

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
REPORT OF AUDIT
2014

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF ROCKAWAY

COUNTY OF MORRIS

REPORT OF AUDIT

2014

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BOROUGH OF ROCKAWAY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* of the various funds of the Borough of Rockaway, in the County of Morris (the "Borough") as of and for the year ended December 31, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the Borough Council
Borough of Rockaway
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Borough as of December 31, 2014 and 2013, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U. S. generally accepted accounting principles but is in accordance with the accounting principles prescribed or permitted by the Division. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2014 and 2013 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Rockaway as of December 31, 2014 and 2013, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2015 on our consideration of the Borough of Rockaway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Borough of Rockaway's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 8, 2015

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

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

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
CURRENT FUND

BOROUGH OF ROCKAWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,338,611.40	\$ 2,266,862.90
Change Fund		100.00	100.00
		<u>2,338,711.40</u>	<u>2,266,962.90</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	362,527.18	337,929.40
Tax Title Liens Receivable	A-8	609,754.79	589,603.90
Property Acquired for Taxes at Assessed Valuation		961,500.00	961,500.00
Revenue Accounts Receivable	A-9	37,673.23	7,644.83
Due from Animal Control Trust Fund	B	2,077.19	421.34
Due from Other Trust Funds	B	153.43	
Prepaid Regional High School Tax	A-13		299.97
Total Receivables and Other Assets With Full Reserves		<u>1,973,685.82</u>	<u>1,897,399.44</u>
Deferred Charges:			
Emergency Authorizations (40A:4-48)			200,000.00
			<u>200,000.00</u>
Total Regular Fund		<u>4,312,397.22</u>	<u>4,364,362.34</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10		61,216.52
Due From Other Trust Funds	B		13,541.22
Due from Regular Fund	A		19,175.13
Total Federal and State Grant Fund			<u>93,932.87</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,312,397.22</u>	<u>\$ 4,458,295.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 198,468.59	\$ 213,236.56
Unencumbered	A-3;A-11	363,956.41	199,266.36
		<u>562,425.00</u>	<u>412,502.92</u>
Due to Federal and State Grant Fund	A		19,175.13
Due to Other Trust Funds	B		114,436.33
Due to General Capital Fund	C	496,394.52	989,415.94

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

		December 31,	
	Ref.	2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Regular Fund:			
Due to Water Utility Capital Fund	D		\$ 20.00
Due to State of NJ - Marriage License Fees		\$ 125.00	150.00
Due to State of NJ - Burial Fees		5.00	
Due to State of NJ - Department of Communitiy Affairs		2,041.48	
Due to State of New Jersey for Senior Citizen's and Veteran's Deductions		9,241.51	9,042.48
Prepaid Taxes		102,728.40	173,128.13
Tax Overpayments		3,488.20	1,083.88
Accounts Payable - Vendors		5,806.67	
Reserve for Revaluation		2,160.00	2,160.00
Reserve for Appropriated Grants:			
Recycling Tonnage Grant		20,735.44	
Clean Communities		3,320.78	
Body Armor Replacement Fund		537.29	
NJ Alcohol Rehabilitation		2,599.92	
Municipal Alliance		5,750.00	
Domestic Violence Response Team Grant		63.26	
Safe and Secure Communities		2,058.19	
Click It or Ticket		400.00	
Reserve for Unappropriated Grants:			
Body Armor Replacement Fund		1,725.92	
Recycling Tonnage Grant		10,872.35	
Drive Sober or Get Pulled Over		8,800.00	
Drunk Driving Enforcement Fund		11,569.69	
Click It or Ticket		3,800.00	
Reserve for Sale of Municipal Assets		400,000.00	
		1,656,648.62	1,721,114.81
Reserve for Receivables and Other Assets	A	1,973,685.82	1,897,399.44
Fund Balance	A-1	682,062.78	745,848.09
Total Regular Fund		4,312,397.22	4,364,362.34
Federal and State Grant Fund:			
Appropriated Reserves	A-14		36,544.13
Unappropriated Reserves	A-15		41,967.96
Due to General Capital Fund	C		10,500.00
Reserve for Encumbrances			4,920.78
Total Federal and State Grant Fund			93,932.87
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 4,312,397.22	\$ 4,458,295.21

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

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

		Year Ended December 31,	
	<u>Ref.</u>	2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 314,721.00	
Miscellaneous Revenue Anticipated		1,349,499.58	\$ 1,957,692.17
Receipts from:			
Delinquent Taxes		337,929.40	393,454.99
Current Taxes		20,678,052.89	19,651,194.80
Nonbudget Revenue		177,240.12	105,767.37
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		45,664.66	116,375.79
Interfunds Returned		421.34	412,867.54
Cancellation of Accounts Payable			9,200.00
Cancellation of Appropriated Grant Reserves		0.03	600.00
Cancellation of Public Assistance Interfund			200.00
Total Income		22,903,529.02	22,647,352.66
<u>Expenditures</u>			
Budget and Emergency Appropriations		7,519,357.83	7,703,656.20
Local School District Taxes		7,423,630.00	7,254,118.00
County Taxes		2,217,012.22	2,148,966.62
County Share of Added Taxes		861.14	2,131.06
Regional School District Taxes		5,426,526.00	4,993,982.00
Refund of Prior Year Revenue		1,759.00	1,218.39
Prior Year Grants Receivable Cancelled		61,216.52	33,024.38
Cancellation of Prior Year Interfund - Other Trust Funds			11,155.92
Interfunds Advanced		2,230.62	421.34
Total Expenditures		22,652,593.33	22,148,673.91
Excess in Revenue		250,935.69	498,678.75
Adjustment to Income Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			200,000.00
Statutory Excess to Fund Balance		250,935.69	698,678.75
<u>Fund Balance</u>			
Balance January 1		745,848.09	47,169.34
		996,783.78	745,848.09
Decreased by:			
Utilized as Anticipated Revenue		314,721.00	
Balance December 31	A	\$ 682,062.78	\$ 745,848.09

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

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 314,721.00		\$ 314,721.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	\$ 13,440.00		\$ 13,720.00	\$ 280.00
Other Licenses	24,000.00		36,916.46	12,916.46
Fees and Permits	26,000.00		26,288.00	288.00
Municipal Court - Fines and Costs	78,700.00		83,562.67	4,862.67
Interest and Costs on Taxes	110,000.00		87,072.07	22,927.93 *
Consolidated Municipal Property Tax Relief Act	61,050.00		61,050.00	
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)	485,945.00		485,945.00	
Uniform Construction Code Fees	82,000.00		116,863.00	34,863.00
Shared Service Agreement:				
Morris Hills Regional School Resource Officer	80,327.00		80,327.00	
Click It or Ticket	4,000.00		4,000.00	
Recycling Tonnage Grant	10,604.00		10,604.00	
Clean Communities		\$ 10,727.41	10,727.41	
Body Armor Replacement		1,680.92	1,680.92	
Safe and Secure Communities Grant - Salaries	29,407.00		29,407.00	
Drive Sober Or Get Pulled Over Grant	4,400.00	600.00	5,000.00	
Drunk Driving Enforcement Fund	5,000.00		5,000.00	
Municipal Alliance Committee Grant	9,256.00		2,755.77	6,500.23 *
Uniform Fire Safety Fees	25,155.00		23,493.28	1,661.72 *
Reserve to Pay Debt Service	265,087.00		265,087.00	
	<u>1,314,371.00</u>	<u>13,008.33</u>	<u>1,349,499.58</u>	<u>22,120.25</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Receipts from Delinquent Taxes	\$ 337,000.00		\$ 337,929.40	\$ 929.40
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	5,700,800.00		5,770,565.53	69,765.53
Minimum Library Tax	286,687.00		286,687.00	
	<u>5,987,487.00</u>		<u>6,057,252.53</u>	<u>69,765.53</u>
Budget Totals	7,953,579.00	\$ 13,008.33	8,059,402.51	<u>\$ 92,815.18</u>
Nonbudget Revenue			177,240.12	
	<u>\$ 7,953,579.00</u>	<u>\$ 13,008.33</u>	<u>\$ 8,236,642.63</u>	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		\$ 20,678,052.89
Allocated to:		
Local School District Taxes	\$ 7,423,630.00	
Regional High School Taxes	5,426,526.00	
County Taxes	2,217,873.36	
		<u>15,068,029.36</u>
Balance for Support of Municipal Budget		5,610,023.53
Add: Appropriation "Reserve for Uncollected Taxes"		<u>447,229.00</u>
Realized for Support of Municipal Budget		<u>\$ 6,057,252.53</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		<u>\$ 337,929.40</u>
Analysis of Nonbudget Revenue:		
Treasurer:		
Cable Television Franchise Fees	\$ 91,324.15	
Hotel Tax	7,622.61	
Sale of Municipal Assets	10,886.00	
Interest on Investments	4,064.62	
Other Miscellaneous	27,377.36	
		<u>\$ 141,274.74</u>
Prior Year Revenue Accounts Receivable Collected:		
Safe and Secure Communities	\$ 29,407.00	
Drive Sober or Get Pulled Over	4,400.00	
		<u>33,807.00</u>
Tax Collector - Other Miscellaneous Revenue		185.20
Interest Earned in General Capital Fund		382.42
Interest Earned in Other Trust Funds		335.70
Interest Earned in Animal Control Fund		58.80
Statutory Excess Due from Animal Control Trust Fund		<u>2,072.68</u>
		178,116.54
Miscellaneous Revenue Refunded		<u>(876.42)</u>
		<u>\$ 177,240.12</u>

