

ROCKAWAY VALLEY REGIONAL
SEWERAGE AUTHORITY
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023 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, 2024 and 2023, 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

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 October 8, 2025 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.

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

October 8, 2025

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, 2024 and 2023. 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 \$28,074,784 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$28,835,080.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$29,683,463 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 \$98,461 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted of \$(1,707,140) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority increased by \$13,067,344 to \$70,238,213 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 position that is applicable to a future period (deferred outflows of resources), the acquisition of net position 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 \$28,074,784. This is a \$760,296 decrease over last year's net position of \$28,835,080. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position at December 31, 2024
With Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	35,951,201	27,777,845	8,173,356	29.42%
Capital Assets	<u>61,678,673</u>	<u>59,067,579</u>	<u>2,611,094</u>	4.42%
Total Assets	<u>97,629,874</u>	<u>86,845,424</u>	<u>10,784,450</u>	12.42%
Deferred Outflows of Resources	<u>5,472,479</u>	<u>5,433,284</u>	<u>39,195</u>	0.72%
Long-term Liabilities	36,995,907	25,861,864	11,134,043	43.05%
Current Liabilities	<u>33,242,306</u>	<u>31,309,035</u>	<u>1,933,271</u>	6.17%
Total Liabilities	<u>70,238,213</u>	<u>57,170,899</u>	<u>13,067,314</u>	22.86%
Deferred Inflows of Resources	<u>4,789,356</u>	<u>6,272,759</u>	<u>(1,483,403)</u>	(23.65)%
Net Investment in Capital Assets	29,683,463	31,520,686	(1,837,223)	(5.83)%
Restricted	98,461	107,159	(8,698)	(8.12)%
Unrestricted	<u>(1,707,140)</u>	<u>(2,792,765)</u>	<u>1,085,625</u>	(38.87)%
Total Net Position	<u>28,074,784</u>	<u>28,835,080</u>	<u>(760,296)</u>	(2.64)%

**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.

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	27,777,845	22,341,419	5,436,426	24.33%
Capital Assets	<u>59,067,579</u>	<u>59,166,302</u>	<u>(98,723)</u>	(0.17)%
Total Assets	<u>86,845,424</u>	<u>81,507,721</u>	<u>5,337,703</u>	6.55%
Deferred Outflows of Resources	<u>5,433,284</u>	<u>3,641,486</u>	<u>1,791,798</u>	49.21%
Long-term Liabilities	25,861,864	26,495,732	(633,868)	(2.39)%
Current Liabilities	<u>31,309,035</u>	<u>24,341,732</u>	<u>6,967,303</u>	28.62%
Total Liabilities	<u>57,170,899</u>	<u>50,837,464</u>	<u>6,333,435</u>	12.46%
Deferred Inflows of Resources	<u>6,272,759</u>	<u>6,277,866</u>	<u>(5,107)</u>	(0.08)%
Net Investment in Capital Assets	31,520,686	31,890,832	(370,146)	(1.16)%
Restricted	107,159	102,644	4,515	4.40%
Unrestricted	<u>(2,792,765)</u>	<u>(3,959,599)</u>	<u>1,166,834</u>	(29.47)%
Total Net Position	<u>28,835,080</u>	<u>28,033,877</u>	<u>801,203</u>	2.86%

**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, 2024 with Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	11,952,750	11,535,282	417,468	3.62%
Non-operating Revenues	<u>641,903</u>	<u>1,473,064</u>	<u>(831,161)</u>	<u>(56.42)%</u>
Total Revenues	<u>12,594,653</u>	<u>13,008,346</u>	<u>(413,693)</u>	<u>(3.18)%</u>
Depreciation	3,499,189	3,105,850	393,339	12.66%
Other Operating Expenses	9,490,701	8,364,237	1,126,464	13.47%
Other Non-operating Expense	<u>365,059</u>	<u>737,056</u>	<u>(371,997)</u>	<u>(50.47)%</u>
Total Expenses	<u>13,354,949</u>	<u>12,207,143</u>	<u>1,147,806</u>	<u>9.40%</u>
Change in Net Position	(760,296)	801,203	(1,561,499)	(194.89)%
Beginning Net Position	<u>28,835,080</u>	<u>28,033,877</u>	<u>801,203</u>	<u>2.86%</u>
Ending Net Position	<u>28,074,784</u>	<u>28,835,080</u>	<u>(760,296)</u>	<u>(2.64)%</u>

The Authority's operating revenues increased by \$417,468 to \$11,952,750 in fiscal year 2024 from \$11,535,282 in 2023. 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, 2023 with Comparative Prior Year Balances**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	11,535,282	11,092,149	443,133	4.00%
Non-operating Revenues	<u>1,473,064</u>	<u>231,339</u>	<u>1,241,725</u>	536.76%
Total Revenues	<u>13,008,346</u>	<u>11,323,488</u>	<u>1,684,858</u>	14.88%
Depreciation	3,105,850	3,264,565	(158,715)	(4.86)%
Other Operating Expenses	8,364,237	7,680,631	683,606	8.90%
Other Non-operating Expense	<u>737,056</u>	<u>374,455</u>	<u>362,601</u>	96.83%
Total Expenses	<u>12,207,143</u>	<u>11,319,651</u>	<u>887,492</u>	7.84%
Change in Net Position	801,203	3,837	797,366	20,780.97%
Beginning Net Position	<u>28,033,877</u>	<u>28,030,040</u>	<u>3,837</u>	0.01%
Ending Net Position	<u>28,835,080</u>	<u>28,033,877</u>	<u>801,203</u>	2.86%

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 2024 and FY 2023:

**Budget vs. Actual
FY 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>12,184,420</u>	<u>12,709,556</u>	<u>525,136</u>
Expenses:			
Operating	10,555,450	9,926,380	629,070
Non-Operating	<u>1,628,970</u>	<u>1,625,859</u>	<u>3,111</u>
	<u>12,184,420</u>	<u>11,552,239</u>	<u>632,181</u>
Income before Depreciation	<u>0</u>	<u>1,157,317</u>	<u>1,157,317</u>

**Budget vs. Actual
FY2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>12,230,540</u>	<u>12,997,504</u>	<u>766,964</u>
Expenses:			
Operating	9,833,190	9,087,369	745,821
Non-Operating	<u>2,397,350</u>	<u>2,279,530</u>	<u>117,820</u>
	<u>12,230,540</u>	<u>11,366,899</u>	<u>863,641</u>
Income before Depreciation	<u>0</u>	<u>1,630,605</u>	<u>1,630,605</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 \$61,678,673. This is a 2,611,094 increase over last year's net property, plant and equipment of \$59,067,579. A summary of the Authority's capital assets is presented in the following table:

CAPITAL ASSETS

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>
Land	\$859,400	\$859,400	0
Buildings and Interceptors	111,293,854	111,293,855	(1)
Machinery and Equipment	14,319,058	13,546,332	772,726
Less: Accumulated Depreciation	(83,510,710)	(80,233,169)	(3,277,541)
Construction in Progress	<u>18,717,071</u>	<u>13,601,161</u>	<u>5,115,910</u>
	<u><u>\$61,678,673</u></u>	<u><u>\$59,067,579</u></u>	<u><u>2,611,094</u></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
Engineering Capital Projects:	
Infrastructure Upgrade	118,000
Electrical Breakers	40,000
Building Misc. Upgrade	108,000
Emergency Utility Substation	100,000
JC Sewer Replacement	400,000
Old Admin Building Design/ Update	310,000
Old Ditch/Elevator/BF Preventor	350,000
Boonton Siphons Canal Side Park	100,000
Effluent Meter Replacement	300,000
Elevator Replacement	600,000
IPP Equipment - Portable Sampler	4,650
Laboratory Capital Projects:	
Laboratory Equipment	28,000
Operation Capital Projects:	
Oxidation Equipment	95,000
Pumping Equipment	185,000
Vehicles	150,000
Facilities Building Repair	140,000
Miscellaneous Equipment	352,250
Trunkline Capital Projects:	
Trunkline Equipment	139,200
Trunkline Misc. Equipment	302,000
Environment Infrastructure Trust Program:	
NJEIT Phosphorous	1,000,000
NJEIT Boonton Siphon I/O Wash	300,000
NJEIT Emergency Generator	13,500,000
NJEIT Emergency Utility Substation	15,000,000
NJEIT Old Admin Building Upgrade	<u>5,200,000</u>
Total	<u><u>\$38,863,100</u></u>

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

Debt Administration

At December 31, 2024, the Authority had outstanding New Jersey Environmental Infrastructure Fund bonds of \$12,700,051 (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 \$30,979,034 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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

EXHIBIT A

Page 1 of 3

STATEMENT OF NET POSITION

DECEMBER 31,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted:		
Cash and Cash equivalents	\$ 10,540,975	\$ 10,004,951
Accounts Receivable, net	11,823,181	10,841,662
Accrued Interest Receivable	57,672	
NJIB Receivable	<u>683,036</u>	<u>71,711</u>
Total Unrestricted Assets	<u>23,104,864</u>	<u>20,918,324</u>
Restricted:		
State Unemployment Insurance:		
Cash and Cash equivalents	98,461	107,159
New Jersey Infrastructure Bank:		
NJIB Receivable	<u>12,747,876</u>	<u>6,752,362</u>
Total Restricted Assets	<u>12,846,337</u>	<u>6,859,521</u>
Non-Current Assets:		
Capital Assets:		
Land	859,400	859,400
Buildings and Interceptors	111,293,854	111,293,855
Machinery and Equipment	14,319,058	13,546,332
Less: Accumulated Depreciation	(83,510,710)	(80,233,169)
Construction in Progress	<u>18,717,071</u>	<u>13,601,161</u>
Total Capital Assets	<u>61,678,673</u>	<u>59,067,579</u>
TOTAL ASSETS	\$ 97,629,874	\$ 86,845,424
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows:		
Pension-Related Deferred Outflows	809,152	790,889
OPEB-Related Deferred Outflows	<u>4,663,327</u>	<u>4,642,395</u>
Total Deferred Outflows of Resources	<u>\$ 5,472,479</u>	<u>\$ 5,433,284</u>

