



**TOWN OF MORRISTOWN  
MORRIS COUNTY, NEW JERSEY  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2014**

**TOWN OF MORRISTOWN  
TABLE OF CONTENTS**

<u>Exhibits</u>	<u>Page</u>
<b><u>PART I</u></b>	
	2
A	4
A-1	6
A-2	7
A-3	10
B	15
C	16
C-1	17
D	18
D-1	20
D-2	21
D-3	21
D-4	22
E	23
E-1	24
E-2	24
E-3	25
E-4	25
F	26
	27
<b><u>Current Fund</u></b>	
A-4	54
A-5	55
A-6	55
A-7	55
A-8	56
A-9	57
A-10	57
A-11	57
A-12	57
A-13	58
A-14	59
A-15	61
A-16	61
A-17	62
A-18	63

**TOWN OF MORRISTOWN  
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
A-19	Statement of County Taxes Payable	63
A-20	Statement of Regional School Taxes Payable	63
A-21	Statement of Prepaid Taxes	64
A-22	Grant Fund Statement of Due From Other Trust Fund	64
A-23	Statement of Tax Overpayments	64
A-24	Statement of Special Improvement District Tax Overpayments and Prepaid	65
A-25	Statement of Special Improvement District Taxes Payable	65
A-26	Statement of Tax Anticipation Notes	65
A-27	Statement of Miscellaneous Reserves	66
A-28	Statement of Due to Redevelopment Agency	66
A-29	Statement of Due/(To) From State of New Jersey	66
A-30	Statement of Grants Receivable – Grant Fund	67
A-31	Statement of Due From/To Current Fund – Grant Fund	68
A-32	Statement of Encumbrances Payable – Grant Fund	68
A-33	Statement of Reserve for Appropriated Grants – Grant Fund	69
A-34	Statement of Reserves for Unappropriated Grants – Grant Fund	70
<b><u>Trust Fund</u></b>		
B-1	Statement of Cash – Treasurer	72
B-2	Statement of Due to State of New Jersey – Animal Control Fund	73
B-3	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	73
B-4	Statement of Due To/From Current Fund – Animal Control Fund	74
B-5	Statement of Reserve for Police Forfeiture – Other Trust Fund	74
B-6	Statement of Reserve for Unemployment Compensation – Other Trust Fund	75
B-7	Statement of Reserve for Affordable Housing – Other Trust Fund	75
B-8	Statement of Escrow Deposits Payable – Other Trust Fund	75
B-9	Statement of From/Due To Current Fund – Other Trust Fund	76
B-10	Statement of Reserve for Self-Insurance Expenditures – Self Insurance Fund	76
B-11	Statement of Reserve for Recreation Programs – Other Trust Fund	77
B-12	Statement of Miscellaneous Reserves and Deposits – Other Trust Fund	77
B-13	Statement of Payroll Deductions Payable – Other Trust Fund	78
B-14	Statement of Due from Restitution Receivable	78
B-15	Statement of Due from Current Fund – Self Insurance Fund	79
B-16	Statement of Due to Grant – Other Trust Fund	79
B-17	Reserve for Equitable Sharing Fund	79
B-18	Statement of Encumbrances Payable - Equitable Sharing Fund	80

**TOWN OF MORRISTOWN  
TABLE OF CONTENTS**

**Exhibits**

		<b><u>Page</u></b>
	<b><u>General Capital Fund</u></b>	
C-2	Statement of Cash – Treasurer	82
C-3	Analysis of General Capital Cash	83
C-4	Statement of Grants Receivable	84
C-5	Statement of Due From Grant	84
C-6	Statement of Deferred Charges to Future Taxation – Funded	85
C-7	Statement of Deferred Charges to Future Taxation – Unfunded	86
C-8	Statement of Improvement Authorizations	87
C-9	Statement of Contracts Payable	88
C-10	Statement of Bond Anticipation Notes	89
C-11	Statement of General Serial Bonds	90
C-12	Statement of Reserve for Refunding - Bond Issuance Costs	92
C-13	Statement of Reserve for Payment of Debt Service	92
C-14	Statement of Reserve for Future Improvements	92
C-15	Statement of Capital Improvement Fund	93
C-16	Statement of Due To (From) Current Fund	93
C-17	Statement of Bonds and Notes Authorized But Not Issued	93
C-18	Statement of Due to Sewer Operating	94
	<b><u>Sewer Utility Fund</u></b>	
D-5	Statement of Cash – Sewer Treasurer	96
D-5A	Analysis of Sewer Utility Capital Cash – Sewer Utility Capital Fund	97
D-6	Statement of Consumers’ Account Receivable – Sewer Utility Operating Fund	97
D-7	Statement of Fixed Capital – Sewer Utility Fund	98
D-8	Statement of Fixed Capital Authorized and Uncompleted – Sewer Utility Fund	98
D-9	Statement of Appropriation Reserves – Sewer Utility Fund	99
D-10	Statement of Encumbrances Payable - Sewer Utility Operating Fund	99
D-11	Interfunds - Sewer Utility Fund	100
D-12	Statement of Overpayments Operating Fund – Sewer Utility Operating Fund	101
D-13	Statement of Accrued Interest on Bonds and Notes – Sewer Utility Operating Fund	101
D-14	Statement of Capital Improvement Fund	102
D-15	Statement of Due to Current Fund - Sewer Utility Operating Fund	102
D-16	Statement of Reserve for Sewer Connection Fees - Sewer Utility Capital Fund	102
D-17	Statement of Serial Bonds - Sewer Utility Capital Fund	103
D-18	Statement of Bond Anticipation Notes - Sewer Utility Capital Fund	104
D-19	Statement of Contracts Payable - Sewer Utility Capital Fund	105
D-20	Statement of Reserve for Amortization - Sewer Utility Capital Fund	105
D-21	Statement of Deferred Reserve for Amortization - Sewer Utility Capital Fund	106
D-22	Statement of Improvement Authorizations – Sewer Utility Capital Fund	107
D-23	Statement of Bonds and Notes Authorized but not Issued – Sewer Utility Capital Fund	108
D-24	Statement of Prepaid Sewer Fees Operating Fund	109

**TOWN OF MORRISTOWN  
TABLE OF CONTENTS**

**Exhibits**

		<b><u>Page</u></b>
	<b><u>Airport Utility Fund</u></b>	
E-5	Statement of Cash – Treasurer	111
E-5a	Analysis of Capital Cash	112
E-6	Statement of Revenue Accounts Receivable – Airport Utility Operating Fund	113
E-7	Statement of Fixed Capital - Airport Utility Operating Fund	113
E-8	Statement of Fixed Capital Authorized and Uncompleted - Airport Utility Capital Fund	114
E-9	Statement of Due from Federal Aviation Administration – Airport Utility Capital Fund	115
E-10	Statement of Due from State of New Jersey – Airport Utility Capital Fund	115
E-11	Statement of Due From/To Lessee - Airport Utility Capital Fund	116
E-12	Statement of Appropriation Reserves - Airport Utility Operating Fund	116
E-13	Statement of Improvement Authorizations - Airport Utility Fund	117
E-14	Statement of Reserve for Amortization - Airport Utility Capital Fund	118
E-15	Statement of Deferred Reserve for Amortization - Airport Utility Capital Fund	118
E-16	Statement of Contracts Payable - Airport Utility Capital Fund	119
E-17	Statement of Reserve for Future Improvements - Airport Utility Capital Fund	119
E-18	Statement of Due to Current Fund – Airport Utility Capital Fund	119
E-19	Statement of Due to Current Fund – Airport Operating Fund	120
E-20	Statement of Due From/To Airport Capital – Airport Operating Fund	120

**PART II**

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	122
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and New Jersey OMB Circular 04-04	124
Schedule of Expenditures of Federal Awards, Schedule A	126
Schedule of Expenditures of State Awards, Schedule B	127
Notes to the Schedule of Expenditures of Federal and State Awards	130
Schedule of Findings and Questioned Costs	131

**TOWN OF MORRISTOWN  
TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>PART III</u></b>	
Comparative Statements of Operations and Changes in Fund Balance – Current Fund	141
Comparative Statements of Operations and Changes in Fund Balance – Sewer Utility Operating Fund	142
Comparative Statements of Operations and Changes in Fund Balance – Airport Utility Operating Fund	143
Comparative Schedule of Tax Rate Information	144
Property Acquired by Tax Title Lien Liquidation	145
Officials in Office and Surety Bonds	146
Recommendations	147

**TOWN OF MORRISTOWN  
MORRIS COUNTY, NEW JERSEY**

---

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2014**

## Independent Auditors' Report

The Honorable and Members of  
the Town Council  
Town of Morristown  
County of Morris  
Morristown, New Jersey

### Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds of the Town of Morristown, Morris County, New Jersey (the "Town") as of and for the years ended December 31, 2014 and 2013, the statements of revenues, expenditures and changes in fund balances for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Town's basic 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 by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statements are prepared by the Town on a basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with 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 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 Town as of December 31, 2014 and 2013, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

### ***Unmodified Opinion***

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds of the Town of Morristown, Morris County, New Jersey, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles and practices prescribed by the Division, as described in Note 1 to the financial statements.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise Town's basic financial statements. The accompanying supplementary sections and schedules of expenditures of federal and state awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Office of Management and Budget Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

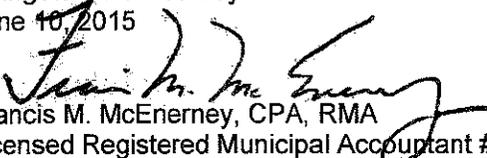
The information included in the supplemental sections and schedules of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental sections and schedules of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic 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 June 10, 2015 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.



Livingston, New Jersey  
June 10, 2015



Francis M. McEnerney, CPA, RMA  
Licensed Registered Municipal Accountant #539

TOWN OF MORRISTOWN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

A  
Sheet # 1

ASSETS	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>OPERATING FUND</b>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 10,214,793	\$ 11,076,507
Cash - Change Funds	A-5	250	250
		<hr/>	<hr/>
		10,215,043	11,076,757
<b>Receivables and Other Assets with Full Reserves</b>			
Delinquent Property Taxes	A-8	3,082,957	3,046,017
Special Improvement District Taxes Receivable	A-9	7,292	9,173
Tax Tile Lien Receivable	A-10	105,432	84,680
Demolition Liens	A-11	2,946	2,946
Property Acquired for Taxes - Assessed Valuation	A-12	2,193,200	2,193,200
Revenue Accounts Receivable	A-13	93,178	66,736
Due from Southeast Morris County MUA	A-15	1,890,000	1,920,000
Due from State - Other	A-29		4,525
Due from Animal Control Fund	A-17	23	20
Due from General Capital	A-17	1,250	967
Due from Airport Capital Fund	A-17	60,358	
Due from Sewer Operating	A-17	8,534	
Due from Trust	A-17	23,105	
Due from Grant Fund	A-17	92	57
		<hr/>	<hr/>
		7,468,367	7,328,321
 Total Current Fund		 <hr/>	 <hr/>
		17,683,410	18,405,078
<b>GRANT FUND</b>			
Cash	A-4	484,362	106,661
Grant Receivable	A-30	1,177,565	1,316,183
Due from Trust Fund Other	A-22	12,037	
		<hr/>	<hr/>
		1,673,963	1,422,844
 Total		 <hr/>	 <hr/>
		\$ 19,357,373	\$ 19,827,922

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

COMPARTIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

A  
Sheet # 2

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 1,219,348	\$ 999,387
Encumbrances Payable	A-16	293,940	720,955
Accounts Payable	A-18	69,832	17,033
Prepaid Taxes	A-21	307,365	292,913
Tax Overpayments	A-23	501,290	177,596
Special Improvement District Tax Overpayments	A-24	18,719	2,262
Special Improvement District Taxes Payable	A-25	178,833	86,446
County Taxes Payable	A-19	8,695	
Regional School Taxes Payable	A-20	167,132	188,758
Due from State Senior Citizen and Veterans	A-6	3,142	2,142
Due to State - Other	A-29	825	
Due to Trust Other	A-17		635
Due to Redevelopment Agency	A-28	2,188	2,188
Tax Anticipation Notes	A-26	3,250,000	3,500,000
Miscellaneous Reserves	A-27	95,000	
		<u>6,116,309</u>	<u>5,990,315</u>
Reserve for Receivables and Other Assets		7,468,367	7,328,321
Fund Balance	A-1	<u>4,098,735</u>	<u>5,086,442</u>
<b>Total Current Fund</b>		<u>17,683,410</u>	<u>18,405,078</u>
<b>GRANT FUND</b>			
Encumbrances Payable	A-32	5,150	5,150
Due to Current Fund	A-31	92	57
Due to General Capital	Unchanged	100,000	100,000
Reserve for Appropriated Grants	A-33	1,513,375	1,312,537
Reserve for Unappropriated Grants	A-34	55,346	5,100
		<u>1,673,963</u>	<u>1,422,844</u>
<b>Total Grant Fund</b>		<u>1,673,963</u>	<u>1,422,844</u>
<b>Total</b>		<u>\$ 19,357,373</u>	<u>\$ 19,827,922</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

A-1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 1,700,000	\$ 2,000,000
Miscellaneous Revenue Anticipated	A-2	11,917,761	13,963,452
Delinquent Taxes	A-2	475,549	487,534
Current Taxes	A-2	56,444,323	56,559,080
Non-Budget Revenue	A-2	373,063	523,671
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	169,587	137,832
Cancellation of Miscellaneous Reserves			14,364
Cancellation of Accounts Payable			66,851
Interfund Adjustment	A-17	1,270	892,020
Cancellation of Encumbrances			32,645
Total Revenues		<u>71,081,553</u>	<u>74,677,449</u>
Expenditures:			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	14,888,634	13,534,351
Other Expenses	A-3	12,688,770	15,530,845
Capital Improvements	A-3	250,000	180,000
Municipal Debt Service	A-3	4,975,831	5,028,365
Deferred Charges and Statutory Expenditures	A-3	3,131,358	3,409,186
Transferred to Regional School Board of Education	A-3	187,737	187,159
County Taxes	A-19	6,342,089	6,236,316
County Open Space Taxes	A-19	260,636	290,414
Due County - Added Taxes	A-19	8,695	17,782
Regional School Taxes	A-20	27,523,374	27,210,212
Due from State of NJ	A-29	10,350	
SID Adjustment	A-9	9,468	
Interfunds Created	A-17	92,318	
Total Expenditures		<u>70,369,260</u>	<u>71,624,630</u>
Excess Revenues		712,293	3,052,819
Statutory Excess in Fund Balance		<u>712,293</u>	<u>3,052,819</u>
Fund Balance, Beginning of Year	A	<u>5,086,442</u>	<u>4,033,623</u>
		5,798,735	7,086,442
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,700,000</u>	<u>2,000,000</u>
Fund Balance, End of Year	A	<u>\$ 4,098,735</u>	<u>\$ 5,086,442</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-2  
Sheet # 1

	Ref.	Anticipated Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,700,000	\$	\$ 1,700,000	\$
<b>Miscellaneous Revenues</b>					
Licenses:					
Alcoholic Beverages	A-13	91,000		91,250	250
Other	A-13	134,000		126,506	(7,494)
Fees and Permits	A-13	448,000		550,857	102,857
Municipal Court - Fines and Costs	A-13	930,000		969,569	39,569
Annual Fee S.M.C.M.U.A.	A-15	30,000		30,000	
Swimming Pool Fees	A-13	135,000		161,486	26,486
Lease Agreement - S.D.C.	A-13	195,500		195,500	
Cablevision Fees	A-13	173,000		173,000	
Cablevision Fees - Additional	A-13	82,000		82,171	171
Energy Receipts Tax	A-13	2,754,433		2,754,433	
Consolidated Municipal Property Tax Relief Aid	A-13	114,166		114,166	
Uniform Construction Code Fees	A-13	1,024,000		1,161,488	137,488
Animal Control Agreements	A-13	6,897		6,758	(139)
NJ Hazard Mitigation Grant - Energy Alloc. Init.	A-30	310,800		310,800	
Various Contributors	A-30		1,500	1,500	
NJDOT Streetscape	A-30		220,000	220,000	
Clean Communities	A-30		27,685	27,685	
Alcohol Rehabilitation	A-30		2,718	2,718	
Body Armour 2014	A-30		4,971	4,971	
Interest and Costs on Taxes	A-13	146,000		138,189	(7,811)
Interest on Investments and Deposits	A-13	10,000		47,300	37,300
Utility Operating Surplus - Airport Utility	A-13	215,000		215,000	
Rental of Property - Leases	A-13	215,000		214,306	(694)
Police Outside Duty - Administration Fees	A-13	86,000		91,818	5,818
Contribution from Sewer Utility for Indirect Costs	A-13	131,000		131,000	
Hotel/Motel Tax	A-13	496,000		457,649	(38,351)
Uniform Fire Safety Act	A-13	42,000		53,443	11,443
Rent Leveling Registration	A-13	78,000		90,090	12,090
Fire Bureau EMS Revenue Recovery	A-13	99,000		136,743	37,743
FEMA Reimbursement	A-13	128,000		157,365	29,365
Anticipated Sewer Utility Operating Surplus	A-13	3,250,000		3,200,000	(50,000)
<b>Total Miscellaneous Revenues</b>	A-1	<b>\$11,324,796</b>	<b>\$ 256,874</b>	<b>\$11,917,761</b>	<b>\$ 336,092</b>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-2  
Sheet # 2

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-1, A-8	\$ 480,000	\$	\$ 475,549	\$ (4,451)
		<u>13,504,796</u>	<u>256,874</u>	<u>14,093,310</u>	<u>331,641</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>23,248,235</u>		<u>23,114,478</u>	<u>(133,757)</u>
Budget Revenues	A-3	<u>\$ 36,753,031</u>	<u>\$ 256,874</u>	37,207,788	<u>\$ 197,884</u>
Non-Budget Revenues	A-2			<u>373,063</u>	
				<u>\$ 37,580,851</u>	

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-2  
Sheet # 3

	<u>Ref.</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collection	A-1, A-8	\$ 56,444,323
Allocated to Regional School and County Taxes	A-19, A-20	<u>34,134,794</u>
		22,309,529
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>804,949</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 23,114,478</u></u>
 <b>Miscellaneous Revenue Not Anticipated</b>		
Premium on Note Sale		\$ 17,323
PhotoStats, Duplicate Bills etc.		30
Public Works - Recycling		37,070
Payment in Lieu of Taxes		110,859
Towing Administration Fees		8,200
FEMA Reimbursement		157,365
Bail and Filing Fees		608
State Administration Fee		915
Other		<u>36,471</u>
	A-4	\$ 368,841
Add: Other Miscellaneous Items - Net		4,486
Less: Refund of Revenue	A-16	<u>264</u>
	A-1	<u><u>\$ 373,063</u></u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-3  
Sheet # 1

<u>Appropriation</u>	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>GENERAL APPROPRIATIONS</b>						
<b>OPERATIONS WITHIN "CAPS"</b>						
Department of Administration						
Town Clerk						
Salaries and Wages	\$ 296,925	\$ 296,925	\$ 291,453		\$ 5,472	\$
Other Expenses	32,859	32,859	26,163	109	6,587	
Business Administrator						
Salaries and Wages	302,350	303,550	302,985		565	
Other Expenses	73,800	73,800	64,689	2,188	6,923	
Senior Citizens						
Salaries and Wages	23,230	23,230	21,379		1,851	
Other Expenses	5,250	5,250	4,751	434	65	
Vital Statistics						
Salaries and Wages	80,068	80,068	79,560		508	
Other Expenses	10,850	10,850	8,947		1,903	
Purchasing						
Other Expenses	322,630	322,630	272,832	19,128	30,671	
Department of Public Safety						
Police						
Salaries and Wages	5,753,976	5,843,976	5,800,742		43,234	
Other Expenses	173,800	173,800	131,224	15,620	26,956	
Fire						
Salaries and Wages	2,969,030	3,054,030	3,052,437		1,593	
Other Expenses	194,105	194,105	188,800	4,242	1,063	
Fire Truck Lease	58,000	58,000	57,627		373	
Emergency Management Services						
Salaries and Wages	8,000	8,000	5,000		3,000	
Other Expenses	8,000	8,000	2,398	2,609	2,993	
Treasurer						
Salaries and Wages	212,080	213,580	212,644		936	
Other Expenses	118,564	118,564	112,663	5,284	617	
Tax Collector						
Salaries and Wages	180,790	180,790	178,148		2,642	
Other Expenses	29,565	29,565	20,470	1,532	7,563	
Tax Assessor						
Salaries and Wages	105,380	105,380	105,342		38	
Other Expenses	304,650	304,650	302,102		2,548	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-3  
Sheet # 2