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

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Mayor & Council:					
Salaries & Wages	\$ 25,209.00	\$ 25,209.00	\$ 25,102.02	\$ 106.98	
Other Expenses	1,500.00	1,500.00	1,055.13	444.87	
Municipal Clerk:					
Salaries & Wages	111,273.00	112,117.34	112,117.34		
Other Expenses	46,200.00	46,200.00	42,101.90	4,098.10	
Financial Administration:					
Salaries & Wages	95,000.00	95,000.00	95,000.00		
Other Expenses	12,000.00	12,000.00	11,138.00	862.00	
Audit	25,000.00	25,000.00	25,000.00		
Tax Assessment Administration:					
Salaries & Wages	26,548.00	26,548.00	26,548.00		
Other Expenses	3,450.00	3,450.00	3,184.90	265.10	
Revenue Administration (Tax Collection):					
Salaries & Wages	55,780.00	55,830.00	55,830.00		
Other Expenses	8,000.00	8,000.00	7,628.97	371.03	
Legal Services and Costs:					
Other Expenses	87,000.00	77,000.00	57,789.49	19,210.51	
Engineering Services:					
Other Expenses	20,000.00	27,000.00	22,698.63	4,301.37	
Municipal Land Use Law (N.J.S.A. 40A:55D-1):					
Land Use Board:					
Salaries & Wages	10,540.00	10,540.00	10,436.28	103.72	
Other Expenses	4,250.00	4,250.00	2,657.50	1,592.50	
Zoning Commission:					
Salaries & Wages	12,794.00	12,794.00	12,794.00		
Other Expenses	400.00	400.00	342.18	57.82	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
GENERAL GOVERNMENT (continued):					
Insurance:					
Employee Group Insurance	\$ 471,548.00	\$ 471,548.00	438,335.20	\$ 33,212.80	
Workers' Compensation	63,838.00	63,838.00	63,838.00		
General Liability Insurance	90,820.00	78,766.76	78,766.76		
Employee Public Officials Liability Deductible	26,602.00	26,602.00	26,602.00		
Unemployment Insurance	15,000.00	15,000.00	15,000.00		
Health Benefit Waiver	11,000.00	11,000.00	11,000.00		
PUBLIC SAFETY:					
Volunteer Fire/Ambulance:					
Other Expenses	65,230.00	65,230.00	55,413.69	9,816.31	
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Fire Prevention Bureau:					
Salaries & Wages	42,163.00	42,163.00	41,916.49	246.51	
Other Expenses	4,600.00	4,600.00	4,305.19	294.81	
Office of Emergency Management:					
Salaries & Wages	5,000.00	5,000.00	5,000.00		
Other Expenses	2,800.00	2,800.00	387.20	2,412.80	
Police:					
Salaries & Wages	1,898,427.00	1,898,427.00	1,838,360.67	60,066.33	
Other Expenses	134,546.00	134,546.00	127,758.08	6,787.92	
Alarm System - Police and Fire:					
Other Expenses	129,500.00	131,018.03	131,018.03		

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC WORKS:					
Road Repair and Maintenance:					
Salaries & Wages	\$ 254,200.00	\$ 254,200.00	\$ 226,502.00	\$ 27,698.00	
Other Expenses	101,500.00	111,500.00	109,285.35	2,214.65	
Other Public Works:					
Other Expenses	5,000.00	5,000.00	988.18	4,011.82	
Shade Tree Commission:					
Other Expenses	13,000.00	13,000.00	7,617.04	5,382.96	
Public Building and Grounds:					
Other Expenses	58,000.00	58,000.00	51,681.08	6,318.92	
Vehicle Maintenance:					
Other Expenses	38,000.00	38,000.00	35,650.43	2,349.57	
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	1,000.00	1,000.00	834.84	165.16	
Other Expenses	158,500.00	158,500.00	150,113.51	8,386.49	
Senior Citizens' Programs					
Salaries & Wages	8,000.00	8,000.00	6,623.14	1,376.86	
Other Expenses	5,000.00	5,000.00	5,000.00		
RECREATION AND EDUCATION:					
Board of Recreation Commissioners:					
Salaries & Wages	20,800.00	20,800.00	20,800.00		
Other Expenses	50,744.00	50,744.00	50,115.93	628.07	
Maintenance of Parks:					
Other Expenses	21,000.00	21,000.00	16,880.94	4,119.06	
Celebration of Public Events:					
Other Expenses	9,200.00	9,200.00	9,200.00		

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
UNIFORM CONSTRUCTION CODE:					
Uniform Construction Code Enforcement:					
Salaries & Wages	\$ 19,502.00	\$ 19,502.00	\$ 19,252.12	\$ 249.88	
Other Expenses	700.00	700.00		700.00	
Construction Code Official:					
Salaries & Wages	48,540.00	48,880.19	48,880.19		
Other Expenses	1,200.00	1,200.00	904.50	295.50	
UNCLASSIFIED:					
Utilities:					
Gasoline and Diesel	51,000.00	56,000.00	54,804.57	1,195.43	
Electricity	58,000.00	58,000.00	45,363.70	12,636.30	
Natural Gas	25,000.00	25,000.00	20,409.31	4,590.69	
Street Lighting	83,000.00	83,000.00	76,102.03	6,897.97	
Telephone	39,000.00	40,800.00	40,800.00		
Solid Waste Disposal:					
Salaries & Wages	17,796.00	17,896.00	17,455.76	440.24	
Other Expenses	520,150.00	515,550.68	509,721.72	5,828.96	
Total Operations Within "CAPS"	5,113,850.00	5,113,850.00	4,874,111.99	239,738.01	
Contingent	500.00	500.00		500.00	
Total Operations including Contingent within "CAPS"	5,114,350.00	5,114,350.00	4,874,111.99	240,238.01	
Detail:					
Salaries & Wages	2,652,572.00	2,653,906.53	2,563,452.85	90,453.68	
Other Expenses	2,461,778.00	2,460,443.47	2,310,659.14	149,784.33	

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
Emergency Appropriations	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00		
Statutory Expenditures:					
Public Employee's Retirement System	127,521.00	127,521.00	116,942.00	\$ 10,579.00	
Contribution to Social Security System (O.A.S.I.)	95,000.00	95,000.00	95,000.00		
Police and Fireman's Retirement System of NJ	347,427.00	347,427.00	331,006.17	16,420.83	
Defined Contribution Retirement Plan	1,200.00	1,200.00	259.87	940.13	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	756,148.00	756,148.00	728,208.04	27,939.96	
Total General Appropriations for Municipal Purposes Within "CAPS"	5,870,498.00	5,870,498.00	5,602,320.03	268,177.97	
OPERATIONS EXCLUDED FROM "CAPS":					
Length of Service Awards Program ("LOSAP")	14,400.00	14,400.00		14,400.00	
Aid to Library (N.J.S.A. 40:54-35):	286,687.00	286,687.00	244,420.01	42,266.99	
Employee Group Insurance (P.L. 2007, C.62)	11,102.00	11,102.00	11,102.00		
Sewerage Processing and Disposal (RVRSA)	114,184.00	114,184.00	112,640.85	1,543.15	
SHARED SERVICE AGREEMENTS:					
Town of Dover - Municipal Court	90,000.00	90,000.00	90,000.00		
Morris Hills Regional District - Police Salaries & Wages	80,327.00	80,327.00	80,327.00		
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Municipal Alliance Grant	9,256.00	9,256.00	2,755.77	6,500.23	
Click It or Ticket Grant	4,000.00	4,000.00	3,800.00	200.00	
Safe and Secure Communities Grant	29,407.00	29,407.00	29,407.00		
Municipal Alliance Grant - Local Match	2,314.00	2,314.00	2,314.00		
Drunk Driving Enforcement Fund	5,000.00	5,000.00		5,000.00	
Drive Sober or Get Pulled Over Grant (N.J.S.A 40A:4-87, + \$600.00)	4,400.00	5,000.00	5,000.00		

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS EXCLUDED FROM "CAPS" (Continued):					
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Clean Communities Grant (N.J.S.A 40A:4-87, + \$10,727.41)		\$ 10,727.41	\$ 7,948.24	\$ 2,779.17	
Reserve for Body Armor Replacement Fund (N.J.S.A 40A:4-87, + \$1,680.92)		1,680.92		1,680.92	
Recycling Tonnage Grant	\$ 10,604.00	10,604.00	10,604.00		
Total Operations Excluded from "CAPS"	661,681.00	674,689.33	600,318.87	74,370.46	
Detail:					
Salaries & Wages	123,134.00	123,734.00	118,534.00	5,200.00	
Other Expenses	538,547.00	550,955.33	481,784.87	69,170.46	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":					
Capital Improvement Fund	161,948.00	161,948.00	161,948.00		
DPW Equipment	15,000.00	15,000.00	9,592.00	5,408.00	
Fire Equipment	34,400.00	34,400.00	34,326.50	73.50	
Buildings & Grounds Equipment	11,500.00	11,500.00	4,659.93	6,840.07	
Police Equipment	5,000.00	5,000.00	4,393.25	606.75	
Recreation Equipment	10,000.00	10,000.00	1,520.34	8,479.66	
Total Capital Improvements - Excluded from "CAPS"	237,848.00	237,848.00	216,440.02	21,407.98	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":					
Payment of Bond Principal	570,000.00	570,000.00	570,000.00		
Interest on Bonds	151,323.00	151,323.00	151,322.50		0.50
Total Municipal Debt Service - Excluded from "CAPS"	721,323.00	721,323.00	721,322.50		0.50

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES - EXCLUDED FROM "CAPS":					
Special Emergency Authorizations- 5 Years (N.J.S.A.40A:4-53)	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
Total General Appropriations - Excluded from "CAPS"	1,635,852.00	1,648,860.33	1,553,081.39	\$ 95,778.44	\$ 0.50
Subtotal General Appropriations	7,506,350.00	7,519,358.33	7,155,401.42	363,956.41	0.50
Reserve for Uncollected Taxes	447,229.00	447,229.00	447,229.00		
Total General Appropriations	<u>\$ 7,953,579.00</u>	<u>\$ 7,966,587.33</u>	<u>\$ 7,602,630.42</u>	<u>\$ 363,956.41</u>	<u>\$ 0.50</u>

Ref.