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

EXHIBIT A

Page 2 of 3

STATEMENT OF NET POSITION

DECEMBER 31,

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES</u>		
Current Liabilities:		
<u>Payable from Unrestricted Assets:</u>		
Accounts Payable	\$ 989,340	\$ 486,649
Accounts Payable - Pension-Related	475,876	477,068
Accrued Interest on NJIB Bonds	116,140	72,540
Bonds Payable	936,402	923,128
Notes Payable	19,920,273	19,920,273
Unearned Revenue	<u>10,169,969</u>	<u>9,179,666</u>
Total Payable from Unrestricted Assets	<u>32,608,000</u>	<u>31,059,324</u>
<u>Payable from Restricted Assets:</u>		
Accounts Payable - Construction Fund	<u>634,306</u>	<u>249,711</u>
Total Payable from Restricted Assets	<u>634,306</u>	<u>249,711</u>
Total Current Liabilities	<u>33,242,306</u>	<u>31,309,035</u>
Non-Current Liabilities:		
Bonds Payable	11,763,649	12,700,049
Notes Payable	11,058,761	
Net Pension Obligation	4,752,010	4,936,551
Net OPEB Obligation	<u>9,421,487</u>	<u>8,225,234</u>
Total Non-Current Liabilities	<u>36,995,907</u>	<u>25,861,834</u>
TOTAL LIABILITIES	\$ 70,238,213	\$ 57,170,869

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

EXHIBIT A

Page 3 of 3

STATEMENT OF NET POSITION

DECEMBER 31,

	<u>2024</u>	<u>2023</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Unamortized Premium on Bonds	\$ 215,519	\$ 250,838
Pension-Related Deferred Inflows	479,863	684,709
OPEB-Related Deferred Inflows	3,879,798	5,081,956
Deferred Savings on Refunded Bond	<u>214,176</u>	<u>255,256</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 4,789,356	\$ 6,272,759
 <u>NET POSITION</u>		
Net Investment in Capital Assets	29,683,463	31,520,686
Restricted:		
State Unemployment Insurance	98,461	107,159
Unrestricted:		
Designated	5,923,998	4,852,066
Undesignated	<u>(7,631,138)</u>	<u>(7,644,831)</u>
TOTAL NET POSITION	\$ 28,074,784	\$ 28,835,080

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

EXHIBIT B

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

DECEMBER 31,

	2024	2023
Operating Revenue:		
Service Agreements	\$ 11,311,170	\$ 10,853,923
User Charges and Fees	298,286	262,869
Sewer Permits	24,695	18,350
IPP Surcharge/TWA Application Fees	113,972	255,897
Industrial Annual Fees/Industrial User Fines	66,900	84,000
Miscellaneous	87,859	57,829
Interest Income	<u>49,868</u>	<u>2,414</u>
Total Operating Revenue	<u>11,952,750</u>	<u>11,535,282</u>
Operating Expenses:		
Cost of Providing Services	5,347,613	4,896,912
Employee Benefits	1,443,193	1,005,276
Administrative and General	2,699,895	2,462,049
Depreciation Expense	<u>3,499,189</u>	<u>3,105,850</u>
Total Operating Expenses	<u>12,989,890</u>	<u>11,470,087</u>
Operating Income	<u>(1,037,140)</u>	<u>65,195</u>
Non-Operating Revenue (Expenses):		
Interest on Investments	556,806	185,117
Interest Expense and NJEIT Fees	(252,731)	(228,121)
Amortization of Bond Premium	76,399	151,694
Unemployment Fund-Net	8,698	4,515
Loss from Disposal of Assets		(363,267)
FEMA - Public Assistance Hurricane Sandy Grant		1,131,738
Debt Service Reserve Credit	(112,328)	(115,089)
Cost of Issuance		(30,579)
Non-Operating Income (Loss)	<u>276,844</u>	<u>736,008</u>
Change In Net Position	<u>(760,296)</u>	<u>801,203</u>
Net Position - January 1,	<u>28,835,080</u>	<u>28,033,877</u>
Net Position - December 31	<u>\$ 28,074,784</u>	<u>\$ 28,835,080</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,

	2024	2023
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 11,799,341	\$ 11,649,403
Cash Paid to Vendors and Employees	(9,414,989)	(11,362,836)
Interest Received	49,868	2,414
Net Cash Provided by Operating Activities	2,434,220	288,981
Cash Flow from Investing Activities:		
Interest Received	499,134	185,117
Net Cash Provided by (used in) Investing Activities	499,134	185,117
Cash Flow from Financing Activities:		
Capital Expenditures	(5,725,689)	(695,941)
Interest Paid	(209,131)	(228,121)
NJEIT Reimbursements Received	4,451,920	2,988,530
Principal Payment on Bonds	(923,128)	(1,601,409)
Net Cash Used in Financing Activities	(2,406,028)	463,059
Net Increase/(Decrease) in Cash and Cash Equivalents	527,326	937,157
Cash and Cash Equivalents at Beginning of Year	10,112,110	9,174,953
Cash and Cash Equivalents at End of Year	\$ 10,639,436	\$ 10,112,110
 Classified as:		
Unrestricted Assets	10,540,975	10,004,951
Restricted Assets	98,461	107,159
	10,639,436	10,112,110

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,

	2024	2023
OPERATING INCOME	\$ (1,037,140)	\$ 65,195
Adjustments to Reconcile Change in Net Position to		
Net Cash Provided by Operating Activities:		
Depreciation	3,499,189	3,264,565
(Increase) Decrease in Receivables	(1,093,844)	(562,521)
Increase (Decrease) in Payables	502,691	(122,949)
Increase (Decrease) in Pension-Related Activity	(400,142)	(2,073,026)
Increase (Decrease) in OPEB-Related Activity	(26,837)	(90,478)
Increase (Decrease) in Unearned Revenues	990,303	702,227
Total Adjustments	<u>3,471,360</u>	<u>1,117,818</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,434,220</u>	<u>\$ 1,183,013</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, 2024 AND 2023**

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, 2023 AND 2022**

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, 2024 AND 2023

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, 2024 AND 2023**

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, 2024 AND 2023

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, 2024 and 2023 are as follows:

	<u>Balance</u> <u>FY2023</u>	<u>Net</u> <u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>FY2024</u>
Land	\$859,400	\$	\$	\$859,400
Buildings and Interceptors	111,293,855			111,293,855
Machinery and Equipment	13,546,332	994,374	221,648	14,319,058
Construction in Progress	<u>13,601,161</u>	<u>5,115,910</u>	<u>221,648</u>	<u>18,717,071</u>
	139,300,748	6,110,284		145,189,384
Less: Accumulated Depreciation	<u>(80,233,169)</u>	<u>3,499,189</u>	<u>221,648</u>	<u>(83,510,710)</u>
Property, Plant and Equipment, Net	<u>\$59,067,579</u>	<u>\$2,611,095</u>	<u>\$0</u>	<u>\$61,678,674</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

H. Property, Plant and Equipment, (continued)

	<u>Balance FY2022</u>	<u>Net Additions</u>	<u>Disposals</u>	<u>Balance FY2023</u>
Land	\$859,400	\$	\$	\$859,400
Buildings and Interceptors	111,293,855			111,293,855
Machinery and Equipment	12,863,340	1,001,543	318,551	13,546,332
Construction in Progress	<u>11,277,026</u>	<u>3,325,678</u>	<u>1,001,543</u>	<u>13,601,161</u>
	136,293,621	4,327,221	1,320,094	139,300,748
Less: Accumulated Depreciation	<u>(77,127,319)</u>	<u>(3,105,850)</u>		<u>(80,233,169)</u>
Property, Plant and Equipment, Net	<u>\$59,166,302</u>	<u>\$1,221,371</u>	<u>\$1,320,094</u>	<u>\$59,067,579</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, 2024 AND 2023**

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. 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.