<u>Appropriation</u>	<u>Appropriations</u>			<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Continued)						
OPERATIONS WITHIN "CAPS" (Continued)						
Code Enforcement						
Salaries and Wages	\$ 86,700	\$ 86,710	\$ 86,700	\$	\$ 9.95	\$
Other Expenses	2,975	2,975	2,912		63	
Department of Public Health						
Salaries and Wages	150,060	153,060	152,207	530	323	
Other Expenses	15,500	15,500	7,415	2,995	5,090	
Rent Leveling						
Salaries and Wages	76,370	76,870	76,332		538	
Other Expenses	2,910	2,910	2,515	73	322	
Animal Control						
Salaries and Wages	52,513	52,519	52,207		312	
Other Expenses	7,175	7,175	5,759	182	1,234	
Property Maintenance						
Salaries and Wages	277,558	277,558	270,184		7,374	
Other Expenses	8,985	8,985	7,211	252	1,522	
Zoning						
Salaries and Wages	217,310	217,310	215,590		1,720	
Other Expenses	13,295	13,295	10,692	885	1,718	
Department of Public Works						
Public Works						
Salaries and Wages	2,115,270	2,150,270	2,122,751		27,519	
Other Expenses	1,462,500	1,462,500	1,085,576	107,725	269,199	
Recycling						
Salaries and Wages	74,300	76,400	76,396		4	
Other Expenses	1,109,175	1,109,175	1,044,021	25,125	40,029	
Bus Transportation						
Salaries and Wages	21,110	21,110	19,907		1,203	
Other Expenses	6,500	6,500	270	55	6,175	
Planning						
Salaries and Wages	13,500	13,500	10,717		2,783	
Other Expenses	170,000	170,000	139,806	12,595	17,599	
Engineering Services and Costs						
Salaries and Wages	245,260	245,960	239,583		6,377	
Other Expenses	7,160	7,160	2,382	2,512	2,266	
Recreation						
Salaries and Wages	117,950	119,450	118,622		828	
Other Expenses	46,490	46,490	40,097	142	6,251	
Burnham/Cauldwell Pools						
Salaries and Wages	116,700	116,700	100,491		16,209	
Other Expenses	70,284	70,284	67,901	472	1,911	
Non-Departmental Appropriations						
Legal						
Salaries and Wages	101,428	101,428	101,428			
Other Expenses	250,000	250,000	217,188	17,584	15,228	
Municipal Prosecutor						
Other Expenses	60,000	60,000	41,500	6,500	12,000	
Insurance						
Other Expenses	763,926	763,926	705,495		58,431	
Group Hospitalization						
Other Expenses	4,289,850	4,069,334	3,872,044	1,679	195,611	

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-3  
Sheet # 3

Appropriation	Appropriations		Expended			Unexpended Balances Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS (Continued)						
OPERATIONS WITHIN "CAPS" (Continued)						
Ambulance Squad						
Other Expenses	\$ 60,000	60,000	\$ 60,000	\$	\$	\$
Memorial and Veterans Day Association						
Other Expenses	1,400	1,400		1,400		
Project Community Pride						
Other Expenses	24,800	24,800	12,400		12,400	
Teen Center						
Other Expenses	33,700	33,700	16,850		16,850	
Municipal Alliance						
Other Expenses	11,500	11,500			11,500	
Morris County Tourist Bureau						
Other Expenses	20,000	20,000	5,000		15,000	
Whippany River Coalition						
Other Expenses	1,200	1,200	1,200			
Morristown Partnership						
Other Expenses	10,000	10,000		10,000		
Maintenance of the Green						
Other Expenses	40,000	40,000	40,000			
Shade Tree Commission						
Other Expenses	3,000	3,000			3,000	
Historical Commission						
Other Expenses	1,000	1,000			1,000	
Environmental Commission						
Other Expenses	3,000	3,000	1,200	1,094	706	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Salaries and Wages	563,710	563,710	549,018	665	14,027	
Other Expenses	238,300	238,300	219,833	1,326	17,141	
Municipal Court						
Salaries and Wages	506,550	506,550	495,316		11,234	
Other Expenses	43,172	43,172	33,687	1,658	7,828	
Public Defender						
Other Expenses	30,000	30,000	2,832	10,500	16,668	
Unclassified						
Reserve for Retirement and Sick Pay	125,000	125,000	117,722		7,278	
Reserve for Salary Increase	45,000	45,000	45,000			
<b>Total Operation Within "CAPS"</b>	<b>24,977,988</b>	<b>24,977,988</b>	<b>23,738,311</b>	<b>257,095</b>	<b>982,582</b>	
Contingent	5,000	5,000		2,000	3,000	
<b>Total Operation Including Contingent Within "CAPS"</b>	<b>24,982,988</b>	<b>24,982,988</b>	<b>23,738,311</b>	<b>259,095</b>	<b>985,582</b>	
Detail:						
Salaries and Wages	14,668,118	14,888,634	14,737,138	1,195	150,301	
Other Expenses	10,314,870	10,094,354	9,001,173	257,900	835,282	

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2014

A-3  
Sheet # 4

Appropriation	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<b>GENERAL APPROPRIATIONS (Continued)</b>					
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>					
Statutory Expenditures - Contributions to:					
Social Security System (O.A.S.I.) (Emergency)	\$ 712,010	\$ 712,010	\$ 564,570	\$ 147,440	\$
Public Employees Retirement System	633,931	633,931	633,931		
Police and Firemen's Retirement System of N.J.	1,758,217	1,758,217	1,758,217		
Consolidated Police and Firemen's Pension Fund	20,000	20,000	476	19,524	
DCRP	7,200	7,200	5,756	1,444	
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>3,131,358</b>	<b>3,131,358</b>	<b>2,962,950</b>	<b>168,408</b>	
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>28,114,346</b>	<b>28,114,346</b>	<b>26,701,261</b>	<b>259,095</b>	<b>1,153,990</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Free Public Library					
Direct Aid					
Other Expenses	853,710	853,710	853,710		
Reserve for Tax Appeals	650,000	650,000	650,000		
Interlocal Municipal Services Agreement					
Morris County Radio Dispatch	364,480	364,480	364,480		
Animal Control Services - Harding Twp	6,897	6,897	6,897		
Morris County Public Health Services	131,655	131,655	93,987	37,668	
Public and Private Programs Offset by Revenues					
NJ Hazard Mitigation Grant - Energy Alloc Incentive	310,800	310,800	310,800		
NJDOT Streetscape - 159		220,000	220,000		
Clean Communities - 159		27,685	27,685		
Alcohol Rehabilitation - 159		2,718	2,718		
Body Armour 2014 - 159		4,971	4,971		
Various - 159		1,500	1,500		
Grant Matching Funds	20,000	20,000		20,000	
<b>Total Operations - Excluded from "CAPS"</b>	<b>2,337,542</b>	<b>2,594,416</b>	<b>2,536,748</b>	<b>57,668</b>	
Detail:					
Salaries and Wages	14,668,118	14,888,634	14,737,138	1,195	150,301
Other Expenses	12,652,412	12,688,770	11,537,920	257,900	892,950

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

A-3  
Sheet # 5

<u>Appropriation</u>	<u>Appropriations</u>			<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	\$ 150,000	\$ 150,000	\$ 150,000	\$	\$	\$
Computer/Office Equipment	100,000	100,000	87,044	5,266	7,690	
<b>Total Capital Improvements</b>	<b>250,000</b>	<b>250,000</b>	<b>237,044</b>	<b>5,266</b>	<b>7,690</b>	
<b>MUNICIPAL DEBT SERVICE</b>						
Payment of Bond Principal	3,910,000	3,870,000	3,814,819			55,181
Payment on Bond Anticipation Notes and Capital Notes	282,000	282,000	281,824			176
Interest on Bonds	699,457	739,457	739,440			17
Interest on Notes	167,000	167,000	139,748			27,252
<b>Total Municipal Debt Service</b>	<b>5,058,457</b>	<b>5,058,457</b>	<b>4,975,831</b>			<b>82,626</b>
<b>TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS (N.J.S.A. 40:48-17.1 &amp; 17.3)</b>	<b>187,737</b>	<b>187,737</b>	<b>187,737</b>			
<b>Total Appropriations Excluded from "CAPS"</b>	<b>7,833,736</b>	<b>8,090,610</b>	<b>7,937,360</b>	<b>5,266</b>	<b>65,358</b>	<b>82,626</b>
<b>Sub-Total General Appropriations</b>	<b>35,948,082</b>	<b>36,204,956</b>	<b>34,638,621</b>	<b>264,361</b>	<b>1,219,348</b>	<b>82,626</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>804,949</b>	<b>804,949</b>	<b>804,949</b>			
<b>Total General Appropriations</b>	<b>\$ 36,753,031</b>	<b>\$ 37,009,905</b>	<b>\$ 35,443,570</b>	<b>\$ 264,361</b>	<b>\$ 1,219,348</b>	<b>\$ 82,626</b>

	<u>Ref.</u>	A-2		A-16	A
Budget	A-2	\$ 36,753,031			
Appropriation by 40A:4-87	A-2	<u>256,874</u>			
		<u>\$ 37,009,905</u>			
Cash Disbursed	A-4		\$ 33,188,210		
Reserve for Uncollected Taxes	A-2		804,949		
Transferred to Board of Education	A-20		187,737		
Due to Grant Fund	A-33		567,674		
Reserve for Salary Increases	A-27		45,000		
Reserve for Tax Appeals	A-23		<u>650,000</u>		
			<u>\$ 35,443,570</u>		

TOWN OF MORRISTOWN  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

B

ASSETS	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 62,069	\$ 50,629
<b>OTHER TRUST FUND</b>			
Cash	B-1	3,424,944	3,897,332
Due from Restitution Receivable	B-14	3,150	3,150
		3,428,094	3,900,482
<b>EQUITABLE SHARING FUND</b>			
Cash	B-1	256,367	25,930
<b>SELF INSURANCE FUND</b>			
Cash	B-1	575,705	507,950
		\$ 4,322,236	\$ 4,484,991
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-2	\$ 57	\$ 4
Due to Current Fund	B-4	23	20
Reserve for Animal Control Expenditures	B-3	61,989	50,605
		62,069	50,629
<b>OTHER TRUST FUND</b>			
Reserve for Police Forfeiture	B-5	31,510	30,662
Reserve for Unemployment Compensation	B-6	108,072	131,891
Reserve for Affordable Housing	B-7	925,230	921,093
Escrow Deposits Payable	B-8	1,027,491	1,047,593
Reserve for Recreation Programs	B-11	67,813	54,306
Miscellaneous Reserves and Deposits	B-12	1,021,261	1,464,595
Payroll Deductions Payable	B-13	211,575	249,707
Due to Current Fund	B-9	23,105	635
Due to Grant Fund	B-16	12,037	
		3,428,094	3,900,482
<b>EQUITABLE SHARING FUND</b>			
Encumbrances	B-18	25,135	25,135
Reserve for Equitable Sharing	B-17	231,232	795
		256,367	25,930
<b>SELF INSURANCE FUND</b>			
Reserve for Self Insurance Expenditures	B-10	575,705	507,950
		\$ 4,322,236	\$ 4,484,991

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

C

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2	\$ 2,902,260	\$ 1,992,018
Grants Receivable	C-4	125,884	125,884
Interfund - Grant Fund	C-5	100,000	100,000
Deferred Charges to Future Taxation:			
Funded	C-6	14,726,326	18,689,144
Unfunded	C-7	<u>11,532,509</u>	<u>9,344,509</u>
 Total Assets		 <u>\$ 29,386,979</u>	 <u>\$ 30,251,555</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
General Serial Bonds	C-11	\$ 14,726,326	\$ 18,689,144
Bond Anticipation Notes	C-10	11,532,509	9,344,509
Capital Improvement Fund	C-15	86,365	66,365
Improvement Authorizations:			
Funded	C-8	668,351	574,119
Unfunded	C-8	1,023,933	1,039,236
Contracts Payable	C-9	962,427	229,625
Reserve for Refunding Bond Insurance Costs	C-12	9,680	15,201
Reserve for Pay Debt Service	C-13	506	506
Reserve for Future Improvements	C-14	47,596	47,596
Interfund - Current	C-16	1,250	967
Interfund - Sewer	C-18	1,708	
Fund Balance	C-1	<u>326,329</u>	<u>244,287</u>
 Total Liabilities and Fund Balance		 <u>\$ 29,386,979</u>	 <u>\$ 30,251,555</u>
 Bonds and Notes Authorized But Not Issued		 <u>\$</u>	 <u>\$</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

C-1

	<u>Ref.</u>		
Balance, December 31, 2013	C		\$ 244,287
Increased by:			
Premium on Bond Anticipation Notes Sales	C-2	\$ 68,003	
Excess Escrow from Bond Sale	C-2	<u>14,039</u>	<u>82,042</u>
Balance, December 31, 2014	C		<u>\$ 326,329</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

D  
Sheet # 1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-5	\$ 642,394	\$ 619,738
Due from Sewer Capital Fund	D-11	398	1,062
Due from General Capital Fund	D-4	1,708	
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	284,845	289,358
		<hr/>	<hr/>
Total Operating Fund		<u>929,345</u>	<u>910,158</u>
<b>CAPITAL FUND</b>			
Cash	D-5	732,211	2,306,919
Fixed Capital	D-7	68,586,889	68,586,889
Fixed Capital Authorized and Uncompleted	D-8	<u>10,391,465</u>	<u>10,181,465</u>
		<hr/>	<hr/>
Total Capital Fund		<u>79,710,565</u>	<u>81,075,273</u>
		<hr/> <u>\$ 80,639,910</u>	<hr/> <u>\$ 81,985,431</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

D  
Sheet # 2

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-9	\$ 21,374	\$ 57,700
Encumbrances Payable	D-10	33,212	46,421
Prepaid Sewer Fees	D-24	46,740	
Due to Current Fund	D-15	8,534	
Reserve for Salary Increases	D-4	10,000	
Overpayments	D-12	22,572	32,332
Accrued Interest on Bonds and Notes	D-13	162,686	225,266
		<u>305,118</u>	<u>361,719</u>
Reserve for Receivables	D	284,845	289,358
Fund Balance	D-1	339,382	259,081
		<u>929,345</u>	<u>910,158</u>
CAPITAL FUND			
Serial Bonds	D-17	8,328,670	9,695,850
Bond Anticipation Notes	D-18	5,495,018	6,322,018
Improvements Authorizations			
Funded	D-22	121,512	946,795
Unfunded	D-22	762,697	1,713,594
Contracts Payable	D-19	263,995	131,209
Reserve for Sewer Connection Fees	D-16	267,300	324,801
Reserve for Amortization	D-20	62,710,222	60,306,042
Deferred Reserve for Amortization	D-21	1,526,763	1,526,763
Capital Improvement Fund	D-14	152,000	62,000
Interfund Payable - Operating Fund	D-11	398	1,062
Fund Balance	D-2	81,990	45,139
		<u>79,710,565</u>	<u>81,075,273</u>
		<u>\$ 80,639,910</u>	<u>\$ 81,696,073</u>
Bonds and Notes Authorized But Not Issued	D-23	\$ 1,410,697	\$ 1,410,697

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN OPERATING FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

D-1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized		\$	\$ 10,000
Sewer Rents	D-3	7,890,139	8,026,359
Capital Fund Balance			53,549
Miscellaneous Revenue Anticipated	D-3	292,369	450,770
Miscellaneous Revenue Not Anticipated	D-3	70	17,023
Other Credits to Income			
Encumbrances Canceled			16,738
Unexpended Balance of Appropriation Reserves	D-9	5,136	118,086
Total Income		8,187,714	8,692,525
<b>EXPENDITURES</b>			
Operating	D-4	1,923,564	1,910,978
Capital Improvements	D-4	300,000	1,013,000
Debt Service	D-4	2,620,833	2,316,776
Deferred Charges and Statutory Expenditures	D-4	63,016	206,716
Total Expenditures		4,907,413	5,447,470
Excess Revenue		3,280,301	3,245,055
Add: Expenditures Included Above Which by Statute are Deferred Charges to Succeeding Years		3,280,301	3,245,055
Adjustments to Income Before Fund Balance Anticipated Surplus Appropriated to Current Fund Budget	D-4	3,200,000	3,000,000
Statutory Excess to Fund Balance		80,301	245,055
Fund Balance, Beginning of Year	D	259,081	24,026
Decreased by:		339,382	269,081
Utilization by Sewer Operating Budget			10,000
Fund Balance, End of Year	D	\$ 339,382	\$ 259,081

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

D-2

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 45,139
Increased by:		
Premium on Sale of Bond Anticipation Note	D-5	<u>36,851</u>
Balance, December 31, 2014	D	<u><u>\$ 81,990</u></u>

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

D-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer User Fees	D-1, D-6	\$ 8,010,000	\$ 7,890,139	\$(119,861)
Miscellaneous				
Sale of SREC's	D-1, D-5	40,000	109,511	69,511
Interest	D-1	5,000	15,994	10,994
Late Fees	D-1, D-5	35,000	35,013	13
Sewer Connection Fees	D-1, D-5	<u>131,851</u>	<u>131,851</u>	
	D-4	<u><u>\$ 8,221,851</u></u>	<u><u>\$ 8,182,508</u></u>	<u><u>\$ (39,343)</u></u>
Interest	D-5		\$ 9,456	
Interfund	D-11		<u>6,538</u>	
	D-1		<u><u>\$ 15,994</u></u>	
Miscellaneous Revenue Not Anticipated	D-1, D-5		<u>70</u>	
			<u><u>\$ 70</u></u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

D-4

	Appropriated		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATING</b>					
Salaries and Wage	\$ 770,078	\$ 785,078	\$ 778,653	\$ 6,425	\$
Other Expenses	609,486	594,486	579,537	14,949	
Other Sewer Expenses	544,000	544,000	544,000		
<b>Total Operating</b>	<b>1,923,564</b>	<b>1,923,564</b>	<b>1,902,190</b>	<b>21,374</b>	
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	300,000	300,000	300,000		
<b>DEBT SERVICE</b>					
Payment of Bond Principal	1,361,000	1,356,000	1,355,180		820
Payment of Note Principal	827,000	827,000	827,000		
Interest on Bonds	417,271	422,271	371,371		50,900
Interest on Notes	80,000	80,000	67,282		12,718
<b>Total Debt Service</b>	<b>2,685,271</b>	<b>2,685,271</b>	<b>2,620,833</b>		<b>64,438</b>
<b>STATUTORY EXPENDITURES</b>					
Social Security System (O.A.S.I)	63,016	63,016	63,016		
<b>Surplus (General Budget)</b>	<b>3,250,000</b>	<b>3,250,000</b>	<b>3,200,000</b>		<b>50,000</b>
	<b>\$ 8,221,851</b>	<b>\$ 8,221,851</b>	<b>\$ 8,086,039</b>	<b>\$ 21,374</b>	<b>\$ 114,438</b>

<u>Ref.</u>	D-3	D	D-1
-------------	-----	---	-----

Cash Disbursements	D-5	\$ 7,605,884
Encumbrances Payable	D-10	33,212
Reserve for Salary Increases	D	10,000
Interfund - General Capital	D	(1,708)
Accrued Interest on Bonds and Notes	D-13	438,651
		<u>\$ 8,086,039</u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

E

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash - Treasurer	E-5	\$ 32,029	\$ 35,863
Cash - Petty Cash Fund	E	50	50
Due from Airport Capital	E-20		93
Total Operating Fund		<u>32,079</u>	<u>36,006</u>
<b>CAPITAL FUND</b>			
Cash	E-5	51,144	2,083
Fixed Capital	E-7	62,626,686	61,499,606
Fixed Capital Authorized and Uncompleted	E-8	54,000	1,118,840
Due from FAA	E-9	558,335	1,369,565
Due from State of New Jersey	E-10	58,876	111,968
Due from Operating	E-20	69	
Total Capital Fund		<u>63,349,110</u>	<u>64,102,062</u>
Total Assets		<u>\$ 63,381,189</u>	<u>\$ 64,138,068</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Liabilities			
Appropriation Reserves	E-4, E-12	\$ 5,000	\$ 5,000
Due to Airport Capital	E-20	69	
Fund Balance	E-1	27,010	31,006
Total Operating Fund		<u>32,079</u>	<u>36,006</u>
<b>CAPITAL FUND</b>			
Improvement Authorizations:			
Funded	E-13	54,000	100,147
Contracts Payable	E-16	255,184	1,183,986
Due to Current	E-18	60,358	
Due to Operating	E-20		93
Due to Lessee	E-11	192,154	92,662
Reserve for Future Improvements	E-17	106,517	106,517
Reserve for Amortization	E-14	62,626,686	61,499,606
Deferred Reserve for Amortization	E-15	54,000	1,118,840
Fund Balance	E-2	211	211
Total Capital Fund		<u>63,349,110</u>	<u>64,102,062</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 63,381,189</u>	<u>\$ 64,138,068</u>

There were no bonds and notes authorized but not issued on December 31, 2014 and 2013.