A

BOROUGH OF ROCKAWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 7,953,579.00	
N.J.S.A. 40A:4-87	A	<u>13,008.33</u>	
		<u>\$ 7,966,587.33</u>	
Reserve for Uncollected Taxes			\$ 447,229.00
Reserve for Encumbrances	A		198,468.59
Deferred Charges			200,000.00
Due to General Capital Fund			161,948.00
Cash Disbursed			<u>6,688,319.73</u>
			7,695,965.32
Less: Appropriation Refunds			<u>93,334.90</u>
			<u>\$ 7,602,630.42</u>

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

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
TRUST FUNDS

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

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-4	\$ 33,236.99	\$ 31,204.74
		33,236.99	31,204.74
Other Trust Funds:			
Cash and Cash Equivalents	B-4	497,446.12	317,704.61
Escrow Accounts Receivable		7,191.24	7,191.24
Due from Current Fund	A		114,436.33
		504,637.36	439,332.18
Emergency Services Volunteer Length of			
Service Award Program			
Investments	B-4	206,104.14	182,386.95
Contributions Receivable		8,800.00	8,800.00
		214,904.14	191,186.95
<u>TOTAL ASSETS</u>		\$ 752,778.49	\$ 661,723.87
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of New Jersey:			
Board of Health			\$ 66.00
Due to Current Fund	A	\$ 2,077.19	421.34
Prepaid Animal Licenses			1,090.00
Reserve for Animal Control Expenditures	B-6	31,159.80	29,627.40
		33,236.99	31,204.74
Other Trust Funds:			
Due to Current Fund	A	153.43	
Due to Federal and State Grant Fund	A		13,541.22

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

		December 31,	
	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Other Trust Funds:			
Reserve for:			
Tax Sale Premiums		\$ 39,400.00	\$ 49,100.00
Council on Affordable Housing		10,797.00	10,797.00
State Unemployment Insurance		43,542.54	20,646.27
Developers Escrow			60,000.00
Deferred Sick Leave		23,119.87	1,189.06
Shade Tree		650.00	650.00
Trust Escrow		122,375.06	53,885.32
Addison Hills Escrow		9,574.05	1,852.00
Forfeited Assets		10,561.72	11,293.33
Police Federal Funds		133.54	133.54
Recycling		27,907.30	25,023.35
Tree Replacement		5,400.00	
Parking Offenses Adjudication Act		2,543.26	2,543.26
Public Defender		12,642.96	12,642.96
D.A.R.E.		1,575.75	1,575.75
Vital Life		1,000.00	1,000.00
State of NJ Housing		772.77	772.77
Uniform Construction Code		600.00	14,600.00
National Night Out		41.34	609.98
Fire Prevention		9,668.45	3,152.45
Police Outside Duty		20,843.66	21,575.74
Municipal Alliance		11,417.11	11,101.69
Recreation		25,479.08	7,253.15
Snow Removal		124,438.47	114,393.34
		<u>504,637.36</u>	<u>439,332.18</u>
Emergency Services Volunteer Length of			
Service Award Program:			
Benefit Contributions Payable		<u>214,904.14</u>	<u>191,186.95</u>
		<u>214,904.14</u>	<u>191,186.95</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 752,778.49</u>	<u>\$ 661,723.87</u>

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

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 171,235.00	\$ 335,220.27
Due from Current Fund	A	496,394.52	989,415.94
Due from Federal and State Grant Fund			10,500.00
Due from County of Morris:			
Community Development Block Grant			62,500.00
NJ Department of Transportation Grant Receivable		85,000.00	25,000.00
Deferred Charges to Future Taxation:			
Funded		3,087,000.00	3,657,000.00
Unfunded	C-4	285,000.00	285,000.00
<u>TOTAL ASSETS</u>		<u>\$ 4,124,629.52</u>	<u>\$ 5,364,636.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	3,087,000.00	3,657,000.00
Improvement Authorizations:			
Funded	C-5	480,878.06	533,115.94
Unfunded	C-5	55,381.53	285,000.00
Due to Water Utility Capital Fund	D	250,838.78	550,838.78
Capital Improvement Fund	C-6	168,338.00	10,390.00
Reserve to Pay Debt Service			265,087.20
Reserve for Preliminary Expense		3,401.59	
Fund Balance	C-1	78,791.56	63,204.29
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,124,629.52</u>	<u>\$ 5,364,636.21</u>

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

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

	<u>Ref</u>	
Balance December 31, 2013	C	\$ 63,204.29
Increased by:		
Reserve to Pay Debt Service Cancelled		\$ 0.20
Improvement Authorizations Cancelled		<u>59,587.07</u>
		<u>59,587.27</u>
		122,791.56
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>44,000.00</u>
Balance December 31, 2014	C	<u><u>\$ 78,791.56</u></u>

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

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
WATER UTILITY OPERATING FUND

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

		December 31	
	Ref.	2014	2013
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 337,778.57	\$ 107,555.05
Change Fund		100.00	100.00
		<u>337,878.57</u>	<u>107,655.05</u>
Due from Water Utility Capital Fund	D	<u>17.23</u>	<u>10.22</u>
		<u>337,895.80</u>	<u>107,665.27</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>219,540.56</u>	<u>207,136.12</u>
Deferred Charges:			
Emergency Authorizations (NJSA 40A:4-48)			<u>100,000.00</u>
			<u>100,000.00</u>
Total Operating Fund		<u>557,436.36</u>	<u>414,801.39</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	206,723.35	207,236.63
Due from Current Fund	A		20.00
Due from General Capital Fund	C	250,838.78	550,838.78
Community Development Grant Receivable		76,500.00	
Fixed Capital	D-7	6,962,576.28	6,827,148.28
Fixed Capital Authorized and Uncompleted	D-8	<u>1,180,228.19</u>	<u>1,278,000.00</u>
		<u>8,676,866.60</u>	<u>8,863,243.69</u>
Total Capital Fund			
<u>TOTAL ASSETS</u>		<u>\$ 9,234,302.96</u>	<u>\$ 9,278,045.08</u>

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

		December 31	
	Ref.	2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3; D-9	\$ 50,735.01	\$ 30,216.78
Encumbered	D-3; D-9	80,513.68	41,357.35
		131,248.69	71,574.13
Accrued Interest on Loan Payable			63.52
Accrued Interest on Bonds Payable		25,633.60	26,383.60
Water Rent Overpayments		3,202.98	
		160,085.27	98,021.25
Reserve for Receivables and Inventory	D	219,540.56	207,136.12
Fund Balance	D-1	177,810.53	109,644.02
Total Operating Fund		557,436.36	414,801.39
Capital Fund:			
Serial Bonds Payable	D-14	1,560,000.00	1,610,000.00
New Jersey Department of Environmental			
Protection Loan Payable	D-15		7,631.09
Improvement Authorizations:			
Funded	D-10	453,654.49	753,162.59
Capital Improvement Fund	D-11	10,125.00	125.00
Due to Water Utility Operating Fund	D	17.23	10.22
Reserve to Pay Debt Service		65,467.81	
Deferred Reserve for Amortization	D-12	206,228.19	217,000.00
Reserve for Amortization	D-12A	6,376,576.28	6,270,517.19
Fund Balance	D-1A	4,797.60	4,797.60
Total Capital Fund		8,676,866.60	8,863,243.69
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 9,234,302.96	\$ 9,278,045.08

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

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

		Year Ended December 31,	
	Ref.	2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 9,644.00	\$ 113,351.00
Water Rents		1,738,759.97	1,371,922.46
Miscellaneous		32,928.14	21,963.97
Nonbudget Revenue		12,764.67	70,193.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		11,568.99	
Total Income		1,805,665.77	1,577,431.13
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,367,603.00	1,307,000.00
Capital Improvements		46,400.00	30,000.00
Debt Service		127,252.26	137,036.54
Deferred Charges and Statutory Expenditures		186,600.00	135,637.11
Total Expenditures		1,727,855.26	1,609,673.65
Excess/(Deficit) in Revenue		77,810.51	(32,242.52)
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to the Budget of the Succeeding Year			100,000.00
Statutory Excess to Fund Balance		77,810.51	67,757.48
<u>Fund Balance</u>			
Balance January 1	D	109,644.02	155,237.54
		187,454.53	222,995.02
Decreased by:			
Utilized by Water Utility Operating Budget		9,644.00	113,351.00
Balance December 31	D	\$ 177,810.53	\$ 109,644.02

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

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 4,797.60
Balance December 31, 2014	D	<u>\$ 4,797.60</u>

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

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 9,644.00	\$ 9,644.00	
Rents	1,370,000.00	1,408,759.97	\$ 38,759.97
Rents - Rate Increase (Ordinance #11-13)	330,000.00	330,000.00	
Miscellaneous Revenue Anticipated	18,962.00	32,928.14	13,966.14
	<u>1,728,606.00</u>	<u>1,781,332.11</u>	<u>52,726.11</u>
Nonbudget Revenue		<u>12,764.67</u>	<u>12,764.67</u>
	<u>\$ 1,728,606.00</u>	<u>\$ 1,794,096.78</u>	<u>\$ 65,490.78</u>

Analysis of Revenue - Rents

Collections

\$ 1,738,759.97

\$ 1,738,759.97

Miscellaneous Revenue Anticipated:

Collector:

Connection Fees

\$ 25,185.00

Interest on Delinquent Accounts

7,743.14

\$ 32,928.14

Nonbudget Revenue:

Treasurer:

Miscellaneous

12,459.84

Interest on Investments

189.59

Due from Water Utility Capital Fund:

Interest on Investments

115.24

\$ 12,764.67

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

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Appropriation		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 642,603.00	\$ 642,603.00	\$ 628,125.82	\$ 14,477.18	
Other Expenses	725,000.00	725,000.00	695,389.28	29,610.72	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	36,400.00	36,400.00	31,884.13	4,515.87	
Debt Service:					
Payment of Bonds	50,000.00	50,000.00	50,000.00		
Payment of Bond Interest	70,357.00	70,357.00	69,606.26		\$ 750.74
Loan Principal and Interest	7,646.00	7,646.00	7,646.00		
Deferred Charges and Statutory Expenditures:					
Emergency Authorizations	100,000.00	100,000.00	100,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	22,000.00	22,000.00	22,000.00		
Unemployment Insurance	15,000.00	15,000.00	15,000.00		
Social Security System (O.A.S.I.)	49,600.00	49,600.00	47,468.76	2,131.24	
	<u>\$ 1,728,606.00</u>	<u>\$ 1,728,606.00</u>	<u>\$ 1,677,120.25</u>	<u>\$ 50,735.01</u>	<u>\$ 750.74</u>

Ref.