N. 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.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

O. Recent Accounting Pronouncements

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. The Authority is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

O. Recent Accounting Pronouncements, (continued)

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

P. Revenues and Expenses

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

NOTE 3. CASH AND CASH EQUIVALENTS

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

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

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

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

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

As of December 31, 2024, the Authority's cash and cash equivalents are summarized as follows:

	Money Market/CD's and Checking <u>Accounts</u>	NJ Cash Management <u>Fund</u>	<u>Total</u>
Unrestricted	\$10,326,836	\$214,139	\$10,540,975
Restricted	<u>98,461</u>	<u> </u>	<u>98,461</u>
	<u>\$10,425,297</u>	<u>\$214,139</u>	<u>\$10,639,436</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, 2024, the Authority had \$214,139 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, 2024 AND 2023

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

The carrying amount of the Authority's cash and cash equivalents at December 31, 2024 was \$10,639,436 and the bank balance was \$10,775,297. 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, 2024, \$-0- of the Authority's bank balance of \$10,775,297 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:

	Balance Dec.31,2023	Loans Authorized	Less: Amounts Received	Less: Amounts Cancelled	Balance Dec.31, 2024
Project No. S340821-08 (Phosphorous):					
Fund Portion	\$621,628	\$	\$102,456	\$	\$519,172
Trust Portion	621,628		102,456		519,172
Project No. S340821-10 (Interceptor)					
Fund Portion	2,790,409		1,854,456		935,954
Trust Portion	2,790,408		1,854,455		935,954
Project No. S340821-11 (Generators)					
Fund Portion		5,529,381	269,050		5,260,331
Trust Portion		5,529,380	269,049		5,260,331
	<u><u>\$6,824,073</u></u>	<u><u>\$11,058,761</u></u>	<u><u>\$4,451,922</u></u>	<u><u>\$0</u></u>	<u><u>\$13,430,914</u></u>
Unrestricted	71,711				683,036
Restricted	<u><u>6,752,362</u></u>				<u><u>12,747,876</u></u>
	<u><u>\$6,824,073</u></u>				<u><u>\$13,430,912</u></u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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</u> <u>Dec. 31, 2022</u>	<u>Loans</u> <u>Authorized</u>	<u>Less:</u> <u>Amounts</u> <u>Received</u>	<u>Less:</u> <u>Amounts</u> <u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Project No. S340821-08 (Phosphorous):					
Fund Portion	\$1,498,820	\$442,639	\$1,319,831	\$	\$621,628
Trust Portion	1,498,821	442,638	1,319,831		621,628
Project No. S340821-10 (Interceptor):					
Fund Portion		3,000,000	209,591		2,790,409
Trust Portion		3,000,000	209,592		2,790,408
	<u>\$2,997,641</u>	<u>\$6,885,277</u>	<u>\$3,058,845</u>	<u>\$0</u>	<u>\$6,824,073</u>
Unrestricted	565,924				71,711
Restricted	<u>2,431,717</u>				<u>6,752,362</u>
	<u><u>\$2,997,641</u></u>				<u><u>\$6,824,073</u></u>

NOTE 5. BONDS PAYABLE

The Authority has issued and has outstanding the following bonds as of December 31, 2024 and 2023.

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Issued</u>	<u>Retirements/</u> <u>Repayments</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Series 2010 NJ Environmental Infrastructure Trust and Fund Bonds	\$912,540		\$150,924	\$761,616
Series 2012 NJ Environmental Infrastructure Trust and Fund Bonds	1,458,972		174,212	1,284,760
Series 2015 NJ Environmental Infrastructure Trust Bonds	1,063,000		246,000	817,000
Series 2018 A-2 NJ Environmental Infrastructure Trust and Fund Bonds	1,457,178		52,687	1,404,491
Series 2019 A-1 NJ Environmental Infrastructure Trust and Fund Bonds	1,964,450		72,378	1,892,072
Series 2021 NJ Environmental Infrastructure Trust and Fund Bonds	6,044,587		201,649	5,842,938
Series 2022 DL NJ Environmental Infrastructure Trust and Fund Bonds	0			0
Series 2022 A-2 NJ Environmental Infrastructure Trust and Fund Bonds	722,450		25,276	697,174
	<u><u>\$13,623,177</u></u>	<u><u>\$</u></u>	<u><u>\$923,126</u></u>	<u><u>\$12,700,051</u></u>
Due Within One Year	923,128			936,402
Long-Term Debt	<u>12,700,049</u>			<u>11,763,649</u>
	<u><u>\$13,623,177</u></u>			<u><u>\$12,700,051</u></u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5. BONDS PAYABLE, (continued)

	Balance Dec. 31, 2022	Issued	Retirements/ Repayments	Balance Dec. 31, 2023
Series 2010 NJ Environmental Infrastructure Trust and Fund Bonds	\$1,058,464		\$145,924	\$912,540
Series 2012 NJ Environmental Infrastructure Trust and Fund Bonds	1,629,171		170,199	1,458,972
Series 2015 NJ Environmental Infrastructure Trust Bonds	1,297,000		234,000	1,063,000
Series 2018A-2 NJ Environmental Infrastructure Trust and Fund Bonds	1,509,866		52,688	1,457,178
Series 2019A-1 NJ Environmental Infrastructure Trust and Fund Bonds	2,036,828		72,378	1,964,450
Series 2021 NJ Environmental Infrastructure Trust and Fund Bonds	6,246,239		201,652	6,044,587
Series 2022 DL NJ Environmental Infrastructure Trust and Fund Bonds	711,053		711,053	0
Series 2022 A-2NJ Environmental Infrastructure Trust and Fund Bonds	<u>735,967</u>	<u> </u>	<u>13,517</u>	<u>722,450</u>
	<u><u>\$15,224,588</u></u>	<u><u>\$ </u></u>	<u><u>\$1,601,411</u></u>	<u><u>\$13,623,177</u></u>
Due Within One Year	913,494			923,128
Long-Term Debt	<u>14,311,094</u>			<u>12,700,049</u>
	<u><u>\$15,224,588</u></u>			<u><u>\$13,623,177</u></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>
2025	\$936,402	\$112,501	\$1,048,903
2026	955,313	104,087	1,059,400
2027	975,150	95,305	1,070,455
2028	702,832	87,270	790,102
2029-2033	2,576,613	329,803	2,906,416
2034-2038	1,919,963	237,388	2,157,351
2039-2043	1,999,964	161,987	2,161,951
2044-2048	2,089,959	79,363	2,169,322
2049-2050	<u>543,855</u>	<u>6,562</u>	<u>550,417</u>
	<u><u>\$12,700,051</u></u>	<u><u>\$1,214,266</u></u>	<u><u>\$13,914,317</u></u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 5. BONDS PAYABLE, (continued)

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>	<u>NJEIT SERIES 2010 A</u>			
	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
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	1,882	107,920	156,802
	<u>\$222,000</u>	<u>\$27,162</u>	<u>\$539,615</u>	<u>\$788,777</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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:

Year	NJEIT SERIES 2012				
	Trust Portion		Fund Portion		Total Debt Service
Year	Principal	Interest	Principal	Interest	
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>\$673,267</u>	<u>\$85,894</u>	<u>\$611,493</u>		<u>\$1,370,654</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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>Year</u>	<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Debt Service</u>
2025	\$260,000	\$260,000
2026	271,000	271,000
2027	<u>286,000</u>	<u>286,000</u>
	<u>\$817,000</u>	<u>\$817,000</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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>	<u>NJEIT SERIES 2018A-2</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fund Portion</u>	<u>Total</u>
				<u>Debt Service</u>
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	<u>25,000</u>	<u>1,000</u>	<u>42,687</u>	<u>68,687</u>
	<u>\$380,000</u>	<u>\$220,400</u>	<u>\$1,024,491</u>	<u>\$1,624,891</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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:

Year	NJEIT SERIES 2019 A-1			
	Trust Portion		Fund Portion	
Principal	Interest	Principal	Debt Service	
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	<u>30,000</u>	<u>900</u>	<u>57,378</u>	<u>88,278</u>
	<u>\$515,000</u>	<u>\$212,825</u>	<u>\$1,377,072</u>	<u>\$2,104,897</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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>	<u>NJEIT SERIES 2021 A-1</u>		
	<u>Trust Portion</u>	<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2025	\$35,000	\$41,787	\$243,439
2026	40,000	40,038	246,689
2027	40,000	38,037	244,689
2028	45,000	36,038	247,689
2029	45,000	33,787	245,439
2030	45,000	31,538	243,189
2031	50,000	29,737	246,389
2032	50,000	28,238	244,889
2033	50,000	26,737	243,389
2034	55,000	25,238	246,889
2035	55,000	23,587	245,239
2036	55,000	21,938	243,589
2037	60,000	20,837	247,489
2038	60,000	19,038	245,689
2039	60,000	17,237	243,889
2040	65,000	16,038	247,689
2041	65,000	14,737	246,389
2042	65,000	13,438	245,089
2043	65,000	12,137	243,789
2044	70,000	10,838	247,489
2045	70,000	9,437	246,088
2046	70,000	8,038	244,689
2047	70,000	6,637	243,288
2048	75,000	5,063	246,714
2049	75,000	3,375	245,026
2050	<u>75,000</u>	<u>1,687</u>	<u>243,338</u>
	<u><u>\$1,510,000</u></u>	<u><u>\$535,237</u></u>	<u><u>\$6,623,362</u></u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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>	<u>NJEIT SERIES 2022 A-2</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fund Portion</u>	<u>Total</u>
		<u>Principal</u>	<u>Debt Service</u>	
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>\$170,000</u>	<u>\$132,750</u>	<u>\$527,174</u>	<u>\$829,924</u>

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE6. NOTES PAYABLE

The Authority has issued and has outstanding the following notes as of December 31, 2024 and 2023:

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Issued</u>	<u>Retirements/</u> <u>Repayments</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Series 2021 Notes (NJIB) - Phosphorous and Filtration	\$13,920,273	\$	\$	\$13,920,273
Series 2023 Construction Loan - Interceptor Sewer and Replacement - Boonton Section	6,000,000			6,000,000
Series 2024 Construction Loan - Generators	_____	<u>11,058,761</u>	_____	<u>11,058,761</u>
	<u>\$19,920,273</u>	<u>\$11,058,761</u>	<u>\$</u>	<u>\$30,979,034</u>
Due Within One Year Long-Term Debt	<u>19,920,273</u>			<u>19,920,273</u>
	<u><u>19,920,273</u></u>			<u><u>11,058,761</u></u>
	<u><u>19,920,273</u></u>			<u><u>\$30,979,034</u></u>
	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Issued</u>	<u>Retirements/</u> <u>Repayments</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Series 2021 Notes (NJIB) - Phosphorous and Filtration	\$13,034,996	\$885,277	\$	\$13,920,273
Series 2023 Construction Loan - Interceptor Sewer and Replacement - Boonton Section	_____ -	6,000,000	_____	6,000,000
	<u>\$13,034,996</u>	<u>\$6,885,277</u>	<u>\$</u>	<u>\$19,920,273</u>
Due Within One Year Long-Term Debt	<u>13,034,996</u>			<u>19,920,273</u>
	<u><u>13,034,996</u></u>			<u><u>\$19,920,273</u></u>

A description of these outstanding notes is as follows:

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 loan has been amended with a new amount of \$13,920,273. 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, 2025.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6. NOTES PAYABLE (continued)

2023 Construction Loan Program

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$6,000,000. As of December 31, 2024, the I-Bank has authorized the amount of \$6,000,000.

