total</u>
<u>Year</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$234,000	\$234,000
2024	246,000	246,000
2025	260,000	260,000
2026	271,000	271,000
2027	286,000	286,000
	<u>\$1,297,000</u>	<u>\$1,297,000</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5. BONDS PAYABLE, (continued)

Series 2018 A-2 NJ Environmental Infrastructure Bank Trust Bonds

On November 29, 2018, the Authority issued \$1,691,385 Series 2018 A-2 Subordinate Bonds through the New Jersey Environmental Trust Program. These bonds are being used for improvements to the treatment facilities:

Principal and interest due on outstanding 2018 A-2 bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2018A-2			
	Trust Portion		Fund Portion	Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$10,000	\$16,500	\$42,687	\$69,187
2024	10,000	16,000	42,687	68,687
2025	10,000	15,500	42,687	68,187
2026	10,000	15,000	42,687	67,687
2027	10,000	14,500	42,687	67,187
2028	10,000	14,000	42,687	66,687
2029	10,000	13,600	42,687	66,287
2030	10,000	13,200	42,688	65,888
2031	10,000	12,800	42,687	65,487
2032	15,000	12,400	42,687	70,087
2033	15,000	11,800	42,687	69,487
2034	15,000	11,200	42,687	68,887
2035	15,000	10,600	42,687	68,287
2036	15,000	10,000	42,687	67,687
2037	15,000	9,400	42,688	67,088
2038	15,000	8,800	42,687	66,487
2039	15,000	8,200	42,687	65,887
2040	20,000	7,600	42,687	70,287
2041	20,000	6,800	42,687	69,487
2042	20,000	6,000	42,687	68,687
2043	20,000	5,200	42,688	67,888
2044	20,000	4,400	42,687	67,087
2045	20,000	3,600	42,687	66,287
2046	20,000	2,800	42,687	65,487
2047	25,000	2,000	42,687	69,687
2048	25,000	1,000	42,688	68,688
	<u>\$400,000</u>	<u>\$252,900</u>	<u>\$1,109,866</u>	<u>\$1,762,766</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5. BONDS PAYABLE, (continued)

Series 2019 A-1 NJ Environmental Infrastructure Bank Trust Bonds

On May 23, 2019, the Authority issued \$2,277,214 Series 2019 A-1 Subordinate Bonds through the New Jersey Environmental Trust Program. These bonds are being used for improvements to the treatment facilities:

Principal and interest due on outstanding 2019 A-1 bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2019 A-1				
	Trust Portion		Fund Portion		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>	
2023	\$15,000	\$17,375	\$57,378	\$89,753	
2024	15,000	16,625	57,378	89,003	
2025	15,000	15,875	57,378	88,253	
2026	15,000	15,125	57,378	87,503	
2027	15,000	14,375	57,378	86,753	
2028	15,000	13,625	57,378	86,003	
2029	15,000	12,875	57,378	85,253	
2030	20,000	12,575	57,378	89,953	
2031	20,000	12,175	57,378	89,553	
2032	20,000	11,750	57,378	89,128	
2033	20,000	11,300	57,378	88,678	
2034	20,000	10,800	57,378	88,178	
2035	20,000	10,200	57,378	87,578	
2036	20,000	9,600	57,378	86,978	
2037	20,000	9,000	57,378	86,378	
2038	20,000	8,400	57,378	85,778	
2039	20,000	7,800	57,378	85,178	
2040	25,000	7,200	57,378	89,578	
2041	25,000	6,450	57,378	88,828	
2042	25,000	5,700	57,378	88,078	
2043	25,000	4,950	57,378	87,328	
2044	25,000	4,200	57,378	86,578	
2045	25,000	3,450	57,378	85,828	
2046	30,000	2,700	57,378	90,078	
2047	30,000	1,800	57,378	89,178	
2048	30,000	900	57,378	88,278	
	<u>\$545,000</u>	<u>\$246,825</u>	<u>\$1,491,828</u>	<u>\$2,283,653</u>	

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5. BONDS PAYABLE, (continued)

Series 2021 A-1 NJ Environmental Infrastructure Bank Trust Bonds

On June 10, 2021, the Authority issued \$6,553,991 Series 2021 A-1 Subordinate Bonds through the New Jersey Environmental Trust Program. These bonds are being used for Find Clarifier Repair:

Principal and interest due on outstanding 2021 A-1 bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2021 A-1			
	Trust Portion		Fund Portion	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2023	\$35,000	\$45,287	\$166,652	\$246,939
2024	35,000	43,538	166,651	245,189
2025	35,000	41,787	166,652	243,439
2026	40,000	40,038	166,651	246,689
2027	40,000	38,037	166,652	244,689
2028	45,000	36,038	166,651	247,689
2029	45,000	33,787	166,652	245,439
2030	45,000	31,538	166,651	243,189
2031	50,000	29,737	166,652	246,389
2032	50,000	28,238	166,651	244,889
2033	50,000	26,737	166,652	243,389
2034	55,000	25,238	166,651	246,889
2035	55,000	23,587	166,652	245,239
2036	55,000	21,938	166,651	243,589
2037	60,000	20,837	166,652	247,489
2038	60,000	19,038	166,651	245,689
2039	60,000	17,237	166,652	243,889
2040	65,000	16,038	166,651	247,689
2041	65,000	14,737	166,652	246,389
2042	65,000	13,438	166,651	245,089
2043	65,000	12,137	166,652	243,789
2044	70,000	10,838	166,651	247,489
2045	70,000	9,437	166,651	246,088
2046	70,000	8,038	166,651	244,689
2047	70,000	6,637	166,651	243,288
2048	75,000	5,063	166,651	246,714
2049	75,000	3,375	166,651	245,026
2050	75,000	1,687	166,651	243,338
	<u>\$1,580,000</u>	<u>\$624,062</u>	<u>\$4,666,239</u>	<u>\$6,870,301</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5. BONDS PAYABLE, (continued)

Series 2022 DL NJ Environmental Infrastructure Bank Trust Bonds

On June 28, 2022, the Authority issued \$729,362 Series 2022 DL (Direct Loan) Subordinate Bonds through the New Jersey Environmental Trust Program. These bonds are being used for Monroe St. Pumping Station & Force Main & Morris Ave. Gravity Sewer Project:

Principal and interest due on outstanding 2022 DL bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2022 DL			
	Trust Portion		Fund Portion	Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$7,516	\$6,611	\$27,463	\$41,590
2024	7,680	6,447	27,464	41,591
2025	7,871	6,256	27,463	41,590
2026	8,079	6,048	27,463	41,590
2027	8,298	5,829	27,463	41,590
2028	8,529	5,598	27,463	41,590
2029	8,779	5,348	27,463	41,590
2030	9,046	5,082	27,464	41,592
2031	9,329	4,798	27,463	41,590
2032	9,628	4,499	27,463	41,590
2033	9,945	4,182	27,463	41,590
2034	10,294	3,833	27,463	41,590
2035	10,674	3,453	27,464	41,591
2036	11,082	3,046	27,463	41,591
2037	11,517	2,610	27,463	41,590
2038	11,980	2,147	27,463	41,590
2039	12,471	1,656	27,463	41,590
2040	12,991	1,136	27,464	41,591
2041	13,543	584	27,463	41,590
	<u>\$189,252</u>	<u>\$79,163</u>	<u>\$521,801</u>	<u>\$790,216</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5. BONDS PAYABLE, (continued)

Series 2022 A-2 NJ Environmental Infrastructure Bank Trust Bonds

On December 22, 2022, the Authority issued \$735,967 Series 2022 A-2 Residual Loan Subordinate Bonds through the New Jersey Environmental Trust Program. These bonds are being used for Final Clarifier Repairs:

Principal and interest due on outstanding 2022 A-2 bonds to maturity is as follows:

<u>Year</u>	NJEIT SERIES 2022 A-2				
	Trust Portion		Fund Portion		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>	
2023	\$ -	\$6,052	\$13,517	\$19,569	
2024	5,000	8,750	20,276	34,026	
2025	5,000	8,500	20,276	33,776	
2026	5,000	8,250	20,276	33,526	
2027	5,000	8,000	20,276	33,276	
2028	5,000	7,750	20,276	33,026	
2029	5,000	7,500	20,276	32,776	
2030	5,000	7,250	20,276	32,526	
2031	5,000	7,000	20,276	32,276	
2032	5,000	6,750	20,276	32,026	
2033	5,000	6,500	20,276	31,776	
2034	5,000	6,250	20,276	31,526	
2035	5,000	6,000	20,276	31,276	
2036	5,000	5,750	20,276	31,026	
2037	5,000	5,500	20,276	30,776	
2038	5,000	5,250	20,276	30,526	
2039	5,000	5,000	20,276	30,276	
2040	5,000	4,750	20,276	30,026	
2041	5,000	4,500	20,276	29,776	
2042	5,000	4,250	20,276	29,526	
2043	10,000	4,000	20,276	34,276	
2044	10,000	3,500	20,276	33,776	
2045	10,000	3,000	20,275	33,275	
2046	10,000	2,500	20,276	32,776	
2047	10,000	2,000	20,276	32,276	
2048	10,000	1,500	20,276	31,776	
2049	10,000	1,000	20,276	31,276	
2050	10,000	500	20,275	30,775	
	<u>\$175,000</u>	<u>\$147,552</u>	<u>\$560,967</u>	<u>\$883,519</u>	