D

Cash Disbursed	\$ 1,440,165.52
Accrued Interest on Bonds	69,606.26
Accrued Interest on Loan	14.79
Deferred Charges	100,000.00
Encumbrances Payable	80,513.68
	<u>1,690,300.25</u>
Less: Appropriation Refunds	<u>13,180.00</u>
	<u>\$ 1,677,120.25</u>

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
SEWER UTILITY OPERATING FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
GENERAL FIXED ASSETS ACCOUNT GROUP
UNAUDITED

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

	December 31,	
	2014	2013
<u>ASSETS</u>		
Land	\$ 9,407,660.00	\$ 9,407,660.00
Buildings	4,269,606.00	4,269,606.00
Equipment and Vehicles	4,877,356.20	4,859,376.00
<u>TOTAL ASSETS</u>	<u>\$ 18,554,622.20</u>	<u>\$ 18,536,642.00</u>
 <u>RESERVES</u>		
Investment in Fixed Assets	\$ 18,554,622.20	\$ 18,536,642.00
<u>TOTAL RESERVES</u>	<u>\$ 18,554,622.20</u>	<u>\$ 18,536,642.00</u>

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board publication Codification of Government Accounting and Financial Reporting Standards ("GASB"), Section 2100 "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

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

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

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

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

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

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

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

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

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated a cost or amortized cost, which approximates market.

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

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

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

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

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

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

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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

General Fixed Assets (Unaudited) (Cont'd)

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

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2014	2013	2012
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 3,087,000.00	\$ 3,657,000.00	\$ 4,212,000.00
Water Utility:			
Bonds, Loans and Notes	1,560,000.00	1,617,631.09	1,682,332.20
	<u>4,647,000.00</u>	<u>5,274,631.09</u>	<u>5,894,332.20</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>285,000.00</u>	<u>285,000.00</u>	

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2014	2013	2012
<u>Less:</u>			
General:			
Reserve to Pay Debt Service		\$ 265,087.20	\$ 207,960.15
Water Utility:			
Reserve to Pay Debt Service	\$ 65,467.81		
	<u>65,467.81</u>	<u>265,087.20</u>	<u>207,960.15</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 4,866,532.19</u>	<u>\$ 5,294,543.89</u>	<u>\$ 5,686,372.05</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .398%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 2,636,748.76	\$ 2,636,748.76	
Water Utility Debt	1,560,000.00	1,560,000.00	
General Debt	<u>3,372,000.00</u>		<u>\$ 3,372,000.00</u>
	<u>\$ 7,568,748.76</u>	<u>\$ 4,196,748.76</u>	<u>\$ 3,372,000.00</u>

Net Debt: \$3,372,000.00 divided by Average Equalized Valuations of \$847,762,740.67 of Real Property = .398%.

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

3-1/2% Average Equalized Valuation of Real Property	\$29,671,695.92
Net Debt	<u>3,372,000.00</u>
Remaining Borrowing Power	<u>\$26,299,695.92</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,781,332.11
Deductions:		
Operating and Maintenance Cost	\$ 1,454,203.00	
Debt Service	<u>127,252.26</u>	
		<u>1,581,455.26</u>
Excess in Revenue		<u>\$ 199,876.85</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2013	Retirements	Balance 12/31/2014
Serial Bonds:			
General Capital Fund	\$ 3,657,000.00	\$ 570,000.00	\$ 3,087,000.00
Water Utility Capital Fund	1,610,000.00	50,000.00	1,560,000.00
Loans Payable:			
Water Utility Capital Fund:			
NJ Department of Environmental Protection	<u>7,631.09</u>	<u>7,631.09</u>	
	<u>\$ 5,274,631.09</u>	<u>\$ 627,631.09</u>	<u>\$ 4,647,000.00</u>

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2012	Retirements	Balance 12/31/2013
Serial Bonds:			
General Capital Fund	\$ 4,212,000.00	\$ 555,000.00	\$ 3,657,000.00
Water Utility Capital Fund	1,660,000.00	50,000.00	1,610,000.00
Loans Payable:			
Water Utility Capital Fund:			
NJ Department of Environmental Protection	<u>22,332.20</u>	<u>14,701.11</u>	<u>7,631.09</u>
	<u>\$ 5,894,332.20</u>	<u>\$ 619,701.11</u>	<u>\$ 5,274,631.09</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

Analysis of Debt Issued and Outstanding:
General Capital Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
11/15/2016	3.650-3.750%	\$ 527,000.00
8/15/2021	4.000-4.500%	2,560,000.00
		<u>\$ 3,087,000.00</u>

Water Utility Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
8/15/2036	4.000-4.375%	\$ 1,560,000.00
		<u>\$ 4,647,000.00</u>

Total Debt Issued and Outstanding

New Jersey Department of Environmental Protection Loan Payable

In 1994, the Borough of Rockaway entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund") in the aggregate amount of \$242,662.94 which represents direct obligations of the Borough. The funds have been provided through the Water Supply Fund established by the Water Supply Bond Act of 1981, P.L. 1981, c. 26. The loan was obtained to finance the rehabilitation of the Borough's water supply system.

Installment payments of principal and interest on the loan are due February 7 and August 7 of each year. The final loan payments were made during 2014.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt
Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 595,000.00	\$ 127,837.11	\$ 50,000.00	\$ 68,356.26	\$ 841,193.37
2016	592,000.00	105,801.02	50,000.00	66,356.26	814,157.28
2017	350,000.00	83,800.00	50,000.00	64,356.26	548,156.26
2018	365,000.00	69,800.00	50,000.00	62,356.26	547,156.26
2019	375,000.00	55,200.00	50,000.00	60,356.26	540,556.26
2020-2024	810,000.00	55,125.00	230,000.00	216,350.04	1,311,475.04
2025-2029			345,000.00	209,481.30	554,481.30
2030-2034			435,000.00	124,750.04	559,750.04
2035-2036			300,000.00	26,250.00	326,250.00
	<u>\$ 3,087,000.00</u>	<u>\$ 497,563.13</u>	<u>\$ 1,560,000.00</u>	<u>\$ 898,612.68</u>	<u>\$ 6,043,175.81</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2014 which were included in the adopted budget as appropriated and as anticipated revenue for the year ending December 31, 2015 budget were as follows:

Current Fund	\$ 300,000.00
Water Utility Operating Fund	33,122.00

Note 4: School District Taxes

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

Note 5: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2014, the Borough did not have any deferred charges on the various balance sheets that need to be raised in the succeeding year.

Note 6: Pension Plans

Borough employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers the PERS and PFRS plans which cover substantially all Borough employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the PFRS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting. The 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 above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 6: Pension Plans (Cont'd)

The contribution policy is set by New Jersey State Statutes 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 employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.78% effective July 1, 2013 and increased to 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Borough contributions to PFRS amounted to \$331,006, \$331,264, and \$283,843 for 2014, 2013, and 2012, respectively. Borough contributions to PERS amounted to \$116,942, \$109,291, and \$144,569 for 2014, 2013, and 2012, respectively. The employer contributions for the DCRP were \$259.87, \$0, and \$332.10 for 2014, 2013 and 2012, respectively.

Note 7: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$233,676 at December 31, 2014. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Deferred Sick Leave of \$23,119.87 on the Trust Fund balance sheet at December 31, 2014.

Note 8: Selected Tax Information

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

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 8: Selected Tax Information (Cont'd)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	\$ 2.70	\$ 2.57	\$ 2.45
<u>Apportionment of Tax Rate</u>			
Municipal	0.76	0.72	0.62
County	0.29	0.28	0.28
Local School	0.70	0.64	0.64
Regional School	0.95	0.93	0.91
<u>Assessed Valuations</u>			
2014	<u>\$ 779,097,668.00</u>		
2013		<u>\$ 780,022,073.00</u>	
2012			<u>\$ 781,311,643.00</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2014	\$ 21,067,118.08	\$ 20,678,052.89	98.15%
2013	20,035,100.60	19,651,194.80	98.08%
2012	19,508,385.12	19,085,688.53	97.83%

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

Note 9: Cash and Cash Equivalents

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

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

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* require disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

Investments (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2014, cash and cash equivalents of the Borough of Rockaway consisted of the following:

<u>Fund</u>	<u>Change Funds</u>	<u>Checking Accounts</u>	<u>Investments</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current Fund	\$ 100.00	\$2,335,887.61		\$ 2,723.79	\$2,338,711.40
Animal Control Trust Fund		33,236.99			33,236.99
Other Trust Funds		497,446.12			497,446.12
Emergency Services Length of Service Award Program			\$206,104.14		206,104.14
General Capital Fund		171,235.00			171,235.00
Water Utility Operating Fund	100.00	333,675.64		4,102.93	337,878.57
Water Utility Capital Fund		206,723.35			206,723.35
	<u>\$ 200.00</u>	<u>\$3,578,204.71</u>	<u>\$206,104.14</u>	<u>\$ 6,826.72</u>	<u>\$3,791,335.57</u>

During the period ended December 31, 2014, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2014, was \$3,791,335.57 and the bank balance was \$3,752,670.77. The \$6,826.72 invested with the State of New Jersey Cash Management Fund is uninsured and/or unregistered.

Investments – Emergency Services Length of Service Award Program

Investments represent mutual fund shares authorized under NJAC 5:30-14.19 for the Borough's Length of Service Awards Program ("LOSAP") contributions. These contributions are held by Variable Annuity Life Insurance Company ("VALIC"). The balances of these investments were \$206,104.14 and \$182,386.95 at December 31, 2014 and 2013, respectively.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 10: Risk Management

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

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

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

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

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

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

The Fund's financial statements for the year ended December 31, 2014 were unavailable at the time of this audit. Selected financial information for the Fund as of December 31, 2013 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 25,334,768.00</u>
Net Position	<u>\$ 9,645,581.00</u>
Total Revenue	<u>\$ 15,621,282.00</u>
Total Expenditures	<u>\$ 15,549,524.00</u>
Change in Net Position	<u>\$ 71,758.00</u>
Members Dividends	<u>\$ -0-</u>

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 10: Risk Management (Cont'd)

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

PERMA Risk Management Services
9 Campus Drive, Suite 16
Parsippany, NJ 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employees Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 15,000.00	\$ 22,346.27	\$ 14,450.00	\$ 43,542.54
2013	15,000.00	16,636.64	29,595.26	20,646.27
2012	100.00	32,724.76	25,022.51	18,604.89

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2014:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 2,230.62	\$ 496,394.52
Animal Control Fund		2,077.19
Other Trust Funds		153.43
General Capital Fund	496,394.52	250,838.78
Water Utility Operating Fund	17.23	
Water Utility Capital Fund	250,838.78	17.23
	<u>\$ 749,481.15</u>	<u>\$ 749,481.15</u>

The interfund receivable in the Current Fund consists of the statutory excess in the Animal Control Fund, and interest due from the Animal Control and Other Trust Funds. The interfund payable in the Current Fund is the remaining balance of a prior year interfund due to the General Capital Fund. The payable in the General Capital Fund and resulting receivable in the Water Utility Capital fund is the remaining balance of a prior year interfund.