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE  
OPERATING FUND  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

E-1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized			
Fund Balance Utilized	E-3	\$ 20,000	\$ 20,000
Lease Rentals	E-3	210,002	202,528
Non-Budget Revenue	E-3	1,002	1,145
Other Credits to Income:			
Unexpended Balance of Appropriation	E-12	5,000	5,000
Interfund - Due from Airport Capital			93
 Total Revenues		<u>236,004</u>	<u>228,766</u>
 Expenditures			
Budget Appropriations			
Surplus Anticipated by Current Fund	E-4	215,000	204,000
Operating	E-4	5,000	5,000
 Total Expenditures		<u>220,000</u>	<u>209,000</u>
 Excess Revenue		16,004	19,766
 Adjustments to Income before Fund Balance:			
Anticipated Surplus Appropriated to Current Fund Budget			
 Statutory Excess to Fund Balance		16,004	19,766
 Fund Balance, Beginning of Year	E	<u>31,006</u>	<u>31,240</u>
		47,010	51,006
Utilized as Anticipated Revenue	E-1, E-3	<u>20,000</u>	<u>20,000</u>
 Fund Balance, End of Year	E	<u>\$ 27,010</u>	<u>\$ 31,006</u>

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE  
AIRPORT UTILITY CAPITAL FUND  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

E-2

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	E	\$ 211	\$ 211
 Balance, End of Year	E	<u>\$ 211</u>	<u>\$ 211</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF REVENUES  
OPERATING FUND  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

E-3

	<u>Ref.</u>	<u>Anticipated Budget Revenues</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	E-1	\$ 20,000	\$ 20,000	\$
Lease Rentals	E-1	200,000	210,002	10,002
	E-4	<u>\$ 220,000</u>	<u>\$ 230,002</u>	<u>\$ 10,002</u>
 Non-Budget Revenues:				
Interest Due from Capital (Net)	E-20		\$ 22	
Interest on Investments	E-5		980	
	E-1		<u>\$ 1,002</u>	

STATEMENT OF EXPENDITURES  
AIRPORT UTILITY OPERATING FUND  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

E-4

	<u>Appropriation</u>		<u>Expended</u>		<u>Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Changed</u>	<u>Reserved</u>	
Operating					
Other Expenses	\$ 5,000	\$ 5,000	\$	\$ 5,000	\$
Surplus Current Fund Budget	215,000	215,000	215,000		
	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 215,000</u>	<u>\$ 5,000</u>	<u>\$</u>
<u>Ref.</u>	E-3		E-19	E	

TOWN OF MORRISTOWN  
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

F

	<u>2014</u>	<u>2013</u>
Land and Land Improvements	\$ 88,481,797	\$ 88,388,489
Building and Building Improvements	18,029,913	15,840,292
Construction in Progress	3,816	1,025,567
Machinery and Equipment	<u>11,690,004</u>	<u>11,520,759</u>
	<u>\$ 118,205,530</u>	<u>\$ 116,775,107</u>
Investment in Fixed Assets	<u>\$ 118,205,530</u>	<u>\$ 116,775,107</u>

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Morristown, Morris County, New Jersey (the "Town") was incorporated in 1865 and operates under an elected Mayor/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting standards to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("US US GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with US US GAAP and thus do not comply with all of the GASB pronouncements.

The financial statements of the Town have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a regulatory basis of accounting other than US US GAAP. Such principles and 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 Town accounts for its financial transactions through separate funds, which differ from the fund structure required by US US GAAP.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organization; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Town in that the Town approves the budget, the issuance of debt or the levying of taxes. The Town is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Town do not include the Morristown Public Library, Morristown Parking Authority or Redevelopment Agency, which are considered component units under US US GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

The Town uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Town functions or activities. The Town also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those funds.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**Measurements Focus, Basis of Accounting and Basis of Presentation**

The Town has the following funds and account groups:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds – Trust funds are used to account for assets held by the government in a trustee capacity. Funds held by the Town as an agent for individuals, private organizations, or other governments are recorded in Trust Funds.

Animal Control Fund – This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

Other Trust Fund – This fund is established to account for the assets and resources, which are held by the Town as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Town as collateral.

Self – Insurance Fund – This fund is used to account for the resources and expenditures for workmen's compensation, auto, general liability, self-insurance claims and premiums.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Town's sanitary sewerage system and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

Airport Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Town's airport utility and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the airport utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group – This account group is used to account for all general fixed assets of the Town, other than those accounted for in the Sewer and Airport Utility Funds. The Town's infrastructure is not reported in the account group.

**Basis of Accounting**

The Town follows a modified accrual basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

**TOWN OF MORRISTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

The more significant differences are as follows:

**Property Tax Revenues** – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Town also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Town may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Current Fund. US US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Sewer Utility Rents** - Utility charges are levied quarterly based upon a consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Sewer Utility Operating Fund. US US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available).

**Grant and Similar Award Revenues** - Federal and State grants, entitlements or shared revenues received, for purposes normally financed through the Current Fund, are recognized when anticipated in the Town's budget. USS US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**TOWN OF MORRISTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the Division per N.J.S.A. 40A:4 et seq.

The Town is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund  
Sewer Utility Capital Fund  
Airport Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. In addition, the governing body approved several budget transfers during 2014.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the governing body. US US GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31 are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under US US GAAP.

**Appropriation Reserves** - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under US US GAAP.

**Operating Deficits** - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year, are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. US US GAAP does not permit the deferral of operating deficits at year end.

**TOWN OF MORRISTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. US GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**Interfund Receivables** - 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. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**Inventories** - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

**Cash and Investments** - Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

**Incurred But Not Reported (IBNR) Reserves and Claims Payable** - The Town has not created a reserve for any potential unreported self-insurance losses which may have taken place. Additionally, the Town has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. US GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Town has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Town as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

Fixed Assets purchased after December 31, 1999 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1999 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Costs

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Accounting for Utility Fund "fixed capital" remains unchanged under N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer and Airport Utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement cost or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Capital Funds do not record depreciation on fixed assets.

US GAAP requires that capital assets be recorded in proprietary-type funds, as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Basic Financial Statements**

GASB also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with US GAAP. The Town presents the financial statements listed in the table of contents, which are required by the Division, to be referenced to the supplementary schedules. This practice differs from reporting requirements under US GAAP.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**2. DEPOSITS AND INVESTMENTS**

The Town considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**Deposits**

The Town's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC"), Securities Investor Protection Corporation ("SIPC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Town is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for a temporary period ending December 31, 2014. At December 31, 2014, the book value of the Town's deposits was \$19,406,874. The Town's deposits, which are displayed on the various fund balance Sheet as "cash and cash equivalents", are categorized as:

Depository Account

Insured	\$ 3,994,425
Uninsured and Collateralized	<u>15,412,449</u>
	<u>\$ 19,406,874</u>

**Investments**

The Town is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:515.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Town or bonds or other obligations of the School Districts which are a part of the Town or School Districts located within the Town, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

As of December 31, 2014, the Town had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds is assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. TAXES AND UTILITY RENTS RECEIVABLE**

Receivables at December 31, 2014 consist of the following:

	<u>Current</u>	<u>Sewer Utility</u>
Property Taxes	\$ 3,082,957	\$
Special Improvement District Tax	7,292	
Tax Title Liens	105,432	
Utility Rents		<u>284,845</u>
	<u>\$ 3,195,681</u>	<u>\$ 284,845</u>

In 2014, the Town collected \$475,549 from delinquent taxes, \$614,492 from special improvement district taxes and \$7,890,139 from sewer charges.

**4. MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both General Capital and Utility Funds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Town's debt as of December 31, 2014 is summarized as follows:

Issued	
General	
Bond and Notes	\$26,258,835
Sewer Utility	
Bonds, Notes and Loans	<u>13,823,688</u>
Net Debt Issued	40,082,523
Authorized But Not Issued	
Sewer Utility	
Bonds and Notes	<u>1,410,697</u>
Net Bonds and Notes Issued and Authorized Not Issued	<u>\$41,493,220</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

The statement of debt condition that follows is extracted from the Town's Annual Debt Statement and indicates a statutory net debt of 1.11 at December 31, 2014.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 26,258,835	\$	\$ 26,258,835
School Debt	1,167,066	1,167,066	
Utility Debt	13,823,688	11,483,720	2,339,968
Parking Authority Debt	34,655,000	34,655,000	
Total	<u>\$ 75,904,589</u>	<u>\$ 47,305,786</u>	<u>\$ 28,598,803</u>

The Town's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2014 as follows:

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 90,254,504
Net Debt	<u>28,598,803</u>
Remaining Statutory Borrowing Power	<u>\$ 61,656,491</u>

The Sewer Utility is self liquidating; the amount shown in net debt was calculated at the inception of the Utility and is being amortized.

**General Obligation Bonds**

The Town levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2014 are as follows:

\$7,961,260, (\$18,450,000 combined issue), 2005 Refunding Bonds, due in annual installments of \$707,738 to \$874,447 through August 2019, interest at 6.40% to 6.50%	\$ 3,894,126
\$10,183,00, 2007 General Bonds, due in annual installments of \$1,250,000 to \$1,308,000 through September 2015, interest at 3.75%	1,250,000
\$6,168,818, (\$22,320,000 combined issue), 2007 Refunding Bonds, due in an annual installment of \$125,901 in February 2015, interest at 5.45%	125,901
\$1,150,000, 2009 Refunding Bonds, due in annual installments of \$220,000 to \$235,000 through March 2023, interest at 4.00% to 5.00%	1,150,000
\$1,500,630, 2011 Refunding Bonds, due in annual installments of \$239,260 to \$255,104 through March 2018, interest at 2.00% to 4.00%	971,299
\$4,845,000, 2012 Refunding Bonds, due in annual installments of \$1,165,000 to \$1,195,000 through 2016, interest at 3.0%	2,360,000
\$4,975,000. 2014 Refunding Bonds, due in annual Installments of \$1,235,000 to \$1,275,000 through September 2019, interest at 3.00% to 4.00%	<u>4,975,000</u>
	<u>\$ 14,726,326</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**Utility Bonds**

The Town pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2014 are as follows:

**Sewer Utility**

\$6,843,105, (\$12,655,000 combined issue), 2005 Refunding Bonds, due in annual installments of \$417,263 to \$515,550 through August 2019, interest at 6.40% to 6.50%	\$ 2,295,869
\$1,152,000, 2007 Sewer Bonds, due in annual installments of \$157,000 to \$160,000 through September 2015, interest at 3.75%	160,000
\$2,861,182, (\$22,320,000 combined issue) 2007 Refunding Bonds, due in an annual installment of \$44,099 in February 2015, interest at 5.45%	44,099
\$2,475,000, 2009 Refunding Bonds, due in annual installments of \$490,000 to \$495,000 through March 2023, interest at 4.25% to 5.00%	2,475,000
\$3,234,370, 2011A Refunding Bonds, due in annual installments of \$515,740 to \$536,234 through March 2018, interest at 3.00% to 4.00%	2,093,702
\$820,000, 2011B Refunding Bonds, due in annual installment of \$65,000 to \$85,000 through March 2022, interest at 3.00% to 4.00%	635,000
\$625,000, 2014 Refunding Bonds, due in annual installments of \$155,000 to \$160,000 through March 2019, interest at 3.00% to 4.00%	<u>625,000</u>
	<u>\$ 8,328,670</u>

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 3,527,406	\$ 802,552	\$ 1,242,596	\$ 258,326	\$ 5,830,880
2016	3,381,620	472,864	1,203,378	319,356	5,377,219
2017	2,236,491	361,838	1,213,508	265,030	4,076,868
2018	2,281,362	266,586	1,223,637	209,830	3,981,416
2019	2,384,447	156,565	1,255,550	152,654	3,949,216
2020-2023	915,000	89,763	2,190,000	200,641	3,395,404
	<u>\$14,726,326</u>	<u>\$2,150,167</u>	<u>\$ 8,328,670</u>	<u>\$1,405,837</u>	<u>\$ 26,611,003</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**Changes in Long-Term Municipal Debt**

The Town's long-term capital debt activity for 2014 is as follows:

	Balance, December 31, 2013	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, 2014	<u>Due Within One Year</u>
General Capital Fund					
Bonds Payable	<u>\$ 18,689,144</u>	<u>\$ 4,975,000</u>	<u>\$ 8,937,818</u>	<u>\$ 14,726,326</u>	<u>\$ 3,527,406</u>
Sewer Utility Capital Fund					
Bond Payable	<u>\$ 9,695,850</u>	<u>\$ 625,000</u>	<u>\$ 1,992,180</u>	<u>\$ 8,328,670</u>	<u>\$ 1,242,596</u>

**Short-Term Debt**

The Town's short-term capital debt activity for 2014 is as follows:

	Balance, December 31, 2013	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, 2014
Bond Anticipation Notes				
General Capital Fund	\$ 9,344,509	\$2,470,000	\$ 282,000	\$11,532,509
Sewer Utility Capital Fund	<u>6,322,018</u>		<u>827,000</u>	<u>5,495,018</u>
Total	<u>\$15,666,527</u>	<u>\$2,470,000</u>	<u>\$ 1,109,000</u>	<u>\$17,027,527</u>

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt, which is not included in the Town's statutory debt limit calculation, is reported in the Current Fund for 2014 as follows:

	Balance, December 31, 2013	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, 2014
Tax Anticipation Notes	<u>\$ 3,500,000</u>	<u>\$ 3,250,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,250,000</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**5. FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2014:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2014</u>
Land and Land Improvements	\$ 88,388,489	\$ 93,308	\$	\$ 88,481,797
Buildings and Building Improvements	15,840,292	2,189,621		18,029,913
Construction in Progress	1,025,567	3,816	1,025,467	3,816
Machinery and Equipment	<u>11,520,759</u>	<u>426,569</u>	<u>257,324</u>	<u>11,690,004</u>
	<u>\$116,775,107</u>	<u>\$2,713,314</u>	<u>\$1,282,791</u>	<u>\$118,205,530</u>

**Utility Fund Fixed Assets**

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2014:

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2014</u>
<b>Sewer Utility Fund</b>				
Fixed Capital Treatment Facility, Sewerage System and System Improvements	\$ 68,485,507	\$	\$	\$ 68,485,507
Vehicle and Equipment	<u>101,382</u>			<u>101,382</u>
	<u>\$ 68,586,889</u>	<u>\$</u>	<u>\$</u>	<u>\$ 68,586,889</u>
Fixed Capital Authorized and Uncompleted – Sewer Improvement	<u>\$ 10,181,465</u>	<u>\$ 210,000</u>	<u>\$</u>	<u>\$ 10,391,465</u>
<b>Airport Utility Fund</b>				
Fixed Capital Airport Facilities and Improvements	\$ 61,499,606	\$ 1,127,080	\$	\$ 62,626,686
Vehicle and Equipment	<u>1,027,714</u>			<u>1,027,714</u>
	<u>\$ 62,527,320</u>	<u>\$ 1,127,080</u>	<u>\$</u>	<u>\$63,654,400</u>
Fixed Capital Authorized and Uncompleted – Airport Facilities and Improvements	<u>\$ 1,118,840</u>	<u>\$ 62,240</u>	<u>\$1,127,080</u>	<u>\$ 54,000</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2014**

**6. DUE TO/FROM OTHER FUNDS**

As of December 31, 2014, interfund receivables and payables that resulted from various interfund transactions are as follows:

	Due From Other Funds	Due To Other Funds
Current Fund:		
Regular	\$ 93,362	\$
Grant	12,037	100,092
Trust Fund:		
Animal Control Fund		23
Other Trust		35,142
General Capital Fund	100,000	2,958
Sewer Utility:		
Sewer Operating	2,106	8,534
Sewer Capital		398
Airport Utility:		
Airport Operating		69
Airport Capital	69	60,358
	<u>69</u>	<u>60,358</u>
Total	<u>\$ 207,574</u>	<u>\$ 207,574</u>

The above balances are the result of expenditures being paid by one fund on behalf of another. The Town expects all interfund balances to be liquidated within one year.

**7. FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services, if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year, were as follows:

	Fund Balance December 31, 2014	Utilized in Subsequent Year's Budget
Current Fund		
Cash Surplus	<u>\$4,098,735</u>	<u>\$2,620,000</u>
Sewer Utility Operating Fund		
Cash Surplus	<u>\$ 339,383</u>	<u>\$ 25,000</u>
Airport Utility Operating Fund		
Cash Surplus	<u>\$ 27,010</u>	<u>\$ 20,000</u>

The above fund balance amounts utilized represents the surplus anticipated in the 2014 municipal budget.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**8. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, there were no deferred charges reported on the balance sheets of the current and sewer operating funds.

**9. COMPENSATED ABSENCES**

Under the existing policies and labor agreements of the Town, employees are allowed to accumulate, with certain restrictions, unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,292,00 at December 31, 2014. This estimate by management is unaudited.

As of December 31, 2014, the Town has reserved \$56,739 to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

**10. EMPLOYEE RETIREMENT SYSTEMS**

Description of Systems

Substantially all of the Town's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State Statute: the Public Employees' Retirement System ("PERS") or the Police and Firemen's Pension Fund ("PFRS"). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and the PFRS are considered cost sharing multiple-employer plans.

Public Employees Retirement System

PERS was established January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage, including postretirement health care, to substantially all full-time employees of the State or any County, Municipality, School district or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service and 25 years for health care coverage.

Tier 1 Members (members enrolled prior to July 1, 2007) are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under 60 with 25 or more years of credited service. Members who retire early and are under age 55 receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate (1/4 of 1% for each month the member lacks of attaining age 55).

Tier 2 Members (members enrolled July 1, 2007 to November 2, 2008) are eligible for retirement at age 66 with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members who retire early and are under age 60 receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate (1/12<sup>th</sup> of 1% each month the member lacks attaining age 60, but over age 55 and 1/4 of 1% for each month the member lacks of attaining age 55).

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

Chapter 89, P.L. 2008, established a minimum base salary of \$7,700 per year to be eligible for enrollment in Tier 3 of the PERS (members enrolled on or after November 2, 2008 and prior to May 21, 2010) and are eligible for retirement at age 62 with an annual benefit generally determined to be  $1/55^{\text{th}}$  of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 62 with 25 or more years of credited service. Members who retire early and are under age 62 receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate ( $1/12$  of 1% for each month the member lacks of attaining age 62 but over age 55 and  $1/4$  of 1% for each month the member lacks of attaining age 55).

Chapter 1, P.L. 2010, requires a minimum of 32 hours per week to be eligible to enroll in Tier 4 of PERS (members enrolled after May 21, 2010) and are eligible for retirement at age 62 with an annual benefit generally determined to be  $1/60^{\text{th}}$  of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under 62 with 25 of more years of credited service. Members who retire early and are under age 62, receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate ( $1/12$  of 1% for each month the member lacks of attaining age 62 but over age 55 and  $1/4$  of 1% for each month the member lacks of attaining age 55). Chapter 1, P.L. 2010 imposes maximum compensation limits for PERS pension contributions for those who become members after May 21, 2010. For 2012, that amount is \$106,800.00. Any members hired after May 21, 2010 whose annual maximum compensation will be reached in any year, become a participant of the Defined Contribution Retirement Program ("DCRP") with regard to the remaining compensation, unless the member irrevocably elects to waive participation in the DCRP. For the amount of compensation in excess of the maximum compensation, 5.5 % will be deducted as a contribution for the purposes of the DCRP. The Township will be responsible for the DCRP's matching 3% contribution.

Tier 5 became effective as of June 28, 2011 and requires a minimum of 32 hours per week for local and school employees and 35 hours per week for state employees. Employees who do not work the minimum hours of work but earn over \$5,000 may participate in the Defined Contribution Retirement Plan. PERS salary limited to Social Security maximum wage, minimum age to retire is 65 and the annual retirement benefit equals years of service divided by the average of last five years salary. Additional requirements and limitations apply for early retirements and veteran retirements.

Police and Firemen's Retirement System

PFRS was established July 1, 1944 under the provisions of N.J.S.A. 43:16A, to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service. Chapter 1, P.L. 2010 imposes a maximum compensation limit for officers who become members after May 21, 2010. For 2012, that amount is \$106,800.00. Any member hired after May 21, 2010 whose annual maximum compensation is reached in any year will become a participant of the DCRP with regard to the remaining compensation, unless the member irrevocably elects to waive participation in the DCRP. For the amount of compensation in excess of the maximum compensation, 5.5% will be deducted as a contribution for the purposes of the DCRP. The Township will be responsible for the DCRP's matching 3% contribution. Tier 5 requirements for PFRS enrollers after June 28, 2011 are the same as those under PERS.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

Defined Contribution Retirement Program

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation.