2024 Construction Loan Program

The Authority on June 27, 2024 issued a Note to the New Jersey Infrastructure Bank in the amount of \$11,058,761.

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, 2024 AND 2023**

NOTE 7. PENSION PLAN, (continued)

Benefits Provided, (continued)

Tier	Definition
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, 2024 AND 2023**

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</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
<u>Funding</u>		
12/31/24	\$455,515	100%
12/31/23	434,934	100%
12/31/22	425,099	100%

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

Public Employees Retirement System (PERS)

At December 31, 2024 and 2023, the Authority reported a liability of \$4,752,010 and \$4,936,551 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2024, the Authority's proportion was .034971988 percent, which was a decrease of .00089007 percent from its proportion measured as of June 30, 2023.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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, 2024, the Authority recognized pension expense (benefit) of \$78,105. At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2024</u>	<u>2023</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$5,903	\$10,845
Net difference between projected and actual earnings on pension plan investments	95,192	69,933
Changes in proportion and differences between Authority contributions and proportionate share of contributions	232,181	233,043
Authority contributions subsequent to the measurement date	<u>475,876</u>	<u>477,068</u>
 Total	<u><u>\$809,152</u></u>	<u><u>\$790,889</u></u>

	<u>2024</u>	<u>2023</u>
Deferred Inflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$220,338	\$319,355
Changes in proportion assumption and differences between Authority contributions and proportionate share of contributions	<u>259,525</u>	<u>365,354</u>
 Total	<u><u>\$479,863</u></u>	<u><u>\$684,709</u></u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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 \$475,876 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, 2024, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
2024		\$(260,631)
2025	\$(201,759)	(145,474)
2026	156,115	203,291
2027	(89,816)	(36,381)
2028	(51,850)	619
2029	1,349	

Changes in Proportion

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

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2024 and December 31, 2023 are as follows:

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Collective deferred outflows of resources	\$1,079,580,780	\$1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,702,423,985	14,606,489,066
Authority's Proportion	.034971988%	0.03408191%

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

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

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

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

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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

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

	<u>June 30, 2024</u>		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
Authority's proportionate share of the pension liability	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
	\$6,367,403	\$4,752,010	\$3,451,359
	<u>June 30, 2023</u>		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
Authority's proportionate share of the pension liability	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
	\$6,480,518	\$4,936,551	\$3,699,473

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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, 2024 AND 2023**

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 otherpostemployment 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, 2024 AND 2023**

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, 2024 and 2023, the Authority had a liability of \$9,421,487 and \$8,225,234, respectively, for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2023 was measured as of June 30, 2024 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, 2023 the Authority's proportion was .052618 percent.

For the years ended December 31, 2024 and 2023, the Authority recognized OPEB (benefit) expense of \$216,397 and \$118,478, respectively. At December 31, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>	<u>2023</u>
Deferred Outflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$477,132	\$379,305
Changes of assumptions	1,575,094	1,065,476
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>2,611,101</u>	<u>3,197,614</u>
Total	<u>\$4,663,327</u>	<u>\$4,642,395</u>
	<u>2024</u>	<u>2023</u>
Deferred Inflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	\$1,596,324	\$2,233,705
Changes of assumptions	1,563,907	2,325,010
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>719,567</u>	<u>523,241</u>
Total	<u>\$3,879,798</u>	<u>\$5,081,956</u>

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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>2024</u>	<u>2023</u>
Year ended June 30:		
2024		(933,148)
2025	(591,414)	(764,307)
2026	(254,621)	(413,477)
2027	(43,755)	(193,823)
2028	(233,274)	(391,241)
2029	(148,618)	
Thereafter	159,411	(419,295)

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 7.89, 7.89, 7.82, 7.82, 7.87 and 8.05 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. 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, 2024 AND 2023**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Actual Assumptions and Other Inputs, (continued)

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)	
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Rate for all future years	3.25% to 16.25% based on years of service
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Mortality:

PERS	
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	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
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PFRS	
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	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
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* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2019 to June 30, 2022.

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

Discount Rate

The discount rate for June 30, 2024 and 2023 was 3.93% and 3.65%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 7.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.5% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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, 2024		
	1% Decrease <u>2.93%</u>	At Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
Authority's proportionate share of Net OPEB liability	\$10,975,017	\$9,421,487	\$8,177,248
	June 30, 2023		
	1% Decrease <u>2.65%</u>	At Current Discount Rate <u>3.65%</u>	1% Increase <u>4.65%</u>
Authority's proportionate share of Net OPEB liability	\$9,527,443	\$8,225,234	\$7,177,808

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, 2024		
	1% Decrease <u>7,968,655</u>	Healthcare Cost Trend Rate <u>\$9,421,487</u>	1% Increase <u>\$11,289,421</u>
Authority's proportionate share of Net OPEB liability	\$7,968,655	\$9,421,487	\$11,289,421
	June 30, 2022		
	1% Decrease <u>\$6,990,481</u>	Healthcare Cost Trend Rate <u>\$8,225,234</u>	1% Increase <u>\$9,806,096</u>
Authority's proportionate share of Net OPEB liability	\$6,990,481	\$8,225,234	\$9,806,096

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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 al., 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 originates from a 1971 Stipulation of Settlement (City of Jersey City v. Town of Dover, et al., Docket No. C658-68), approved by the Superior Court of New Jersey, Hudson County. Under the Stipulation, the City transferred ownership of its Parsippany wastewater treatment plan and trunkline to the Authority and agreed to pay a share of capital and operating costs based on sewage flow and system capacity. In 1984, the parties executed an Amendment to the Stipulation resolving reinstated litigation by reducing the City’s capital share for Segment 1 by \$500,000, reaffirming its obligation to contribute to operating and capital costs, and barring future challenges to the agreement.

Despite this bar, the City and the Jersey City MUA filed suit against the RVRSA and its member municipalities (Jersey City MUA and the City of Jersey City v. Town of Dover, et al., MRS-L-1313-10) in 2010, seeking declaratory and monetary relief, including termination of their obligation to pay capital and operating costs and the invalidation of the 1984 Settlement. In 2014, the Superior Court granted partial summary judgment to the RVRSA and the member municipalities, barring multiple claims that could have been raised in 1984. After trial in 2018, the Court entered partial judgment for RVRSA, holding that the City remain responsible for their proportional share of repair, operation, and maintenance costs, and that they had breached the agreement by withholding payments since 2010. A separate trial was ordered on damages, where on November 3, 2021, the Court dismissed RVRSA’s damage claims for certain construction projects between January 1, 2010, and June 30, 2018 (totaling \$4,674,801.02), and later denied RVRSA’s motion for reconsideration on January 31, 2022.

The City filed its Notice of Appeal on January 21, 2022 to the decisions of the Court which were rendered over the years, with the exception of the decision in the bifurcated damage claims. In February, 2022, RVRSA and the Municipal Defendants each filed Notices of Cross Appeal as to the decision in the bifurcated damage claim. On May 20, 2025, the Appellate Division affirmed all the lower court decisions. The opinion additionally stated that the Settlement Agreement will terminate if the wastewater facility is enlarged or expanded beyond 12 MDG. That issue was never raised or argued by any party during the pendency of the litigation.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

On June 16, 2025, the City filed a Petition for Certification to the Supreme Court of New Jersey challenging the majority of the decisions affirmed by the Appellate Division. On June 19, 2025, the RVRSA filed a Cross Petition for Certification to the Supreme Court of New Jersey, challenging the Appellate Division's additional language regarding expansion and enlargement as described above. As of the date of this letter, the Supreme Court of New Jersey has not yet decided on whether it will accept or deny the Petitions for Certification filed by the Parties.

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, even if a court of competent jurisdiction issues an unappealable decision holding that the expansion or enlargement beyond 12 MGD will terminate the Stipulation, due to the fact that the payments now made by the Jersey City parties will instead become the responsibility of the participant municipalities.

RVRSA v. Jersey City Municipal Utilities Authority and City of Jersey City, Dkt. MRS-L-001 861-22

In December 2022, the RVRSA filed a Complaint against the Jersey City parties seeking an Order to compel them to pay for their proportional share of the costs for construction 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 August 2018 through the eventual date of trial and an Order compelling the City to continue to pay their portion of such costs. The City parties 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. Discovery for this case concluded on September 1, 2025, and the trial is scheduled to occur on January 5 and 6, 2026, unless the parties agree to proceed with an alternative dispute resolution process that is being negotiated.

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.