BOROUGH OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 12: Deferred Compensation Plans

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

Note 13: Economic Dependency

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

Note 14: Contingent Liabilities

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

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

BOROUGH OF ROCKAWAY

SUPPLEMENTARY DATA

BOROUGH OF ROCKAWAY
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2014

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Russell Greuter	Mayor	
Melissa Burnside	Councilwoman	
Joyce Kanigel	Councilwoman	
Thomas Mulligan	Councilman	
Robert Smith	Councilman	
Joseph A. Vincente	Councilman	
John "Jay" L. Willer	Councilman	
Sheila Seifert	Borough Clerk	(A)
Yolanda Dykes	Chief Financial Officer/Treasurer	(A)
Donna Browne	Tax Collector	(A)
Deborah Tanzola	Water Clerk	(A)

All bonds were examined and were properly executed.

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

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
CURRENT FUND

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 2,266,862.90
Increased by Receipts:		
Tax Collector	\$ 21,165,085.39	
Revenue Accounts Receivable	1,287,234.51	
Miscellaneous Revenue Not Anticipated	141,274.74	
Due Animal Control Trust Fund:		
Prior Year Interfund Returned	475.63	
Due Other Trust Funds:		
Drunk Driving Enforcement Fund	13,541.22	
Due State of New Jersey:		
Marriage License Fees	825.00	
Burial Permit Fees	5.00	
DCA Training Fees	6,525.40	
Veterans and Senior Citizens' Deductions	56,969.17	
Appropriation Refunds	93,334.90	
Reserve for Sale of Municipal Assets	400,000.00	
Due to Library	23,880.00	
Unappropriated Grant Reserve:		
Click It or Ticket	3,800.00	
		<u>23,192,950.96</u>
		<u>25,459,813.86</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF CASH

Ref.

Decreased by Disbursements:

2014 Appropriation Expenditures	\$	6,688,319.73	
2013 Appropriation Reserves		361,031.59	
Local School Taxes		7,423,630.00	
Regional School Taxes		5,426,526.00	
County Taxes		2,217,873.36	
Due Other Trust Funds:			
Prior Year Interfund Returned		114,254.06	
Due Water Utility Capital Fund		20.00	
Due General Capital Fund		665,087.00	
Redemption of Outside Liens		185,146.19	
Due State of New Jersey:			
DCA Training Fees		4,483.92	
Marriage License Fees		850.00	
Due to Library		23,880.00	
Appropriated Grants		4,400.00	
Encumbrances - Federal and State Grants		1,600.00	
Refund of Prior Year Revenue		1,759.00	
Refund of Miscellaneous Revenue		876.42	
Tax Overpayments		1,465.19	
			\$ 23,121,202.46
Balance December 31, 2014	A		\$ 2,338,611.40

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2014

Increased by Receipts:

Taxes Receivable	\$ 20,786,084.02
Interest and Costs on Taxes	87,072.07
2015 Prepaid Taxes	102,728.40
Tax Overpayments	3,869.51
Outside Liens	185,146.19
Other Miscellaneous Revenue	185.20
	<hr/>

\$ 21,165,085.39

BOROUGH OF ROCKAWAY
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Year	Balance	2014 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014				Dec. 31, 2014
2013	\$ 337,929.40			\$ 338,179.40	\$ (250.00)			
2014		\$ 21,067,118.08	\$ 173,128.13	20,447,904.62	57,020.14	\$ 6,387.12	\$ 20,150.89	\$ 362,527.18
	<u>\$ 337,929.40</u>	<u>\$ 21,067,118.08</u>	<u>\$ 173,128.13</u>	<u>\$ 20,786,084.02</u>	<u>\$ 56,770.14</u>	<u>\$ 6,387.12</u>	<u>\$ 20,150.89</u>	<u>\$ 362,527.18</u>

Ref. A

A

Analysis of 2014 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$ 21,059,009.97
Added and Omitted Taxes	8,108.11
	<u>\$ 21,067,118.08</u>

Tax Levy:

Local School District Taxes	\$ 7,423,630.00
Regional School District Taxes	5,426,526.00
County Taxes	\$ 2,217,012.22
County Added and Omitted Taxes	861.14
	<u>2,217,873.36</u>
	15,068,029.36
Local Tax for Municipal Purposes Levied	5,700,800.00
Minimum Library Tax	286,687.00
Add: Additional Tax Levied	<u>11,601.72</u>
	5,999,088.72
	<u>\$ 21,067,118.08</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 589,603.90
Increased by:		
Transfer from Taxes Receivable		<u>20,150.89</u>
Balance December 31, 2014	A	<u>\$ 609,754.79</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued In 2014	Transferred from Federal and State Grant Fund	Collected by Treasurer	Balance Dec. 31, 2014
Municipal Clerk:					
Alcoholic Beverage Licenses		\$ 13,720.00		\$ 13,720.00	
Fees and Permits		36,916.46		36,916.46	
Other Licenses		26,288.00		26,288.00	
Construction Code Official:					
Fees and Permits	\$ 1,410.83	115,452.17		116,863.00	
Municipal Court:					
Fines and Costs	6,234.00	81,092.15		83,562.67	\$ 3,763.48
Consolidated Municipal Property Tax Relief Program		61,050.00		61,050.00	
Energy Receipts Taxes		485,945.00		485,945.00	
Uniform Fire Safety Fees		23,493.28		23,493.28	
Recycling Tonnage		10,604.00		10,604.00	
Safe and Secure Communities		29,407.00		29,407.00	
Municipal Alliance		9,256.00	\$ 8,750.00	2,755.77	15,250.23
Morris Hills Regional School Resource Officer		80,327.00		80,327.00	
Safe and Secure Communities:					
2011			11,863.68		11,863.68
2012			29,407.00	29,407.00	
Drive Sober or Get Pulled Over - 2014					
2014		5,000.00		5,000.00	
2013			4,400.00	4,400.00	
Clean Communities		10,727.41	729.84	10,727.41	729.84
Drunk Driving Enforcement Fund			1,479.03		1,479.03
Recycling Tonnage			4,126.97		4,126.97
Click It or Ticket			300.00		300.00
Domestic Violence			160.00		160.00
Body Armor Grant		1,680.92		1,680.92	
Reserve to Pay Debt Service		265,087.00		265,087.00	
	<u>\$ 7,644.83</u>	<u>\$ 1,256,046.39</u>	<u>\$ 61,216.52</u>	<u>\$ 1,287,234.51</u>	<u>\$ 37,673.23</u>

BOROUGH OF ROCKAWAY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Transferred to Current Fund
Safe and Secure Communities:		
2011	\$ 11,863.68	\$ 11,863.68
2012	29,407.00	29,407.00
Clean Communities	729.84	729.84
Drunk Driving Enforcement Fund	1,479.03	1,479.03
Drive Sober or Get Pulled Over	4,400.00	4,400.00
Recycling Tonnage	4,126.97	4,126.97
Click It or Ticket	300.00	300.00
Domestic Violence	160.00	160.00
Municipal Alliance	8,750.00	8,750.00
	<u>\$ 61,216.52</u>	<u>\$ 61,216.52</u>

A

Revenue Accounts Receivable \$ 61,216.52

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
Mayor & Council:				
Other Expenses	\$ 105.35	\$ 105.35	\$ 53.00	\$ 52.35
Clerk:				
Other Expenses	2,348.47	2,348.47	1,249.76	1,098.71
Financial Administration:				
Other Expenses	700.00	700.00	700.00	
Audit Fees	9,200.00	23,200.00	23,200.00	
Collection of Taxes:				
Salaries & Wages	55.04	55.04		55.04
Other Expenses	703.86	703.86		703.86
Assessment of Taxes:				
Salaries & Wages	38.04	38.04		38.04
Other Expenses	349.58	349.58	36.84	312.74
Legal Services and Costs:				
Other Expenses - Fees	10,888.82	4,550.54	4,550.54	
Engineering Services:				
Other Expenses	6,508.94	695.04	538.50	156.54
Land Use Board:				
Other Expenses	2,227.50	2,227.50	2,227.50	
Zoning Enforcement:				
Salaries & Wages	17.00	17.00		17.00
Other Expenses	400.00	94.96		94.96
Insurance:				
General Liability Insurance	7,464.81	7,464.81		7,464.81
Employee Group Insurance - Health	2,750.00	2,750.00		2,750.00
PUBLIC SAFETY				
Office of Emergency Management:				
Salaries & Wages	0.08	0.08		0.08
Other Expenses	1,191.50	1,191.50		1,191.50
Volunteer Fire/Ambulance Department:				
Other Expenses	20,639.30	20,639.30	19,378.27	1,261.03
Fire Prevention/Uniform Fire Code:				
Salaries & Wages	2,149.62	2,150	2,149.62	
Other Expenses	1,940.84	1,940.84	1,271.99	668.85
Police:				
Salaries & Wages	19,106.85	19,948.02	19,948.02	
Other Expenses	39,487.28	33,024.43	33,024.03	0.40
Alarm System - Police and Fire:				
Other Expenses	176.01	176.01		176.01