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Pension Fund ("CPFPPF") is a defined benefit pension fund established in 1952 to replace, on an actuarial basis, 212 local police and firemen pension funds. The CPFPPF membership is limited to policemen and firemen appointed prior to July 1, 1944. The liabilities of these funds were shared by two-thirds of the participating municipalities and one-third by the State. The CPFPPF Board of Trustees has the responsibility for the proper administration of the retirement system.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund ("SACT"), which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or Local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund ("PAF"), which provides cost of living increases equal to 60% of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems, which includes the CPFPPF. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to State law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at [www.state.nj.us/treasury/pension](http://www.state.nj.us/treasury/pension).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.5% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

**Annual Pension Cost ("APC")**

In accordance with the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. However, due to the enactment of P.L. 2010, c.19, the Town opted to contribute a PFRS and PERS amount that reflected a 50% reduction of the normal and accrued liability component of the PFRS and PERS obligations due in the year ended December 31, 2009.

Beginning in 2012, the unpaid amount of \$225,870 for PFRS and \$801,887 for PERS will be paid with interest over a 15 year period. The Town is allowed to payoff the unpaid pension obligations at any time. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended December 31, 2014, 2013, and 2012, the Town, except for the amounts deferred during the year ended December 31, 2011, was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended December 31</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 476	\$1,758,217	\$633,931	\$5,756
2013	24,291	1,909,021	675,945	6,702
2012	26,403	1,954,798	754,111	5,269

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**11. HEALTH BENEFITS**

P.L. 2011 Ch. 78, Section 39, established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the monthly premiums charged for eligible employees. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision etc.

The base salary of the employees determines the percent of premium cost that is contributed.

The contribution is phased in at 25% per year:

- a) For employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect, contributions are effective upon date of hire.
- b) When a CNA that was in effect on June 28, 2011 expires or is in almost anyway modified;

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011, who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution, that amount is paid until the new contribution percentage is greater.

**12. POST-RETIREMENT HEALTH COVERAGE**

**Plan Description**

The Town provides a post-employment healthcare plan (the "Plan") for its eligible retirees and their dependents. The Plan is a single-employer defined healthcare plan administered by the Town. In accordance with Town employment contracts and personnel policies, the Town provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree. Members of the Police Benevolent Association ("PBA") and Firefighters Mutual Benevolent Association ("FMBA") who have at least 15 years of services with the Town at the time of retirement are eligible for employer provided post-retirement health coverage. Members of the Morristown Employees Association ("MEA") and Local 255 who have at least 25 years of service with the Town at the time of retirement or who retire on disability with at least 15 years of service with the Town, are eligible for employer provided post-retirement health coverage.

**Funding Policy**

The Town funds its post-retirement health coverage on a pay-as-you-go basis. For the years 2014, 2013 and 2012, the Town paid \$2,361,390, \$2,351,856 and \$2,579,297, respectively, for post-retirement health coverage premiums for eligible retirees and their dependents.

**Annual OPEB Cost and Net OPEB Obligation**

Division of Local Government Services, State of New Jersey, Local Finance Notice 2009-13R requires an actuarial calculation every two years.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

The following information is required to be updated every two years. The information stated below is for the 2014 fiscal year.

The Town's annual other post-employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Town's annual OPEB cost for 2014, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan:

Annual Required Contribution	\$ 4,794,700
Interest on Net OPEB Obligation	<u>44,500</u>
Annual OPEB Cost (Expense)	4,839,200
Contributions Made	<u>718,800</u>
Increase in Net OPEB Obligation	3,120,400
Net OPEB Obligation – Beginning of Year	<u>15,569,200</u>
Net OPEB Obligation – End of Year	<u>\$18,689,600</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years 2014, 2012 and 2010 were as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligations</u>
2014	\$4,839,200	35.5%	\$18,689,600
2012	4,226,700	34.3%	12,932,600
2010	4,496,340	30.4%	6,367,282

**Funded Status and Funding Progress**

As of December 31, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$66,077,700 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability ("UAAL") of \$66,077,700. An actuarial valuation was not required as of December 31, 2013.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

In the December 31, 2014 actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expense), which is a blended rate of the expected long-term investment returns on Plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and for healthcare benefits an annual healthcare cost trend rate of 7.5% initially, reduced by increments to an ultimate rate of 5% after 6 years. For prescription drug benefits, the initial trend rate is 8.5% for current retirees and 9% for future retirees, decreasing to 5% long-term trend rate after eight years for current retirees and nine year for future retirees. For dental benefits, the initial trend is 5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 25 years.

**13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, termination of employees and natural disasters. The Town has obtained commercial insurance coverage to minimize the exposure to the Town, should they occur.

The Town is a member of the Garden State Municipal Joint Insurance Fund ("GSMJIF"). This joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The GSMJIF is a risk-sharing public entity pool. The coverage amounts are on file with the Town.

The relationship between the Town and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Town is contractually obligated to make all annual and supplementary contributions to the GSMJIF, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The GSMJIF provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

On January 1, 1999, the Town established a workmen's compensation plan for its employees, an auto liability plan and a general liability plan, including police professional liability. The Town funded the entire cost of these plans. Claims were paid directly by the plan, up to a maximum for anyone accident or occurrence, with any excess benefit being reimbursed through Re-Insurance Agreements as follows:

<u>Plan</u>	<u>Maximum Per Accident or Occurrence</u>	<u>Re-Insurance Agreement</u>
Workmen's Compensation	\$250,000	Reliance National Insurance Company
Auto Liability	100,000	General Security Reporting And Casualty Insurance Company
General Liability	100,000	General Security Reporting And Casualty Insurance Company

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

The Town is liable for any claims prior to January 1, 1999. In addition, a contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the Town under existing Re-Insurance Agreements. The Town has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2014. In addition, the Town has not created a liability for reserves for any potential unreported losses which have taken place, but in which the Town has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is assumed to be material. As of December 31, 2014, the Town has \$575,705 in the Self-insurance Trust Fund to provide funding for any potential liabilities for claims incurred during the period when they were self-insured.

There has been no significant reduction in insurance coverage from the previous year, nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this method, the Town 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 Town is billed quarterly for amounts due to the State. The following is a summary of Town contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Town's Unemployment Compensation Trust Fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	None	None	\$ 23,819	\$ 108,072
2013	None	None	8,995	131,891
2012	121,000	None	95,328	127,437

**14. CONTINGENT LIABILITIES**

The Town is involved in various claims and lawsuits incidental to its operations. In the opinion of management and legal counsel the ultimate resolution of these matters will not have a material effect on the financial position of the Town.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013. Amounts claimed have not yet been determined. The Town is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division, the Town does not recognize a liability, if any, until these cases have been adjudicated. The Town expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate granting agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the granting agency.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**Guaranteed Debt - Morristown Parking Authority** - The Speedwell Avenue Urban Renewal Project (the "Project"), created in order to finance the costs of construction of a parking garage, was authorized as a general improvement in accordance with the Housing and Redevelopment Cooperation Law, N.J.S.A. 55:14B-1et seq., the Redevelopment Agencies Law, N.J.S.A.40:55C-1et seq., and the Local Bond Law, N.J.S.A.40A:2-1et seq. Prior to adopting the bond ordinance, the Town was required to obtain the approval of the Local Finance Board for an extension of credit to finance the garage; since the Town's net debt exceeded the statutory limitation allowed under N.J.S.A.40A:2-6. The Board, in approving the Town's application for an extension of credit, indicated that it was satisfied that the Project would generate revenues in an amount equal to or exceeding the annual debt service requirements of the obligations incurred for financing the parking garage.

In May 2002, the Morristown Parking Authority sold \$4,860,000 Guaranteed Parking Revenue Bonds, Series 2002, dated May 1, 2002. These bonds were used to refund the outstanding Guaranteed Parking Revenue Bonds, Series 1997 on August 1, 2002. Under a Replenishment Agreement, the Town is required to take such actions as necessary to assure that the amounts required to meet the Debt Service Reserve Fund Requirement will be available on the Bond Payment Date. Such actions may include, but not be limited to, the adoption of an emergency appropriation, the levy of ad valorem taxes upon all taxable real property located within the Town, without limitation as to rate or amount, or any other actions that are legally permitted to be taken to meet the requirement of such Replenishment Agreement. The bonds mature annually from 2003 to 2015 at interest rates ranging from 3.50% to 4.45%.

In February 2004, the Morristown Parking Authority sold \$10,025,000 Guaranteed Parking Revenue Bonds, Series 2004, dated February 15, 2004. These bonds were used for advance refunding of the outstanding Guaranteed Parking Revenue Bonds - Series 1998, which were redeemed in full on August 1, 2005. Under a Replenishment Agreement, the Town is required to take such actions as necessary to assure that the amounts required to meet the Debt Service Reserve Fund Requirement will be available on the Bond Payment Date. Such actions may include, but not be limited to, the adoption of an emergency appropriation, the levy of ad valorem taxes upon all taxable real property located within the Town, without limitation as to rate or amount, or any other actions that are legally permitted to be taken to meet the requirement of such Replenishment Agreement. The bonds mature annually from 2004 to 2025 at interest rates ranging from 2.50% to 4.40%.

In July 2007, the Morristown Parking Authority sold \$27,180,000 Guaranteed Parking Revenue Bonds, Series 2007, dated July 1, 2007. These bonds were issued to finance the design and construction of a 781 space parking facility and attached 33,815 square feet four story office building in the center of Town. Under a Replenishment Agreement, the Town is required to take such actions as necessary to assure that the amounts required to meet the Debt Service Reserve Fund Requirement will be available on the Bond Payment Date. Such actions may include, but not be limited to, the adoption of an emergency appropriation, the levy of ad valorem taxes upon all taxable Real property located within the Town, without limitation as to rate or amount, or any other actions that are legally permitted to be taken to meet the requirement of such Replenishment Agreement. The Bonds mature annually from 2008 to 2037 at interest rates ranging from 4.00% to 4.70%.

The Town's obligations under the Replenishment Agreement are absolute and unconditional, payable, unless otherwise paid, from the unlimited ad valorem taxing power of the Town.

As of December 31, 2014, the outstanding debt covered by the Town Replenishment Agreement was \$34,655,000. As of June 27, 2014, the Morristown Parking authority was not in default for any of these obligations. The Town is in compliance with the Debt Service Reserve Fund requirement.

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**Pending Litigation**

*AHS v. Town of Morristown.* This is litigation that arose between Morristown Memorial Hospital (the "Hospital") and the Town regarding the legitimacy of a claimed tax exemption for the Hospital property, as well as the valuation of that property. Since there were portions of the Hospital property which were not actually and exclusive used for the alleged tax-exempt purposes of the Hospital corporation, the Town sought to impose real property taxes on those non-tax exempt portions of the Hospital. The crucial issue for the court's determination was whether the portions of the Hospital that were being used on a "for profit" basis should still be entitled to tax-exempt treatment for real property taxation purposes. An additional contention was the valuation to be attributed to those "for profit" aspects of the Hospital's operation. It has been determined that some portions of the "for profit" portions of the Hospital are not tax-exempt. The remaining portions of the claimed tax-exempt portions as well as valuation issues are still being litigated. The Town intends to continue to assert its position that "for profit" aspects of a not for profit hospital are subject to real property taxation and are not tax-exempt.

**15. FEDERAL ARBITRAGE REGULATIONS**

The Town is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on an tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service ("IRS") required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014, the Town had no estimated arbitrage earnings due to the IRS.

**16. PRIOR-YEAR DEFEASANCE OF DEBT**

On January 29, 2012, the Town issued \$4,845,000 of Refunding Bonds with interest rates ranging from .07% to 3.0%. These bonds were issued to currently refund certain Capital Improvement Bonds of the Town. The total principal currently refunded was \$4,903,000. This resulted in \$58,000 less bonds being issued and interest savings amounted to \$248,063.

In June 2011, the Town issued \$5,555,000 of Refunding Bonds consisting of \$1,500,630 in General Obligation Refunding Bonds and \$4,054,370 in Sewer Utility Refunding Bonds with interest rate ranging of 1.5% to 4%. These bonds were issued in order to currently refund certain principal maturities of General Improvement Bonds of the Town. The total principal currently refunded was \$5,470,000. This current refunding resulted in the issuance of an increased amount of bonds in the amount of \$85,000 and resulted in a decrease of cash flows over the life of these bonds issues in the amount \$301,963. However, the economic gain (difference between the present value of the old and new debt service payments) was \$281,300. That refunding was undertaken to reduce total debt service payments over the next 10 years by \$301,963.

Prior to 2009, the Town defeased certain waste water loans by placing the proceeds of new bonds in an irrevocable trust to provide for an future debt service payments on the old bonds. Accordingly, the trust account assets and for the defeased loans are not included in the Town's financial statements. At December 31, 2014, none of the loans outstanding are considered defeased.

**17. TRANSFER AGREEMENT**

On January 17, 1977, (the transfer date) the Town sold and conveyed its right, title and interest in and to the real and personal property of its water system to the Southeast Morris County Municipal Utilities Authority ("SMCMUA") (the "Authority"). In exchange for the right, title and interest of the

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

water system, the Authority agreed to compensate the Town with respect to all of the indebtedness issued by the Town for water system purposes, which remained outstanding as of the transfer date. The Authority further agreed to pay the Town \$100,000 one year from the transfer date. Additionally, the Authority agreed to pay to the Town upon the anniversary of the transfer date for a period of 99 years, the sum of \$30,000 per year.

As of December 31, 2014, 64 years are remaining on the transfer agreement and the remaining amount due from the transfer agreement is \$1,890,000.

**18. CAPITAL LEASE AGREEMENT**

The Town entered into agreements for the leasing of rear-mounted pumper apparatus for the Fire Department, totaling \$452,250, under capital leases. The capital lease agreements are for terms of ten years payable in advance. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments at December 31, 2014.

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 57,627
2016	57,627
2017	<u>28,813</u>
Total	144,067
Less: Amounts Representing Interest	<u>9,586</u>
Present value of Net Minimum Lease Payments	<u>\$ 134,481</u>

The Town's capital lease activity for 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Balance, January 1	\$ 201,694	\$ 259,321
Reductions	<u>57,627</u>	<u>57,627</u>
Balance, December 31	<u>\$ 144,067</u>	<u>\$ 201,694</u>
Due Within One Year	<u>\$ 57,627</u>	<u>\$ 57,627</u>

**TOWN OF MORRISTOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**19. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events occurring after December 31, 2014 through June 10, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that the following subsequent events require disclosure:

**Tax Anticipation Notes**

On March 19, 2015 the Town approved the issuance of \$1,000,000 of Tax Anticipation Notes to temporarily finance the Town's operating expenditures. The Town awarded the sale of said notes to Valley National Bank at an interest rate of 0.64% (net interest cost).

**Bond Anticipation Notes**

On May 26, 2015 the Town authorized various capital improvements of \$2,822,600; associated with these improvements were \$2,681,470 of bonds and notes.

**CURRENT FUND**

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF CURRENT CASH AND INVESTMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2014

A-4

	<u>Ref.</u>		<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2013			\$ 11,076,507	\$ 106,661
Increased by Receipts:				
Non-Budget Revenue	A-2	\$ 368,841	\$	
Petty Cash Fund	A-6	900		
NJ Senior Citizens' and Veterans' Deductions	A-7	44,000		
Taxes Receivable	A-8	56,583,709		
Overpayments	A-23	52,156		
Revenue Accounts Receivable	A-13	11,299,199		
Special Improvement District Taxes Receivable	A-9	603,696		
Due from Southeast Morris MUA	A-15	30,000		
Prepaid Taxes	A-21	307,365		
Tax Anticipation Notes	A-26	3,250,000		
SID Prepays	A-24	18,719		
Interfunds	A-17	21,741		
Unappropriated Grant	A-34		50,243	
Interest Income - Due to Current Fund	A-31		727	
Central Business Maintenance	A-27	50,000		
Grant Receivables	A-30		383,456	
		72,630,326		434,426
			83,706,833	541,087
Decreased by Disbursements:				
2014 Budget Appropriations	A-3	33,188,210		
2013 Appropriations Reserves	A-14	1,497,956		
Petty Cash	A-6	900		
Regional School Taxes Payable	A-20	27,732,737		
County Tax Payable	A-19	6,602,725		
Tax Appeals and Overpayments	A-23	349,147		
Tax Anticipation Notes	A-26	3,500,000		
Due to State of NJ	A-29	6,650		
Special Improvement District Taxes Payable	A-25	529,712		
Interfunds	A-17	84,003		
Appropriated Reserves	A-33		56,034	
Interfund to Current	A-31		691	
		73,492,040		56,725
Balance, December 31, 2014	A		\$ 10,214,793	\$ 484,362

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF CHANGE FUNDS  
YEAR ENDED DECEMBER 31, 2014

A-5

Balance,  
December 31,  
2014 and 2013

<u>Title</u>	<u>Ref</u>	
Tax Collector		\$ 100
Municipal Court		100
Police		<u>50</u>
	A	<u>\$ 250</u>

STATEMENT OF PETTY CASH  
YEAR ENDED DECEMBER 31, 2014

A-6

	<u>Ref</u>	
Increased by:		
Cash Receipts	A-4	<u>\$ 900</u>
Decreased by:		
Cash Disbursements	A-4	<u>\$ 900</u>
<u>Analysis of Petty Cash</u>		
Tax Collector		\$ 500
Public Works		250
Fire Department		<u>150</u>
		<u>\$ 900</u>

STATEMENT OF DUE TO STATE OF NEW JERSEY-SENIOR  
CITIZENS AND VETERANS' DEDUCTIONS  
YEAR ENDED DECEMBER 31, 2014

A-7

	<u>Ref</u>	
Balance, December 31, 2013 (Due to)	A	\$ (2,142)
Increased by:		
Senior Citizens' and Veterans' Deductions	A-8	<u>43,250</u>
		41,108
Decreased by:		
Senior Citizens' and Veterans' Deductions Disallowed	A-8	250
Cash Receipts	A-4	<u>44,000</u>
Balance, December 31, 2014 (Due to)	A	<u>\$ (3,142)</u>

See Independent Auditors' Report.



TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE A-9  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$ 9,173
Increased by:			
2014 District Tax Levy	A-25		<u>622,079</u>
			631,252
Decreased by:			
Cash Receipts	A-4	\$ 603,696	
Overpayments Applied	A-24	2,262	
Due from Sewer	A-17	8,534	
Charge to Operations	A-1	<u>9,468</u>	
			<u>623,960</u>
Balance, December 31, 2014	A		<u>\$ 7,292</u>

STATEMENT OF TAX TITLE LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$ 84,680
Increased by:			
Transfers from Current Year Taxes Receivable	A-8	\$ 16,751	
Interest and Costs	Reserve	<u>4,001</u>	<u>20,752</u>
Balance, December 31, 2014	A		<u>\$ 105,432</u>

STATEMENT OF DEMOLITION LIENS  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		
Balance, December 31, 2014 and 2013	A		<u>\$ 2,946</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		
Balance, December 31, 2014 and 2013	A		<u>\$ 2,193,200</u>

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2014

A-13

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>2014</u>	<u>2014</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Licenses:				
Alcoholic Beverages	\$	\$ 91,250	\$ 91,250	\$
Others		126,506	126,506	
Fees and Permits		550,857	550,857	
Municipal Court - Fines and Costs	66,736	996,011	969,569	93,178
Interest on Costs on Taxes		138,189	138,189	
Interest on Investments and Deposits		47,300	47,300	
Swimming Pool Fees		161,486	161,486	
Lease Agreement - SDC		195,500	195,500	
Cablevision Fees		255,171	255,171	
Animal Control Agreements		6,758	6,758	
Energy Receipts Tax		2,754,433	2,754,433	
Consolidated Municipal Property Tax Relief Aid		114,166	114,166	
Uniform Construction Code Fees		1,161,488	1,161,488	
NJ Hazard Mitigation Grant - Energy Alloc. Init.				
Anticipated Airport Utility Operating Surplus		215,000	215,000	
Contribution from Sewer Utility for Indirect Costs		131,000	131,000	
Rental of Property - Leases		214,306	214,306	
Police Outside Duty - Administrative Fees		91,818	91,818	
Hotel/Motel Tax		457,649	457,649	
Uniform Fire Safety Act Fees		53,443	53,443	
Rent Leveling Registration		90,090	90,090	
Fire Bureau EMS Revenue Recovery		136,743	136,743	
FEMA Reimbursement		157,365	157,365	
Anticipated Sewer Utility Operating Surplus		3,200,000	3,200,000	
	<u>\$ 66,736</u>	<u>\$ 11,346,529</u>	<u>\$ 11,320,087</u>	<u>\$ 93,178</u>
<u>Ref.</u>	A	Reserve		A
	<u>Ref.</u>			
Cash Receipts	A-4		\$ 11,299,199	
Interfunds	A-17		20,888	
			<u>\$ 11,320,087</u>	

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF 2013 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2014