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6. NOTES PAYABLE

The Authority has issued and has outstanding the following notes as of December 31, 2022 and 2021:

	<u>Balance Dec. 31, 2021</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Dec. 31, 2022</u>
Series 2017 Notes (NJIB) - Clarifiers	\$826,091	\$	\$826,091	\$0
Series 2019 Notes (NJIB) - Morris Avenue	738,042		738,042	0
Series 2021 Notes (NJIB) - Phosphorous and Filtration	<u>13,034,996</u>	<u> </u>	<u> </u>	<u>13,034,996</u>
	<u>\$14,599,129</u>	<u>\$0</u>	<u>\$1,564,133</u>	<u>\$13,034,996</u>
Due Within One Year				
Long-Term Debt	<u>14,599,129</u>			<u>13,034,996</u>
	<u>\$14,599,129</u>			<u>\$13,034,996</u>
	<u>Balance Dec. 31, 2020</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Dec. 31, 2021</u>
Series 2017 Notes (NJIB) - Clarifiers	\$7,409,900	\$	\$6,583,809	\$826,091
Series 2019 Notes (NJIB) - Morris Avenue	730,735	7,307		738,042
Series 2019 Project Note - Township of East Brunswick	275,000		275,000	0
Series 2021 Notes (NJB) - Phosphorous and Filtration	<u> </u>	<u>13,034,996</u>	<u> </u>	<u>13,034,996</u>
	<u>\$8,415,635</u>	<u>\$13,042,303</u>	<u>\$6,858,809</u>	<u>\$14,599,129</u>
Due Within One Year				
Long-Term Debt	<u>8,415,635</u>			<u>14,599,129</u>
	<u>\$8,415,635</u>			<u>\$14,599,129</u>

A description of these outstanding notes is as follows:

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6. NOTES PAYABLE

2021 Financing Trust Loan Program

The Authority was also granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$13,034,996. The Authority plans to permanently finance this loan with long-term bonds issued by the NJIB. This loan has an interest rate of 0.00% on the trust portion and 0.00% on the fund portion and matures on June 30, 2024.

NOTE 7. PENSION PLAN

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLAN, (continued)

Benefits Provided, (continued)

<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

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

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

Defined Contribution Retirement Program

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

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

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Three Year Trend Information for PERS</u>		
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
12/31/22	\$425,099	100%
12/31/21	368,936	100%
12/31/20	345,278	100%

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

Public Employees Retirement System (PERS)

At December 31, 2022 and 2021, the Authority reported a liability of \$5,204,998 and \$4,300,115 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2022, the Authority's proportion was 0.03448988 percent, which was a decrease of 0.0018087336 percent from its proportion measured as of June 30, 2021.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2022, the Authority recognized pension expense (benefit) of \$(379,777). At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$16,127	\$22,395
Net difference between projected and actual earnings on pension plan investments	252,997	67,818
Changes in proportion and differences between Authority contributions and proportionate share of contributions	342,452	507,880
Authority contributions subsequent to the measurement date	<u>444,997</u>	<u>489,800</u>
Total	<u>\$1,056,573</u>	<u>\$1,087,893</u>

	<u>2022</u>	<u>2021</u>
Deferred Inflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$812,523	\$2,694,416
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>476,174</u>	<u>290,557</u>
Total	<u>\$1,288,697</u>	<u>\$2,984,973</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The \$444,997 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2022, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Year ended:		
2022	\$ -	\$(1,014,640)
2023	(446,480)	(724,451)
2024	(227,466)	(493,952)
2025	(110,931)	(371,305)
2026	242,009	144
2027	(532)	

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2022 and December 31, 2021 are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Authority's Proportion	0.03448988%	0.03629862%

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2022.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$6,743,529	\$5,204,998	\$3,977,242
	June 30, 2021		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$5,918,309	\$4,300,115	\$3,011,589

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

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

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. On May 13, 2010, the Authority adopted the provisions of N.J.S.A. 52:14-17.38 and adhered to the rules and regulations promulgated by the State Health Benefits Commission to implement the provisions of that law. This resolution affects employees as shown in Chapter 48, P.L. 1999. It is effective on the 1st day of July, 2010.

Chapter 48, P.L. 1999, provides eligible participating local employers considerable flexibility in managing their postretirement medical costs. It also brings State Health Benefits Program (SHBP) and School Employees' Health Benefits Program (SEHBP) eligibility standards for employer-paid coverage into alignment with local government laws.

Adoption of this Resolution does not free RVRSA of the obligation to pay for postretirement medical benefits of retirees or employees who qualified for those payments under any Chapter 88 or Chapter 48 Resolution previously adopted by the governing body.

The Resolution will remain in effect until properly amended or revoked with the State Health Benefits Program. RVRSA recognizes that, while it remains in the State Health Benefits Program, it is responsible for providing the payment for postretirement medical coverage as listed in the Chapter 48 Resolution Addendum for all employees who qualify for this coverage while this Resolution is in force.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

General Information about the OPEB Plan

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the 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.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

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 provides 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.

Total OPEB Liability

At December 31, 2022 and 2021, the Authority had a liability of \$6,991,483 and \$8,015,123, respectively, for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2022 was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2022 the Authority's proportion was 0.043292 percent.

For the years ended December 31, 2022 and 2021, the Authority recognized OPEB (benefit) expense of \$132,813 and \$189,852, respectively. At December 31, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$361,048	\$179,850
Changes of assumptions	933,042	1,152,999
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>1,290,823</u>	<u>1,515,262</u>
Total	<u>\$2,584,913</u>	<u>\$2,848,111</u>
	<u>2022</u>	<u>2021</u>
Deferred Inflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$1,295,924	\$1,676,882
Changes of assumptions	2,386,058	1,416,767
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>724,695</u>	<u>601,616</u>
Total	<u>\$4,406,677</u>	<u>\$3,695,265</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

	<u>2022</u>	<u>2021</u>
Year ended June 30:		
2022	-	(478,577)
2023	(633,527)	(478,761)
2024	(634,086)	(479,782)
2025	(500,728)	(342,614)
2026	(223,628)	(57,596)
2027	(50,137)	-
Thereafter	(343,946)	80,807

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05 and 8.14 years for 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Actual Assumptions and Other Inputs, (continued)

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25% based on years of service
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	June 30, 2022		
	1%	At Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Authority's proportionate share of Net OPEB liability	\$8,104,536	\$6,991,483	\$6,095,927
	June 30, 2021		
	1%	At Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Authority's proportionate share of Net OPEB liability	\$9,432,261	\$8,015,123	\$6,892,209

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2022		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$5,931,085	\$6,991,483	\$8,349,553
	June 30, 2021		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$6,687,312	\$8,015,123	\$9,747,751

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Various legal actions, proceedings and claims are pending or may be instituted or asserted against the Authority. They are as follows:

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 MUA) filed a Complaint in the Superior Court against the RVRSA and the other RVRSA member municipalities entitled Jersey City Municipal Utilities Authority and City of Jersey City v. Town of Dover, et als., MRS-L-1313-10. The complaint, as amended, includes 4 counts: (1) “declaratory judgment regarding capital costs”, (2) “declaratory judgment voiding the 1984 settlement agreement”; (3) “damages for incorrect assessment of capital costs”; and (4) “declaratory judgment that plaintiffs' obligation to pay operating, repair and maintenance costs is terminated”. In this lawsuit Plaintiffs ask the Superior Court for a judgment: (a) interlocutorily and permanently prohibiting RVRSA from assessing any additional capital or O&M costs to Plaintiffs; (b) declaring that Plaintiff's obligation to RVRSA for the capital costs associated with the RVRSA Interceptor and New Treatment Plant shall cease when the debt incurred to pay for the construction of those facilities is fully repaid in December 2009; (c) declaring the 1984 Settlement prospectively void or, alternatively, that the 1984 Settlement be reformed in an equitable manner; (d) awarding compensatory damages to Plaintiffs; (e) awarding interest, costs and attorneys' fees to Plaintiffs; (f) declaring that Plaintiff's obligation to RVRSA for O&M costs associated with the

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

“project” (i.e., the RVRSA interceptor and new treatment facilities constructed pursuant to the settlement agreement) is terminated; and (g) awarding such other and further relief as the Court deems just and equitable. The Authority and Municipalities located in Morris County are vigorously defending the litigation.

On August 18, 2014, the Court filed a Partial Summary Judgment Order dismissing the Second Count of Jersey City’s Complaint (which sought a declaratory judgment voiding the Amendment) “to the extent that it includes rights or claims that were or could have been raised at the time of the 1984 Settlement Agreement.” In the Statement of Reasons accompanying the Court’s Partial Summary Judgment Order, the Court concluded that “the 1984 Settlement Agreement is still valid,” and that the waiver and release provisions of the 1984 Settlement Agreement bar Jersey City from “any further litigation on issues it raised or could have raised in 1984.”