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	\$ 2,635.73	\$ 14,635.73	\$ 14,635.73	
Other Expenses	45,047.13	45,047.13	40,532.56	\$ 4,514.57
Other Public Works Functions:				
Other Expenses	3,494.15	3,494.15	2,841.04	653.11
Shade Tree Commission:				
Other Expenses	5,200.51	1,000.00	1,000.00	
Public Building and Grounds:				
Other Expenses	12,411.81	7,910.39	7,910.39	
Vehicle Maintenance:				
Other Expenses	3,906.41	3,906.41	3,882.00	24.41
HEALTH AND WELFARE:				
Board of Health:				
Salaries & Wages	1,738.29	1,738.29	1,738.29	
Other Expenses	6,256.32	2,186.30	330.00	1,856.30
Administration of Public Assistance:				
Other Expenses	500.00	500.00		500.00
Senior Citizens' Programs:				
Salaries & Wages	881.84	881.84		881.84
RECREATION AND EDUCATION:				
Recreation Commission (R.S. 40A12-1):				
Other Expenses	4,095.74	4,095.74	1,434.50	2,661.24
Maintenance of Parks	3,367.05			
UNIFORM CONSTRUCTION CODE:				
Construction Code Official:				
Salaries & Wages	3,407.17	3,407.17	3,407.17	
Other Expenses	1,100.00	1,100.00	36.50	1,063.50
Uniform Construction Code Enforcement:				
Other Expenses	650.00	650.00		650.00
UNCLASSIFIED:				
Utilities:				
Gas (Natural or Propane)	6,557.99	6,557.99	6,192.82	365.17
Street Lighting	10,386.60	10,386.60	5,925.13	4,461.47
Electricity	13,409.50	3,870.75	3,870.75	
Gasoline and Diesel	8,029.30	10,632.72	10,632.72	
Telephone	4,059.41	4,059.41	2,743.09	1,316.32
Solid Waste Disposal	49,541.67	50,200.05	50,200.05	
Contingent	500.00	500.00		500.00
Social Security System (O.A.S.I.)	7,665.61			

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
STATUTORY EXPENDITURES:				
Public Employees Retirement System	\$ 6,189.90	\$ 6,189.90	\$ 2,577.41	\$ 3,612.49
Defined Contribution Retirement Plan	1,200.00	1,200.00		1,200.00
Police and Fire Retirement System		22,160.46	22,160.46	
Aid to Municipal Library:				
Other Expenses	16,546.84	16,546.84	16,546.84	
Length of Service Awards Program	14,100.00	14,100.00	14,100.00	
Sewage Processing and Disposal	152.00	152.00		152.00
CAPITAL IMPROVEMENTS:				
DPW Equipment	2,771.46	2,771.46	2,529.90	241.56
Fire Department Equipment	29,682.90	29,682.90	24,914.14	4,768.76
Recreation Equipment	7,068.70	7,068.70	7,068.70	
Buildings and Ground Equipment	11,500.00	11,500.00	11,300.00	200.00
	<u>\$ 412,502.92</u>	<u>\$ 412,502.92</u>	<u>\$ 366,838.26</u>	<u>\$ 45,664.66</u>

Ref.

Analysis of Balance @ December 31, 2013

Unencumbered	A \$ 199,266.36
Encumbered	A <u>213,236.56</u>
	<u>\$ 412,502.92</u>

Analysis of Paid or Charged

Cash Disbursed	\$ 361,031.59
Accounts Payable	<u>5,806.67</u>
	<u>\$ 366,838.26</u>

BOROUGH OF ROCKAWAY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ -0-
Increased by:		
Levy - Calendar Year 2014		\$ 7,423,630.00
		<u>7,423,630.00</u>
Decreased by:		
Payments to Local School District		\$ 7,423,630.00
		<u><u>7,423,630.00</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE/(PREPAID)
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Balance/(Prepaid) December 31, 2013	A	\$ (299.97)
Increased by:		
Levy - Calendar Year 2014		\$ 5,426,526.00
		<u>5,426,226.03</u>
Decreased by:		
Payments to Regional High School District		\$ 5,426,226.03
		<u><u>5,426,226.03</u></u>

BOROUGH OF ROCKAWAY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Return Prior Year Encumbrances	Transferred to Current Fund
Recycling Tonnage Grant	\$ 20,735.44		\$ 20,735.44
Clean Communities		\$ 3,320.78	3,320.78
Body Armor Replacement Fund	537.29		537.29
NJ Alcohol Rehabilitation	2,599.92		2,599.92
Municipal Alliance	5,750.00		5,750.00
Domestic Violence Response Team Grant	63.26		63.26
Safe and Secure Communities	2,058.19		2,058.19
Over the Limit Under Arrest	400.00		400.00
Child Passenger Safety Grant	0.03		0.03
Drive Sober or Get Pulled Over	4,400.00		4,400.00
	<u>\$ 36,544.13</u>	<u>\$ 3,320.78</u>	<u>\$ 39,864.91</u>
<u>Ref.</u> A			
Reserve for Appropriated Grants			\$ 35,464.88
Expenditures			4,400.00
Cancelled to Operations			0.03
			<u>\$ 39,864.91</u>

BOROUGH OF ROCKAWAY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Transferred to 2014 Budget Revenue	Transferred to Current Fund
Body Armor Replacement Fund	\$ 1,725.92		\$ 1,725.92
Recycling Tonnage Grant	10,872.35		10,872.35
Drive Sober or Get Pulled Over	8,800.00		8,800.00
Click It or Ticket	4,000.00	\$ 4,000.00	
Drunk Driving Enforcement Fund	16,569.69	5,000.00	11,569.69
	<u>\$ 41,967.96</u>	<u>\$ 9,000.00</u>	<u>\$ 32,967.96</u>
<u>Ref.</u>	A		
		Reserve for Unappropriated Grants	<u>\$ 32,967.96</u>

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
TRUST FUNDS

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>
Balance December 31, 2013	B	\$ 31,204.74	\$ 317,704.61	\$ 182,386.95
Increased by Receipts:				
Due Current Fund:				
Interest on Investments			\$ 335.70	
Interfund			114,254.06	
License Fees		\$ 14,844.00		
Interest on Investments		58.80		
State Registration Fees		1,053.00		
Miscellaneous Fees		1,938.00		
Tax Sale Premiums			16,100.00	
Trust Escrow			206,629.89	
Addison Hills Escrow			7,722.05	
Unemployment Insurance Deposits			37,346.27	
Forfeited Assets			467.14	
Recycling			16,905.23	
Tree Replacement			5,400.00	
Municipal Alliance			6,111.20	
National Night Out			1,950.00	
Fire Prevention			6,516.00	
Outside Police Services			103,542.17	
Reserve for Sick Leave			21,930.81	
Recreation Deposits			74,983.89	
Reserve for Snow Removal - FEMA Grant			10,045.13	
Gain on Investments				\$ 17,800.71
LOSAP Contributions				11,600.00
		17,893.80	630,239.54	29,400.71
		49,098.54	947,944.15	211,787.66

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>
Decreased by Disbursements:				
Due Current Fund:				
Prior Year Interfund Returned	\$	421.34		
Interest Earned		54.29		
Drunk Driving Enforcement Fund			\$ 13,541.22	
State of New Jersey Board of Health		1,119.00		
Expenditures Under R.S. 4:19-15.11		14,266.92		
Tax Sale Premiums			25,800.00	
Unemployment Insurance Expenditures			14,450.00	
Developers Escrow			60,000.00	
Uniform Construction Code			14,000.00	
National Night Out			2,518.64	
Outside Police Services			104,274.25	
Forfeited Assets			1,198.75	
Recycling			14,021.28	
Municipal Alliance			5,795.78	
Trust Escrow			138,140.15	
Recreation Expenditures			56,757.96	
LOSAP Distributions				\$ 5,683.52
		<u>\$ 15,861.55</u>	<u>\$ 450,498.03</u>	<u>\$ 5,683.52</u>
Balance December 31, 2014	B	<u>\$ 33,236.99</u>	<u>\$ 497,446.12</u>	<u>\$ 206,104.14</u>

BOROUGH OF ROCKAWAY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 29,627.40
Increased by:		
Dog and Cat License Fees		\$ 14,844.00
Prior Year Prepaid Licenses Applied		1,090.00
Miscellaneous Fees		1,938.00
		<u>17,872.00</u>
		47,499.40
Decreased by:		
Expenditures Under R.S. 4:19-15.11		14,266.92
Statutory Excess Due to Current Fund		2,072.68
		<u>16,339.60</u>
Balance December 31, 2014	B	<u>\$ 31,159.80</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 15,023.40
2013	16,136.40
	<u>31,159.80</u>
Maximum Allowable Reserve	<u>\$ 31,159.80</u>

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 335,220.27
Increased by:		
NJ Department of Transportation Grant	\$ 25,000.00	
Due Current Fund:		
Interest	382.42	
Interfund Returned	665,087.00	
Community Development Block Grant	62,500.00	
		752,969.42
		1,088,189.69
Decreased by:		
Improvement Authorizations	351,269.28	
Reserve to Pay Debt Service:		
Realized as Current Fund Revenue	265,087.00	
Reserve for Preliminary Expense:		
Community Development Project	598.41	
Due Water Utility Capital Fund:		
Interfund Returned	300,000.00	
		916,954.69
Balance December 31, 2014	C	\$ 171,235.00

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2013	Receipts	Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2014
		Miscellaneous	Improvement	Miscellaneous	From	To	
			Authorizations				
Capital Fund Balance	\$ 63,204.29				\$ 44,000.00	\$ 59,587.27	\$ 78,791.56
Capital Improvement Fund	10,390.00				4,000.00	161,948.00	168,338.00
Due from Current Fund	(989,415.94)	\$ 665,469.42			172,448.00		(496,394.52)
Due from Federal and State Grant Fund	(10,500.00)					10,500.00	
Community Development Block Grant Receivable	(62,500.00)	62,500.00					
NJ Department of Transportation Grant Receivable	(25,000.00)	25,000.00			85,000.00		(85,000.00)
Due to Water Utility Capital Fund	550,838.78			\$ 300,000.00			250,838.78
Reserve to Pay Debt Service	265,087.20			265,087.00	0.20		
Reserve for Preliminary Expense: Community Development Project				598.41		4,000.00	3,401.59
Ord. No.	Improvement Description						
07-02	Various Capital Improvements	4,374.68		\$ 4,374.68			
13-06	Various Capital Improvements	3,231.40			3,231.40		
08-07	Various Capital Improvements	9,787.48			9,787.48		
01-08	Sanitary Sewer Rehabilitation	822.10		822.10			
02-08	Park Lake ADA Restrooms	95.72			95.72		
04-11	Various Capital Improvements	458,771.83		49,769.33	46,472.47		362,530.03
01-13	Manhole Rehabilitation	50,585.00		50,585.00			
12-13	Road Improvements	5,447.73		235,066.20			(229,618.47)
08-14	Maple Avenue Improvement Project			10,651.97		129,000.00	118,348.03
	\$ 335,220.27	\$ 752,969.42	\$ 351,269.28	\$ 565,685.41	\$ 365,035.27	\$ 365,035.27	\$ 171,235.00