A-14  
Sheet # 1

Balance  
December 31, 2013

<u>Appropriation</u>	<u>Committed</u>	<u>Uncommitted</u>	<u>Balance After Modification</u>	<u>Encumbrances Canceled</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<b>SALARIES AND WAGES</b>						
Town Clerk	\$	\$ 635	\$	\$	\$	\$
Business Administrator		2,100				
Senior Citizens		375				
Fire		2,210				
Emergency Management Services		1				
Treasurer		392				
Tax Assessor		2,950				
Public Health		3,444				
Property Maintenance		39,624				
Zoning		23,611				
Recreation Administration		917				
Burham Pool		37				
Animal Control		2,094				
Code Enforcement		18,635				
Sanitation and Recycling		244				
Planning		883				
Engineering Services and Costs		13				
Municipal Court		11,192				
Uniform Construction Code		52,474				
		<u>161,831</u>				
<b>OTHER EXPENSES</b>						
Town Clerk	5,211	1,278	11,589		10,780	809
Business Administrator	2,507	23,597	6,104		3,830	2,274
Senior Citizens	728	363	1,091		1,091	
Purchasing	11,839	3,631	20,170		20,114	56
Police	34,230	12,972	47,202		36,610	10,592
Fire	28,570	4,354	32,924		32,909	15
Fire Truck Lease		373				
Emergency Management Services	3,244	3,859	4,603		3,260	1,343
Treasurer	2,623	2,918	13,645		13,645	
Collector of Taxes	1,359	4,054	12,413		1,507	10,906
Assessment of Taxes	30,162	550	56,212		56,040	172
Public Health	203	2,212	2,415		199	2,216
Recreation	636	2,487	623		31	592
Recreation Burnham Pool		488	838		785	53
Rent Leveling		251	251			251
Animal Control	1,026	1,327	2,353		1,489	864
Code Enforcement	75	2,745	2,820		1,335	1,485
Public Works	307,241	4,192	373,094		330,737	42,357

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF 2013 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2014

A-14  
Sheet # 2

	Balance December 31, 2013		Balance After Modification	Encumbrances Canceled	Paid or Charged	Balance Lapsed
	Committed	Uncommitted				
OTHER EXPENSES (Continued)						
Engineering	\$ 7,583	\$ 5,752	\$ 13,335	\$	\$ 12,824	\$ 511
Planning	12,249	20,236	40,685		37,369	3,316
Legal	15,557	87,551	33,108		28,599	4,509
Municipal Prosecutor	18,500		6,500		3,500	3,000
Historic Preservation Committee		950	950			950
Environmental Commission		650	650			650
Project Community Pride	12,400		12,400		12,400	
Teen Center	16,850		16,850		16,850	
Municipal Alliance		3,727	3,727			3,727
Shade Tree Commission		600	600			600
Uniform Construction Code - Approp	463	2,475	2,938		376	2,562
Municipal Court	4,162	6,665	3,827		3,721	106
Contingent Expenses		80	80		26	54
Public Defender	6,900	10,400	5,400		5,400	
Social Security		130,873				
PERS		6				
DCRP		1,098	1,098		1,098	
Group Hospitalization	2,450	339,937	682,416		682,416	
Other Insurance Premiums		71,338	71,338		19,266	52,072
Grant Matching		20,000	20,000			20,000
Computer/Office Equipment	10,722	35	10,757		10,690	67
	\$ 720,955	\$ 999,387	\$ 1,720,342	\$	\$ 1,550,755	\$ 169,587
<u>Ref.</u>	A-16	A	A		Below	A-1
Cash Disbursed			<u>Ref.</u> A-4		\$ 1,497,956	
Accounts Payable			A-18		52,799	
					\$ 1,550,755	

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF DUE FROM SOUTHEAST MORRIS COUNTY MUA A-15  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 1,920,000
Decreased by:		
Cash Receipt - Anticipated Revenue	A-2,A-4	<u>30,000</u>
Balance, December 31, 2014	A	<u>\$ 1,890,000</u>

STATEMENT OF ENCUMBRANCES PAYABLE  
YEAR ENDED DECEMBER 31, 2014

A-16

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 720,955
Increased by:		
Tax Appeals	A-23	\$ 29,315
Refund of Revenues	A-2	264
Charges in 2014 Budget Appropriations	A-3	<u>264,361</u>
		<u>293,940</u>
		1,014,895
Decreased by:		
Canceled Payments	A-14	<u>720,955</u>
		<u>720,955</u>
Balance, December 31, 2014	A	<u>\$ 293,940</u>

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF INTERFUNDS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2014

	Ref.	Total	Grant Fund	Animal Control	Trust Other	Airport Capital	Sewer Operating	General Capital
Balance December 31, 2013 (Due from)	A	\$ 1,044	\$ 57	\$ 20	\$	\$	\$	\$ 967
Balance December 31, 2013 (Due to)	A				(635)			
Increased by:								
SID Payments - Due Current	A-9	8,534					8,534	
Interest	A-13	20,888	727	2,422	6,615			11,124
Expenses Paid by Current Fund	A-4	23,645			23,645			
Adjustment to Interfund	A-1				1,270			
		<u>53,610</u>	<u>727</u>	<u>2,422</u>	<u>31,530</u>		<u>8,534</u>	<u>11,124</u>
		<u>53,962</u>	<u>784</u>	<u>2,442</u>	<u>30,895</u>		<u>8,534</u>	<u>12,091</u>
Decreased by:								
Expenses Paid by Current Fund	A-4	60,358				60,358		
Interest Paid to Current Fund	A-4	21,741	691	2,419	7,790			10,841
		<u>82,099</u>	<u>691</u>	<u>2,419</u>	<u>7,790</u>	<u>60,358</u>		<u>10,841</u>
Balance December 31, 2014								
From	A	<u>\$ 93,362</u>	<u>\$ 92</u>	<u>\$ 23</u>	<u>\$ 23,105</u>	<u>\$ 60,358</u>	<u>\$ 8,534</u>	<u>\$ 1,250</u>

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2014

A-18

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 17,033
Increased by:		
Transferred from Appropriation Reserves	A-14	<u>52,799</u>
Balance, December 31, 2014	A	<u>\$ 69,832</u>

STATEMENT OF COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2014

A-19

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$
Increased by:		
Levy-Calendar Year 2014		\$ 6,342,089
2014 Open Space Tax Levy		260,636
Due County for Added Taxes		<u>8,695</u>
	A-1, A-2, A-8	<u>6,611,420</u>
		6,611,420
Decreased by:		
Cash Disbursements	A-4	<u>6,602,725</u>
Balance, December 31, 2014	A	<u>\$ 8,695</u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2014

A-20

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 188,758
Increased by:		
Transferred from Appropriations	A-3	\$ 187,737
Levy - Calendar Year 2014	A-1, A-2, A-8	<u>27,523,374</u>
		<u>27,711,111</u>
		27,899,869
Decreased by:		
Cash Disbursements	A-4	<u>27,732,737</u>
Balance, December 31, 2014	A	<u>\$ 167,132</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2014

A-21

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 292,913
Increased by:		
Collection of 2015 Taxes	A-4	307,365
		<u>600,278</u>
Decreased by:		
Applied to 2014 Taxes	A-8	292,913
Balance, December 31, 2014	A	<u>\$ 307,365</u>

GRANT FUND  
STATEMENT OF DUE FROM OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

A-22

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$
Increased by:		
State Grant - COAH	A-30	12,037
Balance, December 31, 2014	A	<u>\$ 12,037</u>

STATEMENT OF TAX OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2014

A-23

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 177,596
Increased by:		
Cash receipts	A-4	52,156
Appropriations	A-3	650,000
		<u>879,752</u>
Decreased by:		
Encumbered	A-16	\$ 29,315
Refunds	A-4	349,147
		<u>378,462</u>
Balance, December 31, 2014	A	<u>\$ 501,290</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAX  
OVERPAYMENTS AND PREPAID  
YEAR ENDED DECEMBER 31, 2014

A-24

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 2,262
Increased by:		
Cash Receipts	A-4	<u>18,719</u>
Decreased by:		
Overpayments Applied	A-9	<u>2,262</u>
Balance, December 31, 2014	A	<u>\$ 18,719</u>
Analysis of Balance:		
Prepays		<u>\$ 18,719</u>

STATEMENT OF SPECIAL IMPROVEMENTS DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2014

A-25

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 86,466
Increased by:		
Collection of SID Taxes Receivable	A-9	<u>622,079</u> 708,545
Decreased by:		
Cash Disbursements	A-4	<u>529,712</u>
Balance, December 31, 2014	A	<u>\$ 178,833</u>

STATEMENT OF TAX ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2014

A-26

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 3,500,000
Increased by:		
Cash Receipts	A-4	<u>3,250,000</u> 6,750,000
Decreased by:		
Cash Disbursements	A-4	<u>3,500,000</u>
Balance, December 31, 2014	A	<u>\$ 3,250,000</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF MISCELLANEOUS RESERVES  
YEAR ENDED DECEMBER 31, 2014

A-27

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$
Increased by:			
Cash Receipts	A-4	\$ 50,000	
Appropriations	A-3	<u>45,000</u>	<u>95,000</u>
Balance, December 31, 2014	A		<u>\$ 95,000</u>

STATEMENT OF DUE TO REDEVELOPMENT AGENCY  
YEAR ENDED DECEMBER 31, 2014

A-28

	<u>Ref.</u>		
Balance, December 31, 2014 and 2013	A		<u>\$ 2,188</u>

STATEMENT OF DUE/(TO) FROM STATE OF NEW JERSEY  
YEAR ENDED DECEMBER 31, 2014

A-29

	<u>Ref.</u>		
Balance, December 31, 2013 (Due from)	A		\$ 4,525
Increased by:			
Cash Disbursements	A-4		<u>6,650</u>
			11,175
Decreased by:			
Charge to operations	A-1		<u>10,350</u>
Balance, December 31, 2014 (Due to)	A		<u>\$ 825</u>

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF GRANTS RECEIVABLE - GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

A-30

	Balance, December 31, 2013	2014 Anticipated Revenue	Received	Canceled	Balance, December 31, 2014
Community Development Block Grants					
Redevel. Plan - Center and Coal Streets	\$ 5,193	\$	\$	\$	\$ 5,193
Pocahontas/Caldwell Parks	81,427				81,427
Senior Center Improvements	1,273				1,273
Planning Assistance Grant	18,500				18,500
T-Growth Planning Grant	4,250				4,250
Open Space & Farmland Preservation	375,000		206,250		168,750
Open Space Grant Edgewood Project	75,000				75,000
Clean Communities	478	27,685	27,685		478
State Affordable Housing Grant	12,500		12,037		463
Smart Growth Planning Grant	53,970				53,970
DOT- South Street Phase II	63,000				63,000
DOT- South Street Phase III	46,250		46,250		
FEMA Homeland Security - Turnout Gear	4,257				4,257
NJ DOT Municipal Aid Program- Abbett Ave	37,500		37,500		
NJ DOT Safe Street to Transit	85,000		56,582		28,418
NJ DOT Streetscape	250,000				250,000
NJ DOT Streetscape		220,000			220,000
Safe Routes to School Program	120,000				120,000
Green Acres Program - Hillcrest Park	6,668				6,668
Local Aid - Corey Road	75,918				75,918
Alcohol Rehabilitation		2,718	2,718		
NJ Hazard Mitigation Grant - Energy Alloc. Init.		310,800		310,800	
Various Contributors		1,500	1,500		
2014 Body Armour		4,971	4,971		
	<u>\$ 1,316,183</u>	<u>\$ 567,674</u>	<u>\$ 395,493</u>	<u>\$ 310,800</u>	<u>\$ 1,177,565</u>
<u>Ref.</u>	A	A-2, A-33	Below	A-33	A
		Cash Received A-4	\$ 383,456		
		Interfund Receivable A-22	12,037		
			<u>\$ 395,493</u>		

TOWN OF MORRISTOWN

STATEMENT OF DUE FROM/TO CURRENT FUND  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

A-31

	<u>Ref.</u>	
Balance, December 31, 2013	A	\$ 57
Increased by:		
Interest Income	A-4	727
		<hr/> 784
Decreased by:		
Interest Disbursed to Current Fund	A-4	691
		<hr/> 691
Balance, December 31, 2014	A	<u>\$ 92</u>

STATEMENT OF ENCUMBRANCES PAYABLE  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

A-32

	<u>Ref.</u>	
Balance, December 31, 2014 and 2013	A	<u>\$ 5,150</u>

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

A-33

	Balance, December 31, 2013	Transferred from Budget Appropriations	Canceled	Paid or Charged	Canceled Encumbrances	Balance, December 31, 2014
Community Development Block Grants						
Redev. Plan - Center and Coal Streets	\$ 3,287	\$	\$	\$	\$	\$ 3,287
Pocahontas/Caldwell Parks	49,027					49,027
Senior Center Improvements	846					846
Drunk Driving Enforcement Fund	10,750					10,750
NJ Body Armor Fund	21,772			6,662		15,110
Dodge Foundation - Footes Pond Donations	8,205					8,205
Alcohol Education Program	6,867					6,867
DEP - Recycling Tonnage Grant	58,286			18,608		39,678
Clean Communities Program	24,421	27,685		29,010		23,096
Various Contributors to Clean Communities		1,500		100		1,400
Open Space and Farm Pres. - Cory Road	252,881					252,881
Open Space - Edgewood Project	75,000					75,000
T-Growth Planning Grant	1,000					1,000
Planning Assist - NJ Highlands	12,500					12,500
Water Quality Grant	13,774					13,774
Recreation Trails - Footes Pond	24,957					24,957
Smart Growth Planning Grant	8,065					8,065
Smart Growth Planning Grant -2010	6,000					6,000
Affordable Housing Grant	12,500					12,500
Dodge Grant Office of Sustainability	15,611					15,611
DOT - South Street Phase II	31,991					31,991
County of Morris - Caldwell Playground	32,400					32,400
FEMA Homeland Security - Turnout Gear	1,839					1,839
FEMA Homeland Security - EMW	23,244					23,244
Morristown Rotary	6,305					6,305
NJ DOT Municipal Aid Program- Abbett Ave (11)	2,506					2,506
NJ DOT Safe Streets to Transit	28,418					28,418
NJ DOT Streetscape		220,000				220,000
NJ DOT Streetscape	250,000					250,000
Safe Routes to School Program	120,000					120,000
Rutgers Mini Grant - Health	28					28
Acquisition & Preservation - 20 Hillcrest Ave.	2,267					2,267
Drunk Driving	48,915					48,915
Local Aid - Corey Road	75,918					75,918
Pocahontas Dam Seepage Control	80,000					80,000
Alcohol Rehabilitation - 2013	2,955			1,655		1,300
Alcohol Rehabilitation - 2014		2,718				2,718
NJ Hazard Mitigation Grant - Energy Alloc. Init.		310,800	(310,800)			
2014 Body Armour		4,971				4,971
	<u>\$ 1,312,533</u>	<u>\$ 567,674</u>	<u>\$ (310,800)</u>	<u>\$ 56,035</u>	<u>\$</u>	<u>\$ 1,513,374</u>
<u>Ref.</u>	A	A-3, A-30	A-30	A-4		A

TOWN OF MORRISTOWN  
CURRENT FUND

A-34

STATEMENT OF RESERVES FOR UNAPPROPRIATED GRANTS  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 5,100
Increased by:		
Cash Receipts	A-4	<u>50,246</u>
Balance December 31, 2014	A	<u><u>\$ 55,346</u></u>
 <u>Analysis of Balance</u>		
Coventis - Local Grant		\$ 5,000
2012 Recycling Tonnage		50,246
Foote's Pond Walking Path		<u>100</u>
		<u><u>\$ 55,346</u></u>

**TRUST FUND**

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2014

B-1

	Ref.	Animal Control	Other	Self Insurance	Equitable Sharing
Balance, December 31, 2013	B	\$ 50,629	\$ 3,897,332	\$ 507,950	\$ 25,930
Increased by:					
Dog Licenses - State Fees	B-3	\$ 794			\$
Reserve for Animal Control Interfunds	B-3	12,626			
Reserve for Recreation	B-4, B-14, B-16		12,037		
Restitution Receivable	B-11		121,619		
Miscellaneous Reserves	B-9		911		
Affordable Housing	B-12		2,881,206		
Payroll Deduction Payable	B-7		4,137		
Escrow Deposits	B-13		7,127,558		
Reserve for Police Forfeiture	B-8		428,616		
Equitable Sharing	B-5		848		
Claims Reimbursements	B-17			94,271	486,124
Interest Earned on Investments	B-10	250	6,615	2,422	1,098
	B-4, B-9, B-15, B-17	13,670	10,583,547	96,893	487,222
		64,299	14,480,879	604,843	513,152
Decreased by:					
Payments to Current Fund Recreation	B-4, B-9, B-15	247	8,701	2,422	
Reserve for Self-Insurance	B-11		108,112		
Reserve for Animal Control	B-10	1,242		26,516	
Reserve for Unemployment Compensation	B-3		174		
Due to State of New Jersey	B-6				
Miscellaneous Reserves	B-2	741	3,324,538		
Payroll Deductions Payable	B-12		7,165,690		
Equitable Sharing	B-13				256,785
Escrow Deposits Returned	B-17		448,719		
	B-8	2,230	11,055,934	28,938	256,785
Balance, December 31, 2014	B	\$ 62,069	\$ 3,424,944	\$ 575,705	\$ 256,367

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY  
ANIMAL CONTROL FUND  
YEAR ENDED DECEMBER 31, 2014

B-2

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 4
Increased by:		
Cash Receipts	B-1	794
		<u>798</u>
Decreased by:		
Cash Disbursements	B-1	741
		<u>741</u>
Balance, December 31, 2014	B	<u>\$ 57</u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES  
ANIMAL CONTROL FUND  
YEAR ENDED DECEMBER 31, 2014

B-3

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 50,605
Increased by:		
Dog Licenses Fees Collected	B-1	12,626
		<u>63,231</u>
Decreased by:		
Cash Disbursements	B-1	1,242
		<u>1,242</u>
Balance, December 31, 2014	B	<u>\$ 61,989</u>

Per R.S. 4:19-15.11, Amounts in excess of the amounts transferred in during the prior two years shall be transferred to the Current Fund.