Trial concluded in June 2018. On October 31, 2018, the court filed an order entering partial judgment in favor of RVRSA, which provides that (1) “Plaintiffs are responsible for their proportional share of such projects that involve repair, operation, maintenance, or unkeep...”; (2) “Plaintiffs’ proportional share of costs, as set forth in Paragraph 6(c) of the 1984 Stipulation, shall be guided by the definitions in the attached Statement of Reasons;” (3) “Plaintiffs breached the agreement with the RVRSA by withholding contributions to continued operation, repair and maintenance since January 2010. To the extent, if any, RVRSA assessed impermissible costs under the definitions provided in the attached Statement of Reasons, those costs shall offset damages, if any, arising from the breach;” and (4) “A trial shall be scheduled for the bifurcated issue of damages.”

The trial on the bifurcated issue of damages and thereafter, the Court granted Plaintiff’s motion to dismiss the damage claims submitted by RVRSA for certain projects for the period commencing on January 1, 2010 and ending on June 6, 2018. The amount of damages claimed by RVRSA for such period \$4,674,801.02. RVRSA moved for reconsideration and on January 31, 2022, the trial court entered an order denying RVRSA’s motion for reconsideration. Plaintiffs filed their Notice of Appeal on January 21, 2022 and in February, 2022, RVRSA and the Municipal Defendants each filed Notices of Cross Appeal. The matter, Jersey City Municipal Utilities Authority and City of Jersey City v. Town of Dover, et als., Docket No. A-00158721, is currently pending before the Appellate Division. Briefs and Appendices have been filed by all parties as of October 17, 2022, and the matter is awaiting notice of the date of Oral Argument before the Appellate Division.

Even in the unlikely event that the Plaintiffs are successful in this litigation, there is not expected to be any material financial impact on the financial condition of the RVRSA due to the fact that the payments now made by the Jersey City parties, will instead become the responsibility of the participant municipalities.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

RVRSA v. Jersey City Municipal Utilities Authority and City of Jersey City, Dkt. MRS-L-001861-22

In December 2022, the RVRSA filed a Complaint against the Jersey City MUA and the City of Jersey City seeking an Order to compel the Defendants to pay for a portion of the costs for projects funded with debt financing. The claim is based upon the 1984 Amended Stipulation of Settlement and the October 2018 ruling in the matter of Jersey City MUA, et al. v. Town of Dover, et al, Dkt. No. HUD-L-0131-10. The Complaint seeks past costs related to the failure to pay for the projects from July 2018 through the eventual date of trial and an Order compelling the Defendants to continue to pay their portion of such costs. The Defendants have asserted affirmative defenses and a Counterclaim seeking to terminate the 1984 Amended Stipulation of Settlement and to dismiss the Complaint filed by the RVRSA. There is no trial date scheduled and discovery has not yet commenced.

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.

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:

<u>Fiscal Year</u>	Employee Contributions/ Interest Earnings/ Authority Contributions	Amount Reimbursed	Ending Balance
2022	\$9,529	\$5,233	\$102,644
2021	3,586	8,352	98,347
2020	3,704	10,198	103,113

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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. DESIGNATION OF UNRESTRICTED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Designated for Renewal and Replacement	\$1,530,050	\$1,920,991
Designated for Subsequent Year's Budget	2,323,867	2,107,236
Designated for Capital Replacements	23,702	23,702
Designated for Debt Service	<u>792,241</u>	<u>651,177</u>
Total Designated - Unrestricted	<u>\$4,669,860</u>	<u>\$4,703,106</u>

At December 31, 2022, the Authority reported a total amount of \$4,669,860 of Unrestricted Net Position - Designated for the purposes described above.

The remaining, undesignated portion of the Authority's net position was comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pension Related	(\$5,882,119)	(\$6,686,995)
OPEB related	(8,813,247)	(8,862,277)
Available for Use in Future Budgets	<u>6,065,907</u>	<u>4,975,012</u>
	<u>(\$8,629,459)</u>	<u>(\$10,574,260)</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13. OTHER MATTERS

At December 31, 2022, the Authority had an accounts receivable balance of \$10,168,825, of which \$10,030,689 was under dispute by Jersey City. The Authority has not consented to any change in the obligation of Jersey City as further detailed in Note 9. There has been no allowance for doubtful accounts set aside for this dispute.

The Authority has been collecting from the remaining participating municipalities a partial amount in dispute by the City of Jersey City. These advanced payments in the amount of \$8,390,294 have been recorded on the Authority's financial statements as unearned revenue until such time as the litigation is concluded. Depending on the outcome of the litigation, the unearned revenue will either be refunded to the municipalities or used to offset the loss in revenues from the uncollected receivable balance. Any difference between the unearned revenue and amount under dispute will be billed to the participants upon final judgment.

NOTE 14. SUBSEQUENT EVENTS

In December 2022, the Authority approved a resolution authorizing the issuance of debt not in excess of \$6,000,000 for the purposes of financing an inceptor project (Contract 43). The Authority plans to fund this project with a loan through the New Jersey Infrastructure Bank.

On February 21, 2023, the Authority received \$1,131,738 from a FEMA grant, of which, \$702,266 was utilized to pay off the NJIB Series 2022 Bonds (DL Monroe Street Pumping Station and Force Main and Morris Avenue Gravity Sewer Project).

The Rockaway Valley Regional Sewerage Authority has evaluated subsequent events through September 26, 2023, the date which the financial statements were available to be issued and no other items were noted for disclosure.

Required Supplementary Information - Part II

SCHEDULE RSI-1

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Eight Fiscal Years

	Measurement Date Ending June 30,							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.03448988%	0.03629862%	0.03372514%	0.03549111%	0.03579454%	0.0360689176%	0.0331354945%	0.0329396910%
Authority's Proportionate Share of the Net Pension Liability	\$5,204,998	\$4,300,115	\$5,499,688	\$6,394,960	\$7,047,766	\$8,396,267	\$9,813,783	\$7,394,301
Authority's Covered-Employee Payroll	\$2,602,136	\$2,516,611	\$2,544,088	\$2,472,037	\$2,469,867	\$2,461,801	\$2,299,977	\$2,227,867
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	200.03%	170.87%	216.18%	258.69%	285.35%	341.06%	426.69%	331.90%

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

SCHEDULE RSI-2

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Seven Fiscal Years

	<u>Fiscal Year Ended December 31,</u>							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$425,099	\$368,936	\$345,728	\$356,724	\$335,690	\$334,140	\$294,317	\$247,144
Contributions in Relation to the Contractually Required Contribution	<u>(425,099)</u>	<u>(368,936)</u>	<u>(345,728)</u>	<u>(356,724)</u>	<u>(335,690)</u>	<u>(334,140)</u>	<u>(294,317)</u>	<u>(247,144)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$2,602,136	\$2,516,611	\$2,544,088	\$2,472,037	\$2,469,867	\$2,461,801	\$2,299,977	\$2,227,867
Contributions as a Percentage of Authority's Covered-Employee Payroll	16.34%	14.66%	13.58%	14.43%	13.59%	13.57%	12.80%	11.09%

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

SCHEDULE RSI-3

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Proportionate
Share of the State OPEB Liability
Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:					
Service Cost	\$344,887	\$376,749	\$261,685	\$244,380	\$346,162
Interest	173,762	184,278	214,826	233,201	295,119
Changes of Assumptions	(1,558,317)	151,027	1,327,956	(599,702)	(893,852)
Difference Between Expected and Actual Experience	421,890	(532,655)	234,302	(513,937)	(1,400,655)
Benefit Payments	(253,385)	(226,939)	(201,341)	(172,377)	(162,847)
Contributions - Members	23,017	19,285	16,215	15,856	20,852
Change in Allocation	<u>(223,279)</u>	<u>244,141</u>	<u>901,566</u>	<u>(313,550)</u>	<u>299,534</u>
Net Change in Total OPEB Liability	<u>(1,071,425)</u>	<u>215,886</u>	<u>2,755,209</u>	<u>(1,106,129)</u>	<u>(1,495,687)</u>
Total OPEB Liability - Beginning	<u>8,037,508</u>	<u>7,821,622</u>	<u>5,066,413</u>	<u>6,172,542</u>	<u>7,668,229</u>
Total OPEB Liability - Ending	<u>\$6,966,083</u>	<u>\$8,037,508</u>	<u>\$7,821,622</u>	<u>\$5,066,413</u>	<u>\$6,172,542</u>
Plan Fiduciary Net Position:					
Contributions - Employer	168,618	144,763	126,278	127,003	162,682
Contributions - Non-Employer Contribution Entities	19,824	16,822	15,120	16,078	20,682
Contributions - Members	23,017	19,285	16,215	15,856	20,852
Net Investment Income	102	90	1,234	1,770	896
Benefit Payments	(253,385)	(226,939)	(201,341)	(172,377)	(162,847)
Administrative Expense	(5,340)	(5,047)	(4,281)	(3,475)	(3,167)
Change in Allocation	<u>(621)</u>	<u>2,213</u>	<u>17,821</u>	<u>(6,170)</u>	<u>3,097</u>
Net Change in Plan Fiduciary Net Position	<u>(47,785)</u>	<u>(48,813)</u>	<u>(28,954)</u>	<u>(21,315)</u>	<u>42,195</u>
Plan Fiduciary Net Position - Beginning	<u>22,385</u>	<u>71,198</u>	<u>100,152</u>	<u>121,467</u>	<u>79,272</u>
Plan Fiduciary Net Position - Ending	<u>(25,400)</u>	<u>22,385</u>	<u>71,198</u>	<u>100,152</u>	<u>121,467</u>
Authority's Net OPEB Liability	<u>\$6,991,483</u>	<u>\$8,015,123</u>	<u>\$7,750,424</u>	<u>\$4,966,261</u>	<u>\$6,051,075</u>

*GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation, ten years is not presented. Each year thereafter, or additional year will be included until ten years of date is presented.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net OPEB Liability
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability (asset)	0.0432920000%	0.0445290000%	0.0431860000%	0.0366620000%	0.0386240000%	0.0371720000%	0.0410790000%
Authority's proportionate share of the net OPEB liability (asset)	\$ 6,991,483	\$ 8,015,123	\$ 7,750,424	\$ 4,966,261	\$ 6,051,075	\$ 7,588,957	\$ 8,921,317
Authority's covered payroll	\$ 2,602,136	\$ 2,516,611	\$ 2,544,088	\$ 2,472,037	\$ 2,469,867	\$ 2,461,801	\$ 2,468,686
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	268.68%	318.49%	304.64%	200.90%	245.00%	308.27%	361.38%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.36%	0.28%	0.92%	2.02%	2.01%	1.04%	0.59%

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's OPEB Contributions
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 204,763	\$ 119,527	\$ 107,254	\$ 86,910	\$ 60,789	\$ 48,877	\$ 36,860
Contributions in relation to the contractually required contribution	\$ (204,763)	\$ (119,527)	\$ (107,254)	\$ (86,910)	\$ (60,789)	\$ (48,877)	\$ (36,860)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,602,136	\$ 2,516,611	\$ 2,544,088	\$ 2,472,037	\$ 2,469,867	\$ 2,461,801	\$ 2,468,686
Contributions as a percentage of covered payroll	7.87%	4.75%	4.22%	3.52%	2.46%	1.99%	1.49%

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Changes of Benefit Terms

None

Changes in Assumptions

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

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Changes of Benefit Terms

None

Changes in Assumptions

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR YEAR ENDED DECEMBER 31, 2022

	Invested in Capital Assets	Restricted		Unrestricted			Total
		State Unemployment Insurance	Subsequent Year's Budget Appropriation	Capital Replacements	Debt Service	Renewal and Replacement	
Operating Revenue:							
Service Agreements						10,451,644	10,451,644
User Charges and Fees						231,015	231,015
Sewer Permits						13,955	13,955
IPP Surcharge/TWA Application Fees						217,329	217,329
Industrial Annual Fees/Industrial User Fines						36,300	36,300
Miscellaneous						139,530	139,530
Interest Income						2,376	2,376
Total Operating Revenue	-	-	-	-	-	11,092,149	11,092,149
Operating Expense:							
Cost of Providing Services						4,714,168	4,714,168
Employee Benefits						607,272	607,272
Administrative and General						2,359,191	2,359,191
Depreciation	3,264,565					-	3,264,565
Total Operating Expense	3,264,565	-	-	-	-	7,680,631	10,945,196
Operating Income	<u>(3,264,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,411,518</u>	<u>146,953</u>
Non-Operating Revenue (Expense):							
Interest Income						22,458	22,458
Interest Expense and NJIB Fees						(257,209)	(257,209)
Unemployment Ins. Claims - Net		4,297				-	4,297
Debt Service Reserve Credit				(108,936)		-	(108,936)
Loss from Disposal of Assets						(4,504)	(4,504)
FEMA - Hurricane Sandy Assistance Grant	75,296					129,288	129,288
Amortization on Bond Premium		4,297				-	75,296
Cost of Issuance						(3,806)	(3,806)
Net Income (Loss) Before Transfers	<u>(3,189,269)</u>	<u>4,297</u>	<u>-</u>	<u>(108,936)</u>	<u>-</u>	<u>3,297,745</u>	<u>3,837</u>
Transfers:							
Required Transfers			216,631			(216,631)	-
NJETT Reimbursements	(5,743,127)					5,743,127	-
Capital Purchases, Net Disposals	6,088,578				(590,941)	(5,497,637)	-
Bond Principal Payments	931,803					(931,803)	-
Budget Appropriation				250,000	200,000	(450,000)	-
Increase/(Decrease) in Net Position	<u>(1,912,015)</u>	<u>4,297</u>	<u>216,631</u>	<u>-</u>	<u>(390,941)</u>	<u>1,944,801</u>	<u>3,837</u>
Net Position - January 1, 2022	<u>33,802,847</u>	<u>98,347</u>	<u>2,107,236</u>	<u>23,702</u>	<u>1,920,991</u>	<u>(10,574,260)</u>	<u>28,030,040</u>
Net Position - December 31, 2022	<u>31,890,832</u>	<u>102,644</u>	<u>2,323,867</u>	<u>23,702</u>	<u>1,530,050</u>	<u>(8,629,459)</u>	<u>28,033,877</u>

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2022

	Trustee/ Treasurer Revenue	Revenue Operating	General Account
Cash, Cash Equivalents and Investments - January 1, 2022	2,883	733,873	4,337,281
Cash Receipts:			
Revenues	11,318,510	-	13,891
Other	27,108	-	-
Transfers	-	19,561,958	250,000
Total Cash Receipts	<u>11,345,618</u>	<u>19,561,958</u>	<u>263,891</u>
Cash and Investments Available	<u>11,348,501</u>	<u>20,295,831</u>	<u>4,601,172</u>
Cash Disbursements:			
Bond Interest Payments	-	257,209	-
Bond Principal Payments	-	931,803	-
Operations	200	9,966,884	-
Other	-	8,074,459	-
Transfers	11,188,628	450,000	-
Total Cash Disbursements	<u>11,188,828</u>	<u>19,680,355</u>	<u>-</u>
Cash, Cash Equivalents and Investments - December 31, 2022	<u><u>159,673</u></u>	<u><u>615,476</u></u>	<u><u>4,601,172</u></u>
Analysis of Balance:			
Cash and Cash Equivalents	<u>159,673</u>	<u>615,476</u>	<u>4,601,172</u>
	<u><u>159,673</u></u>	<u><u>615,476</u></u>	<u><u>4,601,172</u></u>
Unrestricted	159,673	615,476	4,601,172
Restricted	-	-	-
	<u><u>159,673</u></u>	<u><u>615,476</u></u>	<u><u>4,601,172</u></u>

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2022

	Renewal and Replacement Account	Construction Account	Unemployment Insurance Account
Cash, Cash Equivalents and Investments - January 1, 2022	1,668,437	427,037	98,347
Cash Receipts:			
Revenues	4,552	1,106	-
Other	-	-	4,297
Transfers	200,000	-	-
Total Cash Receipts	<u>204,552</u>	<u>1,106</u>	<u>4,297</u>
Cash and Investments Available	<u>1,872,989</u>	<u>428,143</u>	<u>102,644</u>
Cash Disbursements:			
Bond Interest Payments	-	-	-
Bond Principal Payments	-	-	-
Operations	-	-	-
Other	-	-	-
Transfers	-	-	-
Total Cash Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Cash, Cash Equivalents and Investments - December 31, 2022	<u><u>1,872,989</u></u>	<u><u>428,143</u></u>	<u><u>102,644</u></u>
Analysis of Balance:			
Cash and Cash Equivalents	<u>1,872,989</u>	<u>428,143</u>	<u>102,644</u>
	<u><u>1,872,989</u></u>	<u><u>428,143</u></u>	<u><u>102,644</u></u>
Unrestricted	1,872,989	428,143	-
Restricted	<u>-</u>	<u>-</u>	<u>102,644</u>
	<u><u>1,872,989</u></u>	<u><u>428,143</u></u>	<u><u>102,644</u></u>

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2022

	Capital Replacement Account	Whitlock Pkg. Escrow Account	Total
Cash, Cash Equivalents and Investments - January 1, 2022	761,941	10,171	8,039,970
Cash Receipts:			
Revenues	2,893	16	11,340,968
Other	8,993,165	-	9,024,570
Transfers	-	-	20,011,958
Total Cash Receipts	<u>8,996,058</u>	<u>16</u>	<u>40,377,496</u>
Cash and Investments Available	<u>9,757,999</u>	<u>10,187</u>	<u>48,417,466</u>
Cash Disbursements:			
Bond Interest Payments	-	-	257,209
Bond Principal Payments	-	-	931,803
Operations	-	-	9,967,084
Other	-	-	8,074,459
Transfers	8,373,330	-	20,011,958
Total Cash Disbursements	<u>8,373,330</u>	<u>-</u>	<u>39,242,513</u>
Cash, Cash Equivalents and Investments - December 31, 2022	<u><u>1,384,669</u></u>	<u><u>10,187</u></u>	<u><u>9,174,953</u></u>
Analysis of Balance:			
Cash and Cash Equivalents	<u>1,384,669</u>	<u>10,187</u>	<u>9,174,953</u>
	<u><u>1,384,669</u></u>	<u><u>10,187</u></u>	<u><u>9,174,953</u></u>
Unrestricted	1,384,669	10,187	9,072,309
Restricted	-	-	102,644
	<u><u>1,384,669</u></u>	<u><u>10,187</u></u>	<u><u>9,174,953</u></u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022