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014	
				Expenditures	Unexpended Improvement Authorizations
12-13	Road Improvements	\$ 285,000.00	\$ 285,000.00	\$ 229,618.47	\$ 55,381.53
		<u>\$ 285,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 229,618.47</u>	<u>\$ 55,381.53</u>
	<u>Ref.</u>	C	C		

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance		2014 Authorizations				Balance	
				December 31, 2013		New Jersey Department of Transportation Grant	Fund Balance	Paid or Charged	Authorizations Cancelled	December 31, 2014	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
07-02	Various Capital Improvements	06/13/02	\$ 440,000.00	\$ 4,374.68				\$ 4,374.68			
13-06	Various Capital Improvements	08/10/06	417,000.00	3,231.40					\$ 3,231.40		
08-07	Various Capital Improvements	05/10/07	440,000.00	9,787.48					9,787.48		
01-08	Sanitary Sewer Rehabilitation	02/14/08	80,000.00	822.10				822.10			
02-08	Park Lake ADA Restrooms	02/14/08	80,000.00	95.72					95.72		
04-11	Various Capital Improvements	05/12/11	1,713,175.00	458,771.83				49,769.33	46,472.47	\$ 362,530.03	
01-13	Manhole Rehabilitation	02/14/13	62,500.00	50,585.00				50,585.00			
12-13	Road Improvements	07/25/13	400,000.00	5,447.73	\$ 285,000.00			235,066.20			\$ 55,381.53
08-14	Maple Avenue Improvement Projec	07/10/14	129,000.00			\$ 85,000.00	\$ 44,000.00	10,651.97		118,348.03	
				\$ 533,115.94	\$ 285,000.00	\$ 85,000.00	\$ 44,000.00	\$ 351,269.28	\$ 59,587.07	\$ 480,878.06	\$ 55,381.53
	Ref.			C	C					C	C

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 10,390.00
Increased by:		
Budget Appropriations - Due from Current Fund		<u>161,948.00</u>
		172,338.00
Decreased by:		
Appropriated to Finance Reserve for Preliminary Expense		<u>4,000.00</u>
Balance December 31, 2014	C	<u><u>\$ 168,338.00</u></u>

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

BOROUGH OF ROCKAWAY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
			December 31, 2014					
			Date	Amount				
General Improvement Bonds Series 2003	11/15/03	\$ 3,027,000.00	11/15/15	\$ 270,000.00	3.65%			
			11/15/16	257,000.00	3.75%	\$ 787,000.00	\$ 260,000.00	\$ 527,000.00
General Improvement Bonds Series 2011	08/30/11	3,470,000.00	08/15/15	325,000.00	4.00%			
			08/15/16	335,000.00	4.00%			
			08/15/17	350,000.00	4.00%			
			08/15/18	365,000.00	4.00%			
			08/15/19	375,000.00	5.00%			
			08/15/20	395,000.00	4.50%			
			08/15/21	415,000.00	4.50%	2,870,000.00	310,000.00	2,560,000.00
						\$ 3,657,000.00	\$ 570,000.00	\$ 3,087,000.00
					Ref.	C		C

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

<u>Ord. Number</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2014</u>
12-13	07/11/13	Road Improvements	<u>\$ 285,000.00</u>	<u>\$ 285,000.00</u>
			<u><u>\$ 285,000.00</u></u>	<u><u>\$ 285,000.00</u></u>

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
WATER UTILITY OPERATING FUND

BOROUGH OF ROCKAWAY
WATER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2013	D	\$ 107,555.05	\$ 207,236.63
Increased by Receipts:			
Water Utility Collector		\$ 1,774,891.09	
Interest on Investments		189.59	\$ 115.24
Appropriation Refunds		13,180.00	
Miscellaneous Revenue Not Anticipated		12,459.84	
Due Water Utility Capital Fund		108.23	
Community Development Block Grant Receivable			3,500.00
Budget Appropriation:			
Capital Improvement Fund			10,000.00
Due Current Fund:			
Prior Year Interfund			20.00
Due General Capital Fund:			
Interfund Returned			300,000.00
		<u>1,800,828.75</u>	<u>313,635.24</u>
		1,908,383.80	520,871.87
Decreased by Disbursements:			
2014 Budget Appropriations		1,440,165.52	
2013 Appropriation Reserves		60,005.14	
Improvement Authorizations Expenditures			314,040.29
Accrued Interest on Loan		78.31	
Accrued Interest on Bonds		70,356.26	
Due Water Utility Operating Fund			108.23
		<u>1,570,605.23</u>	<u>314,148.52</u>
Balance December 31, 2014	D	<u>\$ 337,778.57</u>	<u>\$ 206,723.35</u>

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2014

Increased by Receipts:

Water Rents	\$ 1,738,759.97
Other Water Fees	25,185.00
Water Overpayments	3,202.98
Interest on Delinquent Accounts	7,743.14
Total Consumer Accounts Receivable	<u> </u>

\$ 1,774,891.09

Decreased by Disbursements:

Paid to Treasurer	<u><u>\$ 1,774,891.09</u></u>
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BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2013	Receipts Miscellaneous	Disbursements Improvement Authorizations	Miscellaneous	Transfers		Balance/ (Deficit) Dec. 31, 2014
					From	To	
Capital Fund Balance	\$ 4,797.60						\$ 4,797.60
Capital Improvement Fund	125.00	\$ 10,000.00					10,125.00
Due General Capital Fund	(550,838.78)	300,000.00					(250,838.78)
Due Water Utility Operating Fund	10.22	115.24		\$ 108.23			17.23
Due Current Fund	(20.00)	20.00					
Reserve to Pay Debt Service						\$ 65,467.81	65,467.81
Community Development Block Grant Receivable		3,500.00			\$ 80,000.00		(76,500.00)
Ord.							
No.	Improvement Description						
08-09	Various Water Utility Improvements	237,732.57					237,732.57
16-10	Various Water Utility Improvements	13,656.10	\$ 6,775.00				6,881.10
05-11	Various Water Utility Improvements	441,773.92	194,961.29		37,771.81		209,040.82
18-13	Redevelop/Repair Well# 6A	60,000.00	32,304.00		27,696.00		
01-14	Potable Water System Improvements		80,000.00			80,000.00	
		<u>\$207,236.63</u>	<u>\$ 313,635.24</u>	<u>\$ 314,040.29</u>	<u>\$ 145,467.81</u>	<u>\$ 145,467.81</u>	<u>\$206,723.35</u>

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

	Balance Dec. 31, 2013	2014 Charges	Collections	Balance Dec. 31, 2014
Water Rents	\$ 207,136.12	\$ 1,751,164.41	\$ 1,738,759.97	\$ 219,540.56
Miscellaneous		25,185.00	25,185.00	
	<u>\$ 207,136.12</u>	<u>\$ 1,776,349.41</u>	<u>\$ 1,763,944.97</u>	<u>\$ 219,540.56</u>
<u>Ref.</u>	D			D

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2013	Additions By		Balance Dec. 31, 2014
		Ordinance	Budget Capital Outlay	
Fixed Capital Prior to 1970	\$ 32,512.50			\$ 32,512.50
Pumping Station Land	2,700.00			2,700.00
Storage System Land	400.00			400.00
Springs and Wells	402,384.92			402,384.92
Pumping Station Structures	22,848.54			22,848.54
Electric Pumping Station Equipment	16,901.51			16,901.51
Storage Reservoirs and tanks	757,609.38			757,609.38
Distribution Mains and Accessories	2,807,576.10			2,807,576.10
Service Pipes and Stops	82,117.00			82,117.00
Fire Hydrants and Cisterns	77,747.86			77,747.86
General Structures	71,837.61			71,837.61
Meters, Meter Boxes and Vaults	279,533.76			279,533.76
Engineering	11,004.96			11,004.96
General Equipment	177,435.26		\$ 17,629.00	195,064.26
Shoring Unit	5,961.50			5,961.50
Booster Pump	1,736.67			1,736.67
Pumping Equipment	20,896.31		5,495.00	26,391.31
Water Line and Reservoirs	84,562.63			84,562.63
Sewer Lines	16,651.20			16,651.20
Water Treatment Facility	788,753.37			788,753.37
Altitude Valve	4,000.00			4,000.00
Trucks	51,193.06			51,193.06
Purification Equipment	263,279.87			263,279.87
Loader Replacement	153,601.91			153,601.91
Woodside Transit Pipeline	213,373.95			213,373.95
Water Utility Vehicles	339,768.41			339,768.41
Improvement to Hillside Watertank	80,000.00			80,000.00
Portable Radios	2,760.00			2,760.00
Hillside Watertank Replacement	58,000.00			58,000.00
Redevelop/Repair Well 6A		\$ 32,304.00		32,304.00
Potable Water Improvements		80,000.00		80,000.00
	<u>\$ 6,827,148.28</u>	<u>\$ 112,304.00</u>	<u>\$ 23,124.00</u>	<u>\$ 6,962,576.28</u>

D

D

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Transfer to Fixed Capital	Authorizations Cancelled	Balance Dec. 31, 2014
08-09	Various Water Utility Improvements	\$ 417,000.00				\$ 417,000.00
16-10	Various Water Utility Improvements	100,000.00				100,000.00
05-11	Various Water Utility Improvements	701,000.00			\$ 37,771.81	663,228.19
18-13	Redevelop/ Repair Well #6A	60,000.00		\$ 32,304.00	27,696.00	
01-14	Potable Water System Improvements		\$ 80,000.00	80,000.00		
		<u>\$ 1,278,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 112,304.00</u>	<u>\$ 65,467.81</u>	<u>\$ 1,180,228.19</u>
		D				D
			Deferred Reserve for Amortization		\$ 37,771.81	
			Reserve for Amortization		27,696.00	
					<u>\$ 65,467.81</u>	

BOROUGH OF ROCKAWAY
WATER UTILITY OPERATING FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 3,121.90	\$ 3,121.90		\$ 3,121.90
Other Expenses	56,577.23	56,577.23	\$ 51,705.14	4,872.09
Capital Outlay	11,875.00	11,875.00	8,300.00	3,575.00
	<u>\$ 71,574.13</u>	<u>\$ 71,574.13</u>	<u>\$ 60,005.14</u>	<u>\$ 11,568.99</u>

Ref.