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10. RISK MANAGEMENT, (continued)

New Jersey Unemployment Compensation Insurance

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

Fiscal <u>Year</u>	Employee Contributions/ Interest Earnings/		<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>Authority Contributions</u>			
2024	\$7,287		\$15,985	\$98,461
2023	4,515		-0-	107,159
2022	9,529		5,233	102,644

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.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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>2024</u>	<u>2023</u>
Designated for Renewal and Replacement	\$1,422,372	\$1,679,762
Designated for Subsequent Year's Budget	3,413,100	2,221,450
Designated for Capital Replacements	23,702	23,702
Designated for Debt Service	<u>1,064,824</u>	<u>927,152</u>
 Total Designated- Unrestricted	 <u>\$5,923,998</u>	 <u>\$4,852,066</u>

At December 31, 2024, the Authority reported a total amount of \$5,923,998 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pension Related	(\$4,898,597)	(\$5,307,439)
OPEB related	(8,637,958)	(8,664,795)
Available for Use in Future Budgets	<u>5,905,417</u>	<u>6,327,403</u>
 (\$7,631,138)	 <u>(\$7,644,831)</u>	

**ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13. OTHER MATTERS

At December 31, 2024, the Authority had an accounts receivable balance of \$11,823,181, of which \$11,810,364 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 \$10,169,969 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

The Authority issued on May 15, 2025 NJIB Series 2025-SW and Series 2025C-SW1 Bonds in the amount of \$13,244,029. The proceeds of these bonds were used to refinance the Series 2021 NJIB Notes for the Phosphorous and Filtration Project.

The Rockaway Valley Regional Sewerage Authority has evaluated subsequent events through October 8, 2025, the date which the financial statements were available to be issued and no other items were noted for disclosure.

Required Supplementary Information - Part II

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.0349719880%	0.0340819180%	0.0344868600%	0.0362986200%	0.0337251400%	0.035491109%	9.0357845400%	0.0360669176%	0.033154945%	0.032399910%
Authority's proportionate share of the net pension liability (asset)	\$ 4,752,010	\$ 4,936,551	\$ 5,204,988	\$ 4,300,115	\$ 5,499,688	\$ 6,394,960	\$ 7,047,766	\$ 8,356,267	\$ 9,813,783	\$ 7,394,301
Authority's covered payroll: PERS	2,637,534	2,720,661	2,602,186	2,516,611	2,544,088	2,472,037	2,469,857	2,461,801	2,299,977	2,227,667
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	167.47%	161.45%	200.03%	170.87%	216.18%	258.69%	285.35%	341.06%	426.68%	331.90%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 455,515	\$ 434,934	\$ 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>\$ (455,515)</u>	<u>\$ (434,934)</u>	<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>									
Authority's covered payroll - PERS	\$ 2,837,534	\$ 2,720,661	\$ 2,602,136	\$ 2,516,611	\$ 2,544,088	\$ 2,472,037	\$ 2,469,857	\$ 2,461,801	\$ 2,299,977	\$ 2,227,867
Contributions as a percentage of covered payroll	16.05%	15.99%	16.34%	14.66%	13.59%	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.

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
Note to Required Schedules of Supplementary Information
For the Year Ended December 31, 2024

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

Assumptions used in the calculation of the PERS liability are presented in Note 7.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net OPEB liability (asset)	0.0526180000%	0.0548110000%	0.0432920000%	0.0445290000%	0.0431860000%	0.0356620000%	0.0386240000%	0.0371720000%	0.0410790000%
Authority's proportionate share of the net OPEB liability (asset)	\$ 9,421,487	\$ 8,225,234	\$ 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	\$ 2,837,534	\$ 2,720,661	\$ 2,602,136	\$ 2,516,611	\$ 2,544,068	\$ 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	332.03%	302.32%	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	-0.88%	-0.78%	-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 Eight Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 262,414	\$ 262,414	\$ 204,763	\$ 119,527	\$ 107,254	\$ 86,910	\$ 60,789	\$ 48,877	\$ 36,860
Contributions in relation to the contractually required contribution	\$ (262,414)	\$ (262,414)	\$ (204,763)	\$ (119,527)	\$ (107,254)	\$ (86,910)	\$ (60,789)	\$ (48,877)	\$ (36,860)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,837,534	\$ 2,720,661	\$ 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	9.25%	9.65%	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
Note to Required Schedules of Supplementary Information
For the Year Ended December 31, 2024

Other Post Employment Benefits

Change in benefit terms

None

Change in assumptions

Assumptions used in the calculation of the OPEB liability are presented in Note 8.

Supplementary Schedules

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		Renewal and Replacement	Undesignated	Total
		State	Subsequent Year's Budget Appropriation	Capital Replacements	Debt Service			
Operating Revenue:								
Service Agreements						11,311,170		11,311,170
User Charges and Fees						298,286		298,286
Server Permits						24,695		24,695
IPP Surcharge/TWA Application Fees						113,972		113,972
Industrial Annual Fees/Industrial User Fines						66,900		66,900
Miscellaneous						87,859		87,859
Interest Income						49,868		49,868
Total Operating Revenue						11,952,750		11,952,750
Operating Expense:								
Cost of Providing Services						5,347,613		5,347,613
Employee Benefits						1,443,193		1,443,193
Administrative and General						2,699,895		2,699,895
Depreciation						-		3,499,189
Total Operating Expense						9,490,701		12,989,890
Operating Income								
(3,499,189)						-		2,462,049
								(1,037,140)
Non-Operating Revenue (Expense):								
Interest Income						556,806		556,806
Interest Expense and NJIB Fees						(252,731)		(252,731)
Unemployment Ins. Claims - Net						17,396		17,396
Debt Service Reserve Credit						8,698		8,698
Loss from Disposal of Assets						(112,328)		(112,328)
FEMA - Hurricane Sandy Assistance Grant						-		-
Amortization on Bond Premium						-		-
Cost of Issuance						-		-
Total Non-Operating Revenue (Expense)						-		-
						-		-
Net Income (Loss) Before Transfers								
						-		-
Transfers:								
Required Transfers								
NJETT Reimbursements	4,451,918					(1,191,650)		-
Capital Purchases, Net Disposals	(3,789,479)					(4,451,918)		-
Bond Principal Payments	923,128					4,246,869		-
Budget Appropriation						(923,128)		-
						(450,000)		-
Increase/(Decrease) in Net Position								
Net Position - January 1, 2024	31,520,686		107,159	2,221,450	23,702	927,152	1,679,762	(7,644,831)
Net Position - December 31, 2024	29,683,463		98,461	3,413,100	23,702	1,064,824	1,422,372	(7,631,138)
								28,074,784

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE2

Page 1 of 3

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2024

	Trustee/ Treasurer Revenue	Revenue Operating	General Account
Cash, Cash Equivalents and Investments -			
January 1, 2024	1,448,453	840,552	4,925,482
Cash Receipts:			
Revenues	11,799,343		
Other		41,752	338,220
Transfers		1,122,812	1,200,000
Total Cash Receipts	11,799,343	1,164,564	1,538,220
Cash and Investments Available	13,247,796	2,005,116	6,463,702
Cash Disbursements:			
Bond Interest Payments	209,131		
Bond Principal Payments	923,128		
Operations	9,414,991		
Other		1,117,589	
Transfers	2,522,812		
Total Cash Disbursements	13,070,062	1,117,589	-
Cash, Cash Equivalents and Investments -			
December 31, 2024	177,734	887,527	6,463,702
Analysis of Balance:			
Cash and Cash Equivalents	177,734	887,527	6,463,702
	177,734	887,527	6,463,702
Unrestricted	177,734	887,527	6,463,702
Restricted	-		-
	177,734	887,527	6,463,702

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE 2

Page 2 of 3

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2024

	Renewal and Replacement Account	Construction Account	Unemployment Insurance Account
Cash, Cash Equivalents and Investments -			
January 1, 2024	2,126,597	442,743	107,159
Cash Receipts:			
Revenues			
Other	130,494	18,451	7,287
Transfers	200,000		
Total Cash Receipts	330,494	18,451	7,287
Cash and Investments Available	2,457,091	461,194	114,446
Cash Disbursements:			
Bond Interest Payments			
Bond Principal Payments			
Operations			
Other			15,985
Transfers			
Total Cash Disbursements	-	-	15,985
Cash, Cash Equivalents and Investments -			
December 31, 2024	2,457,091	461,194	98,461
Analysis of Balance:			
Cash and Cash Equivalents	2,457,091	461,194	98,461
	2,457,091	461,194	98,461
Unrestricted	2,457,091	461,194	-
Restricted	-	-	98,461
	2,457,091	461,194	98,461

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE2

Page 3 of 3

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2024

	Capital Replacement Account	Whitlock Pkg. Escrow Account	Total
Cash, Cash Equivalents and Investments -			
January 1, 2024	210,922	10,202	10,112,110
Cash Receipts:			
Revenues	4,451,920		16,251,263
Other	19,808	276	556,288
Transfers			2,522,812
Total Cash Receipts	4,471,728	276	19,330,363
Cash and Investments Available	4,682,650	10,478	29,442,473
Cash Disbursements:			
Bond Interest Payments			209,131
Bond Principal Payments			923,128
Operations			9,414,991
Other	4,599,401		5,732,975
Transfers			2,522,812
Total Cash Disbursements	4,599,401	-	18,803,037
Cash, Cash Equivalents and Investments-			
December 31, 2024	<u>83,249</u>	<u>10,478</u>	<u>10,639,436</u>
Analysis of Balance:			
Cash and Cash Equivalents	<u>83,249</u>	<u>10,478</u>	<u>10,639,436</u>
	<u>83,249</u>	<u>10,478</u>	<u>10,639,436</u>
Unrestricted	<u>83,249</u>	<u>10,478</u>	<u>10,540,975</u>
Restricted	<u>-</u>	<u>-</u>	<u>98,461</u>
	<u>83,249</u>	<u>10,478</u>	<u>10,639,436</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, 2024