	FY 2022 Adopted Budget	FY 2022 Budget as Amended	Realized	Excess / (Deficit)	Prior Year Realized
Revenues:					
Retained Earnings Appropriated	80,736	80,736	80,736	-	684,656
Service Agreements	10,451,644	10,451,644	10,451,644	-	9,862,054
User Charges and Fees	220,000	220,000	231,015	11,015	243,133
Sewer Connection Permits	7,000	7,000	13,955	6,955	23,248
Industrial Application Fees	750	750	950	200	6,200
IPP Surcharge	180,000	180,000	206,287	26,287	194,837
TWA Application Fee	-	-	11,042	11,042	2,532
Industrial Annual Fees	28,000	28,000	28,000	-	30,000
Industrial User Fines	-	-	8,300	8,300	6,840
Unused Capacity Charge	46,000	46,000	131,120	85,120	106,585
FEMA Grant Revenue	739,000	739,000	-	(739,000)	-
Miscellaneous	-	-	7,460	7,460	53,055
Interest Income from Operating and Non-operating Investments (1)	7,500	7,500	24,834	17,334	9,090
Cancellation of Accounts Payables	-	-	-	-	16,282
Total Operating Revenues	11,760,630	11,760,630	11,195,343	(565,287)	11,238,512

(1) Interest earned on Unemployment Account is 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, 2022

EXPENSES		Adopted 2022 Budget	Amended 2022 Budget	Paid or Charged 2022	Excess / (Deficit) 2022	Prior Year
Administration						
01-501-010	Salary & Wages	339,500	339,500	336,943	2,557	338,363
01-501-011	S&W Overtime	2,000	2,000	402	1,598	522
01-501-020	Professional Services	668,000	635,000	585,278	49,722	975,875
01-501-021	JIF Insurance	208,000	232,400	174,313	58,087	142,966
01-501-022	NJPDES Permits	65,930	65,930	56,714	9,216	47,630
01-501-024	Labor Attorney	50,000	50,000	34,315	15,685	64,031
01-501-025	IT Computer Services	67,000	79,200	78,223	977	77,898
01-501-030	Materials & Supplies	46,000	51,000	48,149	2,851	59,083
01-501-031	Member Expense	4,000	4,000	2,773	1,227	866
01-501-032	Member Travel	8,000	8,000	5,886	2,114	1,967
01-501-040	Maintenance Equipment	3,000	3,000	1,915	1,085	918
01-501-050	Conference/Travel/Seminars	2,500	3,700	2,902	798	2,406
01-501-060	Dues/Memberships	9,000	9,500	8,903	597	8,932
01-501-070	Miscellaneous	2,000	2,000	2,946	(946)	457
01-501-071	Security	6,000	6,000	-	6,000	-
01-501-080	Uniforms & Clothing	500	500	77	423	64
01-501-090	Utilities	738,000	779,000	773,993	5,007	582,512
01-501-100	Fringe Benefits	1,542,000	1,542,900	1,461,178	81,722	1,418,643
		<u>3,761,430</u>	<u>3,813,630</u>	<u>3,574,910</u>	<u>238,720</u>	<u>3,723,133</u>
Safety						
01-501-120	Professional Services	4,380	8,380	8,225	155	5,518
01-501-130	Materials & Supplies	2,000	2,000	599	1,401	1,714
01-501-140	Maintenance Equipment	3,500	3,500	-	3,500	358
01-501-150	Conference/Travel/Seminar	750	750	189	561	-
01-501-160	Dues/Memberships	400	400	-	400	150
01-501-170	Miscellaneous	700	700	-	700	-
01-501-180	Uniforms & Clothing	200	200	-	200	58
		<u>11,930</u>	<u>15,930</u>	<u>9,013</u>	<u>6,917</u>	<u>7,798</u>
Finance						
01-502-010	Salary & Wages	181,800	181,800	180,083	1,717	181,013
01-502-020	Professional Services	56,000	56,000	49,032	6,968	49,918
01-502-030	Materials & Supplies	2,200	3,700	3,520	180	1,388
01-502-050	Conference/Travel/Seminar	3,500	4,000	3,621	379	1,528
01-502-060	Dues/Memberships	500	500	190	310	300
01-502-070	Miscellaneous	1,500	1,500	-	1,500	-
01-502-080	Uniforms & Clothing	500	500	-	500	-
		<u>246,000</u>	<u>248,000</u>	<u>236,446</u>	<u>11,554</u>	<u>234,147</u>
Engineering						
01-503-010	Salary & Wages	279,400	286,400	286,199	201	272,521
01-503-020	Professional Services	297,000	297,000	208,114	88,886	177,291
01-503-030	Materials & Supplies	1,000	1,000	116	884	91
01-503-050	Conference/Travel/Seminar	2,500	2,500	2,240	260	1,363
01-503-060	Dues/Memberships	1,000	1,000	182	818	-
01-503-070	Miscellaneous	500	500	-	500	-
01-503-080	Uniforms & Clothing	1,000	1,000	230	770	152
		<u>582,400</u>	<u>589,400</u>	<u>497,081</u>	<u>92,319</u>	<u>451,418</u>
IPP						
01-503-110	Salary & Wages	84,750	84,750	84,691	59	86,292
01-503-120	Professional Services	59,000	58,300	36,981	21,319	35,341
01-503-130	Materials & Supplies	1,200	1,200	1,162	38	854
01-503-150	Conference/Travel/Seminars	1,500	2,200	2,000	200	1,183
01-503-160	Dues/Memberships	450	450	267	183	267
01-503-180	Uniforms & Clothing	700	700	370	330	562
		<u>147,600</u>	<u>147,600</u>	<u>125,471</u>	<u>22,129</u>	<u>124,499</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022

EXPENSES		Adopted 2022 Budget	Amended 2022 Budget	Paid or Charged 2022	Excess / (Deficit) 2022	Prior Year
Electrical						
01-503-210	Salary & Wages	93,100	93,100	92,995	105	94,755
01-503-230	Materials & Supplies	31,500	31,500	25,936	5,564	21,785
01-503-240	Maintenance Equipment	123,000	123,000	97,701	25,299	77,040
01-503-250	Conference/Travel/Seminars	-	-	-	-	-
01-503-260	Dues and Membership	-	-	-	-	90
01-503-280	Uniforms & Clothing	650	650	617	33	389
		<u>248,250</u>	<u>248,250</u>	<u>217,249</u>	<u>31,001</u>	<u>194,059</u>
Laboratory						
01-505-010	Salary & Wages	193,000	171,000	146,464	24,536	177,188
01-505-011	S&W Overtime	1,200	1,200	211	989	396
01-505-020	Professional Services	27,000	27,000	17,649	9,351	15,188
01-505-030	Materials & Supplies	35,000	35,000	25,038	9,962	24,957
01-505-040	Maintenance Equipment	12,400	12,400	6,550	5,850	9,246
01-505-050	Conference/Travel/Seminars	2,000	2,000	1,829	171	503
01-505-060	Dues/Memberships	350	350	234	116	-
01-505-070	Miscellaneous	1,000	1,000	-	1,000	180
01-505-080	Uniforms & Clothing	700	700	398	302	399
		<u>272,650</u>	<u>250,650</u>	<u>198,373</u>	<u>52,277</u>	<u>228,057</u>
Operations/Maintenance						
01-506-010/011	Salary & Wages	1,513,650	1,376,150	1,290,378	85,772	1,248,743
01-506-012	S&W Overtime	120,000	120,000	116,699	3,301	124,349
01-506-013	Unused Sick Time	30,000	30,000	16,154	13,846	16,263
01-506-020	Professional Services	-	-	-	-	-
01-506-030	Materials & Supplies	1,518,000	1,560,700	1,397,594	163,106	1,426,587
01-506-040	Maintenance Equipment	262,000	248,800	192,381	56,419	203,187
01-506-050	Conference/Travel/Seminars	15,000	15,000	11,765	3,235	4,720
01-506-060	Dues/Memberships	2,000	2,000	1,711	289	1,468
01-506-070	Miscellaneous	1,500	1,500	319	1,181	336
01-506-080	Uniforms & Clothing	25,000	25,000	20,975	4,025	16,028
		<u>3,487,150</u>	<u>3,379,150</u>	<u>3,047,976</u>	<u>331,174</u>	<u>3,041,681</u>
Trunkline						
01-507-010/011	Salary & Wages	326,750	303,050	277,696	25,354	299,142
01-507-012	S&W Overtime	10,000	14,000	12,267	1,733	7,739
01-507-020	Professional Services	-	-	-	-	-
01-507-030	Materials & Supplies	205,000	290,500	272,278	18,222	147,916
01-507-040	Maintenance Equipment	76,000	76,000	63,220	12,780	35,152
01-507-050	Conference/Travel/Seminars	2,500	2,500	1,887	613	50
01-507-060	Dues and Membership	650	650	237	413	-
01-507-080	Uniforms/Clothing	500	500	433	67	-
		<u>621,400</u>	<u>687,200</u>	<u>628,018</u>	<u>59,182</u>	<u>489,999</u>
Total Operating Expenses		<u>9,378,810</u>	<u>9,379,810</u>	<u>8,534,537</u>	<u>845,273</u>	<u>8,494,791</u>
Debt Service and Reserves						
01-501-401	Debt Service-Principal	914,735	932,420	931,803	617	1,113,129
01-501-402	Debt Service-Interest	227,135	215,450	198,970	16,480	196,159
01-501-403	Debt Service-Admin. Fees NJEIT	50,950	43,950	43,163	787	98,920
01-501-404	Reserve- Debt Service	250,000	250,000	250,000	-	250,000
01-501-300	Reserve- R&R	200,000	200,000	200,000	-	200,000
01-501-405	Project Note - Principal	-	-	-	-	275,000
01-501-406	Project Note - Interest	-	-	-	-	5,759
01-501-407	Monroe St. Supplemental Loan	739,000	739,000	15,076	723,924	-
		<u>2,381,820</u>	<u>2,380,820</u>	<u>1,639,012</u>	<u>741,808</u>	<u>2,138,967</u>
TOTAL		<u>11,760,630</u>	<u>11,760,630</u>	<u>10,173,549</u>	<u>1,587,081</u>	<u>10,633,758</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Adopted 2022 Budget	Amended 2022 Budget	Paid or Charged 2022	Excess / (Deficit) 2022	Prior Year
Excess of Revenues Over Expenses:	-	-	1,021,794		604,754
Reconciliation of Budgetary Basis to GAAP:					
Retained Earnings Appropriated:					
Unrestricted Accounts			(80,736)		(684,656)
Renewal and Replacement			200,000		200,000
Reserves for Debt Service			250,000		250,000
Depreciation Expense			(3,264,565)		(3,415,420)
Amortization			75,296		75,296
Bond Principal			931,803		1,113,129
Notes Principal			-		275,000
Net Adjustment for Pension Expense			804,876		883,461
Net Adjustment for OPEB Expense			49,030		(28,268)
Unemployment Fund - Net			4,297		(4,766)
Loss from Disposal of Assets			(4,504)		-
Debt Service Reserve Credit			(108,936)		(109,568)
FEMA - Public Assistance Hurricane Sandy Grant			129,288		113,748
Cost of Issuance			(3,806)		(221,641)
Total Adjustments			(1,017,957)		(1,553,685)
Change in Net Position			3,837		(948,931)