2012		\$ 20,586
2013		12,410
		<u>\$ 32,996</u>

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF DUE TO/FROM CURRENT FUND  
ANIMAL CONTROL FUND  
YEAR ENDED DECEMBER 31, 2014

B-4

	<u>Ref.</u>	
Balance, December 31, 2013 (Due to)	B	\$ 20
Increased by:		
Interest Earned on Investments	B-1	<u>250</u>
		270
Decreased by:		
Cash Disbursements	B-1	<u>247</u>
Balance, December 31, 2014 (Due to)	B	<u><u>\$ 23</u></u>

STATEMENT OF RESERVE FOR POLICE FORFEITURE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

B-5

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 30,662
Increased by:		
Cash Receipts	B-1	<u>848</u>
Balance, December 31, 2014	B	<u><u>\$ 31,510</u></u>

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		<u>B-6</u>
Balance, December 31, 2013	B		\$ 131,891
Decreased by:			
Due State for Unemployment Benefit Claims	B-1	\$ 174	
Expenses Paid by the Current Fund	B-9	<u>23,645</u>	<u>23,819</u>
Balance, December 31, 2014	B		<u>\$ 108,072</u>

STATEMENT OF RESERVE FOR AFFORDABLE HOUSING  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		<u>B-7</u>
Balance, December 31, 2013	B		\$ 921,093
Increased by:			
Interest Earned on Investments	B-1		<u>4,137</u>
Balance, December 31, 2014	B		<u>\$ 925,230</u>

STATEMENT OF ESCROW DEPOSITS PAYABLE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>		<u>B-8</u>
Balance, December 31, 2013	B		\$ 1,047,593
Increased by:			
Escrow Deposits Received	B-1		<u>428,616</u>
			1,476,209
Decreased by:			
Escrow Deposits Returned	B-1		<u>448,719</u>
Balance, December 31, 2014	B		<u>\$ 1,027,490</u>

See Independent Auditors' Report

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF FROM/DUE TO CURRENT FUND  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

B-9

	<u>Ref.</u>		
Balance, December 31, 2013 (Due to)	B	\$	635
Increased by:			
Interest Earned on Investments	B-1	\$ 6,615	
Expenses Paid by the Current Fund	B-6	23,645	
ARC Morris Deposit	B-1	911	
		31,171	31,171
			31,806
Decreased by:			
Cash Disbursed	B-1		8,701
Balance, December 31, 2014 (Due to)	B	\$	23,105

STATEMENT OF RESERVE FOR SELF-INSURANCE EXPENDITURES  
SELF INSURANCE FUND  
YEAR ENDED DECEMBER 31, 2014

B-10

	<u>Ref.</u>		
Balance, December 31, 2013	B	\$	507,950
Increased by:			
Claim Reimbursements	B-1		94,271
			602,221
Decreased by:			
Cash Disbursements	B-1		26,516
Balance, December 31, 2014	B	\$	575,705

Analysis of Balance

Reserve for Workers Compensation Claims	\$	471,366	
Reserve for Liability Claims		104,339	
	\$	575,705	

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF RESERVE FOR RECREATION PROGRAMS  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

B-11

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 54,306
Increased by:		
Cash Receipts	B-1	121,619
		175,925
Decreased by:		
Cash Disbursed	B-1	108,112
Balance, December 31, 2014	B	\$ 67,813

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

B-12

	Balance December 31, 2013	Increases	Decreases	Balance December 31, 2014
Municipal Court POAA Fees	\$ 47,419	\$ 8,340	\$ 9,937	\$ 45,822
Fire Prevention Donations	2,532		25	2,507
Fire Prevention Penalties	14,234	900	14,373	761
Fire Donations	8,718	3,600	6,620	5,698
Project Planner Deposits - Maple Ave	(2,635)			(2,635)
Epstein's Project Deposits	19,035			19,035
Lease Security Deposits	28,830			28,830
Police Donations	8,903	1,876		10,779
Police Abandoned Vehicles	5,028			5,028
Purchase of Police Vehicles	(5,137)			(5,137)
Outside Police Duty Fees	87,380	993,205	1,054,466	26,119
Public Works Deposits	74,236	14,998	2,000	87,234
Senior Weekend Meals Donations	1,518			1,518
Senior Center Donations	1,385	150	1,215	320
Jail and Cablevision Legal Reserve	59,381		54,425	4,956
Cable Purchase	9,950		4,253	5,697
Public Defender Fees	27,827		4,200	23,627
Outside Lien Redemptions	276,103	1,197,442	1,469,769	3,776
Flexible Spending	5,641	60,245	59,776	6,110
Flexible Spending - Dependent Care	458	3,750		4,208
Bob Tracey Park Contributions	6,684	1,650		8,334
Accumulated Sick and Vacation Time	56,739			56,739
Relocation Assistance Trust		1,550		1,550
Premium on Tax Sale Deposits	730,364	593,500	643,479	680,385
	\$ 1,464,594	\$ 2,881,206	\$ 3,324,538	\$ 1,021,261
<u>Ref.</u>	B	B-1	B-1	B

See Independent Auditors' Report

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	<u>B-13</u>
Balance, December 31, 2013	B	\$ 249,707
Increased by:		
Receipts	B-1	<u>7,127,558</u>
		7,377,265
Decreased by:		
Disbursements	B-1	<u>7,165,690</u>
Balance, December 31, 2014	B	<u>\$ 211,575</u>

STATEMENT OF DUE FROM RESTITUTION RECEIVABLE  
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	<u>B-14</u>
Balance, December 31, 2013 and 2014	B	<u>\$ 3,150</u>

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF DUE FROM CURRENT FUND  
SELF-INSURANCE FUND  
YEAR ENDED DECEMBER 31, 2014

B-15

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$
Increased by:		
Cash Disbursed to Current Fund	B-1	2,422
		2,422
Decreased by:		
Interest Earned on Investments	B-1	2,422
		2,422
Balance, December 31, 2014	B	\$

STATEMENT OF DUE TO GRANT FUND  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2014

B-16

	<u>Ref.</u>	
Increased by:		
Cash Received - State Affordable Housing Grant	B-1	\$ 12,037
		12,037
Balance, December 31, 2014	B	\$ 12,037

RESERVE FOR EQUITABLE SHARING FUND  
YEAR ENDED DECEMBER 31, 2014

B-17

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 795
Increased by:		
Interest	B-1	1,098
Revenue Received	B-1	486,124
		488,017
Decreased by:		
Cash Disbursed	B-1	256,785
		256,785
Balance, December 31, 2014	B	\$ 231,232

See Independent Auditors' Report

TOWN OF MORRISTOWN  
TRUST FUND

STATEMENT OF ENCUMBRANCES PAYABLE  
EQUITABLE SHARING FUND  
YEAR ENDED DECEMBER 31, 2014

B-18

	<u>Ref.</u>	
Balance, December 31, 2014 and 2013	B	<u>\$ 25,135</u>

**GENERAL CAPITAL FUND**

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2014

C-2

	<u>Ref.</u>		
Balance, December 31, 2013	C		\$ 1,992,018
Increased by:			
Premium on Bond Anticipation Note Sales	C-1	\$ 68,003	
Excess Escrow from Bond Sale	C-1	14,039	
Interfund Current - CIF	C-16	150,000	
Interfund Current - Interest Income	C-16	11,124	
Bond Anticipation Notes Issued	C-10	<u>2,470,000</u>	
			<u>2,713,166</u>
			4,705,184
Decreased by:			
Improvement Authorizations	C-8	1,569,775	
Interest paid to Current	C-16	6,064	
Encumbrances	C-9	216,787	
Reserve for Refunding Bond Costs	C-12	5,521	
Paid to Current Fund	C-16	<u>4,777</u>	
			<u>1,802,924</u>
Balance, December 31, 2014	C		<u>\$ 2,902,260</u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH  
DECEMBER 31, 2014 AND 2013

C-3

	Balance December 31, 2014	Balance December 31, 2013
Fund Balance	\$ 326,329	\$ 244,287
Grants Receivable	(125,884)	(125,884)
Capital Improvement Fund	86,365	66,365
Reserve for Future Improvements	47,596	47,596
Reserve to Pay Debt Service	506	506
Reserve for Bond Costs	9,680	15,201
Contracts Payable	962,427	229,625
Grant Interfund	(100,000)	(100,000)
Current Interfund	1,250	967
Sewer Interfund	1,708	
Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>General Improvements</u>	
02-31	Various Capital Improvements	\$ 58
03-44	Various Capital Improvements	1,236
04-22	Various Capital Improvements	426
05-17/05-28	Various Capital Improvements	231
05-29	Various Capital Improvements	467,763
06-14	Various Capital Improvements	168,391
06-15	Various Capital Improvements	19,683
07-17	Capital Ordinance	401
07-18/09-26	Various Capital Improvements	11,017
08-20	Various Public Improvements and Acquisitions	9,050
09-25	Various Public Improvements and Acquisitions	87,280
10-21	Various Capital Improvements	14,940
11-09	Various Capital Improvements	162
12-17	Various Capital Improvements	30,899
12-33	Speedwell Development	17,500
12-35	Park Improvements Pool	5,318
6-13	Lingerwood Tennis Courts	10,162
16-13	Various Capital Improvements	76,788
23-14	Various Capital Improvements	785,919
		\$ 2,902,260
		\$ 1,992,018

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2014

C-4

<u>Ord. No</u>	<u>Agency</u>	<u>Balance December 31, 2013</u>	<u>Grant Receipts</u>	<u>Balance December 31, 2014</u>
96-12	Reconstruction of Abbett Ave.	\$ 38,890	\$	\$ 38,890
97-31	Improvements. To Atno Ave. and Clinton Pl.	56,250		56,250
97-14	Expansion of 1st Ward Hose Co.	30,744		30,744
		<u>\$ 125,884</u>	<u>\$</u>	<u>\$ 125,884</u>
Reference		C		C

STATEMENT OF DUE FROM GRANT FUND  
YEAR ENDED DECEMBER 31, 2014

C-5

Balance, December 31, 2014 and 2013	<u>Ref.</u> C	<u>\$ 100,000</u>
-------------------------------------	------------------	-------------------

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
YEAR ENDED DECEMBER 31, 2014

C-6

	<u>Ref.</u>		
Balance, December 31, 2013	C	\$	18,689,144
Increased by:			
Bonds Issued	C-11		<u>4,975,000</u>
Decreased by:			
2014 Budget Appropriation to Pay Serial Bonds	C-11	\$	3,854,818
Debt Refunded	C-11		<u>5,083,000</u>
			<u>8,937,818</u>
Balance, December 31, 2014	C	\$	<u><u>14,726,326</u></u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2014

C-7

Ord. Number	Improvement Description	Analysis of Balance December 31, 2014					
		Balance December 31, 2013	2014 Authorizations	Budget Appropriation and Cancellation	Balance December 31, 2014	Bond Anticipation Notes	Expenditures
08-20	Various Public Improvements	\$ 1,180,098	\$	\$ (32,707)	\$ 1,147,391	\$ 1,147,391	\$
09-25	Various Public Improvements	436,433		(22,567)	413,866	413,866	
07-18/09-26	Various Public Improvements	117,971		(5,029)	112,942	112,942	
09-34	Refunding Tax Appeals	471,427		(157,319)	314,108	314,108	
10-21	Various Capital Improvements	819,000		(44,852)	774,148	774,148	
10-38	Communications Equipment	371,000		(19,526)	351,474	351,474	
11-09	Various Capital Improvements	1,142,000			1,142,000	1,142,000	
12-17	Various Capital Improvements	1,669,000			1,669,000	1,669,000	
12-33	Speedwell Development	1,800,000			1,800,000	1,800,000	
12-35	Park Improvements Pool	199,500			199,500	199,500	
16-13	Various Capital Improvements	1,138,080			1,138,080	1,138,080	
23-14	Various Capital Improvements		2,470,000		2,470,000	2,470,000	
		<u>\$ 9,344,509</u>	<u>\$ 2,470,000</u>	<u>\$ (262,000)</u>	<u>\$ 11,532,509</u>	<u>\$ 11,532,509</u>	<u>\$</u>

Ref. C C-8 C-10 C C-10

TOWN OR MORRISTOWN  
GENERAL CAPITAL FUND

C-8

STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2014

Ord No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		2014 Authorizations		Balance, December 31, 2014				
			Funded	Unfunded	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund	Encumbrances Payable/ (Canceled)	Paid or Charged	Reimbursement	Funded	Unfunded
02-31	Various Capital Improvements	\$ 2,377,000	\$ 58	\$	\$	\$	\$	\$	\$	58	\$
03-44	Various Capital Improvements	313,000	1,236							1,236	
04-22	Various Capital Improvements	1,822,000	426							426	
05-17/05-28	Various Capital Improvements	933,000	231							231	
05-29	Various Capital Improvements	2,610,000	332,946							467,763	
06-14	Various Capital Improvements	451,100	188,350							168,391	
06-15	Various Capital Improvements	1,895,000	59,343							19,683	
07-17	Acquisition of Various Vehicles and Equipment	150,000	1,367							401	
07-18/09-26	Various Capital Improvements - 2007	2,356,000		2,359							11,017
08-20	Various Public Improvements & Acquisitions	1,562,000		33,201							9,050
09-25	Various Public Improvements & Acquisitions	485,000		90,093							87,280
10-21	Various Capital Improvements	862,000		14,940							
11-09	Various Capital Improvements	1,220,000		130,939							162
12-17	Various Capital Improvements	1,757,000									30,899
12-33	Speedwell Development	1,800,000		83,131							17,500
12-35	Park Improvements Pool	210,000		48,081							5,318
6-13	Lingenwood Tennis Courts	100,000	10,162							10,162	
16-13	Various Capital Improvements	1,195,800									76,788
23-14	Various Capital Improvements	2,600,000		636,492							785,919
				2,470,000							
			\$ 574,119	\$ 1,039,236	\$ 2,470,000	\$ 130,000	\$ 949,589	\$ 1,571,482	\$	\$ 668,351	\$ 1,023,933
Ref.			C	C	C-7	C-15	C-9			C	C
						Cash Disbursed	C-2	\$ 1,569,775			
						Interfund - Sewe	C-18	1,708			
								\$ 1,571,482			

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF CONTRACTS PAYABLE  
YEAR ENDED DECEMBER 31, 2014

C-9

	<u>Ref.</u>		
Balance, December 31, 2013	C		\$ 229,625
Increased by:			
Charged to Improvement Authorization	C-8		<u>1,357,459</u>
			<u>1,587,084</u>
Decreased by:			
Cash Disbursed	C-2	\$ 216,787	
Canceled	C-8	<u>407,870</u>	<u>624,657</u>
Balance, December 31, 2014	C		<u>\$ 962,427</u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2014

C-10

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2014</u>
08-20	Various Public Improvements. & Acquisition	6/14/2012	6/14/2014	1.25%	\$ 1,180,098	\$	\$ 32,707	\$ 1,147,391
09-34	Refunding Tax Appeals	6/14/2012	6/14/2014	1.25%	471,427		157,319	314,108
09-25	Various Public Improvements	6/14/2012	6/14/2014	1.25%	436,433		22,567	413,866
07-18/09-26	Various Public Improvements	6/14/2012	6/14/2014	1.25%	117,971		5,029	112,942
21-10	Various Public Improvements	6/14/2012	6/14/2014	1.25%	819,000		44,852	774,148
38-10	Acq. of Communication Equipment	6/14/2012	6/14/2014	1.25%	371,000		19,526	351,474
09-11	Various Capital Improvements	6/14/2012	6/14/2014	1.25%	1,142,000			1,142,000
12-17	Various Capital Improvements	9/7/2012	6/14/2014	1.25%	1,669,000			1,669,000
12-33	Speedwell Development	11/30/2012	6/14/2014	1.25%	1,800,000			1,800,000
12-35	Park Improvements Pool	11/30/2012	6/14/2014	1.25%	199,500			199,500
16-13	Various Capital Improvements	8/16/2013	6/14/2014	0.07%	1,138,080			1,138,080
23-14	Various Capital Improvements	6/13/2014	6/12/2015	1.25%		2,470,000		2,470,000
					<u>\$ 9,344,509</u>	<u>\$ 2,470,000</u>	<u>\$ 282,000</u>	<u>\$ 11,532,509</u>

Ref.

C

C-2

C-7

C

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF GENERAL SERIAL BONDS  
YEAR ENDED DECEMBER 31, 2014

C-11  
Sheet # 1

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Maturity of Bonds Outstanding</u>			<u>Balance, December 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2014</u>
				<u>December 31, 2014</u>	<u>Amount</u>	<u>Interest Rate</u>				
Refunding Bonds of 2005	2005	\$ 7,961,260	8/1/15	707,738	6.50	\$ 4,567,263	\$ 673,137	\$ 3,894,126		
			8/1/16	738,192	6.50					
			8/1/17	770,647	6.50					
			8/1/18	802,102	6.50					
			8/1/19	874,447	6.50					
General Bonds of 2007	9/15/07	10,183,000	9/15/15	1,250,000	3.75	7,583,000	6,333,000	1,250,000		
			9/15/16	1,250,000	3.75					
			9/15/17	1,250,000	3.75					
			9/15/18	1,275,000	3.75					
			9/15/19	1,308,000	3.75					
Refunding Bonds of 2007		6,168,818	2/1/15	125,901	5.45	592,478	466,577	125,901		

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

C-11  
Sheet # 2

STATEMENT OF GENERAL SERIAL BONDS  
YEAR ENDED DECEMBER 31, 2014

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2014			Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
			Date	Amount	%					
Refunding Bonds of 2009	3/1/2009	\$ 1,150,000	3/1/19	\$ 235,000	4.00	\$ 1,150,000	\$	\$	\$ 1,150,000	
	3/1/20		3/1/20	230,000	4.25					
	3/1/21		3/1/21	235,000	5.00					
	3/1/22		3/1/22	230,000	5.00					
	3/1/23		3/1/23	220,000	5.00					
Refunding Bonds of 2011	6/21/2011	1,500,630	3/1/15	248,767	3.0	1,226,403		255,104	971,299	
			3/1/16	242,428	3.0					
			3/1/17	240,844	4.0					
			3/1/18	239,260	3.0					
Refunding Bonds of 2012	1/26/2012	4,845,000	2015	1,195,000	3.0	3,570,000		1,210,000	2,360,000	
			2016	1,165,000	3.0					
Refunding Bonds of 2014	3/15/2014	4,975,000	9/15/16	1,235,000	3.0		4,975,000		4,975,000	
			9/15/17	1,225,000	3.0					
			9/15/18	1,240,000	4.0					
			9/15/19	1,275,000	4.0					
						\$ 18,689,144	\$ 4,975,000	\$ 8,937,818	\$ 14,726,326	

Ref.

C

C-6

C

Refunded

C-6

\$ 5,083,000

Budget Appropriation

C-6

3,854,818

\$ 8,937,818

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF RESERVE FOR REFUNDING  
BOND ISSUANCE COSTS  
YEAR ENDED DECEMBER 31, 2014

C-12

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$ 15,201
Decreased by:		
Cash Disbursements	C-2	5,521
Balance, December 31, 2014	C	\$ 9,680

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE  
DECEMBER 31, 2014 AND 2013

C-13

	<u>Ref.</u>	
Balance, December 31, 2014 and 2013	C	\$ 506

STATEMENT OF RESERVE FOR FUTURE IMPROVEMENTS  
YEAR ENDED DECEMBER 31, 2014

C-14

	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Received</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
Computer Upgrades	\$ 7,946	\$	\$ 7,946
Traffic Study	4,650		4,650
Open Space	15,000		15,000
Developer's Contribution	20,000		20,000
	\$ 47,596	\$	\$ 47,596
<u>Ref.</u>	C		C

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2014

C-15

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$ 66,365
Increased by:		
Budget Appropriation	C-16	150,000
		216,365
Decreased by:		
Appropriated to Finance Improvement Authorizati	C-8	130,000
		86,365
Balance, December 31, 2014	C	\$ 86,365

STATEMENT OF DUE TO (FROM) CURRENT FUND  
YEAR ENDED DECEMBER 31, 2014

C-16

	<u>Ref.</u>		
Balance, December 31, 2013	C		\$ 967
Increased by:			
Transferred from Current Fund for CIF	C-2	\$ 150,000	
Interest	C-2	11,124	161,124
			162,091
Decreased by:			
Capital Improvement Fund Appropriation	C-15	150,000	
Interest Income Paid to Current Fund	C-2	6,064	
Cash Disbursements	C-2	4,777	160,841
			160,841
Balance, December 31, 2014	C		\$ 1,250

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2014

C-17

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2013</u>	<u>2014 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2014</u>
23-14	Various Capital Improvements	\$	\$ 2,470,000	\$ 2,470,000	\$

Ref.

C-7

C-10

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF DUE TO SEWER OPERATING  
YEAR ENDED DECEMBER 31, 2014

C-18

	<u>Ref.</u>	
Increased by:		
Improvement Authorizations	C-8	<u>\$ 1,708</u>
Balance, December 31, 2014	C	<u><u>\$ 1,708</u></u>

**SEWER UTILITY FUND**

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF CASH - SEWER TREASURER  
DECEMBER 31, 2014 AND 2013

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2013	D	\$ 619,738	\$ 2,306,919
Increased by Receipts:			
Consumer Accounts Receivable	D-6	\$ 7,881,542	\$
Reserve for Sewer Connection Fees	D-16		74,350
Anticipated Revenues:			
Sale of SREC's	D-3	109,511	
Interest	D-3	9,456	
Late Fees	D-3	35,013	
Sewer Connection Fees (from Capital	D-3	131,851	
Interest (from Capital)	D-11	6,538	
Interfund Capital	D-11	664	
Premium on Note Sale	D-2		36,851
Capital Improvement Fund	D-14		300,000
Prepaid Sewer Fees	D-24	46,740	
Interest on Investments/MRNA	D-11	71	6,536
Due to Current Fund	D-15	77,113	
		<u>8,298,499</u>	<u>417,737</u>
Decreased by Disbursements:			
2014 Budget Appropriations	D-4	7,605,884	
2013 Budget Appropriations	D-9	52,564	
Refund of Overpayments	D-12	1,162	
Improvement Authorizations	D-22		1,804,911
Encumbrances Payable	D-10, D-19	46,421	48,481
Accrued Interest on Bonds/Loans/Note:	D-13	501,233	
Payments to Sewer Operating Fund	D-11, D-16		139,053
Due to Current Fund	D-15	68,579	
		<u>8,275,843</u>	<u>1,992,445</u>
Balance, December 31, 2014	D	<u>\$ 642,394</u>	<u>\$ 732,211</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH  
DECEMBER 31, 2014 AND 2013

D-5A

	Balance December 31, <u>2014</u>	Balance December 31, <u>2013</u>
Fund Balance	\$ 81,990	\$ 45,139
Contracts Payable	263,995	131,209
Reserve for Sewer Connections	267,300	324,801
Capital Improvement Fund	152,000	62,000
Interfund Payable/(Receivable)	398	1,062
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Improvements Description</u>	
72-10/88-06	Improvements to Sanitary Sewerage System (995)	(995)
04-27	Repairs/Replacement of Sewer Lines/Equipment 2,110	8,210
06-24	Various Sewer Improvements 25	25
07-16	Various Sewer Improvements 2,737	2,737
08-10	Solar Energy Project (213,631)	(205,482)
08-21	Various Sewer Improvements (5,475)	(5,475)
10-15	Sewer Line Replacement 7,263	7,263
10-20	Facility Repairs & Improvements 2,459	1,034
11-10	Various Sewer Repairs 7,166	7,166
11-20	Improv. to Sewer Utility Complex 325	944,497
12-16	Facility Repairs & Improvements 47,905	47,905
13-21	Various Sewer Improvements 18,716	935,823
22-14	Various Sewer Repairs 97,923	
	<u>\$ 732,211</u>	<u>\$ 2,306,919</u>