	FY2024 Adopted Budget	FY2024 Budget as Amended	Realized	Excess/ (Deficit)	Prior Year Realized
Revenues:					
Retained Earnings Appropriated	100,000	100,000	100,000	-	145,367
Reserve for Debt Service	100,000	100,000	100,000	-	-
Service Agreements	11,311,170	11,311,170	11,311,170	-	10,853,923
User Charges and Fees	230,000	230,000	298,286	68,286	262,869
Sewer Connection Permits	8,000	8,000	24,695	16,695	18,350
Industrial Application Fees	5,250	5,250	7,150	1,900	3,750
IPP Surcharge	190,000	190,000	112,060	(77,940)	241,757
TWA Application Fee			1,912	1,912	14,140
Industrial Annual Fees	28,000	28,000	30,000	2,000	28,200
Industrial User Fines			36,900	36,900	55,800
Unused Capacity Charge	46,000	46,000	35,652	(10,348)	42,597
FEMA Grant Revenue			-	-	1,131,738
Miscellaneous			45,057	45,057	11,482
Interest Income from Operating and Non-operating Investments (1)	166,000	166,000	606,674	440,674	187,531
Total Operating Revenues	12,184,420	12,184,420	12,709,556	525,136	12,997,504

(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, 2024

EXPENSES		Adopted	Amended	Paid or Charged	Excess/(Deficit)	Prior Year
		2024 Budget	2024 Budget	2024	2024	
Administration						
01-501-010	Salary & Wages	366,100	351,100	350,966	134	347,874
01-501-011	S&W Overtime	2,000	2,000	808	1,192	1,133
01-501-020	Professional Services	620,500	872,000	791,867	80,133	649,970
01-501-021	JIF Insurance	187,930	208,530	208,468	62	170,427
01-501-022	NJPDES Permits	68,930	74,530	74,497	33	54,661
01-501-024	Labor Attorney	50,000	35,000	14,128	20,872	40,984
01-501-025	IT Computer Services	78,300	92,700	91,273	1,427	76,597
01-501-030	Materials & Supplies	52,500	75,500	64,261	11,239	61,942
01-501-031	Member Expense	5,000	5,000	3,507	1,493	2,589
01-501-032	Member Travel	8,000	8,000	5,324	2,676	5,641
01-501-040	Maintenance Equipment	5,640	5,640	1,801	3,839	979
01-501-050	Conference/Travel/Seminars	3,500	5,000	3,757	1,243	5,017
01-501-060	Dues/Memberships	9,700	9,700	7,823	1,877	7,761
01-501-070	Miscellaneous	2,000	2,000	1,901	99	1,297
01-501-071	Security	5,800	5,800		5,800	3,115
01-501-080	Uniforms & Clothing	500	500	146	354	99
01-501-090	Utilities	732,000	825,500	825,462	38	782,631
01-501-200-209	Fringe Benefits	1,918,330	1,889,830	1,878,872	10,958	1,728,408
		<u>4,116,730</u>	<u>4,468,330</u>	<u>4,324,861</u>	<u>143,469</u>	<u>3,941,125</u>
Safety						
01-501-120	Professional Services	13,000	13,000	7,622	5,378	12,126
01-501-130	Materials & Supplies	2,000	2,000	1,911	89	1,770
01-501-140	Maintenance Equipment	2,500	2,500	-	2,500	-
01-501-150	Conference/Travel/Seminar	750	750	200	550	-
01-501-160	Dues/Memberships	400	400		400	-
01-501-170	Miscellaneous	600	600	523	77	-
01-501-180	Uniforms & Clothing				-	-
		<u>19,250</u>	<u>19,250</u>	<u>10,256</u>	<u>8,994</u>	<u>13,896</u>
Finance						
01-502-010	Salary & Wages	196,250	196,250	190,063	6,187	183,685
01-502-020	Professional Services	56,000	56,000	47,727	8,273	46,994
01-502-030	Materials & Supplies	2,400	2,400	1,546	854	1,664
01-502-050	Conference/Travel/Seminar	3,800	4,500	3,967	533	2,806
01-502-060	Dues/Memberships	300	300	250	50	190
01-502-070	Miscellaneous	1,500	-		-	-
01-502-080	Uniforms & Clothing	500	500	97	403	97
		<u>260,750</u>	<u>259,950</u>	<u>243,650</u>	<u>16,300</u>	<u>235,436</u>
Engineering						
01-503-010	Salary & Wages	307,310	307,310	302,439	4,871	289,587
01-503-020	Professional Services	285,000	355,600	171,845	183,755	234,141
01-503-030	Materials & Supplies	1,000	1,000		1,000	-
01-503-050	Conference/Travel/Seminar	4,950	4,950	4,063	887	4,107
01-503-060	Dues/Memberships	500	500	182	318	182
01-503-070	Miscellaneous	500	500		500	139
01-503-080	Uniforms & Clothing	1,000	1,000	90	910	91
		<u>600,260</u>	<u>670,860</u>	<u>478,619</u>	<u>192,241</u>	<u>528,247</u>
IPP						
01-503-110	Salary & Wages	91,680	91,680	89,384	2,296	86,385
01-503-120	Professional Services	58,000	66,600	61,517	5,083	42,842
01-503-130	Materials & Supplies	2,000	2,000	1,960	40	1,650
01-503-150	Conference/Travel/Seminars	2,700	2,700	2,476	224	2,762
01-503-160	Dues/Memberships	300	300	267	33	267
01-503-180	Uniforms & Clothing	550	550	534	16	354
		<u>155,230</u>	<u>163,830</u>	<u>156,138</u>	<u>7,692</u>	<u>134,260</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, 2024

EXPENSES		Adopted 2024 Budget	Amended 2024 Budget	Paid or Charged 2024	Excess/ (Deficit) 2024	Prior Year
Electrical						
01-503-210	Salary & Wages	100,660	100,660	98,148	2,512	94,855
01-503-230	Materials & Supplies	38,000	38,000	34,073	3,927	26,570
01-503-240	Maintenance Equipment	129,000	129,000	109,480	19,520	94,009
01-503-250	Conference/Travel/Seminars	500	700	555	145	-
01-503-260	Dues and Membership	100	100	90	10	
01-503-280	Uniforms & Clothing	650	650	444	206	185
		268,910	269,110	242,790	26,320	215,619
Laboratory						
01-505-010	Salary & Wages	147,900	137,900	131,542	6,358	124,676
01-505-011	S&W Overtime	1,000	1,000	277	723	165
01-505-020	Professional Services	27,000	37,300	22,714	14,586	17,389
01-505-030	Materials & Supplies	35,000	35,000	33,360	1,640	34,593
01-505-040	Maintenance Equipment	12,100	12,100	11,782	318	13,450
01-505-050	Conference/Travel/Seminars	1,500	2,300	1,770	530	840
01-505-060	Dues/Memberships	350	350	234	116	234
01-505-070	Miscellaneous	1,000	1,000		1,000	393
01-505-080	Uniforms & Clothing	700	700	486	214	115
		226,550	227,650	202,165	25,485	191,855
Operations/Maintenance						
01-506-010	Salary & Wages Plant Operator	326,770	326,770	318,204	8,566	308,424
01-506-011	Salary & Wages Labor Force	1,175,820	1,179,820	1,179,742	78	1,067,175
01-506-012	S&W Overtime	120,000	170,000	169,641	359	86,152
01-506-013	Unused Sick Time	30,000	22,200	19,738	2,462	16,770
01-506-030	Materials & Supplies	137,400	137,400	117,518	19,882	60,458
01-506-031	Sludge Disposal	500,000	465,000	448,598	16,402	467,345
01-506-032	Sludge Hauling	525,000	603,000	586,995	16,005	500,000
01-506-033-037	Chemicals and Aluminum	338,000	552,300	538,503	13,797	413,540
01-506-040	Maintenance Equipment	233,500	213,500	174,143	39,357	146,603
01-506-041	Building and Ground	81,000	81,000	64,466	16,534	63,700
01-506-042	Vehicle Maintenance	20,000	20,000	14,425	5,575	16,950
01-506-050	Conference/Travel/Seminars	17,200	19,200	17,381	1,819	8,769
01-506-060	Dues/Memberships	1,850	1,850	1,781	69	1,079
01-506-070	Miscellaneous				-	1,382
01-506-080	Uniforms & Clothing	24,200	26,700	25,307	1,393	22,859
		3530,740	3,818,740	3,676,442	142,298	3,181,206
Trunkline						
01-507-010/011	Salary & Wages	304,060	262,060	259,091	2,969	290,294
01-507-012	S&W Overtime	20,000	28,000	24,321	3,679	22,655
01-507-030	Materials & Supplies	133,200	133,200	119,508	13,692	270,083
01-507-031	Odor Control	212,100	144,000	116,857	27,143	
01-507-040	Maintenance Equipment	84,000	84,000	67,105	16,895	60,534
01-507-050	Conference/Travel/Seminars	3,400	5,000	3,858	1,142	958
01-507-060	Dues and Memberships	870	870	267	603	733
01-507-080	Uniforms/Clothing	500	600	452	148	468
		758,130	657,730	591,459	66,271	645,725
Total Operating Expenses		9,936,550	10,555,450	9,926,380	629,070	9,087,369
Debt Service and Reserves						
01-501-401	Debt Service-Principal	1,302,700	969,400	923,128	46,272	1,601,409
01-501-402	Debt Service-Interest	256,050	173,050	216,212	(43,162)	184,128
01-501-403	Debt Service-Admitt. Fees NJEIT	239,120	36,520	36,519	1	43,993
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
		2,247,870	1,628,970	1,625,859	3,111	2,279,530
TOTAL		12,184,420	12,184,420	11,552,239	632,181	11,366,899

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Adopted 2024 Budget</u>	<u>Amended 2024 Budget</u>	<u>Paid or Charged 2024</u>	<u>Excess / (Deficit) 2024</u>	<u>Prior Year</u>
Excess of Revenues Over Expenses:			1,157,317		1,630,605
Reconciliation of Budgetary Basis to GAAP:					
Retained Earnings Appropriated:					
Unrestricted Accounts			(200,000)	(145,367)	
Renewal and Replacement			200,000	200,000	
Reserves for Debt Service			250,000	250,000	
Depreciation Expense			(3,499,189)	(3,105,850)	
Amortization			76,399	151,694	
Bond Principal			923,128	1,601,409	
Notes Principal				-	
Net Adjustment for Pension Expense			408,842	574,680	
Net Adjustment for OPEB Expense			26,837	148,452	
Unemployment Fund-Net			8,698	4,515	
Loss from Disposal of Assets				(363,267)	
Debt Service Reserve Credit			(112,328)	(115,089)	
Cost of Issuance				(30,579)	
Total Adjustments			(1,917,613)	(829,402)	
Change in Net Position			<u>(760,296)</u>	<u>801,203</u>	

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE 4

SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2024

		FY 2024 Adopted Budget	FY 2024 Budget as Amended	FY 2024 Actual	Excess/ (Deficit)
Financing Sources:					
Proceeds of NJEIT Loans		26,200,000	26,200,000	4,641,218	21,558,782
Renewal and Replacement		1,180,000	1,180,000	457,390	722,610
Unrestricted - Undesignated Net Position		2,121,450	2,121,450	1,011,676	1,109,774
Total Financing Sources		29,501,450	29,501,450	6,110,284	23,391,166
Capital Improvements and Replacements					
Administration					
01-851-001	Computers Plotter and Software	(1)	20,000	20,000	17,149
01-851-002	File Cabinet/Furniture	(1)	5,000	5,000	4,150
01-851-003	Security Surveillance	(1)	8,000	8,000	
01-851-004	Miscellaneous	(1)	8,000	8,000	
01-851-006	Fireman Home Access Agreement	(1)	20,000	20,000	17,000
			61,000	61,000	38,299
					22,701
Engineering/Electrical					
01-853-003	Infrastructure Upgrade	(1)	140,000	140,000	101,225
01-853-004	Electrical Breakers	(1)	35,000	35,000	33,103
01-853-005	Building Misc Upgrade	(1)	98,000	98,000	57,784
01-853-016	Emergency Generator Substation-PH 2	(3)	470,000	470,000	435,190
01-853-018	IC Sewer Replacement Boonton Section C47	(3)	400,000	400,000	22,200
01-853-019	Old Admin Bldg Design and Update	(3)	310,000	310,000	
01-853-020	Old Ditch/Elevator/BF Preventer	(1)	400,000	400,000	69,475
01-853-021	Boonton Siphons Canal Side Park	(1)	100,000	100,000	
01-853-022	Effluent Meter Replacement	(1)	210,000	210,000	17,302
01-853-101	IPP Equipment	(1)	3,750	3,750	3,443
			2,166,750	2,166,750	739,722
					493498
Laboratory					
01-855-001	Laboratory Equipment	(1)	5,000	5,000	3,673
			5,000	5,000	3,673
					1,327
Operations/Maintenance					
01-856-001	Oxidation Equipment	(1)	103,000	103,000	100,661
01-856-002	Pumping Equipment	(1)	147,000	147,000	144,400
01-856-003	Vehicles	(1)	55,000	55,000	52,611
01-856-004	Facilities Bldg Repair	(1)	158,000	158,000	106,903
01-856-005	Miscellaneous Equipment	(1)	157,000	157,000	154,707
			620,000	620,000	559,282
					58,329
Trunkline					
01-857-001	Trunkline Equip/Repairs	(1)	164,200	164,200	66,561
01-857-002	Meter Chamber Misc. Equipment	(1)	234,500	284,500	61,529
			448,700	448,700	128,090
					320,610
NJEIT					
01-EIT-041	NJEIT Debt Auth- Phosphorus & Filtration Removal	(2)	1,000,000	1,000,000	186,895
01-EIT-043	NJEIT Debt Auth- Boonton Interceptor Relining	(2)	5,000,000	5,000,000	4,293,611
01-EIT-044	NJEIT Debt Auth- Emer. Generator & Substation	(2)	15,000,000	15,000,000	160,712
01-EIT-048	NJEIT Debt Auth-Old Admin. Bldg. Updated	(2)	5,200,000	5200,000	
			26,200,000	26,200,000	4,641,218
					16,358,782
TOTAL Capital Improvements and Replacements					
			29,501,450	29,501,450	6,110,284
					17,255,247

(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 5

**SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2023**

		FY 2023 Adopted Budget	FY 2023 Budget as Antended	FY 2023 Actual	Excess / (Deficit)
Financing Sources:					
Proceeds of NJEIT Loans		18,000,000	18,000,000	2,203,437	15,796,563
Renewal and Replacement		1,095,100	1,095,100	50,288	1,044,812
Unrestricted - Undesignated Net Position		<u>2,178,500</u>	<u>2,178,500</u>	<u>1,0719,52</u>	<u>1,106,548</u>
Total Financing Sources		212,736,000	212,736,000	3,325,677	179,479,23
Capital Improvements and Replacements					
Administration					
01-851-001 Computers Plotter and Software	(1)	20,000	20,000	4,006	15,994
01-851-002 File Cabinet/Furniture	(1)	5,000	5,000	2,960	2,040
01-851-003 Security Surveillance	(1)	8,000	17,000	-	17,000
01-851-004 Miscellaneous	(1)	8,000	8,000	-	8,000
01-851-006 Fireman Home Access Agreement	(1)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
		<u>61,000</u>	<u>70,000</u>	<u>69,66</u>	<u>63,034</u>
Engineering/Electrical					
01-853-002 Odor Control Equipment	(1)	-	-	-	-
01-853-003 Infrastructure Upgrade	(1)	645,100	645,100	191,974	453,126
01-853-003 Infrastructure Upgrade	(3)	-	-	-	-
01-853-004 Electrical Breakers	(1)	65,000	65,000	-	65,000
01-853-005 Building Misc Upgrade	(1)	96,000	96,000	15,382	80,618
01-853-012 Boonton Interceptor Relining	(3)	50,000	50,000	-	50,000
01-853-015 Emergency Generator Substation-PH 1	(3)	145,000	145,000	50,288	94,712
01-853-016 Emergency Generator Substation-PH 2	(3)	470,000	470,000	-	470,000
01-853-018 JC Sewer Replacement Boonton Section C47	(1)	200,000	200,000	39,128	160,872
01-853-101 IPP Equipment	(1)	<u>400,000</u>	<u>400,000</u>	<u>31,282</u>	<u>368,718</u>
		<u>2,071,100</u>	<u>2,071,100</u>	<u>328,054</u>	<u>1,374,328</u>
Laboratory					
01-855-001 Laboratory Equipment	(1)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
		<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Operations/Maintenance					
01-856-001 Oxidation Equipment	(1)	36,000	36,000	35,886	114
01-856-002 Pumping Equipment	(1)	134,000	134,000	61,715	72,285
01-856-003 Vehicles	(1)	-	-	-	-
01-856-004 Facilities Bldg Repair	(1)	349,000	349,000	170,559	178,441
01-856-005 Miscellaneous Equipment	(1)	75,000	75,000	58,777	16,223
01-856-006 CCT Automated Monitoring	(1)	-	-	-	-
01-856-007 Grit Conveyor	(1)	-	-	-	-
		<u>594,000</u>	<u>594,000</u>	<u>326,937</u>	<u>267,063</u>
Trunkline					
01-857-002 Trunkline Equip/Repairs	(4)	-	-	-	-
01-857-002 Meter Chamber Exhaust Fans	(4)	<u>532,500</u>	<u>532,500</u>	<u>460,283</u>	<u>72,217</u>
01-EIT-039 NJEIT Debt Auth- JC Trunk Sewer	(2)	-	-	-	-
01-EIT-040 NJEIT Debt Auth- Final Clarifiers	(2)	-	-	-	-
01-EIT-041 NJEIT Debt Auth- Phosphorus & Filtration Removal	(2)	5,000,000	5,000,000	2,111,857	2,888,143
01-EIT-043 NJEIT Debt Auth- Boonton, Denville Interceptor	(2)	6,000,000	6,000,000	91,580	5,908,420
01-EIT-044 NJEIT Debt Auth- Emer. Generator & Substation	(2)	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</u>
		<u>18,000,000</u>	<u>18,000,000</u>	<u>2,203,437</u>	<u>15,796,563</u>
TOTAL Capital Improvements and Replacements		212,736,000	212,826,000	3325,677	17,588,205

⁽¹⁾ Funded by Unrestricted - Undesignated Net Position

⁽²⁾ Funded by Proceeds of NJEIT Loans

⁽³⁾ Funded by Other Source

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ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2024	2024 Issued	Redeemed	Balance Dec. 31, 2024
			December 31, 2024	Amount				
New Jersey Environmental Infrastructure Fund - Series 2010A [Incceptor]	3/10/2010							
		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				
				647,540				539,616
New Jersey Environmental Infrastructure Trust - Series 2010B [Incceptor]	3/10/2010							
		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				
				265,000				222,000
					43,000			

SCHEDULE 6
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ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2024	2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2012A P-T Building	5/3/2012							
		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				
					698,849			611,493
						87,356		
New Jersey Environmental Infrastructure Trust - Series 2012B P-T Building	5/3/2012							
		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				
					760,123			673,267
						86,856		

SCHEDULE 6
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ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2024	2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			December 31, 2024	Amount				
New Jersey Environmental Infrastructure Fund - Series 2015A (Refunding 2007A Fund Loan) Bio-solids Building	11/24/2015							
		4.500%	2025	260,000				
		4.500%	2026	271,000				
		4.250%	2027	286,000				
					1,063,000			
						246,000		
								817,000
New Jersey Environmental Infrastructure Fund - Series 2018A:2 West Main Street	11/29/2018							
		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				
					1,067,178			
						42,687		
								1,024,491

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ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturity		Balance Jan. 1, 2024	2024 Issued	Redeemed	Balance Dec. 31, 2024
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2018A-2	11/29/2018							
West Main Street								
			2025	5,000%	10,000			
			2026	5,000%	10,00			
			2027	5,000%	10,00			
			2028	4,000%	10,000			
			2029	4,000%	10,00			
			2030	4,000%	10,00			
			2031	4,000%	10,000			
			2032	4,000%	15,00			
			2033	4,000%	15,000			
			2034	4,000%	15,000			
			2035	4,000%	15,000			
			2036	4,000%	15,000			
			2037	4,000%	15,000			
			2038	4,000%	15,000			
			2039	4,000%	15,000			
			2040	4,000%	20,000			
			2041	4,000%	20,00			
			2042	4,000%	20,000			
			2043	4,000%	20,00			
			2044	4,000%	20,00			
			2045	4,000%	20,000			
			2046	4,000%	20,00			
			2047	4,000%	25,00			
			2048	4,000%	25,000			
					390,000			
						10,000		
							380,000	

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

SCHEDULE 6
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Description	Date of Issue	Interest Rate	Outstanding Maturities		2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			Date	Amount			
New Jersey Environmental Infrastructure Fund - Series 2019A-1 Monroe Street Pumpin Station	5/23/2019						
		0.000%	2025	57,378			
		0.000%	2026	57,378			
		0.000%	2027	57,378			
		0.000%	2028	57,378			
		0.000%	2029	57,378			
		0.000%	2030	57,378			
		0.000%	2031	57,378			
		0.000%	2032	57,378			
		0.000%	2033	57,378			
		0.000%	2034	57,378			
		0.000%	2035	57,378			
		0.000%	2036	57,378			
		0.000%	2037	57,378			
		0.000%	2038	57,378			
		0.000%	2039	57,378			
		0.000%	2040	57,378			
		0.000%	2041	57,378			
		0.000%	2042	57,378			
		0.000%	2043	57,378			
		0.000%	2044	57,378			
		0.000%	2045	57,378			
		0.000%	2046	57,378			
		0.000%	2047	57,378			
		0.000%	2048	57,378			
					1,434,450		
						-	57,378
							1,377,072

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

SCHEDULE 6
Page 6 of 10

Description	Date of Issue	Interest Rate	Outstanding Maturities		2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			December 31, 2024	Amount			
New Jersey Environmental Infrastructure Trust - Series 2019A-1 Monroe Street Pumpin Station	5/23/2019						
		5.000%	2025	15,000			
		5.000%	2026	15,000			
		5.000%	2027	1,000			
		5.000%	2028	15,000			
		2.000%	2029	15,000			
		2.000%	2030	2,000			
		2.125%	2031	25,000			
		2.250%	2032	20,000			
		2.500%	2033	2,000			
		3.000%	2034	20,000			
		3.000%	2035	2,000			
		3.000%	2036	20,000			
		3.000%	2037	20,000			
		3.000%	2038	20,000			
		3.000%	2039	2,000			
		3.000%	2040	25,000			
		3.000%	2041	25,000			
		3.000%	2042	2,000			
		3.000%	2043	25,000			
		3.000%	2044	25,000			
		3.000%	2045	25,000			
		3.000%	2046	30,000			
		3.000%	2047	3,000			
		3.000%	2048	30,000			
					530,000		55,000
						-	15,000

SCHEDULE 6
Page 7 of 10

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2024	2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2021 Final Clarifier Repair Project	6/10/2021							
		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				
		0.050%	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				
					4,499,587			4,332,938

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2024	2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2021 Final Clarifier Repair Project	6/10/2021							
		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				
		0.050%	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				
					1,545,000			1,510,000

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

Description	Date of Issue	Interest Rate	Outstanding Maturity		Balance Jan. 1, 2024	2024 Issued	2024 Redeemed	Balance Dec. 31, 2024
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2022 A-2 Final Clarifier Repair Project	12/22/2022		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				
					547,450			527,174
						-		
							20,276	
								527,174

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

SCHEDULE 7

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

ANALYSIS OF ACCOUNTS RECEIVABLE - SEWER FEES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
City of Jersey City	10,820,061	4,995,318	4,005,015	11,810,364
Town of Boonton	-	299,413	299,413	-
Boonton Township	4	94,957	94,957	4
Town of Dover	(7)	1,206,211	1,206,211	(7)
Denville Township	4	1,455,523	1,455,523	4
Randolph Township	-	756,444	756,444	-
Rockaway Borough	-	379,834	379,834	-
Rockaway Township	6	2,191,839	2,191,839	6
Victory Gardens	-	154,197	154,197	-
Borough of Wharton	2	655,409	655,409	2
Picatinny Arsenal	21,956	140,223	149,007	13,172
Township of Mine Hill	(364)	158,063	158,063	(364)
	<u>10,841,662</u>	<u>12,487,431</u>	<u>11,505,912</u>	<u>11,823,181</u>

SCHEDULE 8

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS

The following officials were in office at December 31, 2024:

<u>Name</u>	<u>Office</u>
Hector R. Schorno	Chairman
John Cegelka	Vice Chairman
Donald Farrell	Secretary
Glenn Corbett	Treasurer
Patrick Laverty	Member
Marie Potter	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
Catherine Kopec	Manager of Safety/HR
Eric Reichert	Plant Manager
Patrick O'Donnell	Operation Manager
Ginette Simola	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

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PAUL J. CUVA, CPA, RMA, PSA

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

Honorable Chairman and Members of the
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, 2024, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2025.

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.



Honorable Chairman and Members of the
Rockaway Valley Regional Sewerage Authority
Page 2.

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.

Wielkotz & Company, LLC

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

October 8, 2025

Single Audit Section



WIELKOTZ & COMPANY[®]

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 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.



Honorable Chairman and Members of the
Rockaway Valley Regional Sewerage Authority
Page 2.

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

October 8, 2025

SCHEDULE A

ROCKAWAY VALLEY REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

U.S. Environmental Protection Agency: Pass Through New Jersey Department of Environmental Protection:	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures						
					From	To								
<i>Capitalization Grants for Clean Water State Revolving Funds:</i>														
<i>NJET Project No. S340821-08</i>														
66.458	n/a	\$ 6,452,968	\$ 102,456		01/01/24	12/31/24	\$ 333,021	\$ 6,624,041						
66.458	n/a	\$ 4,655,010	\$ 1,854,456		01/01/24	12/31/24	\$ 2,095,098	\$ 2,308,689						
66.458	n/a	\$ 5,529,381.00	\$ 269,050		01/01/24	12/31/24	\$ 269,050	\$ 269,050						
Total Federal Financial Assistance				\$ 2,225,962										
							\$ 2,701,169	\$ 9,201,780						

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, 2024

State Funding Department	State Grant Account Number	Grant Award		Grant Receipts		Grant Period		Grant Expenditures		Cumulative Grant Expenditures
		From	To	From	To	From	To	From	To	
New Jersey Department of Environmental Protection:										
Sewerage Facility Construction Grants:										
NJETT Project No. S340821-08	042-4860-510-009	\$ 6,453,468		\$ 102,456		01/01/24	12/31/24	\$ 333,020		\$ 6,624,038
NJETT Project No. S340821-10	042-4860-510-009	\$ 4,655,010		\$ 1,854,455		01/01/24	12/31/24	\$ 2,099,099		\$ 2,308,691
NJETT Project No. S340821-11	042-4860-510-009	\$ 5,529,381		\$ 269,049		01/01/24	12/31/24	\$ 269,049		\$ 269,049
Total State Financial Assistance		\$ 2,225,960						\$ 2,701,168		\$ 9,623,906

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, 2024

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the 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 Fund	New Jersey Environmental Trust	Total
Balance- 12/31/23	\$3,412,037	\$3,412,036	\$6,824,073
Loans Awarded	5,529,381	5,529,380	11,058,761
Loans Received	2,225,961	2,225,961	4,451,922
Cancelled			
Balance- 12/31/24	<u>\$6,715,457</u>	<u>\$6,715,455</u>	<u>\$13,430,912</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, 2024**

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, 2024**

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>042-4860-510-009</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, 2024**
(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, 2024**

Status of Prior Year Findings

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

General Comments and Recommendations

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

The Authority did not have any prior year recommendations.

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

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Certified Public Accountants

Pompton Lakes, New Jersey