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2022

			FY 2022 Adopted Budget	FY 2022 Budget as Amended	FY 2022 Actual	Excess / (Deficit)
Financing Sources:						
Proceeds of NJEIT Loans			20,041,912	25,347,912	8,624,947	16,722,965
Renewal and Replacement			970,000	970,000	590,941	379,059
Unrestricted - Undesignated Net Position			1,571,500	2,026,500	677,830	1,348,670
Total Financing Sources			22,583,412	28,344,412	9,893,718	18,450,694
Capital Improvements and Replacements						
Administration						
01-851-001	Computers Plotter and Software	(1)	20,000	20,000	12,146	7,854
01-851-002	File Cabinet/Furniture	(1)	5,000	5,000	2,329	2,671
01-851-003	Security Surveillance	(1)	17,000	17,000	-	17,000
01-851-004	Miscellaneous	(1)	8,000	8,000	2,288	5,712
01-851-006	Fireman Home Access Agreement	(1)	20,000	20,000	-	20,000
			<u>70,000</u>	<u>70,000</u>	<u>16,763</u>	<u>53,237</u>
Engineering/Electrical						
01-853-002	Odor Control Equipment	(1)	100,000	100,000	-	100,000
01-853-003	Infrastructure Upgrade	(1)	160,000	160,000	158,079	1,921
01-853-003	Infrastructure Upgrade	(3)	400,000	400,000	-	400,000
01-853-004	Electrical Breakers	(1)	35,000	35,000	-	35,000
01-853-005	Building Misc Upgrade	(1)	20,000	20,000	3,000	17,000
01-853-012	Boonton Interceptor Relining	(3)	100,000	455,000	254,580	200,420
01-853-015	Emergency Generator Substation	(3)	470,000	470,000	336,361	133,639
01-853-018	JC Sewer Replacement Boonton Section C47	(1)	-	100,000	28,714	71,286
01-853-101	IPP Equipment	(1)	30,000	30,000	-	30,000
			<u>1,315,000</u>	<u>1,770,000</u>	<u>780,734</u>	<u>959,266</u>
Laboratory						
01-855-001	Laboratory Equipment	(1)	15,000	15,000	-	15,000
			<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Operations/Maintenance						
01-856-001	Oxidation Equipment	(1)	44,000	44,000	32,175	11,825
01-856-002	Pumping Equipment	(1)	142,000	142,000	30,387	111,613
01-856-003	Vehicles	(1)	38,000	38,000	31,260	6,740
01-856-004	Facilities Bldg Repair	(1)	520,000	520,000	250,420	269,580
01-856-005	Miscellaneous Equipment	(1)	50,000	50,000	30,452	19,548
01-856-006	CCT Automated Monitoring	(1)	-	-	-	-
01-856-007	Grit Conveyor	(1)	-	-	-	-
			<u>794,000</u>	<u>794,000</u>	<u>374,694</u>	<u>419,306</u>
Trunkline						
01-857-001	Trunkline Equip/Repairs	(1)	155,000	155,000	49,165	105,835
01-857-002	Meter Chamber Misc. Equipment	(1)	192,500	192,500	47,415	145,085
			<u>347,500</u>	<u>347,500</u>	<u>96,580</u>	<u>250,920</u>
NJEIT						
01-EIT-040	NJEIT Debt Auth- Final Clarifiers	(2)	817,912	817,912	663,341	154,571
01-EIT-041	NJEIT Debt Auth- Phosphorus & Filtration Remo	(2)	8,000,000	11,000,000	7,961,606	3,038,394
01-EIT-043	NJEIT Debt Auth- Boonton, Denville Interceptor	(2)	3,694,000	6,000,000	-	6,000,000
01-EIT-044	NJEIT Debt Auth- Emer. Generator & Substation	(2)	7,530,000	7,530,000	-	7,530,000
			<u>20,041,912</u>	<u>25,347,912</u>	<u>8,624,947</u>	<u>16,722,965</u>
TOTAL Capital Improvements and Replacements			22,583,412	28,344,412	9,893,718	18,420,694

(1) Funded by Unrestricted - Undesignated Net Position

(2) Funded by Proceeds of NJEIT Loans.

(3) Funded by Other Source

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2022

			FY 2021 Adopted Budget	FY 2021 Budget as Amended	FY 2021 Actual	Excess / (Deficit)
Financing Sources:						
Proceeds of NJEIT Loans			27,620,000	27,620,000	2,498,499	25,121,501
Renewal and Replacement			1,265,000	1,265,000	225,672	1,039,328
Unrestricted - Undesignated Net Position			1,660,600	1,660,600	955,934	704,666
Total Financing Sources			30,545,600	30,545,600	3,680,105	26,865,495
Capital Improvements and Replacements						
Administration						
01-851-001	Computers Plotter and Software	(1)	20,000	20,000	18,376	1,624
01-851-002	File Cabinet/Furniture	(1)	5,000	5,000	-	5,000
01-851-003	Security Surveillance	(1)	8,000	8,000	-	8,000
01-851-004	Miscellaneous	(1)	8,000	8,000	4,242	3,758
01-851-006	Fireman Home Access Agreement	(1)	20,000	20,000	-	20,000
			<u>61,000</u>	<u>61,000</u>	<u>22,618</u>	<u>38,382</u>
Engineering/Electrical						
01-853-003	Infrastructure Upgrade	(1)	506,000	506,000	185,945	320,055
01-853-004	Electrical Breakers	(1)	30,000	30,000	15,400	14,600
01-853-005	Building Misc Upgrade	(1)	23,000	23,000	-	23,000
01-853-006	Computers Plotter & Software	(1)	3,500	3,500	-	3,500
01-853-009	Interceptor Sewer Rehab	(3)	300,000	300,000	98,808	201,192
01-853-015	Emergency Generator Substation	(3)	470,000	470,000	30,373	439,627
01-853-013	Asset Management	(1)	65,600	65,600	63,378	2,222
01-853-014	Dog House Water	(1)	30,000	30,000	-	30,000
01-853-012	Boonton Interceptor Relining	(3)	495,000	495,000	96,491	398,509
			<u>1,923,100</u>	<u>1,923,100</u>	<u>490,395</u>	<u>1,432,705</u>
Laboratory						
01-855-001	Laboratory Equipment	(1)	11,000	11,000	3,824	7,176
			<u>11,000</u>	<u>11,000</u>	<u>3,824</u>	<u>7,176</u>
Operations/Maintenance						
01-856-001	Oxidation Equipment	(1)	118,000	118,000	51,238	66,762
01-856-002	Pumping Equipment	(1)	43,000	43,000	33,599	9,401
01-856-004	Facilities Bldg Repair	(1)	304,000	304,000	303,258	742
01-856-005	Miscellaneous Equipment	(1)	118,000	118,000	76,624	41,376
			<u>583,000</u>	<u>583,000</u>	<u>464,719</u>	<u>118,281</u>
Trunkline						
01-857-001	Trunkline Equip/Repairs	(1)	155,000	155,000	55,275	99,725
01-857-002	Meter Chamber Misc. Equipment	(1)	192,500	192,500	144,775	47,725
			<u>347,500</u>	<u>347,500</u>	<u>200,050</u>	<u>147,450</u>
NJEIT						
01-EIT-035	NJEIT Debt Auth- Interceptor	(2)	500,000	500,000	486,978	13,022
01-EIT-040	NJEIT Debt Auth- Final Clarifiers	(2)	640,000	640,000	74,961	565,039
01-EIT-041	NJEIT Debt Auth- Phosphorus & Filtration Remo	(2)	14,000,000	14,000,000	1,936,560	12,063,440
01-EIT-044	NJEIT Debt Auth- Emer. Generator & Substation	(2)	7,530,000	7,530,000	-	7,530,000
01-EIT-043	NJEIT Debt Auth- Boonton, Denville Interceptor	(2)	4,950,000	4,950,000	-	4,950,000
			<u>27,620,000</u>	<u>27,620,000</u>	<u>2,498,499</u>	<u>25,121,501</u>
TOTAL Capital Improvements and Replacements			30,545,600	30,545,600	3,680,105	26,865,495