STATEMENT OF CONSUMERS ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-6

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 289,358
Increased by:		
Sewer Rents Levied	Reserve	7,885,626
		8,174,984
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	D-5	7,881,542
Overpayments Applied	D-12	8,597
	D-3	7,890,139
Balance, December 31, 2014	D	\$ 284,845



TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF APPROPRIATION RESERVES -  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-9

	<u>Balance</u> December 31, <u>2013</u>	<u>Modified</u> <u>Budget</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salary and Wages	\$ 35	\$ 35	\$	35
Other Expenses	<u>57,665</u>	<u>57,665</u>	<u>52,564</u>	<u>5,101</u>
	<u>\$ 57,700</u>	<u>\$ 57,700</u>	<u>\$ 52,564</u>	<u>\$ 5,136</u>
<u>Ref.</u>	D		D-5	D-1

STATEMENT OF ENCUMBRANCES PAYABLE  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-10

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 46,421
Increased by:			
Charges to 2014 Appropriations	D-4		<u>33,212</u>
			79,633
Decreased by:			
Cash Disbursements	D-5	\$ 46,421	<u>46,421</u>
Balance, December 31, 2014	D		<u>\$ 33,212</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

D-11

INTERFUNDS  
DECEMBER 31, 2014 AND 2013

	<u>Ref.</u>	<u>Sewer Operating Fund</u>	<u>Sewer Capital Fund</u>
Balance December 31, 2013			
Due from	D	\$ 1,062	
Due (to)	D		\$ (1,062)
Increased by:			
Cash Transferred to Sewer Operating Fund	D-5		7,202
Accrued Interest	D-5	6,538	
		<u>6,538</u>	<u>7,202</u>
Decreased by:			
Interest Income	D-2		6,538
Cash Receipts	D-5	7,202	
		<u>7,202</u>	<u>6,538</u>
Balance December 31, 2014			
Due from	D	\$ 398	
Due (to)	D		\$ (398)

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF OVERPAYMENTS -  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-12

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 32,332
Increased by:		
Overpayments in 2014		32,332
Decreased by:		
Cash Disbursed	D-5	1,162
Applied to Sewer User Charges	D-6	8,597
Balance, December 31, 2014	D	\$ 22,572

STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-13

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 225,266
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	438,653
		663,919
Decreased by;		
Cash Disbursements	D-5	501,233
Balance, December 31, 2014	D	\$ 162,686

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF CAPITAL IMPROVEMENT FUND  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-14

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 62,000
Increased by		
Budget Appropriation	D-5	300,000
		<u>362,000</u>
Decreased by		
Finance Improvement Authorization	D-20	210,000
		<u>210,000</u>
Balance, December 31, 2014	D	<u>\$ 152,000</u>

STATEMENT OF DUE TO CURRENT FUND  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-15

	<u>Ref.</u>	
Increased by:		
On-line SID Payments Due Current	D-5	\$ 77,113
Decreased by;		
Cash Disbursements	D-5	68,579
		<u>68,579</u>
Balance, December 31, 2014	D	<u>\$ 8,534</u>

STATEMENT OF RESERVE FOR SEWER CONNECTION FEES  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-16

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 324,801
Increased by;		
Cash Receipts	D-5	74,350
		<u>74,350</u>
Decreased by:		
Realized in Operating Fund	D-5	131,851
		<u>131,851</u>
Balance, December 31, 2014	D	<u>\$ 267,300</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF SERIAL BONDS -  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-17

Issue	Maturity of Bonds Outstanding						Balance, December 31, 2014		
	Date of Issue	Original Issue	Date	Amount	Interest Rate	Balance, December 31, 2013			
Refunding Bonds of 2005	2005	\$ 6,843,105	8/1/15	417,263	6.50 %	\$ 2,692,732	\$ 2,295,669		
			8/1/16	436,807	6.50				
			8/1/17	454,352	6.50				
			8/1/18	472,897	6.50				
			8/1/19	515,550	6.50				
Sewer Utility Bonds	9/15/07	1,512,000	9/15/15	160,000	3.75	957,000	160,000		
Refunding Bonds of 2007		2,861,182	2/1/15	44,099	5.45	207,521	44,099		
Refunding Bonds 2009	10/1/09	\$ 2,475,000	3/1/19	\$ 505,000	4.00 %	\$ 2,475,000	\$ 2,475,000		
			3/1/20	495,000	4.25				
			3/1/21	495,000	5.00				
			3/1/22-23	490,000	5.00				
Refunding Bonds 2011A	7/13/11	3,234,370	3/1/15	536,234	3.00	2,643,597	2,093,702		
			3/1/16	522,572	3.00				
			3/1/17	519,156	4.00				
			3/1/18	515,740	3.00				
Refunding Bonds 2011B	7/13/11	820,000	3/1/15	85,000	3.00	720,000	635,000		
			3/1/16	85,000	3.00				
			3/1/17	85,000	4.00				
			3/1/18	80,000	3.00				
			3/1/19	80,000	3.00				
			3/1/20	80,000	3.00				
Refunding Bonds 2014	3/15/2014	625,000	3/15/16	160,000	3.00	625,000	625,000		
			3/15/17	155,000	3.00				
			3/15/18	155,000	4.00				
			3/15/19	155,000	4.00				
						\$ 9,695,850	\$ 625,000	\$ 1,992,180	\$ 8,328,670
						Ref	D	D-20	D
Paid by Budget Appropriation								\$ 1,355,180	
Proceeds of Refunding								637,000	
								\$ 1,992,180	

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF BOND ANTICIPATION NOTES  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-18

<u>Ord No.</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2014</u>	
08-10	Solar Energy Project	9/16/08	06/12/15	1.00 %	\$ 3,100,000	\$	\$ 817,000	\$ 2,283,000
10-20	Various Sewer Facility Repairs & Improvements	06/14/11	06/12/15	1.00	645,018		10,000	635,018
11-20	Improvements to Sewer Utility Complex	06/14/12	06/12/15	1.00	2,000,000			2,000,000
11-20	Facility Repairs & Improvements	06/14/12	06/12/15	1.00	377,000			377,000
12-16	Facility Repairs & Improvements	9/7/12	06/12/15	1.00	200,000			200,000
				<u>\$ 6,322,018</u>	<u>\$</u>	<u>\$ 827,000</u>	<u>\$ 5,495,018</u>	

Ref.

D

D-20

D

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF CONTRACTS PAYABLE  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-19

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 131,209
Increased by:			
Charged to Improvement Authorizations	D-22		182,841
			<u>314,050</u>
Decreased by:			
Canceled	D-22	\$ 1,574	
Cash Disbursed	D-5	<u>48,481</u>	<u>50,055</u>
Balance, December 31, 2014	D		<u>\$ 263,995</u>

STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-20

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 60,306,042
Increased by:			
Net Effect of Bond Refunding	D-17	\$ 12,000	
Ordinance Funded by Capital Improvement Fund	D-14	210,000	
Paid by Budget Appropriation - BANs	D-18	827,000	
Paid by Budget Appropriation - Serial Bonds	D-17	<u>1,355,180</u>	<u>2,404,180</u>
Balance, December 31, 2014	D		<u>\$ 62,710,222</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

D-21

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance December 31, 2013	Increased by Grant Proceeds	Transfer (to) From Reserve for Amortization	Balance December 31, 2014
04-27	Repairs/Replacement of Sewer Lines/Equipment	\$ 8,907	\$	\$	\$ 8,907
06-24	Various Sewer Improvements	392			392
07-16	Various Sewer Improvements	2,166			2,166
08-10	Solar Energy Project	1,515,298			1,515,298
		<u>\$ 1,526,763</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,526,763</u>
	<u>Ref.</u>	D			D



TOWN OF MORRISTOWN  
SEWER UTILITY FUND

D-23

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	2014 <u>Authorizations</u>	<u>Notes Issued</u>	Balance December 31, <u>2014</u>
72-10/88-06	Improvements to Sanitary Sewerage System	\$ 995	\$	\$	\$ 995
08-10	Solar Energy Project	384,702			384,702
09-29	Acquisition of Property	400,000			400,000
12-34	Sewer Complex - Supplemental	625,000			625,000
		<u>\$ 1,410,697</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,410,697</u>
		<u>Ref.</u>	D		D

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF PREPAID SEWER FEES  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

D-24

Increased by:

Cash Receipts	D-5	<u>\$ 46,740</u>
Balance, December 31, 2014	D	<u><u>\$ 46,740</u></u>

**AIRPORT UTILITY FUND**

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2014

E-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2013	E	\$ 35,863	\$ 2,083
Increased by Receipts:			
Received from Federal Aviation Administration	E-9	\$	\$ 873,470
Received from DM	E-11		99,492
Received from State of New Jersey	E-10		53,092
Rental Payments Received	E-6	210,002	
Interest on Investments	E-3	980	422
Interest Income - Due from Airport Capital	E-20	93	
Bank Error - Due to Airport Capital	E-20	91	
		211,165	1,026,476
		247,028	1,028,559
Decreased by Disbursements:			
Contracts Payable	E-16		976,831
Paid to Airport Operating	E-20		493
Transferred to Current Fund	E-19	215,000	
Bank Error - Due from Airport Operating	E-20		91
		215,000	977,415
Balance, December 31, 2014	E	\$ 32,028	\$ 51,144

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

E-5a

ANALYSIS OF CAPITAL CASH  
DECEMBER 31, 2014 AND 2013

	<u>Balance,</u> <u>December 31,</u> <u>2014</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
Fund Balance	\$ 211	\$ 211
Due from FAA	(558,335)	(1,369,565)
Due from State of New Jersey	(58,876)	(111,968)
Due to/(from) Lessee	192,154	92,662
Due to Current Fund	60,358	
Due from Operating	(69)	93
Reserve for Future Improvements	106,517	106,517
Contracts Payable	255,184	1,183,986
<u>Ord. No.</u>	<u>Improvement Authorizations:</u>	
19-13	Runway 5-23 Feasibility Phase I	54,000
23-13	Environmental Assessment Runway 5-23	54,000
	54,000	46,147
	\$ 51,144	\$ 2,083

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

E-6

	<u>Ref.</u>	
Balance, December 31, 2013		\$
Increased by:		
Lease Rental Accrued	Reserve	210,002
		210,002
Decreased by:		
Collections		
Cash Receipts	E-5	210,002
		210,002
Balance, December 31, 2014		\$

STATEMENT OF FIXED CAPITAL  
AIRPORT UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

E-7

	Balance December 31, 2013	Projects Completed	Balance December 31, 2014
Building, Hangars, Lighting and Fencing	\$ 5,151,382	\$	\$ 5,151,382
Apron and Taxiways	16,289,414		16,289,414
Parking Gate	13,561		13,561
Purchase of Land and Enlargement of Airport	5,943,801		5,943,801
Sanitation Sewer and Access Road	10,000		10,000
Various Improvements of Municipal Airport	4,545,913	62,240	4,608,153
Drainage Improvements	600,350		600,350
Electrical Vault Relocation/Circuit Replacement	1,420,705		1,420,705
Airport Overlay Project	860,587		860,587
Airport Layout Plan Update	225,000		225,000
Master Plan	278,817		278,817
Environmental Assessment	116,803	1,064,840	1,181,643
Automated Weather Observation System	340,758		340,758
Runway Rehabilitation and Improvements	23,546,351		23,546,351
Prec. Approach Indicator (PAPI)	49,425		49,425
Wildlife/Deer Fence	1,079,025		1,079,025
Tractor and Snow Removal Equipment	772,001		772,001
Fire and Rescue Trucks	246,606		246,606
Various Equipment and Vehicles	9,107		9,107
	<u>\$ 61,499,606</u>	<u>\$ 1,127,080</u>	<u>\$ 62,626,686</u>
Ref.	E	E-8	E

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-8

<u>Ord No.</u>	<u>Improvement Description</u>	Balance, December 31, 2013	2014 Authorizations Deferred Reserve for Amortization	Cost From Fixed Capital	Balance, December 31, 2014
19-13	Certain Capital Improvements	\$ 54,000	\$	\$	\$ 54,000
23-13	Certain Capital Improvements	1,064,840		1,064,840	
12-14	Installation of Fiber Line to the Fuel Farm		62,240	62,240	
		<u>\$ 1,118,840</u>	<u>\$ 62,240</u>	<u>\$ 1,127,080</u>	<u>\$ 54,000</u>
Ref.		E	E-13	E-7	E

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF DUE FROM FAA  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-9

	<u>Ref.</u>	
Balance, December 31, 2013	E	\$ 1,369,565
Increased by:		
2014 Improvement Authorizations	E-15	<u>62,240</u>
		1,431,805
Decreased by:		
Cash Receipts	E-5	<u>873,470</u>
Balance, December 31, 2014	E	<u>\$ 558,335</u>

STATEMENT OF DUE FROM STATE OF NEW JERSEY  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-10

	<u>Ref.</u>	
Balance, December 31, 2013	E	\$ 111,968
Decreased by:		
Cash Receipts	E-5	<u>53,092</u>
Balance, December 31, 2014	E	<u>\$ 58,876</u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF DUE FROM/TO LESSEE  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-11

	<u>Ref.</u>	
Balance, December 31, 2013 (Due to)	E	\$ (92,662)
Decreased by:		
Cash Received	E-5	<u>99,492</u>
Balance, December 31, 2014 (Due to)	E	<u>\$ (192,154)</u>

STATEMENT OF APPROPRIATION RESERVES  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

E-12

	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Balance After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$</u>	<u>\$ 5,000</u>
<u>Ref.</u>	E	E		E-1

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2014

E-13

<u>Ord. No.</u>	<u>Description</u>	<u>Amount</u>	<u>Balance</u> <u>December 31,</u> <u>2013 Funded</u>	<u>Federal</u> <u>Grants</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>December 31,</u> <u>2014 Funded</u>
19-13	Runway 5-23 Feasibility Phase I	\$ 54,000	\$ 54,000	\$	\$	\$ 54,000
23-13	Environmental Assessment Runway 5-23	1,064,840	46,147		46,147	
12-14	Installation of Fiber Line to the Fuel Farm	62,240		62,240	62,240	
		<u>Ref.</u>	<u>\$ 100,147</u>	<u>\$ 62,240</u>	<u>\$ 108,387</u>	<u>\$ 54,000</u>
			E	E-8	E-16	E
	Due from FEMA	<u>E-9</u>		<u>\$ 62,240</u>		

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF RESERVE FOR AMORTIZATION  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-14

	<u>Ref.</u>	
Balance, December 31, 2013	E	\$ 61,499,606
Increased by:		
Transfer from Deferred Reserve for Amortization	E-15	<u>1,127,080</u>
Balance, December 31, 2014	E	<u><u>\$ 62,626,686</u></u>

STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION  
CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-15

	<u>Ref.</u>	
Balance, December 31, 2013	E	\$ 1,118,840
Increased by:		
2014 Fixed Capital Authorized:		
Contribution from FEMA	E-9	<u>62,240</u>
		1,181,080
Decreased by:		
Transfer to Reserve for Amortization	E-14	<u>1,127,080</u>
Balance, December 31, 2014	E	<u><u>\$ 54,000</u></u>

Analysis of Balance at December 31, 2014

Description

Runway 5-23 Feasibility Phase I

Balance,  
December 31,  
2014

\$ 54,000

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

STATEMENT OF CONTRACTS PAYABLE  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-16

	<u>Ref.</u>		
Balance, December 31, 2013	E		\$ 1,183,986
Increased by:			
Charges to Improvement Authorizations	E-13		108,387
			<u>1,292,373</u>
Decreased by:			
Expenses Paid by the Current Fund	E-18	\$ 60,358	
Cash Disbursed	E-5	<u>976,831</u>	<u>1,037,189</u>
Balance, December 31, 2014	E		<u>\$ 255,184</u>

STATEMENT OF RESERVE FOR FUTURE IMPROVEMENTS  
AIRPORT UTILITY CAPITAL FUND  
DECEMBER 31, 2014 and 2013

E-17

	<u>Ref.</u>		
Balance, December 31, 2014 and 2013	E		<u>\$ 106,517</u>

STATEMENT OF DUE TO CURRENT FUND  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2014

E-18

	<u>Ref.</u>		
Balance, December 31, 2013	E		\$
Increased by:			
Expenses Paid by the Current Fund	E-16		<u>60,358</u>
Balance, December 31, 2014	E		<u>\$ 60,358</u>

TOWN OF MORRISTOWN  
STATEMENT OF DUE TO CURRENT FUND  
AIRPORT OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

E-19

	<u>Ref.</u>	
Balance, December 31, 2013	E	\$
Increased by:		
Fund Balance Anticipated by Current Fund	E-4	215,000
		<u>215,000</u>
Decreased by:		
Funds Disbursed to Current Fund	E-5	215,000
		<u>215,000</u>
Balance, December 31, 2014	E	<u><u>\$</u></u>

STATEMENT OF DUE FROM/TO AIRPORT CAPITAL  
AIRPORT OPERATING FUND  
YEAR ENDED DECEMBER 31, 2014

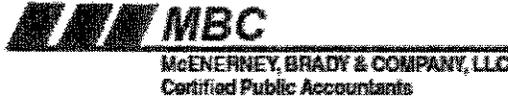
E-20

Balance, December 31, 2013 (Due from)	E	\$ 93
Increased by:		
Fund Received by Operating	E-5	422
		<u>515</u>
Decreased by:		
Funds Disbursed to Operating	E-5	584
		<u>584</u>
Balance, December 31, 2014 (Due to)	E	<u><u>\$ (69)</u></u>

**TOWN OF MORRISTOWN  
MORRIS COUNTY, NEW JERSEY**

---

**PART II  
GOVERNMENT AUDITING STANDARDS  
AND  
SINGLE AUDIT SECTION  
YEAR ENDED DECEMBER 31, 2014**



**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***

The Honorable and Members of  
the Town Council  
Town of Morristown  
County of Morris  
Morristown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds of the Town of Morristown, Morris County, New Jersey (the "Town"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated June 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the Town'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 regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's regulatory basis financial statements are free from 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*. We noted certain matters that we reported to management of the Town incorporated herein the schedule of findings and questions costs.

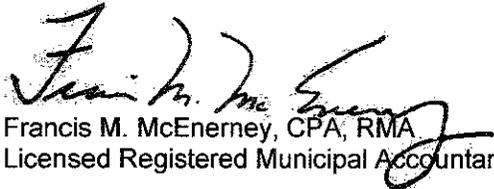
The Town responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and accordingly, we express no opinion on it.

## Purpose of this Report

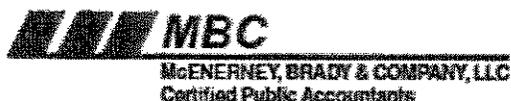
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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



Livingston, New Jersey  
June 10, 2015



Francis M. McEnerney, CPA, RMA  
Licensed Registered Municipal Accountant # 539



**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and New Jersey OMB Circular 04-04**

The Honorable and Members of  
the Town Council  
Town of Morristown  
County of Morris  
Morristown, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Town of Morristown, Morris County, New Jersey's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133* and *New Jersey OMB Circular 04-04 Compliance Supplements* that could have a direct and material effect on each of the Town's major programs for the year ended December 31, 2014. The Town's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Programs* (collectively, "OMB Circular A-133"). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

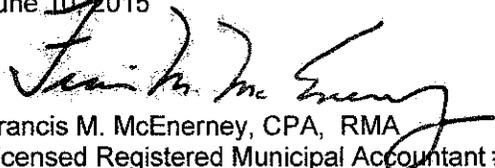
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the regulatory basis financial statements of the Town as of and for the year ended December 31, 2014, and have issued our report thereon dated June 10, 2015, which contained an unmodified opinion on those financial statements on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements as a whole. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole



Livingston, New Jersey  
June 10, 2015



Francis M. McEnerney, CPA, RMA  
Licensed Registered Municipal Accountant # 539

TOWN OF MORRISTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2014

Federal Funding Department and Description	Grant Number	C.F.D.A. No.	Award Amount	2014 Funds Received	Canceled	12/31/14 Expenditures	Cumulative Expenditures
Housing and Urban Development: Community Development Block Grants:	B-09-UV-34-0101						
Redevelopment Plan- Center and Coal Street		14.218	\$ 30,000	\$		\$	29,471
2008 Park Improvements- Pocahontas Park		14.218	135,000				90,308
2009 Senior Center		14.218	80,000				79,154
			245,000				198,933
US Department of Homeland Security: Assistance to Firefighters							
2008 Turnout Gear	EMW-2008-FO-11636	83.554	80,912				79,073
2009 Regional	EMW-2008-FO-11636	83.554	200,911				177,668
			281,823				256,741
US Department of Transportation: Airport Improvement Program:	6070-100-XXX	20.106					
2013 Environmental Assessment Runway 5-23			956,356	811,230		41,532	41,532
2013 Runway 5-23 Feasibility Phase I			54,000				
2014 Installation of Fiber Line to Fuel Farm			62,240	62,240		62,240	62,240
			2,128,242	873,470		103,772	952,890
US Department of Environmental Protection Recreation Trails Program Grant Footes Pond Wood Park	4875-100-205	20.219	25,000				14,869
Passed Through State Dept. of Transportation Highway Planning and Construction							
Improvement to South Street (Old 2008-20)	6320-480-AJ3	20.205	252,000	46,250			219,563
NJDOT Municipal Aid Program-Abbett Ave (11)			150,000	37,500			147,494
NJDOT Safe Streets to Transit			85,000	56,582			56,582
NJDOT Safe Routes to School Streetscape			120,000				
			250,000			250,000	250,000
			657,000			250,000	673,639
US Department of Justice Equitable Sharing	NJ0142400	16.922					
			1,028,036	487,222		256,785	771,669
			1,028,036	487,222		256,785	771,669
			4,540,101	1,360,692		610,557	2,853,862

See Notes to Schedule of Expenditures of Federal and State Awards

TOWN OF MORRISTOWN  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR FISCAL YEAR ENDED DECEMBER 31, 2014

State Funding Department and Description	Grant Number	C.F.D.A. No.	Award Amount	Funds Received	Canceled	12/31/14 Expenditures	Cumulative Expenditures
<b>Department of Transportation (Airport Utility)</b>							
Airport Improvement Program	100-078-6070						
2013 Wildlife Hazard Plan			\$ 7,093	\$ 53,092		\$ 2,307	\$ 3,195
2013 Environmental Assessment Runway 5-23			53,242				2,307
			<u>60,335</u>	<u>53,092</u>		<u>2,307</u>	<u>5,502</u>
<b>Department of Law and Public Safety</b>							
Drunk Driving Enforcement Fund	1110-448-031020-22						
Program year 2010			19,005				13,234
Program year 2013			48,915				
			<u>67,920</u>				<u>13,234</u>
<b>Department of Health and Senior Services</b>							
Alcohol Education and Rehabilitation Program	760-046-4240-001-260						
Program Year 2012			6,098				3,663
Program Year 2013			2,855			1,655	1,655
Program Year 2014			2,718	2,718			
			<u>11,771</u>	<u>2,718</u>		<u>1,655</u>	<u>5,318</u>
<b>Department of Community Affairs</b>							
State Affordable Housing Grant	100 022 8050 184		\$ 12,500	\$	\$	\$	\$
Program Year 2007			<u>12,500</u>				
<b>New Jersey Highlands Council</b>							
NJ Highlands Water Protection and Planning							
Program Year 2005			12,500				
			<u>12,500</u>				
<b>Department of Environmental Protection</b>							
Recycling Tonnage Grant	4900-752-178840-60						
Program Year 2009			31,415			7,085	31,415
Program Year 2010			22,893			6,322	22,893
Program Year 2012			35,838				35,838
Program Year 2013			36,324			5,201	5,201
			<u>126,470</u>			<u>18,608</u>	<u>95,347</u>
<b>Department of Environmental Protection</b>							
Clean Communities Grant Program	4900-765-178900						
Program Year 2011			25,567			3,582	25,567
Program Year 2013			29,546			25,428	25,428
Program Year 2014			27,685	27,685			
			<u>82,798</u>	<u>27,685</u>		<u>28,010</u>	<u>50,995</u>
<b>Department of Law of Public Safety</b>							
Body Armor Replacement Fund	1020-718-0661020-001						
Program Year 2006			5,367			5,143	224
Program Year 2008			12,199			1,519	7,234
Program Year 2013			6,437			6,662	2,623
			<u>24,003</u>			<u>6,662</u>	<u>7,458</u>

TOWN OF MORRISTOWN  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR FISCAL YEAR ENDED DECEMBER 31, 2014

Schedule B  
 Page 2 of 2

State Funding Department and Description	Grant Number	C.F.D.A. No.	Award Amount	Funds Received	Canceled	12/31/14 Expenditures	Cumulative Expenditures
Department of Agriculture Green Acres - Growth Planning Grant Program Year 2004			4,250				3,260
			<u>4,250</u>				<u>3,260</u>
Department of Agriculture Smart Growth Planning Grant Program Year 2002	100 022 8070 039		131,000				122,935
Program Year 2010			12,000				6,000
			<u>131,000</u>				<u>122,935</u>
			<u>\$ 533,547</u>	<u>\$ 83,495</u>	<u>\$</u>	<u>\$ 58,242</u>	<u>\$ 304,039</u>

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS**

**TOWN OF MORRISTOWN  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
DECEMBER 31, 2014**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of the federal and state awards of the Town of Morristown. The Town is defined in Note 1 to the Town's financial statements. All federal and state financial assistance received from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal and state awards.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note I to the Town's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Town's financial statements. Financial assistance revenues are reported in the Town's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 506,785	\$ 2,307	\$ 509,092
Airport Utility Capital Fund	103,772	55,935	159,707
	\$ 610,557	\$58,242	\$ 668,799

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Town's year end and grant program year.

**NOTE 5 DEPARTMENT OF HOMELAND SECURITY**

The Town received \$157,365 in 2014 for costs incurred in 2012 related to Super Storm Sandy.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

*Section I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified \_\_\_\_\_ Yes       X       No
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)? \_\_\_\_\_ Yes       X       None

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes       X       No

**Federal Awards Section**

Internal Control over major programs:

- 1) Material weakness(es) identified \_\_\_\_\_ Yes       X       No
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)? \_\_\_\_\_ Yes       X       No

Type of auditor's report used on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510 (a) of Circular A-133? \_\_\_\_\_ Yes       X       No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>16.922</u>	<u>U.S Department of Justice – Equitable Sharing</u>
_____	Program _____
_____	_____
_____	Program _____

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Auditee qualified as low-risk auditee?       X       Yes \_\_\_\_\_ No

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

*Section I – Summary of Auditor's Results*

**State Awards Section      Not Required**

Dollar threshold used to distinguish between  
Type A and Type B Programs

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Internal Control over major programs:

1) Material weakness(es) identified

\_\_\_\_\_ Yes \_\_\_\_\_ No

2) Significant deficiency(ies) that are not  
considered to be material weakness(es)?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditor's report used on compliance  
for major programs

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section .510 (a) of  
Circular A-133?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

State Grant/Project Number

Name of State Program

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

*Section 2 – Financial Statements Findings*

**Finding 2014-1\* (O)**

**General Ledger(s) and Subsidiary Ledger(s):**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our audit, it was noted that subsidiary ledgers did not agree to the general ledger. Improvement Authorizations, Grants Receivable and Appropriated, Revenues and Budget need to be in agreement with the general ledger of each fund.

***Cause***

The condition is a result of the Town not adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***

The Town should implement month end closing procedures in order to ensure that activity is being properly reconciled to subsidiary ledgers.

***Questioned Costs***

There are no known questioned costs.

***Management's Response***

The Town has implemented month end closing procedures that ensure activity is being reconciled to subsidiary ledgers.

\* Repeated from prior year.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-2\* (O)**

**Account Balance Review:**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our audit, it was noted that the General Capital Fund have accounts that have remained unchanged for years.

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***

The grants receivable in the General Capital Fund and certain improvement authorizations in the General Capital Fund should be reviewed and written off, if not collectible; or cancelled, if the projects are completed.

***Questioned Costs***

There are no known questioned costs.

***Management's Response***

These accounts will be reviewed and closed out if appropriate.

\* Repeated from prior year.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-3\* (O)**

**Vital Statistics Department:**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our engagement, it was noted that cash collected by the Vital Statistic's Department was not deposited within 48 hours of receipt. The effect was to understate the Finance department cash and to understate revenue. In addition, the requirement to remit funds within 48 hours is a statutory requirement, of which the Town is non-compliant with N.J.S.A. 40A:5-15. Additionally, this department does not include itemized detail on the summary of receipts forms, thus there is no way to determine what portion of each deposit relates to the type of fee being charged; there is no way to verify that the department is charging the correct amount to customers. Monthly summaries are not generated, thus it is difficult to reconcile collections to the Finance department records. Quaterly reports to the State are not being filed on a timely basis.

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***

The Town should implement new forms for cash receipts and month end closing procedures in order to ensure that activity is being properly recorded, classified and reconciled to individual revenue types. All revenue collected by this department be included in monthly reports and reconciled to amounts turned over to the Finance department.

***Questioned Costs***

There are no known questioned costs.

***Management's Response***

\* Repeated from prior year.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-4\* (O)**

**Clerk's Department:**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our engagement, it was noted that cash collected by the Clerk's Department was not deposited within 48 hours of receipt was not in agreement with the Finance department records. The effect was to understate the Finance department cash and to understate revenue. In addition, the requirement to remit funds within 48 hours is a statutory requirement, of which the Town is non-compliant with N.J.S.A. 40A:5-15.

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements, with respect to internal controls over the cash function.

***Recommendation***

The Town should review current policies and procedures with respect to statutory requirements, as well as implement procedures in order to ensure that all required funds are deposited on a timely basis. All funds should be deposited according to statute and monthly receipts should be reconciled to the Finance department.

***Questioned Costs***

There are no known questioned costs.

***Management's Response***

\* Repeated from prior year.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-5\* (O)**

**Trust Reserves:**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our engagement, it was noted that the Animal Control reserves has accumulated to an amount in excess of the amount allowable by the State. Other Trust contains reserves with Debit balances which is not allowed by Division of Local Government Services regulations. The effect was to potentially have an over reserved Animal Control Fund and underfunded reserves, resulting in the financial statements not being accurate and complete and the potential of the Town not being in compliance with statutory and/or regulatory requirements.

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements with respect to internal controls over cash.

***Recommendation***

The Town should transfer of the overage in the Animal Control Fund of \$32,996 to the Current Fund. The: Project Deposit – Maple Avenue of \$2,635 and Purchase of Police Vehicles of \$5,137 should be properly funded.

***Management's Response***

The reserves with debit balances have been reviewed and corrected.

\* Repeated from prior year.

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-6 (O)**

**Recreation/Trust Reserves:**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our engagement, it was noted that there was a difference of \$1,581 between the revenue collected as per the Recreation Department's subsidiary ledger and the amount collected as per the Finance Department's General Ledger. .

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements with respect to internal controls over cash.

***Recommendation***

The Town should ensure that reconciliations between the Finance Department's records and the Recreation Department's records are conducted on a periodic basis.

***Management's Response***

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

*Part III – Major Federal and State Awards Findings and Questioned Costs*

NONE

**TOWN OF MORRISTOWN  
MORRIS COUNTY, NEW JERSEY**

---

**PART III**

**SUPPLEMENTARY DATA  
LETTER OF COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2014**

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**COMPARTIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,700,000	2.39	\$ 2,000,000	2.68%
Miscellaneous – From Other Than Local				
Property Tax Levies	11,917,761	16.77	14,487,123	19.40
Collection of Delinquent Taxes	475,549	.66	427,534	.66
Collection of Current Tax Levy	56,444,323	79.41	55,559,080	75.73
Other Credits to Income	643,872	.77	1,143,712	1.53
	<u>71,081,505</u>	<u>100.00%</u>	<u>74,667,449</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	35,434,593	51.07	37,682,747	52.60%
Transfer to Board of Education	187,737	.27	187,159	0.26
County Taxes	6,611,420	9.40	6,544,5129	9.14
Regional School Taxes	27,523,374	39.11	27,210,212	38.00
Other Expenditures	112,088	.15		
	<u>70,369,212</u>	<u>100.00%</u>	<u>71,624,630</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	712,293		3,052,819	
Fund Balance, Beginning of Year	<u>5,086,442</u>		<u>4,033,623</u>	
	5,798,735		7,086,442	
Decreased by: Utilization as Anticipated Revenue	<u>1,700,000</u>		<u>2,000,000</u>	
Fund Balance, End of Year	<u>\$4,098,735</u>		<u>\$ 5,086,442</u>	

See Independent Auditors' Report

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
SEWER UTILITY OPERATING FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$		\$ 10,000	.12%
Sewer Rents	7,890,139	96.37%	8,026,359	92.34
Miscellaneous Revenue Anticipated	292,369	3.57	531,342	6.00
Other Credits to Income	5,207	.06	134,824	1.54
	<u>8,187,715</u>		<u>8,692,525</u>	
Total Income		<u>100.00%</u>		<u>100.00%</u>
<b>EXPENDITURES</b>				
<b>Budget Expenditures</b>				
Operating	1,923,564	39.20	1,910,978	35.08%
Capital Improvements	300,000		1,013,000	18.59
Debt Service	2,620,833	53.40	2,316,776	42.53
Statutory Expenditures	63,016	1.28	206,716	3.80
	<u>4,907,413</u>	<u>100.00%</u>	<u>5,447,470</u>	<u>100.00%</u>
Excess Revenue	3,28,302		3,245,055	
Adjustment to Income Before Fund Balance				
Anticipated Surplus Appropriated to				
Current Fund Balance	<u>3,200,000</u>		<u>3,000,000</u>	
Statutory Excess in Revenue to Fund Balance	80,302		245,055	
Fund Balance, Beginning of Year	<u>259,081</u>		<u>24,026</u>	
	339,383		269,081	
Decreased by:				
Utilization by Sewer Operating Budget	<u>                    </u>		<u>10,000</u>	
Fund Balance, End of Year	<u>\$ 339,383</u>		<u>\$ 259,081</u>	

See Independent Auditors' Report

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
AIRPORT UTILITY OPERATING FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 20,000	8.47%	\$ 20,000	8.75%
Lease Rents	210,002	88.98	202,528	88.91
Non-Budget Revenue	1,002	0.42	1,238	0.55
Other Credits to Income	5,000	2.13	5,000	2.19
	<u>236,004</u>	<u>100.00%</u>	<u>204,081</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	<u>5,000</u>	<u>100.00%</u>	<u>5,000</u>	<u>100.00%</u>
Total Expenditures	<u>5,000</u>	<u>100.00%</u>	<u>5,000</u>	<u>100.00%</u>
Excess in Revenue	231,004		233,766	
Adjustment to Income Before Fund Balance				
Anticipated Surplus Appropriated to Current Fund Balance	<u>215,000</u>		<u>204,000</u>	
Statutory Excess in Revenue to Fund Balance	16,004		19,766	
Fund Balance, Beginning of Year	<u>31,006</u>		<u>31,240</u>	
	47,010		51,006	
Decreased by:				
Utilized as Anticipated Revenue	<u>20,000</u>		<u>20,000</u>	
Fund Balance, End of Year	<u>\$ 27,010</u>		<u>\$ 31,006</u>	

See Independent Auditors' Report

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$ 2.596</u>	<u>\$ 2.585</u>	<u>\$ 2.615</u>
<u>Appointment of Tax Rate</u>			
Municipal	1.013	1.013	1.016
County	.299	.298	.307
Library	.039	.039	.041
Regional School	1.246	1.235	1.251
<u>Assessed Valuation</u>			
2014	<u>\$2,210,474,371</u>		
2013		<u>\$ 2,203,086,971</u>	
2012			<u>\$ 2,223,416,160</u>

**Comparison of Tax Levies and Collection 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>Cash Collections</u>	<u>Percentage of Collections</u>
2014	\$ 57,421,487	\$ 56,444,323	98.20%
2013	57,110,536	57,511,080	98.95%
2012	58,065,575	57,561,659	98.13%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Collections</u>
2014	\$ 3,082,957	\$105,432	\$ 3,188,389	5.55%
2013	3,046,017	84,680	3,130,697	5.49%
2012	2,997,031	57,911	3,054,942	5.20%

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2014	\$2,193,200
2013	2,193,000
2012	1,551,200

**Comparison of Sewer Utility Levies and Collections**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (*)</u>	<u>Percentage of Collection</u>
2014	\$7,885,626	\$7,890,139	100.01%
2013	7,972,276	8,026,359	100.28
2012	8,063,130	8,008,554	99.32

\* Includes collection of prior year receivables

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$4,098,735	\$2,620,000
	2013	5,086,442	1,700,000
	2012	4,033,623	2,000,000
	2011	1,556,035	1,460,000
	2010	2,531,650	1,923,000
Sewer Utility Operating Fund	2014	339,383	125,000
	2013	259,081	
	2012	24,026	20,000
	2011	337,795	325,000
	2010	570,547	325,000
Airport Utility Operating Fund	2014	27,010	20,000
	2013	31,006	20,000
	2012	31,240	10,000
	2011	36,159	10,000
	2010	41,059	10,000

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Timothy P. Dougherty	Mayor		
Rebecca Feldman	Council Member – President		
Toshiba Foster	Council Member – Vice President		
Raline Smith Reid	Council Member		
Stefan Armington	Council Member		
Alison Deeb	Council Member		
Michelle Dupree Harris	Council Member		
Michael Elms	Council Member		
Michael F. Rogers	Business Administrator		
Kevin D. Harris	Town Clerk		
Frank Mason	Chief Financial Officer and Treasurer	\$ 1,000,000	Garden State Municipal Joint Ins. Fund
Linda Winstead	Tax Collector	1,000,000	Garden State Municipal Joint Ins. Fund
Kevin Esposito	Tax Assessor		
Robin Kesselmeier	Deputy Town Clerk		
Richard Fernicola	Superintendent of Public Works		
Joel Rutkowski	Public Works Supervisor		
John Dean	Wastewater Treatment Supervisor		
Vijayant Pawar	Director of Law/Municipal Attorney		
Elnardo Webster	Assistant Municipal Attorney		
Terry Webb	Public Defender		
Robert Rudy III	Municipal Prosecutor		
Jeff Hartke	Engineer/DPW Director		
Michael Noonan	Magistrate	1,000,000	Garden State Municipal Joint Ins. Fund
Gary F. Troxell	Magistrate	1,000,000	Garden State Municipal Joint Ins. Fund
Mary Ann Dillion	Court Administrator	1,000,000	Garden State Municipal Joint Ins. Fund
Yogesh Dave	Deputy Court Administrator		
Denise Hughey	Deputy Court Administrator		
K. Peter Demnitz	Chief of Police		
Robert Flanagan	Fire Chief		
Joseph Costa	Director of Code Enforcement		
James Gonroski	Plumbing Sub-Code Official		
Fritz Reuss	Construction Official/Building Sub-code Official		
William O'Connor	Electrical Sub-code Official		
Edward Pehowic, Jr.	Fire Sub-code Official		
Darlene O'Connell	Health Officer		
James Cambell	Zoning Officer		
Timothy Roetman	Recreation Manager		

All surety bonds were presented for examination and were properly executed.

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

N.J.S.A.40A: 11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any payments for contracts or agreements in excess of \$36,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-6.

### **Pension Eligibility**

The State of New Jersey enacted legislation under Ch. 92 P.L. 2007 and codified under N.J.S.A. 43:15A-7.2 and 43:15c-2b(4). The law establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible for membership in the State's Pension System - PERS. There were no "grandfathering" provisions under N.J.S.A. 43:15A-7.2. The municipalities were required to remove them from the pension roles.

It appears there are no individuals who are enrolled in PERS who do not meet the requirements under the statutes.

### **Collection of Interest of Delinquent Taxes, Assessments and Sewer Charges**

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or sewer fees on or before the date when they would become delinquent.

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

The Governing Body on January 1, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer accounts:

BE IT FURTHER RESOLVED; that the interest charged on 2014 delinquencies on Tax and/or Sewer by the Tax Collector shall be 8% per annum on the first \$1,500 and 18% on any amount in excess of \$1,500 per N.J.S.A. 54:5-6.

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within TEN (10) calendar days of the due date. If the tenth day falls on a Saturday, Sunday or legal holiday, then the grace period shall be extended to the next business day; and

BE IT FURTHER RESOLVED, that the Collector is authorized to transfer amounts of \$5 or less to surplus per N.J.S.A.-C40A:5-17.1.

BE IT FURTHER RESOLVED, that the fee charged for checks returned due to insufficient funds or any other reasons shall be \$25.00, and shall be charged when collecting return check amounts.

BE IT FURTHER RESOLVED, that the fee charged for providing a duplicate bill shall be \$5.00

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution except as previously noted,

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 18, 2014. Amounts not included in this sale were for amounts in litigation.

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>Number of Liens</u>
2014	5
2013	3
2012	3

**RECOMMENDATIONS**

1. \*General ledgers and subsidiary ledgers should be agreed to each other on a monthly basis.
2. Old improvement authorizations should be reviewed and possibly written-off with associated grants receivable.
3. \*All revenues collected by Clerk's Office and Vital Statistics Department should be properly recorded and reconciled on a monthly basis to amounts recorded by the finance department. All deposits should be made within 48 hours.

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

\*\*\*\*\*

A review was performed on all prior year recommendations and corrective action was taken on all, except those recommendations denoted with an asterisk (\*).

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

*McEnerney, Brady Company, LLC*

Livingston, New Jersey  
June 10, 2015

*Francis M. McEnerney*

Francis M. McEnerney, CPA, RMA  
Registered Municipal Accountant #539