Balance December 31, 2013

Unencumbered	D	\$ 30,216.78
Encumbered	D	<u>41,357.35</u>
		<u>\$ 71,574.13</u>

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2013	2014 Improvement	Paid or	Authorizations	Balance Dec. 31, 2014
		Date	Amount	Funded	Authorizations	Charged	Cancelled	Funded
08-09	Various Water Utility Improvements	06/25/2009	\$ 477,000.00	\$ 237,732.57				\$ 237,732.57
16-10	Various Water Utility Improvements	08/12/2010	100,000.00	13,656.10		\$ 6,775.00		6,881.10
05-11	Various Water Utility Improvements	05/12/2011	701,000.00	441,773.92		194,961.29	\$ 37,771.81	209,040.82
18-13	Redevelop/Repair Well # 6A	10/10/2013	60,000.00	60,000.00		32,304.00	27,696.00	
18-13	Potable Water System Improvements	02/19/2014	80,000.00		\$ 80,000.00	80,000.00		
				<u>\$ 753,162.59</u>	<u>\$ 80,000.00</u>	<u>\$ 314,040.29</u>	<u>\$ 65,467.81</u>	<u>\$ 453,654.49</u>
				<u>Ref.</u>	D			D
					Community Development Block Grant	<u>\$ 80,000.00</u>		
						Deferred Reserve for Amortization	\$ 37,771.81	
						Reserve for Amortization	<u>27,696.00</u>	
							<u>\$ 65,467.81</u>	

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 125.00
Increased by:		
2014 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2014	D	<u><u>\$ 10,125.00</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2013	2014 Authorizations	Serial Bonds Paid by Operating Budget	Improvement Authorization Cancelled	Transferred to Reserve for Amortization	Balance Dec. 31, 2014
08-09	Various Water Utility Improvements	06/25/2009	\$ 33,850.00		\$ 5,000.00			\$ 38,850.00
16-10	Various Water Utility Improvements	08/12/2010	10,000.00		2,500.00			12,500.00
05-11	Various Water Utility Improvements	05/12/2011	173,150.00		19,500.00	\$ 37,771.81		154,878.19
01-14	Potable Water System Improvements	02/19/2014		\$ 80,000.00			\$ 80,000.00	
			<u>\$ 217,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 27,000.00</u>	<u>\$ 37,771.81</u>	<u>\$ 80,000.00</u>	<u>\$ 206,228.19</u>
	<u>Ref.</u>		D					D

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 6,270,517.19
Increased by:		
Budget Appropriations:		
Capital Outlay	\$ 23,124.00	
NJ Environmental Protection Loans		
Paid by Operating Budget	7,631.09	
Transfer from Deferred Reserve for Amortization	80,000.00	
Serial Bonds Paid by Operating Budget	23,000.00	
		<u>133,755.09</u>
		6,404,272.28
Decreased by:		
Improvement Authorization Cancelled		<u>27,696.00</u>
Balance December 31, 2014	D	<u>\$ 6,376,576.28</u>

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
			Date	Amount				
Water Utility Bonds of 2011	8/30/11	\$ 1,710,000.00	8/15/2015	\$ 50,000.00	4.000%			
			8/15/2016	50,000.00	4.000%			
			8/15/2017	50,000.00	4.000%			
			8/15/2018	50,000.00	4.000%			
			8/15/2019	50,000.00	5.000%			
			8/15/2020	55,000.00	4.500%			
			8/15/2021	55,000.00	4.500%			
			8/15/2022	60,000.00	4.500%			
			8/15/2023	60,000.00	5.000%			
			8/15/2024	65,000.00	5.000%			
			8/15/2025	65,000.00	3.000%			
			8/15/2026	70,000.00	3.000%			
			8/15/2027	70,000.00	5.000%			
			8/15/2028	75,000.00	5.000%			
			8/15/2029	80,000.00	5.000%			
			8/15/2030	85,000.00	4.375%			
			8/15/2031	85,000.00	4.375%			
			8/15/2032	90,000.00	4.375%			
			8/15/2033	95,000.00	4.375%			
			8/15/2034	100,000.00	4.375%			
			8/15/2035	100,000.00	4.375%			
			8/15/2036	100,000.00	4.375%			
						<u>\$ 1,610,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,560,000.00</u>
						<u>\$ 1,610,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,560,000.00</u>
					<u>Ref.</u>	D		D

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2014

Ord. No.	Improvement Description	Balance Dec. 31, 2013	Matured
16-05	Municipal Building Renovations	\$ 7,631.09	\$ 7,631.09

Ref. D

BOROUGH OF ROCKAWAY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
SEWER UTILITY OPERATING FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY
COUNTY OF MORRIS
2014
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF ROCKAWAY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

BOROUGH OF ROCKAWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Funding Department	Federal Program	CFDA #	State Pass Through Entity ID	Grant Name	Grant Period		Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures
					From	To				
U.S. Department of Housing and Urban Development:	Community Development Block Grants	14.218	N/A	Manhole Cover Rehabilitation	01/01/13	12/31/14	\$ 62,500.00	\$ 62,500.00	\$ 50,585.00	\$ 62,500.00
(Passed Through County of Morris Department of Community Development)		14.218	N/A	Potable Water System Improvements	01/01/14	12/31/14	80,000.00	3,500.00	80,000.00	80,000.00
Total Department of Housing and Urban Development								66,000.00	130,585.00	142,500.00
U.S. Department of Transportation										
(Passed through New Jersey Department of Transportation)	State Highway Projects	20.205	078-6320-480-609162	Highway Planning and Construction	01/01/13	12/31/14	100,000.00	25,000.00		100,000.00
				Maple Ave Improvement Project	01/01/14	12/31/15	85,000.00		10,651.00	10,651.00
(Passed through New Jersey Department of Law & Public Safety)	Click it or Ticket	20.605	100-066-1160-113-YHTS-6120	N/A	01/01/13	12/31/14	4,000.00		3,800.00	4,000.00
					01/01/14	12/31/15	3,800.00	3,800.00		
(Passed through New Jersey Department of Law & Public Safety)	Drive Sober or Get Pulled Over	20.601	N/A	N/A	01/01/13	12/31/14	4,400.00	4,400.00	4,400.00	4,400.00
					01/01/14	12/31/14	5,000.00	5,000.00	5,000.00	5,000.00
Total Department of Transportation								34,400.00	13,200.00	113,400.00
TOTAL FEDERAL AWARDS								\$ 96,900.00	\$ 63,785.00	\$ 175,900.00

N/A - Not Available/Applicable

BOROUGH OF ROCKAWAY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-V42Y-6020	01/01/13	12/31/14	\$ 11,438.69		\$ 1,600.00	\$ 11,438.69
			01/01/14	12/31/15	10,727.41	\$ 10,727.41	7,948.24	7,948.24
	Recycling Grant	752-042-4900-001- V42Y-6020	01/01/11	12/31/15	10,570.87			438.56
			01/01/12	12/31/15	10,871.48			
			01/01/13	12/31/15	10,746.17		10,604.00	10,604.00
			01/01/14	12/31/15	12,001.92	12,001.92		
Subtotal - Department of Environmental Protection						22,729.33	20,152.24	30,429.49
Department of Law and Public Safety	Body Armor Replacement Fund	1020-718-066- 1020-001-6120	01/01/14	12/31/15	1,680.92	1,680.92		
	Safe and Secure Communities	100-066-1020- 232-YCJF	01/01/13	12/31/13	29,407.00	29,407.00		29,407.00
			01/01/14	12/31/14	29,407.00	29,407.00	29,407.00	29,407.00
Subtotal - Department of Law and Public Safety						60,494.92	29,407.00	58,814.00
Department of the Treasury Passed through Morris County	Governor's Council on Alcoholism and Drug Abuse	200-475- 665120-60	01/01/14	12/31/14	9,256.00	2,755.77	2,755.77	9,256.00
TOTAL STATE AWARDS						\$ 85,980.02	\$ 52,315.01	\$ 98,499.49

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF ROCKAWAY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2014

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Borough of Rockaway under programs of the federal and state governments for the year ended December 31, 2014. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Rockaway, in the County of Morris (the "Borough") as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated May 8, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or

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

significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2014-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Borough's Response to the Finding

The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mount Arlington, New Jersey
May 8, 2015

Nisivoccia, LLP

NISIVOCIA LLP

Kathryn L. Mantell

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

BOROUGH OF ROCKAWAY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04 for the year ended December 31, 2014 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

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

Finding 2014-1

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

Management's Response

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

BOROUGH OF ROCKAWAY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2014
(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF ROCKAWAY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

The Borough's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2014-1.

BOROUGH OF ROCKAWAY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

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

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

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

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

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2014, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

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

On all delinquents to and including December 31, 2014, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2014 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

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

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

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Tax Title Liens</u>
2014	14
2013	13
2012	14

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

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2014 and 2015 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5
Payment of 2014 Water Rents	10
Delinquent Water Rents	3

New Jersey Administrative Code Accounting Requirements

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

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

The Township is in compliance with these requirements.

Segregation of Duties

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

Management's Response

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

Interfunds

Large interfund balances still exist among the Current Fund, General Capital Fund and Water Utility Capital Fund. However, a majority of interfunds have been subsequently liquidated. Therefore, a formal recommendation is not judged to be necessary.

BOROUGH OF ROCKAWAY
COMMENTS AND RECOMMENDATIONS
(Continued)

Escrow Accounts Receivable

Our examination of the Other Trust Fund revealed that the prior years' escrow account receivable has not been reviewed for possible collection. It is recommended that the escrow account receivables are actively pursued for collection or cancelled.

Management Response

The CFO will ensure that the escrow account receivables are reviewed and will pursue their collection wherever practical.

Municipal Court

Effective February 2009, the Rockaway Borough Municipal Court, along with three other courts, was combined with the Town of Dover Municipal Court as a Joint Municipal Court.

Status of Prior Year Recommendations

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2013 audit report. Recommendation 3 was resolved in the current year and recommendations 1 and 2 are included as current year recommendation and are in the process of being implemented.

BOROUGH OF ROCKAWAY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The escrow account receivables are actively pursued for collection or cancelled.