⁽¹⁾ Funded by Unrestricted - Undesignated Net Position

⁽²⁾ Funded by Proceeds of NJEIT Loans.

⁽³⁾ Funded by Other Source

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2007A Bio-solids Building	11/8/2007				60,739		60,739	
New Jersey Environmental Infrastructure Fund - Series 2010A Incereceptor	3/10/2010	0.000%	2023	107,924				
		0.000%	2024	107,924				
		0.000%	2025	107,924				
		0.000%	2026	107,924				
		0.000%	2027	107,924				
		0.000%	2028	107,924				
		0.000%	2029	107,920				
					863,388		107,924	755,464
New Jersey Environmental Infrastructure Trust - Series 2010B Incereceptor	3/10/2010	4.000%	2023	38,000				
		4.000%	2024	43,000				
		4.000%	2025	43,000				
		3.500%	2026	42,000				
		4.000%	2027	43,000				
		4.000%	2028	47,000				
		4.000%	2029	47,000				
					341,000		38,000	303,000

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2012A P-T Building	5/3/2012	0.000%	2023	87,356	873,561		87,356	786,205
		0.000%	2024	87,356				
		0.000%	2025	87,356				
		0.000%	2026	87,356				
		0.000%	2027	87,356				
		0.000%	2028	87,356				
		0.000%	2029	87,356				
		0.000%	2030	87,356				
		0.000%	2031	87,357				
New Jersey Environmental Infrastructure Trust - Series 2012B P-T Building	5/3/2012	5.000%	2023	82,843	921,725		78,759	842,966
		5.000%	2024	86,856				
		5.000%	2025	86,129				
		5.000%	2026	90,041				
		3.000%	2027	93,877				
		3.000%	2028	98,560				
		3.125%	2029	98,576				
		3.200%	2030	103,138				
		3.250%	2031	102,946				

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2015A (Refunding 2007A Fund Loan) Bio-solids Building	11/24/2015	4.250%	2023	234,000	1,521,000		224,000	1,297,000
		4.500%	2024	246,000				
		4.500%	2025	260,000				
		4.500%	2026	271,000				
		4.250%	2027	286,000				
					1,521,000		224,000	1,297,000
New Jersey Environmental Infrastructure Fund - Series 2018A-2 West Main Street	11/29/2018	0.000%	2023	42,688				
		0.000%	2024	42,687				
		0.000%	2025	42,687				
		0.000%	2026	42,687				
		0.000%	2027	42,687				
		0.000%	2028	42,687				
		0.000%	2029	42,688				
		0.000%	2030	42,687				
		0.000%	2031	42,687				
		0.000%	2032	42,687				
		0.000%	2033	42,687				
		0.000%	2034	42,688				
		0.000%	2035	42,687				
		0.000%	2036	42,687				
		0.000%	2037	42,687				
		0.000%	2038	42,687				
		0.000%	2039	42,687				
0.000%	2040	42,687						
0.000%	2041	42,688						
0.000%	2042	42,687						
0.000%	2043	42,687						
0.000%	2044	42,687						
0.000%	2045	42,687						
0.000%	2046	42,687						
0.000%	2047	42,687						
0.000%	2048	42,687						
					1,152,553		42,687	1,109,866

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2018A-2 West Main Street	11/29/2018	5.000%	2023	10,000				
		5.000%	2024	10,000				
		5.000%	2025	10,000				
		5.000%	2026	10,000				
		5.000%	2027	10,000				
		4.000%	2028	10,000				
		4.000%	2029	10,000				
		4.000%	2030	10,000				
		4.000%	2031	10,000				
		4.000%	2032	15,000				
		4.000%	2033	15,000				
		4.000%	2034	15,000				
		4.000%	2035	15,000				
		4.000%	2036	15,000				
		4.000%	2037	15,000				
		4.000%	2038	15,000				
		4.000%	2039	15,000				
		4.000%	2040	20,000				
		4.000%	2041	20,000				
		4.000%	2042	20,000				
4.000%	2043	20,000						
4.000%	2044	20,000						
4.000%	2045	20,000						
4.000%	2046	20,000						
4.000%	2047	25,000						
4.000%	2048	25,000						
					410,000		10,000	400,000

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2019A-1 Monroe Street Pumpin Station	5/23/2019	0.000%	2023	57,378	57,378			
			2024	57,378				
			2025	57,378				
			2026	57,378				
			2027	57,378				
			2028	57,378				
			2029	57,378				
			2030	57,378				
			2031	57,378				
			2032	57,378				
			2033	57,378				
			2034	57,378				
			2035	57,378				
			2036	57,378				
			2037	57,378				
			2038	57,378				
			2039	57,378				
			2040	57,378				
			2041	57,378				
			2042	57,378				
2043	57,378							
2044	57,378							
2045	57,378							
2046	57,378							
2047	57,378							
2048	57,378							
					1,549,206	-	57,378	1,491,828

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
				December 31, 2022	Amount			
New Jersey Environmental Infrastructure Trust - Series 2019A-1 Monroe Street Pumpin Station	5/23/2019	5.000%	2023	15,000				
		5.000%	2024	15,000				
		5.000%	2025	15,000				
		5.000%	2026	15,000				
		5.000%	2027	15,000				
		5.000%	2028	15,000				
		2.000%	2029	15,000				
		2.000%	2030	20,000				
		2.125%	2031	20,000				
		2.250%	2032	20,000				
		2.500%	2033	20,000				
		3.000%	2034	20,000				
		3.000%	2035	20,000				
		3.000%	2036	20,000				
		3.000%	2037	20,000				
		3.000%	2038	20,000				
		3.000%	2039	20,000				
		3.000%	2040	25,000				
		3.000%	2041	25,000				
		3.000%	2042	25,000				
3.000%	2043	25,000						
3.000%	2044	25,000						
3.000%	2045	25,000						
3.000%	2046	30,000						
3.000%	2047	30,000						
3.000%	2048	30,000						
				555,000		-	10,000	545,000

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2021 Final Clarifier Repair Project	6/10/2021	5.000%	2023	166,652				
		5.000%	2024	166,651				
		5.000%	2025	166,652				
		5.000%	2026	166,651				
		5.000%	2027	166,652				
		5.000%	2028	166,651				
		5.000%	2029	166,652				
		5.000%	2030	166,651				
		4.000%	2031	166,652				
		3.000%	2032	166,651				
		3.000%	2033	166,652				
		0.030%	2034	166,651				
		3.000%	2035	166,652				
		2.000%	2036	166,651				
		3.000%	2037	166,652				
		3.000%	2038	166,651				
		2.000%	2039	166,652				
		2.000%	2040	166,651				
		2.000%	2041	166,652				
		2.000%	2042	166,651				
2.000%	2043	166,652						
2.000%	2044	166,651						
2.000%	2045	166,651						
2.000%	2046	166,651						
2.500%	2047	166,651						
2.500%	2048	166,651						
2.500%	2049	166,651						
2.500%	2050	166,651						
				4,832,890		166,651	4,666,239	

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount			
New Jersey Environmental Infrastructure Trust - Series 2021 Final Clarifier Repair Project	6/10/2021	5.000%	2023	35,000			
		5.000%	2024	35,000			
		5.000%	2025	35,000			
		5.000%	2026	40,000			
		5.000%	2027	40,000			
		5.000%	2028	45,000			
		5.000%	2029	45,000			
		5.000%	2030	45,000			
		4.000%	2031	50,000			
		3.000%	2032	50,000			
		3.000%	2033	50,000			
		0.030%	2034	55,000			
		3.000%	2035	55,000			
		2.000%	2036	55,000			
		3.000%	2037	60,000			
		3.000%	2038	60,000			
		2.000%	2039	60,000			
		2.000%	2040	65,000			
		2.000%	2041	65,000			
		2.000%	2042	65,000			
2.000%	2043	65,000					
2.000%	2044	70,000					
2.000%	2045	70,000					
2.000%	2046	70,000					
2.500%	2047	70,000					
2.500%	2048	75,000					
2.500%	2049	75,000					
2.500%	2050	75,000					
						1,610,000	
							30,000
							1,580,000

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
New Jersey Environmental								
Infrastructure Fund - Series 2022 DL	6/28/2022							
Monroe St. Pumping Station & Force		2.180%	2023	27,463				
Main & Morris Ave. Gravity Sewer Project		2.490%	2024	27,464				
		2.640%	2025	27,463				
		2.710%	2026	27,463				
		2.780%	2027	27,463				
		2.930%	2028	27,463				
		3.040%	2029	27,463				
		3.130%	2030	27,464				
		3.210%	2031	27,463				
		3.290%	2032	27,463				
		3.510%	2033	27,463				
		3.690%	2034	27,463				
		3.820%	2035	27,464				
		3.930%	2036	27,463				
		4.020%	2037	27,463				
		4.100%	2038	27,463				
		4.170%	2039	27,463				
		4.250%	2040	27,464				
		4.310%	2041	27,463				
						540,110	18,309	521,801
New Jersey Environmental								
Infrastructure Trust - Series 2022 DL	6/28/2022							
Monroe St. Pumping Station & Force		2.180%	2023	7,516				
Main & Morris Ave. Gravity Sewer Project		2.490%	2024	7,680				
		2.640%	2025	7,871				
		2.710%	2026	8,079				
		2.780%	2027	8,298				
		2.930%	2028	8,529				
		3.040%	2029	8,779				
		3.130%	2030	9,046				
		3.210%	2031	9,329				
		3.290%	2032	9,628				
		3.510%	2033	9,945				
		3.690%	2034	10,294				
		3.820%	2035	10,674				
		3.930%	2036	11,082				
		4.020%	2037	11,517				
		4.100%	2038	11,980				
		4.170%	2039	12,471				
		4.250%	2040	12,991				
		4.310%	2041	13,543				
						189,252	-	189,252

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	2022 Issued	2022 Redeemed	Balance Dec. 31, 2022	
			Date	Amount					
New Jersey Environmental Infrastructure Fund - Series 2022 A-2 Final Clarifier Repair Project	12/22/2022		2023	13,517					
			2024	20,276					
			2025	20,276					
			2026	20,276					
			2027	20,276					
			2028	20,276					
			2029	20,276					
			2030	20,276					
			2031	20,276					
			2032	20,276					
			2033	20,276					
			2034	20,276					
			2035	20,276					
			2036	20,276					
			2037	20,276					
			2038	20,276					
			2039	20,276					
			2040	20,276					
			2041	20,276					
			2042	20,276					
2043	20,276								
2044	20,276								
2045	20,275								
2046	20,276								
2047	20,276								
2048	20,276								
2049	20,276								
2050	20,275								
					560,967	-	560,967		

SCHEDULE 7

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

**ANALYSIS OF ACCOUNTS RECEIVABLE - SEWER FEES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Balance Dec. 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2022</u>
City of Jersey City	9,328,467	4,512,666	3,810,444	10,030,689
Town of Boonton	-	359,203	359,203	-
Boonton Township	-	87,723	80,408	7,315
Town of Dover	(7)	1,111,201	1,018,611	92,583
Denville Township	4	1,265,681	1,265,681	4
Randolph Township	258,742	911,989	1,170,731	-
Rockaway Borough	-	146,501	146,501	-
Rockaway Township	6	1,903,978	1,903,978	6
Victory Gardens	-	120,756	110,693	10,063
Borough of Wharton	2	625,237	625,237	2
Picatinny Arsenal	10,561	121,499	112,652	19,408
Township of Mine Hill	8,529	109,516	109,290	8,755
	<u>9,606,304</u>	<u>11,275,950</u>	<u>10,713,429</u>	<u>10,168,825</u>

SCHEDULE 8

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS

The following officials were in office at December 31, 2022:

<u>Name</u>	<u>Office</u>
Hector R. Schorno	Chairman
John Cegelka	Vice Chairman
Michael Guadagno	Secretary
Glenn Corbett	Treasurer
Anthony Recchia, Jr.	Member
Donald Farrell	Member
William J. Isselin	Member
Mark Howarth	Member
Thomas Zuppa, Jr.	Member
Thomas M. Andes	Member
JoAnn Mondsini	Executive Director
Robert Bocchino	Manager of Engineering
Corinne Mosher	Manager of Safety/HR
Eric Reichert	Assistant Plant Manager
Mario Bonaccorso	Plant Manager/Licensed Operator
Malgorzata Wachowiak	Laboratory Manager
Sandy Thai, CMFO	Chief Financial Officer

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

Government Auditing Standards Report



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. McNINCH, CPA, CFE, PSA
KEVIN REEVES, CPA, PSA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Rockaway Valley Regional Sewerage Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2023.

Internal Control Over Financial Reporting

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Wielkocz & Company, LLC

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

September 26, 2023



Single Audit Section



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Rockaway Valley Regional Sewerage Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the N.J. Office of Management and Budget Circular 15-08 Compliance Supplement that could have a direct and material effect on each of Rockaway Valley Regional Sewerage Authority's major federal and state programs for the year ended December 31, 2022. Rockaway Valley Regional Sewerage Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rockaway Valley Regional Sewerage Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Rockaway Valley Regional Sewerage Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Rockaway Valley Regional Sewerage Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rockaway Valley Regional Sewerage Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rockaway Valley Regional Sewerage Authority's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rockaway Valley Regional Sewerage Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Rockaway Valley Regional Sewerage Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Rockaway Valley Regional Sewerage Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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



Honorable Chairman and Members of the
Rockaway Valley Regional Sewerage Authority
Page 4.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

September 26, 2023



SCHEDULE A

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
U.S. Environmental Protection Agency:								
<i>Pass Through New Jersey Department of Environmental Protection:</i>								
Capitalization Grants for Clean Water State Revolving Funds:								
NJETT Project No. S340821-07R (CLP)	66.458	n/a	\$ 613,434	\$ 518,134	01/01/22	12/31/22	\$ 518,134	\$ 560,967
NJETT Project No. S340821-08	66.458	n/a	\$ 6,452,968	\$ 4,151,160	01/01/22	12/31/22	\$ 4,163,590	\$ 5,237,110
U.S. Department of Homeland Security:								
<i>Pass Through New Jersey Department of Law and Public Safety:</i>								
Disaster Grants - Public Assistance (Presidentially Declared Disasters):								
Hurricane Sandy Assistance Grant	97.036	066-1200-100-C84	\$ 23,565	\$ 23,565	01/01/22	12/31/22	\$ 23,565	\$ 23,565
Coronavirus Pandemic	97.036	066-1200-100-C50	\$ 105,723	\$ 105,723	01/01/22	12/31/22	\$ 105,723	\$ 105,723
Total Federal Financial Assistance			\$ 4,798,582	\$ 4,798,582			\$ 4,811,012	\$ 5,927,365

See accompanying notes to the schedule of expenditures of federal awards.

SCHEDULE B

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF STATE AWARDS

DECEMBER 31, 2022

<u>State Funding Department</u>	<u>State Grant Account Number</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Period</u>		<u>Grant Expenditures</u>	<u>Cumulative Grant Expenditures</u>
				<u>From</u>	<u>To</u>		
<u>New Jersey Department of Environmental Protection:</u> Sewerage Facility Construction Grants: NJEIT Project No. S340821-07R (CLP) NJEIT Project No. S340821-08	042-4860-510-009	\$ 204,478	\$ 172,711	01/01/22	12/31/22	\$ 172,711	\$ 186,989
	042-4860-510-009	\$ 6,453,468	\$ 4,151,160	01/01/22	12/31/22	\$ 4,163,589	\$ 5,237,109
Total State Financial Assistance			<u>\$ 4,323,871</u>			<u>\$ 4,336,300</u>	<u>\$ 5,846,226</u>

See accompanying notes to the schedule of expenditures of state awards.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2022**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance- 12/31/21	\$6,228,523	\$5,842,827	\$12,071,350
Grants Received	4,669,294	4,323,871	8,993,165
Cancelled	<u>60,409</u>	<u>20,135</u>	<u>80,544</u>
Balance- 12/31/22	<u>\$1,498,820</u>	<u>\$1,498,821</u>	<u>\$2,997,641</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. INDIRECT COST RATE

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Reportable condition(s) identified that are not considered to be material weaknesses? _____yes X none reported
2. Material weakness(es) identified? _____yes X no

Noncompliance material to basic financial statements noted? _____yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____yes X none reported
2. Material weakness(es) identified? _____yes X no

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

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

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____yes X no

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results, (continued)

State Awards Section

Dollar threshold used to determine type A programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Type of auditors' report on compliance for major programs: unmodified

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>042-4800-526-006</u>	<u>N.J. Environmental Infrastructure Trust</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(continued)**

Section II - Financial Statement Findings

None

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

No matters were reported

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

Status of Prior Year Findings

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

General Comments and Recommendations

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

GENERAL COMMENTS

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the sum of \$44,000, 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.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

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

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

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

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

Respectfully submitted,

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey