



TOWN OF MORRISTOWN
MORRIS COUNTY, NEW JERSEY
REPORT OF AUDIT
YEARS ENDED DECEMBER 31, 2021 and 2020

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

PART I

**REPORT OF EXAMINATION
REGULATORY BASIS FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 and 2020**



Independent Auditors' Report

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Town of Morristown, New Jersey, ("Town") which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Town as of December 31, 2021 and 2020, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, the statement of changes in fund balance, the statements of revenue and statements of expenditures for the year ended December 31, 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town as of December 31, 2021 and 2020, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinions

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

PKF O'CONNOR DAVIES, LLP

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**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Town on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, requirements prescribed by the Division, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The information included in Part II – Schedules - Supplementary Information Required by the Division and Part IV – General Comments, as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Supplementary Information as Required by the Uniform Guidance and NJ OMB Circular 15-08

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and NJ OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and related notes to the schedule of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards, state financial assistance, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

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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 awards, state financial assistance, and related notes are 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 August 30, 2022 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 solely 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 the effectiveness of the Town's 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 30, 2022

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520

TOWN OF MORRISTOWN
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

A
Sheet # 1

ASSETS	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
OPERATING FUND			
Cash and Cash Equivalents - Treasurer	A-4	\$ 15,153,227	\$ 16,741,130
Cash - Change Funds	A-5	250	250
		<u>15,153,477</u>	<u>16,741,380</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-7	663,818	633,906
Special Improvement District Taxes Receivable	A-8	15,335	21,507
Tax Title Liens Receivable	A-9	87,045	75,521
Demolition Liens	A-10	2,946	2,946
Property Acquired for Taxes - Assessed Valuation	A-11	2,193,200	2,193,200
Revenue Accounts Receivable	A-12	38,932	39,344
Due from Southeast Morris County MUA	A-14	1,615,817	1,645,817
Prepaid County Taxes	A-18	95,970	
Prepaid School Taxes	A-19	94,296	
Due from Airport Capital Fund			21,000
Due from Grant Fund			4,895
		<u>4,807,359</u>	<u>4,638,136</u>
Total Current Fund		<u>19,960,836</u>	<u>21,379,516</u>
GRANT FUND			
Cash	A-4	416,183	32,768
Grants Receivable	A-25	3,651,780	2,664,822
		<u>4,067,963</u>	<u>2,697,590</u>
Total Grant Fund		<u>4,067,963</u>	<u>2,697,590</u>
Total		<u>\$ 24,028,799</u>	<u>\$ 24,077,106</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

COMPARTIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

A
Sheet # 2

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	A-3, A-13	\$ 2,331,028	\$ 2,602,860
Encumbrances Payable	A-3, A-13	928,367	774,014
Accounts Payable	A-17	351,705	154,845
Prepaid Taxes	A-20	864,563	539,411
Tax Overpayments	A-21	53,823	26,721
Special Improvement District Tax Prepays	A-22	24,586	14,902
Special Improvement District Taxes Payable	A-23	26,243	25,448
County Taxes Payable			51,692
Regional School Taxes Payable			105,302
Due to State Senior Citizen and Veterans	A-6	8,386	8,386
Due to State - Other	A-24	3,595	6,365
Reserve for Tax Appeals	A-29	200,000	
		<hr/>	<hr/>
		4,792,296	4,309,946
Reserve for Receivables and Other Assets		4,807,359	4,638,136
Fund Balance	A-1	10,361,180	12,431,434
		<hr/>	<hr/>
Total Current Fund		<hr/> 19,960,835	<hr/> 21,379,516
GRANT FUND			
Encumbrances Payable	A-27	412,479	25,072
Due to Current Fund			4,895
Reserve for Appropriated Grants	A-28	2,921,538	2,624,161
Reserve for Unappropriated Grants	A-15	733,946	43,462
		<hr/>	<hr/>
Total Grant Fund		<hr/> 4,067,963	<hr/> 2,697,590
Total		<hr/> <u>\$ 24,028,798</u>	<hr/> <u>\$ 24,077,106</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, 2021 AND 2020

A-1

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 4,400,000	\$ 4,430,000
Miscellaneous Revenue Anticipated	A-2	15,024,263	13,498,201
Delinquent Taxes	A-2	643,447	718,822
Current Taxes	A-2	66,053,611	65,488,891
Non-Budget Revenue	A-2	404,299	278,839
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	1,457,343	878,125
Interfund Returned	A-16	25,895	
Total Revenues		<u>88,008,858</u>	<u>85,292,878</u>
 Expenditures:			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	18,394,814	17,538,078
Other Expenses	A-3	17,237,278	15,852,449
Capital Improvements	A-3	150,000	254,000
Municipal Debt Service	A-3	3,134,245	3,205,023
Deferred Charges and Statutory Expenditures	A-3	4,754,310	4,267,601
Transferred to Regional School Board of Education	A-3	198,731	199,598
Special Improvement District Taxes	A-8	600,506	5,680
Prepaid School Taxes	A-19	94,296	
Prepaid County Taxes	A-18	95,970	
County Taxes	A-18	7,610,162	7,796,343
County Open Space Taxes	A-18	187,713	231,628
Due County - Added Taxes	A-18	24,829	113,025
Regional School Taxes	A-19	33,196,258	33,065,794
Total Expenditures		<u>85,679,112</u>	<u>82,529,219</u>
Statutory Excess in Fund Balance		2,329,746	2,763,659
Fund Balance, Beginning of Year	A	12,431,434	14,097,775
		14,761,180	16,861,434
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	4,400,000	4,430,000
Fund Balance, End of Year	A	<u>\$ 10,361,180</u>	<u>\$ 12,431,434</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-2
Sheet # 1

	Ref.	Anticipated Budget	Added by N.J.S.A. 40A:4-87	Realized	(Deficit) or Excess
Fund Balance Anticipated	A-1	\$ 4,400,000		\$ 4,400,000	
Miscellaneous Revenues					
Licenses:					
Alcoholic Beverages	A-12	91,000		89,750	\$ (1,250)
Other	A-12	120,000		117,773	(2,227)
Fees and Permits	A-12	563,000		632,517	69,517
Municipal Court - Fines and Costs	A-12	786,000		461,370	(324,630)
Interest and Costs on Taxes	A-12	125,000		136,289	11,289
Interest on Investments and Deposits	A-12	90,000		55,960	(34,040)
Annual Fee S.M.C.M.U.A.	A-14	30,000		30,000	
Swimming Pool Fees	A-12	98,000		192,640	94,640
Cablevision Fees	A-12	230,828		230,828	
Energy Receipts Tax	A-12	2,868,599		2,868,599	
Uniform Construction Code Fees	A-12	1,000,000		1,373,285	373,285
Body Armor	A-25	4,122		4,122	
CDBG Harriston Street Playground	A-25	80,000		80,000	
Pedestrian Safety	A-25		\$ 15,000	15,000	
Morristown Rotary Pavillion	A-25		90,000	90,000	
NJDOT Roads	A-25	291,700	217,454	509,154	
Bodyworn Cameras	A-25		108,014	108,014	
NJ DEP Forestry	A-25		31,000	31,000	
American Rescue Plan	A-25		336,748	336,748	
Historic Preservation - Post Office	A-25	480,000	159,374	639,374	
Geraldine Ford	A-25		20,572	20,572	
Utility Operating Surplus - Airport Utility	A-12	218,000		197,000	(21,000)
Uniform Safety Act	A-12	56,000		54,524	(1,476)
Rental of Property - Leases	A-12	125,000		102,550	(22,450)
Police Outside Duty - Administration Fees	A-12	75,000		75,000	
Anticipate General Capital Surplus	A-12	350,000		350,000	
Contribution from Sewer Utility for Indirect Costs	A-12	131,000		131,000	
Hotel/Motel Tax	A-12	180,000		203,925	23,925
Rent Leveling Registration	A-12	94,000		89,680	(4,320)
PILOT - CVS	A-12	61,700		61,083	(617)
PILOT - 55 Market Urban Renewal	A-12	188,000		183,482	(4,518)
PILOT - Housing Authority	A-12	69,000		80,314	11,314
PILOT - Urban Renewal - Mill Creek	A-12	561,000		585,000	24,000
PILOT - Leona Morris Street	A-12	60,000		63,834	3,834
PILOT - Mill Creek Vertical 31-41 Market	A-12	70,000		52,723	(17,277)
PILOT - 55 Prospect (Modera)	A-12	317,000		477,177	160,177
Atlantic Health Settlement	A-12	487,000		493,976	6,976
Anticipated Sewer Utility Operating Surplus	A-12	3,800,000		3,800,000	
 Total Miscellaneous Revenues	A-1	<u>\$ 13,700,949</u>	<u>\$ 978,162</u>	<u>\$ 15,024,263</u>	<u>\$ 345,152</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

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>(Deficit) or Excess</u>
Receipts from Delinquent Taxes	A-1, A-7, A-9	\$ 700,000		\$ 643,447	\$ (56,553)
		<u>18,800,949</u>	<u>\$ 978,162</u>	<u>20,067,710</u>	<u>288,599</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>24,938,987</u>		<u>25,245,208</u>	<u>306,221.00</u>
Budget Revenues	A-3	<u>\$ 43,739,936</u>	<u>\$ 978,162</u>	<u>\$ 45,312,918</u>	<u>\$ 594,820</u>
Non-Budget Revenues	A-1, A-4			<u>404,299</u>	
				<u>\$ 45,717,217</u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-2
Sheet # 3

	<u>Ref.</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collection	A-1, A-7	\$ 66,053,611
Allocated to Regional School and County Taxes	A-18, A-19	<u>41,619,468</u>
		24,434,143
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>811,065</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 25,245,208</u>
 ANALYSIS OF REALIZED DELINQUENT TAXES		
Delinquent Taxes	A-7	\$ 638,278
Tax Title Liens	A-9	5,169
	A-1	<u>\$ 643,447</u>
 Miscellaneous Revenue Not Anticipated		
Public Works - Recycling		\$ 184
FEMA Recovery		36,102
Reimbursement of Prior Year Expenses		206,310
Photostats, Duplicate Bills, Specs		1,585
Payments in Lieu of Taxes		92,113
Towing Administrative Fees		5,000
Current Year Refunds		1,491
Adjustments - Pension		9,647
Other		<u>51,867</u>
	A-1, A-4	<u>\$ 404,299</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 1

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS						
OPERATIONS WITHIN "CAPS"						
Department of Administration						
Town Clerk						
Salaries and Wages	\$ 304,138	\$ 304,138	\$ 258,771		\$ 45,367	
Other Expenses	65,507	65,507	43,898	\$ 9,410	12,199	
Business Administrator						
Salaries and Wages	394,470	394,470	390,380		4,090	
Other Expenses	141,150	141,150	98,975	8,735	33,440	
Senior Citizens						
Salaries and Wages	29,145	29,145	28,173		972	
Other Expenses	28,717	28,717	22,374	6,343		
Vital Statistics						
Salaries and Wages	121,225	121,225	120,183		1,042	
Other Expenses	15,992	15,992	5,578	1,907	8,507	
Purchasing						
Other Expenses	332,270	332,270	275,163	5,378	51,729	
Department of Public Safety						
Public Safety Director						
Salaries and Wages	152,625	152,625	151,312		1,313	
Other Expenses	5,100	5,100	592		4,508	
Police						
Salaries and Wages	7,202,579	6,983,579	6,920,326		63,253	
Other Expenses	265,455	265,455	111,880	58,048	95,527	
Fire						
Salaries and Wages	3,517,566	3,667,566	3,636,442		31,124	
Other Expenses	349,880	349,880	258,529	37,015	54,336	
Emergency Management Services						
Salaries and Wages	5,000	5,000			5,000	
Other Expenses	6,000	6,000	4,928		1,072	
Treasurer						
Salaries and Wages	370,111	370,111	363,047		7,064	
Other Expenses	132,974	132,974	42,444	48,063	42,467	
Tax Collector						
Salaries and Wages	224,092	224,092	223,459		633	
Other Expenses	21,190	21,190	19,066	2,097	27	
Tax Assessor						
Salaries and Wages	117,077	117,077	117,062		15	
Other Expenses	156,064	156,064	84,498	10,904	60,662	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 2

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS (Continued)						
OPERATIONS WITHIN "CAPS" (Continued)						
Code Enforcement						
Salaries and Wages	\$ 113,884	\$ 113,884	\$ 112,904		\$ 980	
Other Expenses	30,750	30,750	988	\$ 27,729	2,033	
Department of Public Health						
Salaries and Wages	177,476	177,476	139,709		37,767	
Other Expenses	22,200	22,200	5,612	5,041	11,547	
Rent Leveling						
Salaries and Wages	100,826	100,826	98,856		1,970	
Other Expenses	1,960	1,960	163		1,797	
Animal Control						
Salaries and Wages	71,725	71,725	62,853		8,872	
Other Expenses	14,425	14,425	9,325		5,100	
Property Maintenance						
Salaries and Wages	398,497	398,497	381,045		17,452	
Other Expenses	3,900	3,900	1,279	1,637	984	
Zoning						
Salaries and Wages	197,403	200,403	200,402		1	
Other Expenses	3,220	3,220	530		2,690	
Department of Public Works						
Public Works						
Salaries and Wages	2,555,490	2,445,490	2,422,100	1,265	22,125	
Other Expenses	1,709,888	1,709,888	947,840	431,276	330,772	
Recycling						
Salaries and Wages	95,286	95,286	80,920		14,366	
Other Expenses	1,651,706	1,651,706	1,411,895	101,204	138,607	
Bus Transportation						
Salaries and Wages	21,894	21,894	20,716		1,178	
Other Expenses	3,500	3,500			3,500	
Planning						
Salaries and Wages	22,000	22,000	18,752		3,248	
Other Expenses	204,885	209,885	169,888	22,547	17,450	
Engineering Services and Costs						
Salaries and Wages	263,728	263,728	255,171	140	8,417	
Other Expenses	12,805	12,805	2,040	10,094	671	
Recreation						
Salaries and Wages	153,011	153,011	151,655		1,356	
Other Expenses	58,303	58,303	23,802	3,851	30,650	
Burnham/Cauldwell Pools						
Salaries and Wages	225,875	162,875	161,787		1,088	
Other Expenses	94,595	94,595	60,628	4,441	29,526	
Non-Departmental Appropriations						
Legal						
Salaries and Wages	115,000	59,000	58,507		493	
Other Expenses	250,000	340,000	312,119	6,984	20,897	
Municipal Prosecutor						
Other Expenses	60,000	60,000	17,000	5	42,995	
Insurance						
Other Expenses	785,000	785,000	775,469		9,531	
Group Hospitalization						
Other Expenses	6,246,030	6,446,030	6,189,622	3,538	252,870	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

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)						
Memorial and Veterans Day Association						
Other Expenses	\$ 1,900	\$ 1,900	\$ 1,900			
Project Community Pride						
Other Expenses	12,400	12,400		\$ 12,400		
Teen Center						
Other Expenses	16,850	16,850		16,850		
Municipal Alliance						
Other Expenses	8,582	8,582	5,351		\$ 3,231	
Morris County Tourist Bureau						
Other Expenses	5,000	5,000	3,750		1,250	
Whippany River Coalition						
Other Expenses	1,200	1,200			1,200	
Maintenance of the Green						
Other Expenses	20,000	20,000	20,000			
Shade Tree Commission						
Other Expenses	1,250	1,250	1,145		105	
Annual Community Family Day Festival						
Other Expenses	8,000	8,000			8,000	
Environmental Commission						
Other Expenses	1,250	1,250	550		700	
Historic Preservation Commission						
Other Expenses	1,000	1,000			1,000	
Uniform Construction Code-Appropriations						
Offset by Dedicated Revenues						
(N.J.A.C. 5:23-4.17)						
Salaries and Wages	721,305	721,305	661,448	4,718	55,139	
Other Expenses	276,000	276,000	198,556	53,664	23,780	
Municipal Court						
Salaries and Wages	493,388	493,387	436,363		57,024	
Other Expenses	57,420	57,420	22,222	2,442	32,756	
Public Defender						
Other Expenses	25,000	25,000	6,055		18,945	
Unclassified						
Reserve for Retirement and Sick Pay	325,000	325,000	62,172		262,828	
Reserve for Salary Increase	200,000	200,000	129,255		70,745	
Total Operation Within "CAPS"	31,799,133	31,799,132	28,819,424	897,726	2,081,981	
Contingent	5,000	5,000	2,580		2,420	
Total Operation Including Contingent Within "CAPS"	31,804,133	31,804,132	28,822,004	897,726	2,084,401	
Detail:						
Salaries and Wages	18,689,815	18,394,814	17,663,770	6,123	724,920	
Other Expenses	13,114,318	13,409,318	11,158,234	891,603	1,359,481	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 4

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS (Continued)						
DEFERRED CHARGES & STATUTORY EXPENDITURES						
Deferred Charges:						
Prior Years Bills	\$ 6,000	\$ 6,000	\$ 6,000			
Statutory Expenditures - Contributions to:						
Social Security System (O.A.S.I.)	715,336	715,336	714,913		\$ 423	
Public Employees Retirement System	982,200	982,200	982,200			
Police and Firemen's Retirement System of N.J.	3,016,474	3,016,474	3,016,474			
Consolidated Police and Firemen's Pension Fund	14,500	14,500			14,500	
DCRP	19,800	19,800	11,391		8,409	
	<u>4,754,310</u>	<u>4,754,310</u>	<u>4,730,978</u>		<u>23,332</u>	
Total Deferred Charges and Statutory Expenditures						
	<u>4,754,310</u>	<u>4,754,310</u>	<u>4,730,978</u>		<u>23,332</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>36,558,443</u>	<u>36,558,442</u>	<u>33,552,982</u>	<u>\$ 897,726</u>	<u>2,107,733</u>	
OPERATIONS - EXCLUDED FROM "CAPS"						
Free Public Library						
Direct Aid						
Other Expenses	981,520	981,520	981,519		1	
Reserve for Tax Appeals	400,000	400,000	291,666		108,334	
Interlocal Municipal Services Agreement	212,840	212,840	137,910		74,930	
Morris County Radio Dispatch	384,615	384,615	374,940		9,675	
Public and Private Programs Offset by Revenues:						
Historic Preservation - Post Office	480,000	480,000	480,000			
Body Armor	4,122	4,122	4,122			
CDBG Harriston Street Playground	80,000	80,000	80,000			
Morristown Rotary Pavillion		90,000	90,000			
NJ DOT MLK Design		217,454	217,454			
American Rescue Plan		336,748	336,748			
Bodyworn Cameras		108,014	108,014			
Morristown Post Office County Historic		159,374	159,374			
Geraldine Ford		20,573	20,573			
DEP Forestry		31,000	31,000			
Pedestrian Safety		15,000	15,000			
NJ DOT Roads	291,700	291,700	291,700			
Grant Matching Funds	15,000	15,000			15,000	
	<u>2,849,797</u>	<u>3,827,960</u>	<u>3,620,020</u>	<u>-</u>	<u>207,940</u>	
Total Operations - Excluded from "CAPS"						

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 5

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	\$ 75,000	\$ 75,000	\$ 75,000			
Computer/Office Equipment	75,000	75,000	29,004	\$ 30,641	\$ 15,355	
Total Capital Improvements	150,000	150,000	104,004	30,641	15,355	
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	2,370,000	2,370,000	2,370,000			
Payment on Bond Anticipation Notes and Capital Notes	50,000	50,000	50,000			
Interest on Bonds	685,000	685,000	647,345			\$ 37,655
Interest on Notes	66,900	66,900	66,900			
Total Municipal Debt Service	3,171,900	3,171,900	3,134,245			37,655
TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS (N.J.S.A. 40:48-17.1 & 17.3)						
	198,731	198,731	198,731			
Total Appropriations Excluded from "CAPS"	6,370,428	7,348,591	7,057,000	30,641	223,295	37,655
Sub-Total General Appropriations	42,928,871	43,907,033	40,609,983	928,367	2,331,028	37,655
RESERVE FOR UNCOLLECTED TAXES	811,065	811,065	811,065			
Total General Appropriations	\$ 43,739,936	\$ 44,718,098	\$ 41,421,048	\$ 928,367	\$ 2,331,028	\$ 37,655
	Ref.	Below	Below	Below	A	A
Budget	A-2		\$ 43,739,936			
Appropriation by 40A:4-87	A-26		978,162			
			<u>\$ 44,718,098</u>			
Cash Disbursed	A-4		\$ 38,302,267			
Reserve for Uncollected Taxes	A-2		811,065			
Transferred to Board of Education	A-19		198,731			
General Capital Interfund	A-16		75,000			
Due to Grant Fund	A-28		1,833,985			
Reserve for Tax Appeals	A-29		200,000			
			<u>\$ 41,421,048</u>			

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

B

ASSETS	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
ANIMAL CONTROL FUND			
Cash and Cash Equivalents	B-1	\$ 57,739	\$ 53,157
OTHER TRUST FUND			
Cash and Cash Equivalents	B-1	5,218,160	4,743,949
EQUITABLE SHARING FUND			
Cash and Cash Equivalents	B-1	69,207	108,268
SELF INSURANCE FUND			
Cash and Cash Equivalents	B-1	528,579	653,369
		<u>\$ 5,873,685</u>	<u>\$ 5,558,743</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-2	\$ 124	\$ 131
Reserve for Animal Control Expenditures	B-3	57,615	53,026
		<u>57,739</u>	<u>53,157</u>
OTHER TRUST FUND			
Reserve for Police Forfeiture	B-5	55,555	47,015
Reserve for Unemployment Compensation	B-6	157,258	140,736
Reserve for Affordable Housing	B-7	1,835,601	1,221,595
Escrow Deposits Payable	B-8	1,197,496	1,316,099
Reserve for Recreation Programs	B-11	124,096	75,458
Miscellaneous Reserves and Deposits	B-12	1,375,341	1,636,946
Payroll Deductions Payable	B-9	472,813	306,100
		<u>5,218,160</u>	<u>4,743,949</u>
EQUITABLE SHARING FUND			
Reserve for Equitable Sharing	B-4	69,207	108,268
		<u>69,207</u>	<u>108,268</u>
SELF INSURANCE FUND			
Reserve for Self Insurance Expenditures	B-10	528,579	653,369
		<u>\$ 5,873,685</u>	<u>\$ 5,558,743</u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

C

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash and Cash Equivalents	C-2	\$ 1,689,696	\$ 3,136,181
Deferred Charges to Future Taxation:			
Funded	C-4	17,639,000	20,009,000
Unfunded	C-5	<u>10,885,120</u>	<u>5,993,690</u>
 Total Assets		 <u>\$ 30,213,816</u>	 <u>\$ 29,138,871</u>
 LIABILITIES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 17,639,000	\$ 20,009,000
Bond Anticipation Notes	C-8	5,419,000	3,341,000
Capital Improvement Fund	C-13	150,342	332,842
Improvement Authorizations:			
Funded	C-6	327,908	477,025
Unfunded	C-6	2,791,594	1,994,673
Contracts Payable	C-7	3,183,691	1,877,624
Reserve for Refunding Bond Issuance Costs	C-10	9,680	9,680
Reserve for Payment of Debt Service	C-11	52,157	2,157
Reserve for Future Improvements	C-12	43,170	147,596
Fund Balance	C-1	<u>597,274</u>	<u>947,274</u>
 Total Liabilities and Fund Balance		 <u>\$ 30,213,816</u>	 <u>\$ 29,138,871</u>
 Bonds and Notes Authorized But Not Issued	 C-15	 <u>\$ 5,466,120</u>	 <u>\$ 2,652,690</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

STATEMENT OF CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

C-1

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 947,274
Decreased by:		
Anticipated Revenue - Current Fund	C-2	<u>350,000</u>
Balance, December 31, 2021	C	<u>\$ 597,274</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

D
Sheet # 1

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 1,177,181	\$ 1,033,735
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>256,165</u>	<u>177,771</u>
Total Operating Fund		<u>1,433,346</u>	<u>1,211,506</u>
CAPITAL FUND			
Cash	D-5	1,743,724	1,556,489
Fixed Capital	D-7	79,023,354	79,023,354
Fixed Capital Authorized and Uncompleted	D-8	<u>3,683,000</u>	<u>3,433,000</u>
Total Capital Fund		<u>84,450,078</u>	<u>84,012,843</u>
		<u>\$ 85,883,424</u>	<u>\$ 85,224,349</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

D
Sheet # 2

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-9	\$ 96,347	\$ 52,587
Encumbrances Payable	D-4, D-9	53,050	20,836
Prepaid Sewer Fees	D-13	287,292	200,728
Overpayments	D-10	3,781	4,470
Accrued Interest on Bonds and Notes	D-11	38,877	62,634
		<u>479,347</u>	<u>341,255</u>
Reserve for Receivables	D	256,165	177,771
Fund Balance	D-1	697,834	692,480
		<u>697,834</u>	<u>692,480</u>
Total Operating Fund		<u>1,433,346</u>	<u>1,211,506</u>
CAPITAL FUND			
Serial Bonds	D-15	1,045,000	1,615,000
Bond Anticipation Notes	D-16	422,000	922,000
Improvement Authorizations:			
Funded	D-20	1,101,261	809,685
Unfunded	D-20	625,000	625,000
Contracts Payable	D-17	201,726	586,267
Reserve for Sewer Connection Fees	D-14	353,803	73,603
Reserve for Amortization	D-18	77,933,673	76,863,673
Deferred Reserve for Amortization	D-19	2,388,000	2,138,000
Capital Improvement Fund	D-12	152,000	152,000
Fund Balance	D-2	227,615	227,615
		<u>227,615</u>	<u>227,615</u>
Total Capital Fund		<u>84,450,078</u>	<u>84,012,843</u>
		<u>\$ 85,883,424</u>	<u>\$ 85,224,349</u>
Bonds and Notes Authorized But Not Issued	D-21	\$ 917,681	\$ 917,681
		<u>\$ 917,681</u>	<u>\$ 917,681</u>

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, 2021 AND 2020

D-1

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	\$ 200,000	\$ 200,000
Sewer Rents	D-3	7,062,864	6,819,197
Miscellaneous Revenue Anticipated	D-3	344,084	1,156,916
Miscellaneous Revenue Not Anticipated			101
Other Credits to Income:			
Cancellation of Accrued Interest	D-11	23,757	2,084
Unexpended Balance of Appropriation Reserves	D-9	17,826	246,472
Total Income		<u>7,648,531</u>	<u>8,424,770</u>
EXPENDITURES			
Operating	D-4	2,109,258	2,140,746
Capital Improvements	D-4	250,000	311,000
Debt Service	D-4	1,152,919	1,712,842
Deferred Charges and Statutory Expenditures	D-4	131,000	131,000
Total Expenditures		<u>3,643,177</u>	<u>4,295,588</u>
Excess Revenue		4,005,354	4,129,182
Adjustments to Income Before Fund Balance			
Anticipated Surplus Appropriated to Current Fund Budget	D-4	<u>3,800,000</u>	<u>3,800,000</u>
Statutory Excess to Fund Balance		205,354	329,182
Fund Balance, Beginning of Year	D	<u>692,480</u>	<u>563,298</u>
		897,834	892,480
Decreased by:			
Utilization by Sewer Operating Budget	D-3	<u>200,000</u>	<u>200,000</u>
Fund Balance, End of Year	D	<u>\$ 697,834</u>	<u>\$ 692,480</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
SEWER UTILITY FUND

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

D-2

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	D	<u>\$ 227,615</u>

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

D-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>(Deficit) or Excess</u>
Surplus Anticipated	D-1	\$ 200,000	\$ 200,000	
Sewer User Fees	D-1, D-6	7,141,258	7,062,864	\$ (78,394)
Miscellaneous				
Sale of SREC's	D-1, D-5	106,000	122,165	16,165
Interest	D-1, D-5	11,000	7,043	(3,957)
Late Fees	D-1, D-5	17,000	14,876	(2,124)
Sewer Connection Fees	D-1, D-5	10,000	200,000	190,000
	D-4	<u>\$ 7,485,258</u>	<u>\$ 7,606,948</u>	<u>\$ 121,690</u>
Cash Receipts	D-5		<u>\$ 7,606,948</u>	
	D-1, D-6		<u>\$ 7,606,948</u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
SEWER UTILITY FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

D-4

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 746,096	\$ 746,096	\$ 737,348	\$ 8,748	
Other Expenses	767,413	817,413	792,563	24,850	
Other Sewer Expenses	595,749	545,749	543,000	2,749	
	<u>2,109,258</u>	<u>2,109,258</u>	<u>2,072,911</u>	<u>36,347</u>	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	250,000	250,000	250,000		
DEBT SERVICE					
Payment of Bond Principal	570,000	570,000	570,000		
Payment of Note Principal	500,000	500,000	500,000		
Interest on Bonds	65,000	65,000	64,659		\$ 341
Interest on Notes	60,000	60,000	18,260		<u>41,740</u>
	<u>1,195,000</u>	<u>1,195,000</u>	<u>1,152,919</u>		<u>42,081</u>
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	131,000	131,000	71,000	60,000	
Surplus (General Budget)	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,800,000</u>		
	<u>\$ 7,485,258</u>	<u>\$ 7,485,258</u>	<u>\$ 7,346,830</u>	<u>\$ 96,347</u>	<u>\$ 42,081</u>
<u>Ref.</u>		D-3	Below	D	
Cash Disbursements	D-5		\$ 7,210,861		
Encumbrances Payable	D-9		53,050		
Accrued Interest on Bonds and Notes	D-11		<u>82,919</u>		
			<u>\$ 7,346,830</u>		

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

E

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
ASSETS			
OPERATING FUND			
Cash - Treasurer	E-5	\$ 93,032	\$ 90,160
Cash - Petty Cash Fund	E	50	50
Total Operating Fund		<u>93,082</u>	<u>90,210</u>
CAPITAL FUND			
Cash	E-5	945	945
Fixed Capital	E-7	84,329,435	84,329,435
Fixed Capital Authorized and Uncompleted	E-8	24,961,074	12,753,779
Due from FAA	E-9	15,369,213	11,700,247
Due from State of New Jersey	E-10	<u>1,142,024</u>	<u>815,776</u>
Total Capital Fund		<u>125,802,691</u>	<u>109,600,182</u>
Total Assets		<u>\$ 125,895,773</u>	<u>\$ 109,690,392</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-4, E-12	\$ 90	\$ 1,000
Fund Balance	E-1	92,992	89,210
Total Operating Fund		<u>93,082</u>	<u>90,210</u>
CAPITAL FUND			
Improvement Authorizations:			
Funded	E-13	784,663	11,532,397
Contracts Payable	E-16	15,620,791	856,843
Due to Current Fund			21,000
Reserve for Future Improvements	E-17	106,517	106,517
Reserve for Amortization	E-14	84,329,435	84,329,435
Deferred Reserve for Amortization	E-15	24,961,074	12,753,779
Fund Balance	E-2	<u>211</u>	<u>211</u>
Total Capital Fund		<u>125,802,691</u>	<u>109,600,182</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 125,895,773</u>	<u>\$ 109,690,392</u>

There were no bonds and notes authorized, but not issued on December 31, 2021 and 2020.

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
OPERATING FUND
REGULATORY BASIS

YEARS ENDED DECEMBER 31, 2021 AND 2020

E-1

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized			
Fund Balance Utilized	E-3	\$ 13,000	\$ 13,000
Lease Rentals	E-3	221,274	276,591
Non-Budget Revenue	E-3	508	896
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-12	1,000	5,000
 Total Revenues		 <u>235,782</u>	 <u>295,487</u>
 Expenditures			
Budget Appropriations			
Surplus Anticipated by Current Fund	E-4	218,000	218,000
Operating	E-4	1,000	1,000
 Total Expenditures		 <u>219,000</u>	 <u>219,000</u>
 Excess in Revenue Fund		 16,782	 76,487
 Balance, Beginning of Year	E	 <u>89,210</u>	 <u>25,723</u>
		105,992	102,210
 Utilized as Anticipated Revenue	E-1, E-3	 <u>13,000</u>	 <u>13,000</u>
 Fund Balance, End of Year	E	 <u>\$ 92,992</u>	 <u>\$ 89,210</u>

STATEMENT OF CAPITAL FUND BALANCE
AIRPORT UTILITY CAPITAL FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

E-2

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	E	<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, 2021

E-3

	<u>Anticipated Budget Revenues</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Anticipated	\$ 13,000	\$ 13,000	
Lease Rentals	<u>206,000</u>	<u>221,274</u>	<u>\$ 15,274</u>
	<u>\$ 219,000</u>	<u>\$ 234,274</u>	<u>\$ 15,274</u>
	<u>Ref.</u> E-1	<u>E-1</u>	
Non-Budget Revenues:			
Interest on Investments		<u>\$ 508</u>	
		<u>\$ 508</u>	

STATEMENT OF EXPENDITURES
AIRPORT UTILITY OPERATING FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

E-4

	<u>Appropriation</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Changed</u>	<u>Reserved</u>
Operating				
Other Expenses	\$ 1,000	\$ 1,000	\$ 910	\$ 90
Surplus Current Fund Budget	<u>218,000</u>	<u>218,000</u>	<u>218,000</u>	<u> </u>
	<u>\$ 219,000</u>	<u>\$ 219,000</u>	<u>\$ 218,910</u>	<u>\$ 90</u>
	<u>Ref.</u> E-3	<u>Below</u>	<u>Below</u>	<u>E</u>
Budget	Above	\$ 219,000		
Cash Disbursed	E-5		\$ 910	
Due To Current Fund	E-5		218,000	
	E-1	<u>\$ 219,000</u>	<u>\$ 218,910</u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN
GOVERNMENTAL FIXED ASSETS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

E

	<u>2021</u>	<u>2020</u>
Land and Land Improvements	\$ 92,712,648	\$ 92,667,180
Building and Building Improvements	19,514,703	19,514,703
Construction in Progress	1,588,377	560,721
Machinery and Equipment	<u>11,765,420</u>	<u>13,034,409</u>
	<u>\$ 125,581,148</u>	<u>\$ 125,777,013</u>
Investment in Governmental Fixed Assets	<u>\$ 125,581,148</u>	<u>\$ 125,777,013</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

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 statement No. 14 as amended by GASB Statement No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units, which are fiscally accountable to the primary government. The municipalities in the State of New Jersey do not prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("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 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 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 (1 Miller Road, Morristown, NJ) or the Morristown Parking Authority (14 Maple Street, Morristown, NJ), which are considered component units under 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, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Basis of Presentation

The Town has the following funds and account group:

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, Equitable Sharing, 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 and Measurement Focus

The Town follows the regulatory 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 Town’s operating funds utilize a “current financial resources” measurement focus. 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, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 11th day of the 11th 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 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, including airport lease rental 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 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 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. 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, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021.

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 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 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 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 GAAP does not permit the deferral of operating deficits at year-end.

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Long-term debt – The Town's Long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Town's long-term debt is provided in Note 3 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 8 for these disclosures.

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Town does not follow generally accepted accounting principles, the GASB did not result in a change in the Town's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. See Note 9 for these disclosures. The Town maintains a sole-employer OPEB Plan. However, the Town also participates in a special funding situation with the State of New Jersey multiple-employer plan. As it relates to the State of New Jersey multiple-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 75 financial information related to the State Plan to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 9 for these disclosures.

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.

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.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

2. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. Although the Town does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in a public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2021 and 2020. At December 31, 2021 and 2020, the book value of the Town’s deposits were \$26,147,675 and \$28,150,150, respectively.

The Town’s deposits, which are displayed on the various fund Balance Sheets as “cash and cash equivalents”, are categorized as:

<u>Depository Account</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Insured - FDIC	\$ 500,001	\$ 543,662
Insured - GUDPA	<u>26,012,600</u>	<u>31,815,835</u>
	<u>\$ 26,512,601</u>	<u>\$ 32,359,497</u>

\$476,113 and \$311,779 was held in the Town agency account and are not covered by FDIC or GUDPA at December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, 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.

3. 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.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

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

	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued</u>		
General:		
Bonds and Notes	\$ 23,058,000	\$ 23,350,000
Sewer Utility		
Bonds and Notes	1,467,000	2,537,000
Net Debt Issued	24,525,000	25,887,000
 <u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	5,466,120	2,652,690
Sewer Utility:		
Bonds and Notes	917,681	917,681
	6,383,801	3,570,371
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 30,908,801	\$ 29,457,371

The statement of debt condition that follows is extracted from the Town's Annual Debt Statement and indicates a statutory net debt of 0.955% at December 31, 2021.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 28,474,120		\$ 28,474,120
Utility Debt	2,384,681	\$ 2,384,681	
Morristown Parking Authority Debt	26,190,000	26,190,000	
Total	\$ 57,048,801	\$ 28,574,681	\$ 28,474,120

The Town's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2021 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 104,371,684
Net Debt	(28,474,120)
Remaining Statutory Borrowing Power	\$ 75,897,564

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

Calculation of "Self-Liquidating Purposes" Sewer Utility per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 7,606,948
Deductions:		
Operating and Maintenance Costs	\$ 2,240,258	
Debt Service per Utility Operating Fund	1,152,919	
		3,393,177
Excess in Revenue		\$ 4,213,771

As there is an excess in revenue, all Sewer Utility Debt is deductible for Debt Statement purposes.

General Obligation Bonds

The Town levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2021 and 2020 are as follows:

	2021	2020
<u>General Obligation Bonds</u>		
\$1,150,000, 2009 Refunding Bonds, due in annual installments of \$220,000 to \$230,000 through March 2023, interest at 5.00%	\$ 450,000	\$ 685,000
\$10,924,000, 2016 General Improvement Bonds; due in annual installments of \$650,000 to \$819,000 through 2032, interest at 2.00% to 3.00%	8,189,000	8,824,000
\$12,000,000, 2019 General Improvement Bonds; due in annual installments of \$650,000 to \$1,500,000 through 2033, interest at 2.00% to 5.00%	9,000,000	10,500,000
	\$ 17,639,000	\$ 20,009,000

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

Utility Bonds

The Town pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2021 and 2020 are as follows:

	2021	2020
<u>Sewer Utility</u>		
\$2,475,000, 2009 Refunding Bonds, due in annual installments of \$490,000 through March 2023, interest at 5.00%	\$ 980,000	\$ 1,475,000
\$820,000, 2011B Refunding Bonds, due in annual Installment of \$65,000 in March 2022, interest at 3.13%	65,000	140,000
	\$ 1,045,000	\$ 1,615,000

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Year	General		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,380,000	\$ 541,345	\$ 555,000	\$ 37,806	\$ 2,935,000	\$ 579,151
2023	1,585,000	455,370	490,000	12,250	2,075,000	467,620
2024	1,410,000	393,995			1,410,000	393,995
2025	1,400,000	337,595			1,400,000	337,595
2026	1,475,000	279,970			1,475,000	279,970
2027-2031	7,270,000	789,663			7,270,000	789,663
2032-2033	2,119,000	51,285			2,119,000	51,285
	\$ 17,639,000	\$ 2,849,223	\$ 1,045,000	\$ 50,056	\$ 18,684,000	\$ 2,899,279

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

Changes in Long-Term Municipal Debt

The Town's long-term capital debt activity for 2021 and 2020 is as follows:

	Balance December 31, 2020	Increases	Reductions	Balance December 31, 2021	Due Within One Year
General Capital Fund Bonds Payable	\$ 20,009,000	\$ -	\$ 2,370,000	\$ 17,639,000	\$ 2,380,000
Sewer Utility Capital Fund Bonds Payable	\$ 1,615,000	\$ -	\$ 570,000	\$ 1,045,000	\$ 555,000
	Balance December 31, 2019	Increases	Reductions	Balance December 31, 2020	Due Within One Year
General Capital Fund Bonds Payable	\$ 22,359,000	\$ -	\$ 2,350,000	\$ 20,009,000	\$ 2,370,000
Sewer Utility Capital Fund Bonds Payable	\$ 2,190,000	\$ -	\$ 575,000	\$ 1,615,000	\$ 570,000

Short-Term Debt

The Town's short-term capital debt activity for 2021 and 2020 is as follows:

	Balance, December 31, 2020	Additions	Reductions	Balance, December 31, 2021
Bond Anticipation Notes				
General Capital Fund	\$ 3,341,000	\$ 5,419,000	\$ 3,341,000	\$ 5,419,000
Sewer Utility Capital Fund	922,000		500,000	422,000
Total	\$ 4,263,000	\$ 5,419,000	\$ 3,841,000	\$ 5,841,000
	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020
Bond Anticipation Notes				
General Capital Fund		\$ 3,341,000		\$ 3,341,000
Sewer Utility Capital Fund	\$ 1,922,000	922,000	\$ 1,922,000	922,000
Total	\$ 1,922,000	\$ 4,263,000	\$ 1,922,000	\$ 4,263,000

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets as of December 31, 2021 and 2020:

General Fixed Assets

	Balance December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2021</u>
Land and Land Improvements	\$ 92,667,180	\$ 45,468		\$ 92,712,648
Buildings and Building				
Improvements	19,514,703			19,514,703
Construction in Progress	560,721	1,027,656		1,588,377
Machinery and Equipment	13,034,409	1,015,056	\$ 2,284,045	11,765,420
	<u>\$ 125,777,013</u>	<u>\$ 2,088,180</u>	<u>\$ 2,284,045</u>	<u>\$ 125,581,148</u>
	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2020</u>
Land and Land Improvements	\$ 92,476,858	\$ 190,322		\$ 92,667,180
Buildings and Building				
Improvements	19,361,563	153,140		19,514,703
Construction in Progress	298,133	262,588		560,721
Machinery and Equipment	12,539,152	657,727	\$ 162,470	13,034,409
	<u>\$ 124,675,706</u>	<u>\$ 1,263,777</u>	<u>\$ 162,470</u>	<u>\$ 125,777,013</u>

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

4. FIXED ASSETS (continued)

Utility Fund Fixed Assets

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2021 and 2020:

Utility Fund Fixed Assets

Sewer Utility Fund	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>
Fixed Capital Treatment Facility, Sewerage System and System Improvements	\$ 78,921,972			\$ 78,921,972
Vehicle and Equipment	<u>101,382</u>			<u>101,382</u>
	<u>\$ 79,023,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,023,354</u>
Fixed Capital Authorized and Uncompleted - Sewer Improvement	<u>\$ 3,433,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 3,683,000</u>
	Balance December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
Fixed Capital Treatment Facility, Sewerage System and System Improvements	\$ 78,911,019	\$ 10,953	\$ -	\$ 78,921,972
Vehicle and Equipment	<u>101,382</u>			<u>101,382</u>
	<u>\$ 79,012,401</u>	<u>\$ 10,953</u>	<u>\$ -</u>	<u>\$ 79,023,354</u>
Fixed Capital Authorized and Uncompleted - Sewer Improvement	<u>\$ 3,132,953</u>	<u>\$ 311,000</u>	<u>\$ 10,953</u>	<u>\$ 3,433,000</u>

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

4. FIXED ASSETS (continued)

	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>
Airport Utility Fund				
Fixed Capital				
Airport Facilities and Improvements	\$ 83,301,721			\$ 83,301,721
Vehicle and Equipment	<u>1,027,714</u>			<u>1,027,714</u>
	<u>\$ 84,329,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,329,435</u>
Fixed Capital Authorized and Uncompleted - Airport Facilities and Improvements	<u>\$ 12,753,779</u>	<u>\$ 12,207,295</u>	<u>\$ -</u>	<u>\$ 24,961,074</u>
	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2020</u>
Airport Utility Fund				
Fixed Capital				
Airport Facilities and Improvements	\$ 61,598,972	\$ 21,702,749	\$ -	\$ 83,301,721
Vehicle and Equipment	<u>1,027,714</u>			<u>1,027,714</u>
	<u>\$ 62,626,686</u>	<u>\$ 21,702,749</u>	<u>\$ -</u>	<u>\$ 84,329,435</u>
Fixed Capital Authorized and Uncompleted - Airport Facilities and Improvements	<u>\$ 21,702,749</u>	<u>\$ 12,753,779</u>	<u>\$ 21,702,749.00</u>	<u>\$ 12,753,779</u>

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2021, the Town did not have interfund receivable nor payable balances. As of December 31, 2020, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2020	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
-		
Current Fund:		
Regular	\$ 25,895	
Grant		\$ 4,895
Airport Utility:		
Airport Operating		
Airport Capital		21,000
	<u>\$ 25,895</u>	<u>\$ 25,895</u>

The 2020 interfund balances were liquidated within one year.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

6. 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 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:

	2021		2020	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 10,361,180	\$ 3,800,000	\$ 12,431,434	\$ 4,400,000
Sewer Utility Operating Fund				
Cash Surplus	\$ 697,834	\$ 300,000	\$ 692,480	\$ 200,000
Airport Utility Operating Fund				
Cash Surplus	\$ 92,992	\$ 9,000	\$ 89,210	\$ 13,000

The above fund balance amounts utilized represents the surplus anticipated in the 2022 and 2021 municipal budgets.

7. 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 \$2,500,274 and \$2,597,180 at December 31, 2021 and 2020 respectively. This estimate by management is unaudited.

As of December 31, 2021 and 2020, the Town has reserved \$78,264 and \$149,890, respectively to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

8. PENSION PLANS

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees' Retirement System, once a Target Funded Ratio (TFR)

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	2020
Inactive plan members or beneficiaries currently receiving benefits	182,492
Inactive plan members entitled to but not yet receiving benefits	942
Active plan members	249,045
Total	432,479

Contributing Employers – 1,691

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

For the year ended December 31, 2020 the Town's total payroll for all employees was \$17,649,325. Total PERS covered payroll was \$6,687,213. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Commission to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.50% for State fiscal year 2019, commencing July 1, 2018. The most recent increase completed the phase-in referred to above. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Town contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Town's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Town's payments to PERS during the year ending December 31, 2020 consisted of the following:

	2020
Total Regular Billing	\$ 946,121

The Town recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Town’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Town does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2020, the PERS reported a net pension liability of \$16,435,616,426 for its Non-State Employer Member Group. The Town’s proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Town was \$14,103,706 or 0.0864866199%, which was a decrease of 0.0013713244% from its proportion measured as of June 30, 2019.

The following presents a summary of the proportionate share of the State of New Jersey’s changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Town for the year ended June 30, 2020 if GASB 68 were recognized:

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed and actual experience	\$ 256,805	\$ 49,877
Changes of assumptions	457,540	5,905,355
Net difference between projected and actual investment earnings on pension plan investments	482,076	
Changes in proportion	407,718	471,019
Town contributions subsequent to the measurement date	946,121	
	<u>\$ 2,550,260</u>	<u>\$ 6,426,251</u>

The \$946,121 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date would be recognized as a reduction to the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows if GASB Statement No. 68 were recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2021	\$ (1,601,173)
2022	(1,684,704)
2023	(1,009,134)
2024	(442,083)
2025	(85,018)
Total	<u>\$ (4,822,112)</u>

Actuarial Assumptions- The total collective pension liability at the June 30, 2020 measurement date was determined by an actuary (actuary valuation date as of July 1, 2019, which was rolled forward to June 30, 2020). This actuarial valuation used the following actuarial assumptions:

<u>June 30, 2020</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and a 101.4% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following tables:

<u>June 30, 2020</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 17,754,213	\$ 14,103,706	\$ 11,006,151

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2020 were \$29,045,369,302. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 was \$22,997,176,445.

Additional information

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$	2,347,583,337
Collective deferred inflows of resources		7,849,949,467
Collective net pension liability		16,435,616,426
Town's Proportion		0.0864866199%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$407,705,399. The average of the expected remaining service lives of all plan members if 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2018 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2018 valuation Chapter 83 P.L. 2017 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers’ contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2020 are \$1,144,889,253.

Police and Firemen’s Retirement System

The Police and Firemen’s Retirement System (“PFRS”) is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	2020
Inactive plan members or beneficiaries currently receiving benefits	45,537
Inactive plan members entitled to but not yet receiving benefits	65
Active plan members	42,520
Total	88,122

Contributing Employers – 582 (As of June 30, 2020)

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the years ended December 31, 2020 the Town's total payroll for all employees were \$17,649,325. Total PFRS covered payroll was \$9,293,030. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Town contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Town payments to PFRS for the year ending December 31, 2020 consisted of the following:

	2020
Total Regular Billing	\$ 2,892,033

The Town recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Town's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Town does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

At June 30, 2020, the PFRS reported a net pension liability of \$14,926,648,722 for its Non-State, Non-Special Funding Situation Employer Member Group. The Town's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$33,449,566, or 0.2588711467% which was an increase of 0.0101850117% from its proportion, measured as of June 30, 2019.

At December 31, 2020 the Town would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB #68 were recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 337,228	\$ 120,046
Changes of assumptions	84,176	8,967,629
Net difference between projected and actual investment earnings on pension plan investments	1,961,305	
Changes in proportion	3,021,121	1,907,539
Town contributions subsequent to the measurement date	2,892,033	
	<u>\$ 8,295,863</u>	<u>\$ 10,995,214</u>

\$2,892,033 is reflected above as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows if GASB Statement No. 68 were recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2021	\$ (2,551,463)
2022	(1,628,458)
2023	(870,234)
2024	(448,504)
2025	(92,725)
Total	<u>\$ (5,591,384)</u>

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. PENSION PLANS (continued)

Actuarial Assumptions- The total collective pension liability in the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with an 105.6% adjustment for males and a 102.5% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with an 152.0% adjustment for males and a 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. PENSION PLANS (continued)

		At 1% Decrease (6.00%)		At Current Discount Rate (7.00%)		At 1% Increase (8.00%)
PFRS	\$	44,481,038	\$	33,449,566	\$	24,287,086

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2020 was \$27,412,127,845.

Additional information

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$	1,601,195,680
Collective deferred inflows of resources		4,191,274,402
Collective net pension liability		14,926,648,722
Town's Proportion		0.2588711467%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$949,220,570. The average of the expected remaining service lives of all plan members is which is 5.90, 5.92, 5.73, 5.59, 5.58, and 5.53 years for the 2020, 2019, 2018, 2017, 2016, and 2015 amounts, respectively.

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2020 are \$1,194,176,430.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

Special Funding Situation

The Town is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

8. PENSION PLANS (continued)

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the years ended June 30, 2020 was \$154,309,000. The portion of that contribution allocated to the Town in 2020 was \$399,461, or 0.2588711467%. The June 30, 2020 State special funding situation pension expense of \$227,263,993 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,005,329,818 at June 30, 2020 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Town's allocated share of the special funding situation pension expense for the year ended June 30, 2020 and its share of the special funding situation NPL at that date were \$588,321 and \$5,191,220, respectively.

Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages. At June 30, 2020, the membership of DCRP, based on the information within the Division's database, was 60,336.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE

Town OPEB 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Town's total OPEB liability of \$87,893,354 and \$85,577,638 was measured as of December 31, 2021 and 2020, respectively, and was determined by an actuarial valuation as of that date. There were 99 members that were part of the plan.

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Statistical Assumptions and Inputs	2021 Inputs and Basis
Inflation Rate - USDA 20 Year Inflation Rate	5.1%
Salary Increases	3.0% (In excess of 2% tax levy cap)
Discount Rate	3.00% 20 Year AA Muni Bond Index
Health Care Cost Inflation Range	3.8% - 8.8%
Employee and Retiree Contribution Rate	Pursuant to "Chapter 78" requiring contributions
Mortality Rate	Maximum eligibility is age 65-Medicare, therefore the "Actuarial Life Table" - Social Security Administration is used
Statistical Assumptions and Inputs	2020 Inputs and Basis
Inflation Rate - USDA 20 Year Inflation Rate	3.8%
Salary Increases	3.0% (In excess of 2% tax levy cap)
Discount Rate	2.15% 20 Year AA Muni Bond Index (2021 fms=1.75%)
Health Care Cost Inflation Range	3.8% - 8.8%
Employee and Retiree Contribution Rate	Pursuant to "Chapter 78" requiring contributions
Mortality Rate	Maximum eligibility is age 65-Medicare, therefore the "Actuarial Life Table" - Social Security Administration is used

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE (continued)

<u>Changes to Total OPEB Liability</u>	
Balance as of December 31, 2020	\$ 85,577,638
Service Cost Increase	-
Added Number of Future Estimated Retirees - 19 Less Deaths	705,810
Interest Cost (1.6% Inflation assumption change)	1,609,906
Balance as of December 31, 2021	<u>\$ 87,893,354</u>

<u>Changes to Total OPEB Liability</u>	
Balance as of December 31, 2019	\$ 70,823,786
Service Cost Increase	7,823,161
Added Number of Future Estimated Retirees - 8 (6.4% Inc.)	5,476,969
Interest Cost (1.6% Inflation assumption change)	1,453,722
Balance as of December 31, 2020	<u>\$ 85,577,638</u>

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of a statistical experience study for the period January 1, 2021 – December 31, 2021.

<u>2021 Sensitivity Analysis</u>	
Discount Rate - Changes 1% Decrease to 4.10%	\$ 77,222,422
Discount Rate - Changes 1% Increase to 6.10%	\$ 79,199,564
Target Discount Rate - 5.10%	\$ 70,823,786
Health Care Cost Inflation Rate 1% Decrease in Rate	\$ 84,377,620
Health Care Cost Inflation Rate 1% Increase in Rate	\$ 109,866,693
Target Health Care Cost Inflation Rate - 5.1%	\$ 87,893,354
<u>2020 Sensitivity Analysis</u>	
Discount Rate - Changes 1% Decrease to 1.15%	\$ 95,698,239
Discount Rate - Changes 1% Increase to 3.15%	\$ 76,851,491
Target Discount Rate - 2.15%	\$ 85,577,638
Health Care Cost Inflation Rate 1% Decrease in Rate	\$ 75,615,560
Health Care Cost Inflation Rate 1% Increase in Rate	\$ 103,387,111
Target Health Care Cost Inflation Rate - 3.8%	\$ 85,577,638

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

9. POST-RETIREMENT HEALTH COVERAGE (continued)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Plan Membership and Contributing Employers

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2019:

	June 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	24,294
Active plan members	72,485
 Total	 96,779
 Contributing employers	 590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$12,598,993,950 at June 30, 2020.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	June 30, 2020
Total OPEB Liability	\$ 18,111,475,228
Plan Fiduciary Net Position	164,862,282
 Net OPEB Liability	 \$ 17,946,612,946
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.90%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement Systems (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

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

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

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectfully, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate - The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2020	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2020	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$5,462,303,132 at June 30, 2020.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Town of Morristown was \$20,235,757 (90 members) at June 30, 2020. These allocated liabilities represent 0.370462% of the State's Total Non-employer OPEB Liability for June 30, 2020. The OPEB expense attributed to the Town was \$1,007,341 at June 30, 2020.

10. 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.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

10. RISK MANAGEMENT (continued)

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

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, 2021. 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, 2021 and 2020, the Town has \$528,579 and \$653,369, respectively, 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 31-Dec</u>	<u>Beginning Balance</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Reimbursements to State</u>	<u>Ending Balance</u>
2021	\$ 140,736	\$ -	\$ -	\$ 23,594	\$ 7,072	\$ 157,258
2020	126,767	-	-	22,779	8,810	140,736
2019	127,583	-	-	23,754	24,570	126,767

TOWN OF MORRISTOWN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

11. 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, 2021. 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 several Federal and State programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectability of any related receivable at December 31, 2021 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying regulatory basis financial statements for such contingencies.

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 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%.

TOWN OF MORRISTOWN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

11. CONTINGENT LIABILITIES (continued)

In May 2017, the Morristown Parking Authority sold \$23,855,000 Guaranteed Parking Revenue Bonds, Series 2017, dated May 23, 2017. These bonds were issued for the current refunding of the Authority's outstanding Guaranteed Parking Revenue Bonds – Series 2007 and paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

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, 2021, the outstanding debt covered by the Town Replenishment Agreement was \$26,190,000. As of December 31, 2021, 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.

12. 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 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, 2021, 58 years are remaining on the transfer agreement and the remaining amount due from the transfer agreement is \$1,615,817.

13. TAX ABATEMENTS

The Town has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Town's most significant tax abatement agreements:

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Payment in Lieu of Taxes - Mill Creek	March 15, 2011	March 14, 2039	\$ 585,000	\$ 1,723,200	\$ 1,138,200
Payment in Lieu of Taxes - Morristown Housing	August 25, 2015	August 24, 2045	80,314	148,482	68,168
Payment in Lieu of Taxes - CVS	September 14, 2015	August 31, 2045	61,083	83,371	22,288
Payment in Lieu of Taxes - 55 Market Urban			183,482	211,236	27,754
Payment in Lieu of Taxes - Leona Morris Street			63,834	20,460	(43,374)
Payment in Lieu of Taxes - 55 Prospect			477,177	136,880	(340,297)
Payment in Lieu of Taxes - 45 Market			52,723	-	(52,723)
Total			<u>\$ 1,503,613</u>	<u>\$ 2,323,629</u>	<u>\$ 820,016</u>

14. SUBSEQUENT EVENTS

The Town has evaluated subsequent events occurring after December 31, 2021 through the date of August 30, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Town has determined the following subsequent event has occurred which requires disclosure in the financial statements.

The Town issued general improvement bonds in the amount of \$9,360,000.00 dated May 17, 2022, maturing in 2032 and bearing an interest rate of 4.00% - 5.00%.

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

**PART II
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021**

TOWN OF MORRISTOWN
CURRENT FUND

CURRENT CASH AND INVESTMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2021

A-4

	<u>Ref.</u>		<u>Current Fund</u>		<u>Grant Fund</u>
Balance, December 31, 2020	A		\$ 16,741,130		\$ 32,768
Increased by Receipts:					
Non-Budget Revenue	A-2	\$ 404,299			
Change Funds	A-5	500			
NJ Senior Citizens' and Veterans' Deductions	A-6	27,250			
Taxes Receivable	A-7	65,518,550			
Overpayments	A-23	91,666			
Revenue Accounts Receivable	A-12	13,160,279			
Due from Southeast Morris MUA	A-14	30,000			
Tax Title Liens	A-9	5,169			
Prepaid Taxes	A-20	864,563			
Special Improvement District Taxes Overpayments	A-9	591,776			
SID Prepays	A-22	25,422			
Interfunds	A-16	25,895			
Due to Current Fund	A-26		\$ 1,182		
Unappropriated Grant	A-15		690,484		
Grant Receivables	A-25		814,115		
			80,745,369		1,505,781
			97,486,499		1,538,549
Decreased by Disbursements:					
2021 Budget Appropriations	A-3	38,302,267			
2020 Appropriation Reserves	A-13	1,722,670			
Change Funds	A-5	500			
Regional School Taxes Payable	A-19	33,594,587			
County Tax Payable	A-18	7,970,366			
Tax Appeals and Overpayments	A-21	64,564			
SID Refunds	A-22	836			
Due to State of NJ	A-24	2,770			
Special Improvement District Taxes Payable	A-23	599,711			
Miscellaneous Disbursement	A-4	2			
Interfunds	A-26	75,000		6,077	
Appropriated Reserves	A-28			703,810	
Interfund to Current	A-27			412,479	
			82,333,273		1,122,366
Balance, December 31, 2021	A		\$ 15,153,227		\$ 416,183

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2021

A-5

	<u>Ref</u>	
Balance, December 31, 2020	A	\$ 250
Increased by:		
Cash Receipts	A-4	500
		750
Decreased by:		
Cash Disbursements	A-4	500
		500
Balance, December 31, 2021	A	\$ 250
 <u>Analysis of Change Funds</u>		
Tax Collector		\$ 100
Municipal Court		100
Police		50
		50
		\$ 250

DUE TO STATE OF NEW JERSEY-SENIOR
CITIZENS' AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2021

A-6

	<u>Ref</u>	
Balance, December 31, 2020	A	\$ 8,386
Increased by:		
Senior Citizens' and Veterans' Deductions	A-7	27,250
		35,636
Decreased by:		
Cash Receipts	A-4	27,250
		27,250
Balance, December 31, 2021	A	\$ 8,386
 Analysis:		
	Per Tax Duplicate	
	Allowed for 2021:	
	Veteran Allowed	\$ 23,500
	S/C - Disabled Allowed	3,750
		27,250
		\$ 27,250

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2021

A-7

Year	Balance December 31, 2020	Levy/Added Taxes	Senior Citizens' and Veterans' Deductions	Collections		Transferred To Tax Title Liens	Canceled	Balance December 31, 2021
				2020	2021			
2020	\$ 633,906	\$ 4,372						
2021		66,621,767	\$ 27,250	\$ 539,411	\$ 638,278	\$ 16,693	\$ 494,323	\$ 663,818
	<u>\$ 633,906</u>	<u>\$ 66,626,139</u>	<u>\$ 27,250</u>	<u>\$ 539,411</u>	<u>\$ 65,518,550</u>	<u>\$ 16,693</u>	<u>\$ 494,323</u>	<u>\$ 663,818</u>
<u>Ref.</u>	A	Below	A-6	A-20	A-4	A-9	Reserve	A

Analysis of 2021 Property Tax Levy	
Tax Yield	
General Purpose Tax	\$ 65,933,120
Added Taxes (RS 54:4-36.1 et seq.)	688,647
	<u>\$ 66,621,767</u>
Tax Levy	
Regional School Tax	\$ 33,196,258
County Taxes	
County Tax - General	7,610,162
Open Space Tax	187,713
Due County for Added Tax	24,829
	<u>41,018,962</u>
Local Tax for Municipal Purposes	24,938,987
Add: Additional Tax Levied	663,818
	<u>25,602,805</u>
	<u>\$ 66,621,767</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

A-8

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 21,507
Increased by:		
2021 Billings	A-23	600,506
		<u>622,013</u>
Decreased by:		
Prepays Applied	A-22	\$ 14,902
Cash Receipts	A-4, A-23	<u>591,776</u>
		<u>606,678</u>
Balance, December 31, 2021	A	<u>\$ 15,335</u>

TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

A-9

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 75,521
Increased by:		
Transfers from Current Year Taxes Receivable	A-7	16,693
		<u>92,214</u>
Decreased by		
Cash Receipts	A-4	<u>5,169</u>
Balance, December 31, 2021	A	<u>\$ 87,045</u>

DEMOLITION LIENS
YEAR ENDED DECEMBER 31, 2021

A-10

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	A	<u>\$ 2,946</u>

PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS
YEAR ENDED DECEMBER 31, 2021

A-11

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	A	<u>\$ 2,193,200</u>

TOWN OF MORRISTOWN
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

A-12

	Balance Dec. 31, 2020	Accrued	Cash Receipts	Balance Dec. 31, 2021
Licenses:				
Alcoholic Beverages		\$ 89,750	\$ 89,750	
Others		117,773	117,773	
Fees and Permits		632,517	632,517	
Municipal Court - Fines and Costs	\$ 21,613	478,689	461,370	\$ 38,932
Interest on Costs on Taxes		136,289	136,289	
Interest on Investments and Deposits	17,731	38,229	55,960	
Swimming Pool Fees		192,640	192,640	
Cablevision Fees		230,828	230,828	
PILOT - Housing Authority		80,314	80,314	
PILOT - Mill Creek		585,000	585,000	
PILOT - CVS		61,083	61,083	
PILOT - 55 Market		183,482	183,482	
PILOT - Leona Morris Street		63,834	63,834	
PILOT - Mill Creek Vertical 31-41 Market		52,723	52,723	
PILOT - 55 Prospect (Modera)		477,177	477,177	
Energy Receipts Tax		2,868,599	2,868,599	
Uniform Construction Code Fees		1,373,285	1,373,285	
Anticipated Airport Utility Operating Surplus		197,000	197,000	
Anticipated General Capital Surplus		350,000	350,000	
Contribution from Sewer Utility for Indirect Costs		131,000	131,000	
Rental of Property - Leases		102,550	102,550	
Police Outside Duty - Administrative Fees		75,000	75,000	
Hotel/Motel Tax		203,925	203,925	
Uniform Fire Safety Act Fees		54,524	54,524	
Rent Leveling Registration		89,680	89,680	
Atlantic Health Settlement		493,976	493,976	
Anticipated Sewer Utility Operating Surplus		3,800,000	3,800,000	
	<u>\$ 39,344</u>	<u>\$ 13,159,867</u>	<u>\$ 13,160,279</u>	<u>\$ 38,932</u>
<u>Ref.</u>	A	Reserve	A-4	A

TOWN OF MORRISTOWN
CURRENT FUND

2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

A-13

<u>Appropriation</u>	<u>Committed</u>	<u>Uncommitted</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Town Clerk		\$ 2	\$ 2		\$ 2
Business Administrator		1,435	1,435		1,435
Senior Citizens		3,008	3,008		3,008
Vital Statistics		10	10		10
Public Safety Director		4,615	4,615		4,615
Police		189,395	189,395	\$ 114,973	74,422
Fire		33,739	18,639	18,639	
Emergency Management Services		2,000			
Treasurer		2,399	2,399		2,399
Code Enforcement		1,174	1,174		1,174
Public Health		1,287	1,287		1,287
Property Maintenance		25,911	1,361		1,361
Public Works	\$ 1,359	263,993	1,952	1,938	14
Recycling		1,125	1,125		1,125
Burham/Cauldwell Pool		59,659	59		59
Animal Control	100	3,567	3,667	100	3,567
Engineering Services and Costs		13,792	792		792
Recreation		2,898	2,898		2,898
Municipal Court		26,529	26,529		26,529
Rent Leveling		1,216	1,216		1,216
Bus Transportation		436	436		436
Legal		6	6		6
Uniform Construction Code	4,000	26,709	4,009	4,000	9
Town Clerk	21,430	21,668	43,098	11,345	31,753
Business Administrator	11,257	47,472	58,729	26,941	31,788
Senior Citizens	261	11,518	11,779	261	11,518
Vital Statistics	2,481	11,466	2,947	2,481	466
Purchasing	3,354		34,354	3,626	30,728
Public Safety Director	1,261	4,702	5,963	1,261	4,702
Police	61,171	36,677	97,848	41,227	56,621
Fire	34,319	4,618	111,037	103,176	7,861
Emergency Management Services		5,975	5,975	5,404	571
Treasurer	80,951	10,227	91,078	65,801	25,277
Public Works	199,291	540,971	700,262	516,371	183,891
Tax Collector	1,338	6	1,444	1,338	106
Tax Assessor		197,744	197,744	22,644	175,100
Code Enforcement	926	1,518	2,444	630	1,814
Public Health	2,995	10,198	13,193	3,293	9,900
Legal	22,330	25,658	87,988	87,988	
Municipal Prosecutor	5,500	22,000	27,500	25,500	2,000
Municipal Court	3,932	34,987	38,919	744	38,175
Insurance		13,841	13,841		13,841
Group Hospitalization		53,292	303,292	303,292	
Uniform Construction Code	18,360	18,693	37,053	17,960	19,093
Public Defender	900	14,140	15,040	1,200	13,840
Planning	22,943	15,263	38,206	17,326	20,880
Engineering Services and Costs	3,073	2,747	5,820	3,241	2,579
Burham/Cauldwell Pool	3,109	25,010	3,819	3,052	767
Recreation	265	28,709	28,974	1,168	27,806
Rent Leveling		1,960	1,960		1,960
Shade Tree Commission	600	265	865	600	265
Animal Control		2,663	2,663	1,785	878
Recycling	192,278	40,644	302,922	264,315	38,607
Environmental Commission		1,250	1,250		1,250
Municipal Alliance		5,463	5,463		5,463
Whippany River Coalition		1,200	1,200		1,200
Historic Preservation Commission		1,000	1,000		1,000
Project Community Pride		12,400	12,400	12,400	
Memorial and Veterans Day Association		1,900	1,900	1,900	
Teen Center		16,850	16,850	16,850	
Morristown Book Festival		2,500	2,500		2,500
Annual Community Family Day Festival		8,000	8,000		8,000
Zoning	349	2,880	3,229	304	2,925
Property Maintenance	785	26	811	785	26
Bus Transportation		3,400	3,400		3,400
Unclassified Reserve for Retirement and Sick Pay		48,288	48,288	48,288	
Contingent		5,000	5,000	3,508	1,493
Prior Year Bills		235	235		235
Social Security System (O.A.S.I.)		77,945	77,945		77,945
PERS		1	1		1
PFRS		7	7		7
Consolidated Police and Fireman's Pension Fund		14,500	14,500		14,500
DCRP		6,546	6,546		6,546
Reserve for Tax Appeals		481,592	481,592	83,281	398,311
Interlocal Municipal Services Agreement	37,066		53,616	53,579	37
Grant Matching Funds		15,000	15,000		15,000
Morris County Radio Dispatch		661	661		661
Computer/Office Equipment	36,030	26,679	62,709	25,017	37,692
Total General Appropriations	<u>\$ 774,014</u>	<u>\$ 2,602,860</u>	<u>\$ 3,376,874</u>	<u>\$ 1,919,530</u>	<u>\$ 1,457,343</u>

<u>Ref.</u>	A	A	<u>Ref.</u>	Below	A-1
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Cash Disbursements	A-4	\$	1,722,670	
Accounts Payable	A-17	\$	196,860	
	Above	\$	<u>1,919,530</u>	

TOWN OF MORRISTOWN
CURRENT FUND

DUE FROM SOUTHEAST MORRIS COUNTY MUA
YEAR ENDED DECEMBER 31, 2021

A-14

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 1,645,817
Decreased by:		
Cash Receipt - Anticipated Revenue	A-2, A-4	<u>30,000</u>
Balance, December 31, 2021	A	<u>\$ 1,615,817</u>

RESERVE FOR UNAPPROPRIATED GRANTS
YEAR ENDED DECEMBER 31, 2021

A-15

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 43,462
Increased by:		
Cash Receipts	A-4	<u>690,484</u>
Balance, December 31, 2021	A, Below	<u>\$ 733,946</u>

Analysis of Balance

DWI Courts		\$ 1,784
NJ DEP Recycling Tonnage		41,678
Recycling Tonnage Grant		19,221
ARP - Health Insurance Cost		<u>671,263</u>
		<u>\$ 733,946</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	<u>Total</u>	<u>Grant Fund</u>	<u>Airport Capital</u>	<u>General Capital</u>
Balance December 31, 2020	A	\$ 25,895	\$ 4,895	\$ 21,000	
Increased by:					
Interfunds Advanced	A-4	75,000			\$ 75,000
Anticipated Revenue	A-2	1,833,984	1,833,984		
		<u>1,934,879</u>	<u>1,838,879</u>	<u>21,000</u>	<u>75,000</u>
Decreased by:					
Budget Appropriation	A-3	1,908,984	1,833,984		75,000
Interfunds Returned	A-4	25,895	4,895	21,000	
		<u>1,934,879</u>	<u>1,838,879</u>	<u>21,000</u>	<u>75,000</u>
Balance December 31, 2021	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MORRISTOWN
CURRENT FUND

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-17

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 154,845
Increased by:		
Charges to Reserve	A-13	<u>196,860</u>
Balance, December 31, 2021	A	<u><u>\$ 351,705</u></u>

COUNTY TAXES PAYABLE (PREPAID)
YEAR ENDED DECEMBER 31, 2021

A-18

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 51,692
Increased by:		
Levy-Calendar Year 2021		\$ 7,610,162
2021 Open Space Tax Levy		187,713
Due County for Added Taxes		<u>24,829</u>
	A-1, A-2, A-7	<u>7,822,704</u>
		7,874,396
Decreased by:		
Cash Disbursements	A-4	<u>7,970,366</u>
Balance, December 31, 2021	A	<u><u>\$ (95,970)</u></u>

REGIONAL SCHOOL TAXES PAYABLE (PREPAID)
YEAR ENDED DECEMBER 31, 2021

A-19

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 105,302
Increased by:		
Transferred from Appropriations	A-3	\$ 198,731
Levy - Calendar Year 2021	A-1, A-2, A-7	<u>33,196,258</u>
		<u>33,394,989</u>
		33,500,291
Decreased by:		
Cash Disbursements	A-4	<u>33,594,587</u>
Balance, December 31, 2021	A	<u><u>\$ (94,296)</u></u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2021

A-20

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 539,411
Increased by:		
Collection of 2022 Taxes	A-4	864,563
		<u>1,403,974</u>
Decreased by:		
Applied to 2021 Taxes	A-7	539,411
		<u>539,411</u>
Balance, December 31, 2021	A	<u>\$ 864,563</u>

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2021

A-21

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 26,721
Increased by:		
Cash Receipts	A-4	91,666
		<u>118,387</u>
Decreased by:		
Cash Disbursed	A-4	64,564
		<u>64,564</u>
Balance, December 31, 2021	A	<u>\$ 53,823</u>

TOWN OF MORRISTOWN
CURRENT FUND

SPECIAL IMPROVEMENT DISTRICT TAX
OVERPAYMENTS AND PREPAID
YEAR ENDED DECEMBER 31, 2021

A-22

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 14,902
Increased by:		
Cash Receipts	A-4	25,422
		40,324
Decreased by:		
Prepays Refunded	A-4	\$ 836
Prepays Applied	A-8	14,902
		15,738
Balance, December 31, 2021	A	\$ 24,586

SPECIAL IMPROVEMENT DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-23

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 25,448
Increased by:		
2021 Billings	A-8	600,506
		625,954
Decreased by:		
Cash Disbursements	A-4	599,711
		599,711
Balance, December 31, 2021	A	\$ 26,243

TOWN OF MORRISTOWN
CURRENT FUND

DUE TO STATE OF NEW JERSEY - OTHER
YEAR ENDED DECEMBER 31, 2021

A-24

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 6,365
Decreased by:		
Cash Disbursements	A-4	<u>2,770</u>
Balance, December 31, 2021	A	<u><u>\$ 3,595</u></u>

TOWN OF MORRISTOWN
CURRENT FUND

GRANTS RECEIVABLE - GRANT FUND
YEAR ENDED DECEMBER 31, 2021

A-25

	Balance, December 31, 2020	2021 Anticipated Revenue	Received	Canceled	Balance, December 31, 2021
Redevel. Plan - Center and Coal Streets	\$ 5,193			\$ 3,287	\$ 1,906
Pocahontas/Caldwell Parks	64,428				64,428
CDBG - Cauldwell Playground	80,000				80,000
CDBG - Harrison Street Playground		\$ 80,000			80,000
Senior Center Improvements	1,273				1,273
Alcohol Education Rehab Fund	1,785				1,785
Planning Assistance Grant	18,500				18,500
Body Armor		4,122	\$ 4,122		
T-Growth Planning Grant	4,250				4,250
Open Space & Farmland Preservation	162,748				162,748
Open Space Grant Edgewood Project	75,000				75,000
NJDEP Forestry	250		187		63
Recycling Tonnage Grant	8,809				8,809
NJ Distracted Driving	5,500				5,500
Drive Sober or Get Pulled Over	5,500				5,500
State Affordable Housing Grant	463				463
Smart Growth Planning Grant	53,970				53,970
NJ DOT Train Improvements	50,000				50,000
NJ DOT Pedestrian Safety	2,278				2,278
NJ DOT South Street Phase II	10,401				10,401
NJ DOT Washington Street Phase II	21,420				21,420
NJ DOT Safe Street to Transit	28,418				28,418
NJ DOT Recreation Trails Program	12,000				12,000
NJ DOT MLK Promenade	1,000,000				1,000,000
NJ DOT Lafayette Pedestrian Project	200,000				200,000
NJ DOT Washington Streetscape IV	315,000		227,382		87,618
NJ DOT Road 2020	87,500		87,500		
Clean Communities	33,348		33,348		
FEMA Homeland Security - Turnout Gear	4,257				4,257
NJ DOT Safe Routes to School Program	120,000				120,000
Green Acres Program - Hillcrest Park	5,871				5,871
NJ DOT Local Aid - Corey Road	75,918				75,918
Pedestrian Safety 2018	4,173		1,320		2,853
Pedestrian Safety 2019	2,181	15,000	10,435		6,746
Click It or Ticket Grant	2,600				2,600
Green Acres Open Space	29,625			29,625	
Asso. of NJ Environmental Commission	120				120
FEMA Generator Grant	148,500				148,500
NJ Healthy Comm Network- Pocahontas	8,500				8,500
Green Space - Green Shade	125				125
Bullet Proof Vests	14,918				14,918
Historic Preservation Post Office		480,000			480,000
NJ DOT 2021 Municipal Streets		291,700			291,700
Geraldine Dodge Foundation Grant		20,573	20,573		
NJ Forest Service Community Forestry Program		31,000	2,500		28,500
American Rescue Plan		336,748	336,748		
CDBG - Lidgerwood Pavillion (Rotary)		90,000	90,000		
NJ DOT - MLK Design		217,454			217,454
Morristown Post Office Grant		159,374			159,374
Bodyworn Cameras Grant		108,014			108,014
	<u>\$ 2,664,822</u>	<u>\$ 1,833,985</u>	<u>\$ 814,115</u>	<u>\$ 32,912</u>	<u>\$ 3,651,780</u>

Ref.

A

A-2, A-33

A-4

A-33

A

TOWN OF MORRISTOWN

DUE TO CURRENT FUND
GRANT FUND
YEAR ENDED DECEMBER 31, 2021

A-26

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 4,895
Increased by:		
Cash received from Current Fund	A-4	<u>1,182</u>
		6,077
Decreased by:		
Cash disbursed to Current Fund	A-4	<u>6,077</u>
Balance, December 31, 2021	A	<u><u>\$ -</u></u>

ENCUMBRANCES PAYABLE
GRANT FUND
YEAR ENDED DECEMBER 31, 2021

A-27

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ 25,072
Increased by:		
Appropriated Reserves - Encumbrances	A-28	<u>412,479</u>
		437,551
Decreased by:		
Canceled	A-28	<u>25,072</u>
Balance, December 31, 2021	A	<u><u>\$ 412,479</u></u>

TOWN OF MORRISTOWN
CURRENT FUND

A-28

RESERVE FOR APPROPRIATED GRANTS
GRANT FUND
YEAR ENDED DECEMBER 31, 2021

	Balance, December 31, 2020	Transferred from Budget Appropriations	PY Encumbrances	Paid or Charged	Canceled Encumbrances	Balance, December 31, 2021
Redev. Plan - Center and Coal Streets	\$ 3,287				\$ 3,287	
Pocahontas/Caldwell Parks	49,027					\$ 49,027
Senior Center Improvements	846					846
HUD Gramby Park	17,470					17,470
Drunk Driving Enforcement Fund	1,672			\$ (3,169)	1,000	3,841
Drunk Driving Enforcement Fund	32,489			1,295		31,194
NJ DEP - Recreational Trails Grant	4,350					4,350
NJ DEP - Recycling Tonnage 2014	12,401			8,434		3,967
NJ DEP - Recycling Tonnage Grant	27,575			27,575		
NJ DEP - Recycling Tonnage Grant	80,534			50,000		30,534
NJ DEP Recycling Tonnage - 2018	37,512			37,512		
Recycling Tonnage Grant - Unappropriated	41,678					41,678
NJ DEP Clean Communities - 2016			\$ 255		255	
NJ DEP Clean Communities - 2017	3,907					3,907
NJ DEP Clean Communities - 2018	6,989					6,989
NJ DEP Clean Communities	1,069					1,069
NJ DEP Clean Communities - 2019	34,928			32,346	2,582	
Various Contributors to Clean Communities	1,400					1,400
Clean Communities - 2020	64,365			30,000		34,365
Open Space and Farm Pres. - Cory Road	46,631					46,631
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	12,654					12,654
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
County of Morris - Caldwell Playground	32,400					32,400
NJ Forest Service Community Forestry Program		\$ 31,000				31,000
FEMA Homeland Security - Turnout Gear	1,839					1,839
FEMA Homeland Security - EMW	22,982					22,982
Morristown Rotary Pavillion	1					1
NJ DOT South Street Phase II	62					62
NJ DOT Municipal Aid Program- Abbett Ave (II)	2,506					2,506
NJ DOT Safe Streets to Transit	28,418					28,418
NJ DOT Municipal Streets - 2021	-	291,700				291,700
NJ DOT Sussex Avenue Walking Projects	120,000					120,000
NJ DOT MLK Promenade	1,000,000					1,000,000
NJ DOT Pedestrian Safety	4,362					4,362
NJ DOT Train Improvements	50,000			30,406	19,594	
NJ DOT Lafayette Pedestrian Project	200,000			142,164	57,836	
NJ DOT Washington Streetscape IV	315,000			275,512	27,664	
NJ DOT MLK Designs		217,454		16,138	201,316	11,824
NJ DOT Wash Street - Phase II			21,417		21,417	
Rutgers Mini Grant - Health	28					28
Green Acres - Open Space (refund from Capital)	29,625					29,625
Green Acres - Open Space	29,625				29,625	
NJ DEP Forestry/Tree Planting	250					250
NJ DEP Forestry	3,000					3,000
NJ Distracted Driving	3,492					3,492
Drive Sober or Get Pulled Over	5,500					5,500
DWI Court Funds	2,008					2,008
Acquisition & Preservation - 20 Hillcrest Ave.	2,267					2,267
Local Aid - Corey Road	13,051					13,051
Alcohol Education Program	6,867			400		6,467
Alcohol Education Rehab Fund	1,785					1,785
Alcohol Rehabilitation - 2013	851					851
Alcohol Rehabilitation - 2014	1,017			1,017		
Alcohol Rehabilitation - 2016	1,753			1,753		
Alcohol Education Rehab - 2018	1,094					1,094
Body Armor	4,999					4,999
2014 and Prior Body Armour	5,413					5,413
2015 Body Armour	5,131					5,131
2016 Body Armour	990					990
2021 Body Armour		4,122				4,122
Bodyworn Camera Grant		108,014				108,014
Bullet Proof Vests - 2019	2,246					2,246
Pedestrian Safety, Education & Enforcement	373					373
Pedestrian Safety, Education & Enforcement - 2021		15,000		15,000		
Pedestrian Safety - 2019	20,000					20,000
Coventis	5,000					5,000
Click It or Ticket	166					166
NJ Healthy Comm Network- Pocahontas	8,500					8,500
Foote's Path Walking Path	100					100
Historic Preservation Post Office		480,000				480,000
Morris Historic Preservation - Morristown Post Office Grant		159,374				159,374
Geraldine Dodge Foundation Grant		20,573		20,573		
CDBG - Caldwell Playground	80,000					80,000
CDBG - Harrison Street Playground		80,000		80,000		
CDBG - Morristown Rotary Club		90,000		9,185	80,815	
ARP - Health Insurance Cost		336,748		336,748		
Fire Grant FM Global				3,400		3,400
	<u>\$ 2,624,161</u>	<u>\$ 1,833,985</u>	<u>\$ 25,072</u>	<u>\$ 1,116,289</u>	<u>\$ 445,391</u>	<u>\$ 2,921,538</u>

Ref. A A-3, A-25 A-30 Below Reserve A

Cash Disbursed
Encumbrances Payable

Ref.
A-4 \$ 703,810
A-27 412,479
 \$ 1,116,289

See Independent Auditors' Report.

TOWN OF MORRISTOWN
CURRENT FUND

RESERVE FOR TAX APPEALS
YEAR ENDED DECEMBER 31, 2021

A-29

	<u>Ref.</u>	
Balance, December 31, 2020	A	\$ -
Increased by:		
Tax Appeals	A-4	<u>200,000</u>
Balance, December 31, 2021	A	<u>\$ 200,000</u>

TOWN OF MORRISTOWN
TRUST FUND

CASH - TREASURER
YEAR ENDED DECEMBER 31, 2021

B-1

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>	<u>Self Insurance</u>	<u>Equitable Sharing</u>
Balance, December 31, 2020	B	\$ 53,157	\$ 4,743,949	\$ 653,369	\$ 108,268
Increased by:					
Dog Licenses - State Fees	B-2	\$ 865			
Reserve for Animal Control	B-3	7,669			
Interest Earned	B-6		\$ 304		
Contributions	B-6		23,290		
Escrow Deposits	B-8		913,790		
Reserve for Recreation	B-11		188,660		
Miscellaneous Reserves	B-12		2,215,013		
Affordable Housing	B-7		672,726		
Payroll Deduction Payable	B-9		12,450,289		
Police Forfeiture	B-5		8,540		
Equitable Sharing	B-4				\$ 17,219
Claims/ Other Reimbursements	B-10			\$ 683,378	
		<u>8,534</u>	<u>16,472,612</u>	<u>683,378</u>	<u>17,219</u>
		61,691	21,216,561	1,336,747	125,487
Decreased by:					
Recreation	B-11		140,022		
Affordable Housing	B-7		58,720		
Escrow Deposits Returned	B-8		1,032,393		
Other Disbursements	B-10; B-6		7,072	808,168	
Reserve for Animal Control	B-3	3,080			
Due to State of New Jersey	B-2	872			
Miscellaneous Reserves	B-12		2,476,618		
Payroll Deductions Payable	B-9		12,283,576		
Equitable Sharing	B-4				56,280
		<u>3,952</u>	<u>15,998,401</u>	<u>808,168</u>	<u>56,280</u>
Balance, December 31, 2021	B	<u>\$ 57,739</u>	<u>\$ 5,218,160</u>	<u>\$ 528,579</u>	<u>\$ 69,207</u>

TOWN OF MORRISTOWN
TRUST FUND

DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND
YEAR ENDED DECEMBER 31, 2021

B-2

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 131
Increased by:		
Cash Received	B-1	865
		996
Decreased by:		
Cash Disbursements	B-1	872
		872
Balance, December 31, 2021	B	\$ 124

RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND
YEAR ENDED DECEMBER 31, 2021

B-3

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 53,026
Increased by:		
Dog Licenses Fees Collected	B-1	7,669
		60,695
Decreased by:		
Cash Disbursements	B-1	3,080
		3,080
Balance, December 31, 2021	B	\$ 57,615

License Fees Collected

<u>Year</u>	<u>Amount</u>
2019	\$ 10,199
2020	6,830
	17,029
	\$ 17,029

Note: R.S. 4:19.11

"..... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceeding."

TOWN OF MORRISTOWN
TRUST FUND

RESERVE FOR EQUITABLE SHARING FUND
YEAR ENDED DECEMBER 31, 2021

B-4

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 108,268
Increased by:		
Cash Received	B-1	17,219
		125,487
Decreased by:		
Cash Disbursements	B-1	56,280
		56,280
Balance, December 31, 2021	B	\$ 69,207

RESERVE FOR POLICE FORFEITURE
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

B-5

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 47,015
Increased by:		
Cash Receipts	B-1	8,540
		8,540
Balance, December 31, 2021	B	\$ 55,555

TOWN OF MORRISTOWN
TRUST FUND

RESERVE FOR UNEMPLOYMENT COMPENSATION
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>		<u>B-6</u>
Balance, December 31, 2020	B		\$ 140,736
Increased by:			
Interest Earned on Investments	B-1	\$ 304	
Contributions	B-1	<u>23,290</u>	<u>23,594</u>
			164,330
Decreased by:			
Cash Disbursed	B-1		<u>7,072</u>
Balance, December 31, 2021	B		<u>\$ 157,258</u>

RESERVE FOR AFFORDABLE HOUSING
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>		<u>B-7</u>
Balance, December 31, 2020	B		\$ 1,221,595
Increased by:			
Cash Receipts	B-1		<u>672,726</u>
			1,894,321
Decreased by:			
Cash Disbursed	B-1		<u>58,720</u>
Balance, December 31, 2021	B		<u>\$ 1,835,601</u>

ESCROW DEPOSITS PAYABLE
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>		<u>B-8</u>
Balance, December 31, 2020	B		\$ 1,316,099
Increased by:			
Escrow Deposits	B-1		<u>913,790</u>
			2,229,889
Decreased by:			
Escrow Deposits Returned	B-1		<u>1,032,393</u>
Balance, December 31, 2021	B		<u>\$ 1,197,496</u>

TOWN OF MORRISTOWN
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE
CURRENT FUND
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

B-9

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 306,100
Increased by:		
Cash Receipts	B-1	12,450,289
		<u>12,756,389</u>
Decreased by:		
Cash Disbursed	B-1	12,283,576
		<u>12,283,576</u>
Balance, December 31, 2021	B	<u>\$ 472,813</u>

RESERVE FOR SELF-INSURANCE EXPENDITURES
SELF INSURANCE FUND
YEAR ENDED DECEMBER 31, 2021

B-10

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 653,369
Increased by:		
Claim Reimbursements	B-1	683,378
		<u>1,336,747</u>
Decreased by:		
Cash Disbursements	B-1	808,168
		<u>808,168</u>
Balance, December 31, 2021	B, Below	<u>\$ 528,579</u>

Analysis of Balance

Reserve for Workers Compensation Claims	\$	19,105
Reserve for Health Benefit Claims		66,694
Reserve for Liability Claims		<u>442,780</u>
	\$	<u>528,579</u>

TOWN OF MORRISTOWN
TRUST FUND

RESERVE FOR RECREATION PROGRAMS
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

B-11

	<u>Ref.</u>	
Balance, December 31, 2020	B	\$ 75,458
Increased by:		
Cash Receipts	B-1	188,660
		<u>264,118</u>
Decreased by:		
Cash Disbursed	B-1	140,022
		<u>140,022</u>
Balance, December 31, 2021	B	<u>\$ 124,096</u>

MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND
YEAR ENDED DECEMBER 31, 2021

B-12

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Municipal Court POAA Fees	\$ 25,654	\$ 5,304	\$ 7,550	\$ 23,408
Fire Prevention Donations	5,014			5,014
Fire Prevention Penalties	18,075			18,075
Fire Victims Relief	1,022			1,022
Fire Donations	47,532		47,109	423
Epstein's Project Deposits	16,400			16,400
Lease Security Deposits	28,830	20,000	20,000	28,830
Police Donations	24,570	2,650	18,000	9,220
Purchase of Police Vehicles	191,204		153,744	37,460
Outside Police Duty Fees	93,360	914,897	1,008,257	124,363
Outside Police Admin Fees	52,064	147,299	75,000	185,368
Public Works Deposits	167,287	18,081		185,368
Senior Weekend Meals Donations	623			623
Senior Center Donations	3,437			3,437
Jail and Cablevision Legal Reserve	648			648
Public Defender Fees	2,372			2,372
Outside Lien Redemptions	(14,630)	387,144	350,746	21,768
Flexible Spending	11,526	50,182	45,160	16,548
Flexible Spending - Dependent Care	9,003	10,000	19,003	
Bob Tracey Park Contributions	6,652	100		6,752
Reserve for Restitution	3,150			3,150
Accumulated Sick and Vacation Time	149,890	48,287	119,913	78,264
Police Confiscated	4,951	1,687	837	5,801
Public Tree Donation	9,410	2,100	11,110	400
Relocation Assistance Trust	3,000			3,000
Storm Recovery Reserve	133,098	147,024	126,389	153,733
Premium on Tax Sale Deposits	641,933	460,100	473,800	628,233
Mayor Wellness	611			611
Footes Pond Trust	260	158		418
	<u>\$ 1,636,946</u>	<u>\$ 2,215,013</u>	<u>\$ 2,476,618</u>	<u>\$ 1,375,341</u>
<u>Ref.</u>	B	B-1	B-1	B

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

CASH - TREASURER
YEAR ENDED DECEMBER 31, 2021

C-2

	<u>Ref.</u>		
Balance, December 31, 2020	C		\$ 3,136,181
Increased by:			
Proceeds of Bond Anticipation Note Sale	C-8	\$ 5,419,000	
Reserve for Payment of Debt Service	C-11	50,000	
Capital Improvement Fund	C-13	<u>75,000</u>	
			<u>5,544,000</u>
			8,680,181
Decreased by:			
Improvement Authorizations	C-6	3,299,485	
Paid to Current Fund - Anticipated Revenue	C-1	350,000	
Bond Anticipation Notes Redeemed	C-8	<u>3,341,000</u>	
			<u>6,990,485</u>
Balance, December 31, 2021	C		<u><u>\$ 1,689,696</u></u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH
DECEMBER 31, 2021 AND 2020

C-3

	Balance December 31, 2021	Balance December 31, 2020
Fund Balance	\$ 597,274	\$ 947,274
Capital Improvement Fund	150,342	332,842
Reserve for Future Improvements	43,170	147,596
Reserve to Pay Debt Service	52,157	2,157
Reserve for Refunding Bond Issuance Costs	9,680	9,680
Contracts Payable	3,183,691	1,877,624
Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>General Improvements</u>	
05-29	Various Capital Improvements	782
06-14	Various Capital Improvements	15,806
08-20	Various Capital Improvements	328
10-21	Various Capital Improvements	59
14-23	Various Capital Improvements	14,497
15-09	Various Capital Improvements	439
16-05	Acquisition of Property	247,688
16-19	Various Capital Improvements	78,433
16-27	Acquisition of Property	15,000
17-15	Various Capital Improvements	103,993
18-23	Various Capital Improvements	161,544
18-38	Loyola Supplemental	(4,625)
19-14	Various Capital Improvements	216,774
20-23	Various Capital Improvements	(1,031,710)
21-11	Various Capital Improvements	(2,077,931)
21-35	Fire Ladder Truck	(712,270)
	\$ 1,689,696	\$ 3,136,181
<u>Ref.</u>	C	C

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2021

C-4

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 20,009,000
Decreased by:		
2021 Budget Appropriation to Pay Serial Bonds	C-9	<u>2,370,000</u>
Balance, December 31, 2021	C	<u><u>\$ 17,639,000</u></u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2021

C-5

<u>Ord. Number</u>	<u>Improvement Description</u>	Balance December 31, 2020	2021 Authorizations	Balance December 31, 2021	Analysis of Balance December 31, 2021		
					Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
18-23	Various Capital Improvements	\$ 448,540		\$ 448,540	\$ 396,000	\$ 12,555	\$ 39,985
18-38	Loyola Supplemental	475,000		475,000		4,625	470,375
19-14	Various Capital Improvements	2,657,150		2,657,150	2,610,000	46,626	524
19-40	Hydro Raking at Footes Pond	285,000		285,000	285,000		
20-23	Various Capital Improvements	2,128,000		2,128,000	2,128,000		
21-11	Various Capital Improvements		\$ 4,178,930	4,178,930		2,077,931	2,100,999
21-35	Fire Ladder Truck		712,500	712,500		712,270	230
		<u>\$ 5,993,690</u>	<u>\$ 4,891,430</u>	<u>\$ 10,885,120</u>	<u>\$ 5,419,000</u>	<u>\$ 2,854,007</u>	<u>\$ 2,612,113</u>
	<u>Ref.</u>	C	C-6, C-14	C	C-8	C-3	Below
	Improvement authorizations - unfunded		<u>Ref.</u> C-6				\$ 2,791,594
	Bond anticipation note proceeds unexpended:						
20-23	Various Capital Improvements		C-3, C-6 Above				<u>179,481</u>
							<u>\$ 2,612,113</u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2021

C-6

Ord.No.	Improvement Authorizations	Ordinance Amount	Balance, December 31, 2020		2021 Authorizations		PY Contracts Payable Applied (Reappropriation)	Paid or Charged	Balance, December 31, 2021	
			Funded	Unfunded	Deferred Charges Future Taxation Unfunded	Capital Improvement Fund			Funded	Unfunded
05-29	Various Capital Improvements	\$ 2,610,000	\$ 782					\$ 782		
06-14	Various Capital Improvements	451,100	15,806					15,806		
08-20	Various Capital Improvements	1,562,000	328					328		
10-21	Various Capital Improvements	685,000	59					59		
14-23	Various Capital Improvements	2,600,000	14,497						\$ 14,497	
15-09	Various Capital Improvements	2,822,600	439						439	
16-05	Acquisition of Property	355,000	247,688						247,688	
16-19	Various Capital Improvements	3,795,000	78,433					28,149	50,284	
16-27	Acquisition of Property	505,000	15,000						15,000	
17-15	Various Capital Improvements	4,068,566	103,993							
17-21	Developer Contribution - Speedwell	250,000					200,000	303,993		
18-23	Various Capital Improvements	3,057,000		\$ 164,084			248,775	248,775		
18-38	Loyola Supplemental	500,000		470,375			318,867	442,966		\$ 39,985
19-14	Various Capital Improvements	2,797,000		263,924				558,934		470,375
20-23	Various Capital Improvements	2,234,400		1,096,290			295,534	1,850,951		524
21-11	Various Capital Improvements	4,398,930			\$ 4,178,930	\$ 220,000	934,142	2,297,931		179,481
21-35	Fire Ladder Truck	750,000			712,500	37,500		2,297,931		2,100,999
								749,770		230
			<u>\$ 477,025</u>	<u>\$ 1,994,673</u>	<u>\$ 4,891,430</u>	<u>\$ 257,500</u>	<u>\$ 1,997,318</u>	<u>\$ 6,498,444</u>	<u>\$ 327,908</u>	<u>\$ 2,791,594</u>
		<u>Ref.</u>	C	C	C-5	C-13	C-7	Below	C	C
							Cash Disbursements	<u>Ref.</u>		
							Contracts Payable	C-2	\$ 3,299,485	
								C-7	3,198,959	
									<u>\$ 6,498,444</u>	
									Above	

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

C-7

CONTRACTS PAYABLE
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 1,877,624
Increased by:		
Contracts Originating in 2021	C-6, C-12	<u>3,303,385</u>
		5,181,009
Decreased by:		
Contracts Applied	C-6	<u>1,997,318</u>
Balance, December 31, 2021	C	<u><u>\$ 3,183,691</u></u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2021

C-8

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2021</u>
18-23	Various Capital Improvements	6/4/2020	6/3/2021	6/3/2022	0.31%	\$ 446,000	\$ 396,000	\$ 446,000	\$ 396,000
19-14	Various Capital Improvements	6/4/2020	6/3/2021	6/3/2022	0.31%	2,610,000	2,610,000	2,610,000	2,610,000
19-40	Hydro Raking at Footes Pond	6/4/2020	6/3/2021	6/3/2022	0.31%	285,000	285,000	285,000	285,000
20-23	Various Capital Improvements	6/3/2021	6/3/2021	6/3/2022	0.31%	2,128,000	2,128,000	2,128,000	2,128,000
						<u>\$ 3,341,000</u>	<u>\$ 5,419,000</u>	<u>\$ 3,341,000</u>	<u>\$ 5,419,000</u>
					<u>Ref.</u>	C	C-2, C-15	C-2	C

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

C-9

GENERAL SERIAL BONDS
YEAR ENDED DECEMBER 31, 2021

Maturity of Bonds Outstanding
December 31, 2021

Issue	Date of Issue	Original Issue	Date	Amount	Interest Rate	Balance, December 31, 2020	Decrease	Balance, December 31, 2021																																																																																													
Refunding Bonds of 2009	3/1/2009	\$ 1,150,000	3/1/22	\$ 230,000	5.00 %	\$ 685,000	\$ 235,000	\$ 450,000																																																																																													
			3/1/23	220,000	5.00				General Improvement Bonds of 2016	5/25/2016	10,924,000	6/1/22	650,000	3.00 %	8,824,000	635,000	8,189,000	6/1/23	665,000	3.00	6/1/24	685,000	3.00	6/1/25	700,000	3.00	6/1/26	725,000	3.00	6/1/27	745,000	2.00	6/1/28	765,000	2.00	6/1/29	810,000	2.25	6/1/30	810,000	2.25	6/1/31	815,000	2.50	6/1/32	819,000	3.00	General Improvement Bonds of 2019	5/2/2019	12,000,000	2/1/2022	1,500,000	5.00 %	10,500,000	1,500,000	9,000,000	2/1/2023	700,000	5.00	2/1/2024	725,000	5.00	2/1/2025	700,000	5.00	2/1/2026	750,000	5.00	2/1/2027	675,000	4.00	2/1/2028	675,000	2.00	2/1/2029	675,000	3.00	2/1/2030	650,000	3.00	2/1/2031	650,000	3.00	2/1/2032	650,000	3.00	2/1/2033	650,000	3.00							<u>10,500,000</u>	<u>1,500,000</u>	<u>9,000,000</u>			
General Improvement Bonds of 2016	5/25/2016	10,924,000	6/1/22	650,000	3.00 %	8,824,000	635,000	8,189,000																																																																																													
			6/1/23	665,000	3.00																																																																																																
			6/1/24	685,000	3.00																																																																																																
			6/1/25	700,000	3.00																																																																																																
			6/1/26	725,000	3.00																																																																																																
			6/1/27	745,000	2.00																																																																																																
			6/1/28	765,000	2.00																																																																																																
			6/1/29	810,000	2.25																																																																																																
			6/1/30	810,000	2.25																																																																																																
			6/1/31	815,000	2.50																																																																																																
			6/1/32	819,000	3.00																																																																																																
			General Improvement Bonds of 2019	5/2/2019	12,000,000							2/1/2022	1,500,000	5.00 %				10,500,000	1,500,000	9,000,000																																																																																	
									2/1/2023	700,000	5.00																																																																																										
2/1/2024	725,000	5.00																																																																																																			
2/1/2025	700,000	5.00																																																																																																			
2/1/2026	750,000	5.00																																																																																																			
2/1/2027	675,000	4.00																																																																																																			
2/1/2028	675,000	2.00																																																																																																			
2/1/2029	675,000	3.00																																																																																																			
2/1/2030	650,000	3.00																																																																																																			
2/1/2031	650,000	3.00																																																																																																			
2/1/2032	650,000	3.00																																																																																																			
2/1/2033	650,000	3.00																																																																																																			
						<u>10,500,000</u>	<u>1,500,000</u>	<u>9,000,000</u>																																																																																													
						<u>\$ 20,009,000</u>	<u>\$ 2,370,000</u>	<u>\$ 17,639,000</u>																																																																																													

Ref.

C

C-4

C

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

RESERVE FOR REFUNDING
BOND ISSUANCE COSTS
YEAR ENDED DECEMBER 31, 2021 C-10

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	C	<u>\$ 9,680</u>

RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2021 C-11

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 2,157
Increased by:		
Cash Receipt	C-2	<u>50,000</u>
Balance, December 31, 2021	C	<u>\$ 52,157</u>

RESERVE FOR FUTURE IMPROVEMENTS
YEAR ENDED DECEMBER 31, 2021 C-12

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 147,596
Decreased by:		
Contracts Applied	C-7	<u>104,426</u>
Balance, December 31, 2021	C	<u>\$ 43,170</u>

TOWN OF MORRISTOWN
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2021

C-13

	<u>Ref.</u>	
Balance, December 31, 2020	C	\$ 332,842
Increased by:		
Budget Appropriation	C-2	75,000
		407,842
Decreased by:		
Improvement Authorizations Funded	C-6	257,500
		257,500
Balance, December 31, 2021	C	\$ 150,342

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2021

C-14

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2020</u>	<u>2021 Authorizations</u>	<u>Notes Issued</u>	<u>Notes Paid</u>	<u>Balance December 31, 2021</u>
18-23	Various Capital Improvements	\$ 2,540			\$ 50,000	\$ 52,540
18-38	Loyola Supplemental	475,000				475,000
19-14	Various Capital Improvements	47,150				47,150
20-23	Various Capital Improvements	2,128,000		\$ 2,128,000		
21-11	Various Capital Improvements		\$ 4,178,930			4,178,930
21-35	Fire Ladder Truck		712,500			712,500
		\$ 2,652,690	\$ 4,891,430	\$ 2,128,000	\$ 50,000	\$ 5,466,120
	<u>Ref.</u>	C	C-5	C-8	C-8	C

TOWN OF MORRISTOWN
SEWER UTILITY FUND

CASH - SEWER TREASURER
DECEMBER 31, 2021

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2020	D	\$ 1,033,735	\$ 1,556,489
Increased by Receipts:			
Consumer Accounts Receivable	D-3, D-6	\$ 7,062,864	
Reserve for Sewer Connection Fees	D-14		\$ 480,200
Anticipated Revenues:			
Sale of SREC's	D-3	122,165	
Late Fees	D-3	14,876	
Sewer Connection Fees (from Capital)	D-3, D-14	200,000	
Capital Improvement Fund	D-12		250,000
Prepaid Sewer Fees	D-13	86,564	
Interest on Investments	D-3, D-10	7,043	
		<u>7,493,512</u>	<u>730,200</u>
Decreased by Disbursements:			
2021 Budget Appropriations	D-4	7,210,861	
2020 Appropriation Reserves	D-9	55,597	
Refund of Overpayments	D-10	689	
Improvement Authorizations	D-20		342,965
Accrued Interest on Bonds and Notes	D-11	82,919	
Reserve for Connection Fees	D-14		200,000
		<u>7,350,066</u>	<u>542,965</u>
Balance, December 31, 2021	D	<u>\$ 1,177,181</u>	<u>\$ 1,743,724</u>

TOWN OF MORRISTOWN
SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH
SEWER UTILITY CAPITAL FUND
DECEMBER 31, 2021 AND 2020

D-5A

	Balance December 31, 2021	Balance December 31, 2020
Fund Balance	\$ 227,615	\$ 227,615
Contracts Payable	201,726	586,267
Reserve for Sewer Connection Fees	353,803	73,603
Capital Improvement Fund	152,000	152,000
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Improvements Description</u>	
72-10/88-06	Improvements to Sanitary Sewerage System (995)	(995)
08-10	Solar Energy Project (291,686)	(291,686)
16-26	Various Sewer Improvements 41,742	20,238
17-20	Various Sewer Improvements 160,084	19,668
18-41	Various Sewer Improvements 46,810	5,844
19-25	Various Sewer Improvements 448,557	454,120
20-07	Various Sewer Improvements 198,415	309,815
21-29	Various Sewer Improvements 205,653	-
	\$ 1,743,724	\$ 1,556,489
	<u>Ref.</u> D	D

CONSUMERS ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-6

Balance, December 31, 2020	D	\$ 177,771
Increased by:		
Sewer Rents Levied	Reserve	7,141,258
		7,319,029
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	D-3, D-5	7,062,864
Balance, December 31, 2021	D	\$ 256,165

See Independent Auditors' Report

TOWN OF MORRISTOWN
SEWER UTILITY FUND

FIXED CAPITAL
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-7

Balance, December 31, 2021 and 2020	<u>Ref.</u> D	<u>\$ 79,023,354</u>
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FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-8

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2020</u>	<u>2021 Authorizations Deferred Charges to Future Revenue</u>	<u>Balance December 31, 2021</u>
12-34	Sewer Complex Supplemental	\$ 625,000		\$ 625,000
16-26	Various Sewer Improvements	670,000		670,000
17-20	Various Sewer Improvements	670,000		670,000
18-41	Various Sewer Improvements	670,000		670,000
19-25	Various Sewer Improvements	487,000		487,000
20-27	Various Sewer Improvements	311,000		311,000
21-29	Various Sewer Improvements		\$ 250,000	250,000
		<u>\$ 3,433,000</u>	<u>\$ 250,000</u>	<u>\$ 3,683,000</u>

<u>Ref.</u>	D	D-20	D
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TOWN OF MORRISTOWN
SEWER UTILITY FUND

APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-9

	Balance		Balance	Paid or	Balance
	December 31, 2020				
	<u>Reserved</u>	<u>Encumbered</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Operating:					
Salary and Wages	\$ 50,587	\$ 1,712	\$ 12,299	\$ 1,871	\$ 10,428
Other Expenses		19,124	59,124	53,726	5,398
Other Sewer Expenses	<u>2,000</u>		<u>2,000</u>		<u>2,000</u>
	<u>\$ 52,587</u>	<u>\$ 20,836</u>	<u>\$ 73,423</u>	<u>\$ 55,597</u>	<u>\$ 17,826</u>
<u>Ref.</u>	D	D	Recalc	D-5	D-1

TOWN OF MORRISTOWN
SEWER UTILITY FUND

OVERPAYMENTS
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-10

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 4,470
Decreased by:		
Refunds	D-5	<u>689</u>
Balance, December 31, 2021	D	<u>\$ 3,781</u>

ACCRUED INTEREST ON BONDS AND NOTES
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-11

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 62,634
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	<u>82,919</u>
		145,553
Decreased by:		
Cancellation	D-1	23,757
Cash Disbursements	D-5	<u>82,919</u>
Balance, December 31, 2021	D	<u>\$ 38,877</u>
<u>Analysis of Balance</u>		
Bonds		\$ 34,021
Notes		<u>4,856</u>
		<u>\$ 38,877</u>

Analysis of Balance

	Interest on Bonds Due March 1,	Interest Due	Interest Rate	<u>Accrued</u>			
				From	To	Period	Amount
\$	980,000	\$ 49,000	5.00%	9/1/2021	12/31/2021	4 months	\$ 32,667
	<u>65,000</u>	2,113	3.13%	9/1/2021	12/31/2021	4 months	<u>1,354</u>
\$	<u>1,045,000</u>						<u>\$ 34,021</u>

	Interest on Loans Due Feb. 1,	Interest Due	Interest Rate	<u>Accrued</u>			
				From	To	Period	Amount
\$	422,000	\$ 8,440	2.00%	6/4/2021	12/31/2021	5.8 months	\$ 4,856
\$	<u>422,000</u>						<u>\$ 4,856</u>
\$	<u>1,467,000</u>						<u>\$ 38,877</u>

TOWN OF MORRISTOWN
SEWER UTILITY FUND

CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-12

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 152,000
Increased by:		
Budget Appropriation	D-5	250,000
		<u>402,000</u>
Decreased by:		
Finance Improvement Authorization	D-20	250,000
		<u>250,000</u>
Balance, December 31, 2021	D	<u>\$ 152,000</u>

PREPAID SEWER FEES
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-13

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 200,728
Increased by:		
Cash Receipts	D-5	86,564
		<u>86,564</u>
Balance, December 31, 2021	D	<u>\$ 287,292</u>

RESERVE FOR SEWER CONNECTION FEES
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-14

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 73,603
Increased by:		
Cash Receipts	D-5	480,200
		<u>480,200</u>
Decreased by:		
Realized in Operating Fund	D-5	200,000
		<u>200,000</u>
Balance, December 31, 2021	D	<u>\$ 353,803</u>

TOWN OF MORRISTOWN
SEWER UTILITY FUND

SERIAL BONDS
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-15

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u> <u>December 31, 2021</u>		<u>Interest Rate</u>		<u>Balance,</u> <u>December 31,</u> <u>2020</u>	<u>Decrease</u>	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	
			<u>Date</u>	<u>Amount</u>						
Refunding Bonds 2009	10/1/09	\$ 2,475,000	3/1/22 3/1/23	\$ 490,000 490,000	5.00 % 5.00	\$ 1,475,000	\$ 495,000	\$ 980,000		
Refunding Bonds 2011B	7/13/11	820,000	3/1/22	65,000	3.13 %	140,000	75,000	65,000		
							<u>\$ 1,615,000</u>	<u>\$ 570,000</u>	<u>\$ 1,045,000</u>	
							<u>Ref</u>	D	D-18	D

TOWN OF MORRISTOWN
SEWER UTILITY FUND

BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-16

<u>Ord No.</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2020</u>	<u>Decrease</u>	<u>Balance, December 31, 2021</u>
11-20 Improvements to Sewer Utility Complex	6/14/2012	6/4/2022	2.0%	\$ 922,000	\$ 500,000	\$ 422,000
				<u>\$ 922,000</u>	<u>\$ 500,000</u>	<u>\$ 422,000</u>
				<u>Ref.</u>	D	Below
		Pay Down			<u>\$ 500,000</u>	<u>\$ 500,000</u>
						<u>\$ 500,000</u>

TOWN OF MORRISTOWN
SEWER UTILITY FUND

CONTRACTS PAYABLE
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-17

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 586,267
Increased by:		
Improvement Authorizations Charged	D-20	201,726
		<u>787,993</u>
Decreased by:		
Improvement Authorizations - Adjustments	D-20	586,267
		<u>586,267</u>
Balance, December 31, 2021	D	<u>\$ 201,726</u>

RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-18

	<u>Ref.</u>	
Balance, December 31, 2020	D	\$ 76,863,673
Increased by:		
Paid by Budget Appropriation - BANs	D-16	\$ 500,000
Paid by Budget Appropriation - Serial Bonds	D-15	570,000
		<u>1,070,000</u>
Balance, December 31, 2021	D	<u>\$ 77,933,673</u>

TOWN OF MORRISTOWN
SEWER UTILITY FUND

D-19

DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

Ord. No.	<u>Improvement Description</u>	Balance December 31, 2020	Increases	Balance December 31, 2021
17-20	Various Sewer Improvements	\$ 670,000		\$ 670,000
18-41	Various Sewer Improvements	670,000		670,000
19-25	Various Sewer Improvements	487,000		487,000
20-27	Various Sewer Improvements	311,000		311,000
21-29	Various Sewer Improvements		\$ 250,000	250,000
		<u>\$ 2,138,000</u>	<u>\$ 250,000</u>	<u>\$ 2,388,000</u>
<u>Ref.</u>		D	D-12, D-20	D

TOWNSHIP OF MORRISTOWN
SEWER UTILITY FUND

IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-20

Ord. No	Improvement Description	Ordinance Amount	Balance December 31, 2020		2021 Authorization	PY Contracts Payable Applied	Paid or Charged	Balance December 31, 2021	
			Funded	Unfunded				Funded	Unfunded
12-34	Sewer Complex - Supplemental	\$ 625,000		\$ 625,000					\$ 625,000
08-10	Solar Energy Project	150,000				\$ 6,329	\$ 6,329		
15-21	Sludge Reduction Project	670,000				10,684	10,684		
16-26	Various Sewer Improvements	670,000	\$ 20,238			70,876	49,372	\$ 41,742	
17-20	Various Sewer Improvements	670,000	19,668			186,973	46,557	160,084	
18-41	Various Sewer Improvements	670,000	5,844			311,405	270,439	46,810	
19-25	Various Sewer Improvements	487,000	454,120				5,563	448,557	
20-27	Various Sewer Improvements	311,000	309,815				111,400	198,415	
21-29	Various Sewer Improvements	250,000			\$ 250,000		44,347	205,653	
			\$ 809,685	\$ 625,000	\$ 250,000	\$ 586,267	\$ 544,691	\$ 1,101,261	\$ 625,000
		<u>Ref.</u>	D	D	D-12	D-18	Below	D	D
							<u>Ref.</u>		
						Cash Disbursements	D-5	\$ 342,965	
						Contracts Payable	D-17	201,726	
								\$ 544,691	

TOWN OF MORRISTOWN
SEWER UTILITY FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

D-21

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>December 31,</u> <u>2021 and 2020</u>
72-10/88-06	Improvements to Sanitary Sewerage System	\$ 995
08-10	Solar Energy Project	291,686
12-34	Sewer Complex Supplemental	625,000
		<u>\$ 917,681</u>
		<u>Ref. D</u>

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

CASH - TREASURER
YEAR ENDED DECEMBER 31, 2021

E-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2020	E	\$ 90,160	\$ 945
Increased by Receipts:			
Received from Federal Aviation Administration	E-9		\$ 8,120,329
Received from DM Developers	E-6, E-11	\$ 221,274	57,500
Received from State of New Jersey	E-10		545,640
Interest on Investments	E-3	<u>508</u>	
		<u>221,782</u>	<u>8,723,469</u>
		311,942	8,724,414
Decreased by Disbursements:			
2021 Appropriations	E-4	910	
Contracts Payable	E-16		19,119
Transferred to Current Fund	E-18		8,704,350
Transferred to Current Fund	E-19	<u>218,000</u>	
		<u>218,910</u>	<u>8,723,469</u>
Balance, December 31, 2021	E	<u>\$ 93,032</u>	<u>\$ 945</u>

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

ANALYSIS OF CAPITAL CASH
DECEMBER 31, 2021 AND 2020

E-5a

	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>
Fund Balance	\$ 211	\$ 211
Due from FAA	(15,369,213)	(11,700,247)
Due from State of New Jersey	(1,142,024)	(815,776)
Due to Current Fund		21,000
Reserve for Future Improvements	106,517	106,517
Contracts Payable	15,620,791	856,843

<u>Ord. No.</u>	<u>Improvement Authorizations:</u>		
30-15	Runway 5-23 Keel Rehabilitation	40,072	40,072
40-16	Runway 31 Obstruction Removal	131,000	131,000
23-17	Fuel Farm Safety and Security	144,591	144,591
07-18	Certain Capital Improvements	4,000	4,000
09-20	Runway 5-23 Safety Area Phase V		400,421
28-20	Engineering Customs		590,000
35-20	Runway 5-23 Safety Area Phase VI		10,033,162
36-20	Runway 5-23 Safety Area Phase VII		189,151
27-21	Runway 13-31 Keel Rehabilitation Phase II	465,000	
		<u>\$ 945</u>	<u>\$ 945</u>

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

REVENUE ACCOUNTS RECEIVABLE
AIRPORT UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

E-6

Balance, December 31, 2020	<u>Ref.</u> E	\$ -
Increased by:		
Lease Rental Accrued	Reserve	206,000
		206,000
Decreased by:		
Cash Receipts	E-5	206,000
		206,000
Balance, December 31, 2021	E	\$ -

FIXED CAPITAL
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-7

	Balance December 31, 2020	Balance December 31, 2021
	\$	\$
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	4,608,153	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	1,181,643	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
Runway 5-23 Rehabilitation	5,241,000	5,241,000
Runway 5-23 Keel Rehabilitation	2,000,000	2,000,000
Rehabilitation of Taxiway B	914,671	914,671
Runway 23 Obstruction Removal	122,552	122,552
Runway 31 Obstruction Removal	131,000	131,000
Fuel Farm Safety and Security	276,500	276,500
Runway 23 Obstr. Removal Phase II	1,151,886	1,151,886
Environmental Assessment	149,960	149,960
Certain Capital Improvements	229,000	229,000
Certain Capital Improvements	2,083,084	2,083,084
Runway 13-31 Keel Rehabilitation Phase I	900,000	900,000
Runway 5-23 Safety Area Phase III	8,293,709	8,293,709
Runway 5-23 Safety Area Phase IV	209,387	209,387
	\$ 84,329,435	\$ 84,329,435
	<u>Ref.</u> E	<u>Ref.</u> E

See Independent Auditors' Report

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

E-8

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

<u>Ord No.</u>	<u>Improvement Description</u>	Balance, December 31, 2020	2021 Authorizations Deferred Reserve for Amortization	Balance, December 31, 2021
09-20	Runway 5-23 Safety Area Phase V	\$ 1,941,466		\$ 1,941,466
28-20	Engineering Customs	590,000		590,000
35-20	Runway 5-23 Safety Area Phase VI	10,033,162		10,033,162
36-20	Runway 5-23 Safety Area Phase VII	189,151		189,151
26-21	Rehab Runway 5-23 Phase IV		\$ 407,255	407,255
25-21	Improvement Runway 5-23 Safety Area Lighting Phase VIII		11,225,040	11,225,040
27-21	Runway 13-31 Keel Rehabilitation Phase II		575,000	575,000
			-	-
		<u>\$ 12,753,779</u>	<u>\$ 12,207,295</u>	<u>\$ 24,961,074</u>
	<u>Ref.</u>	E	E-13	E

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

DUE FROM FEDERAL AVIATION ADMINISTRATION
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-9

	<u>Ref.</u>	
Balance, December 31, 2020	E	\$ 11,700,247
Increased by:		
2021 Improvement Authorizations	E-13	11,789,295
		<u>23,489,542</u>
Decreased by:		
Cash Receipts	E-5	8,120,329
		<u>8,120,329</u>
Balance, December 31, 2021	E	<u>\$ 15,369,213</u>

DUE FROM STATE OF NEW JERSEY
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-10

	<u>Ref.</u>	
Balance, December 31, 2020	E	\$ 815,776
Increased by:		
2021 Improvement Authorizations	E-13	871,888
		<u>1,687,664</u>
Decreased by:		
Cash Receipts	E-5	545,640
		<u>545,640</u>
Balance, December 31, 2021	E	<u>\$ 1,142,024</u>

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

DUE FROM LESSEE
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-11

	<u>Ref.</u>	
Balance, December 31, 2020	E	\$ -
Increased by:		
2021 Improvement Authorizations	E-13	57,500
		<u>57,500</u>
Decreased by:		
Cash Received	E-5	57,500
		<u>57,500</u>
Balance, December 31, 2021	E	<u><u>\$ -</u></u>

APPROPRIATION RESERVES
AIRPORT UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

E-12

	<u>Balance, December 31, 2020</u>	<u>Balance After Transfers</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	\$ 1,000	\$ 1,000	\$ 1,000
	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>
<u>Ref.</u>	E		E-1

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

IMPROVEMENT AUTHORIZATIONS
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-13

<u>Ord. No.</u>	<u>Description</u>	<u>Amount</u>	<u>Balance December 31, 2020 Funded</u>	<u>Grants</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2021 Funded</u>
30-15	Runway 5-23 Keel Rehabilitation	\$ 2,000,000	\$ 40,072			\$ 40,072
40-16	Runway 31 Obstruction Removal	131,000	131,000			131,000
23-17	Fuel Farm Safety and Security	276,500	144,591			144,591
07-18	Certain Capital Improvements	229,000	4,000			4,000
09-20	Runway 5-23 Safety Area Phase V	1,941,466	400,421		\$ 400,421	
28-20	Engineering Customs	590,000	590,000		590,000	
35-20	Runway 5-23 Safety Area Phase VI	10,033,162	10,033,162		10,033,162	
36-20	Runway 5-23 Safety Area Phase VII	189,151	189,151		189,151	
26-21	Rehab Runway 5-23 Phase IV	407,255		\$ 407,255	407,255	
25-21	Improvement Runway 5-23 Safety Area Lighting Phas	11,225,040		11,225,040	11,225,040	
27-21	Runway 13-31 Keel Rehabilitation Phase II	575,000		575,000	110,000	465,000
			<u>\$ 11,532,397</u>	<u>\$ 12,207,295</u>	<u>\$ 22,955,029</u>	<u>\$ 784,663</u>
		<u>Ref.</u>	E	E-8	E-13, E-16	E
	Due from FAA	E-9		\$ 11,277,907		
	Due from NJDOT	E-10		871,888		
	Due from DM Developers	E-11		57,500		
		E-15		<u>\$ 12,207,295</u>		

See Independent Auditors' Report

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

RESERVE FOR AMORTIZATION
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-14

Ref.

Balance, December 31, 2021 and 2020	E	\$ <u>84,329,435</u>
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DEFERRED RESERVE FOR AMORTIZATION
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-15

Ref.

Balance, December 31, 2020	E	\$ 12,753,779
Increased by:		
2021 Authorizations	E-13	<u>12,207,295</u>
Balance, December 31, 2021	E, Below	<u>\$ 24,961,074</u>

<u>Description</u>	<u>Balance, December 31, 2021</u>
Runway 5-23 Safety Area Phase V	\$ 1,941,466
Engineering Customs	590,000
Runway 5-23 Safety Area Phase VI	10,033,162
Runway 5-23 Safety Area Phase VII	189,151
Rehab Runway 5-23 Phase IV	407,255
Improvement Runway 5-23 Safety Area Lighting Phase VIII	11,225,040
Runway 13-31 Keel Rehabilitation Phase II	<u>575,000</u>
	<u>\$ 24,961,074</u>

TOWN OF MORRISTOWN
AIRPORT UTILITY FUND

CONTRACTS PAYABLE
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-16

	<u>Ref.</u>	
Balance, December 31, 2020	E	\$ 856,843
Increased by:		
Charges to Improvement Authorizations	E-13	14,783,067
		<u>15,639,910</u>
Decreased by:		
Cash Disbursements	E-5	19,119
		<u>19,119</u>
Balance, December 31, 2021	E	<u>\$ 15,620,791</u>

RESERVE FOR FUTURE IMPROVEMENTS
AIRPORT UTILITY CAPITAL FUND
DECEMBER 31, 2021

E-17

	<u>Ref.</u>	
Balance, December 31, 2021 and 2020	E	<u>\$ 106,517</u>

DUE TO CURRENT FUND
AIRPORT UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2021

E-18

	<u>Ref.</u>	
Balance, December 31, 2020	E	\$ 21,000
Increased by:		
Loans from Current Fund	E-13	8,702,469
		<u>8,723,469</u>
Decreased by:		
Paid to Current Fund	E-5	8,723,469
		<u>8,723,469</u>
Balance, December 31, 2021	E	<u>\$ -</u>

TOWN OF MORRISTOWN
DUE TO CURRENT FUND
 AIRPORT UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	<u>E-19</u>
Balance, December 31, 2020		\$ -
Increased by:		
Fund Balance Anticipated by Current Fund	E-4	218,000
		218,000
Decreased by:		
Funds Disbursed to Current Fund	E-5	218,000
		218,000
Balance, December 31, 2021		\$ -

**TOWN OF MORRISTOWN
SUPPLEMENTARY DATA**

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

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 4,400,000	5.00%	\$ 4,430,000	5.19%
Miscellaneous – From Other Than Local				
Property Tax Levies	15,024,263	17.07%	13,498,201	15.83%
Collection of Delinquent Taxes	643,447	0.73%	718,822	0.84%
Collection of Current Tax Levy	66,053,611	75.05%	65,488,891	76.78%
Non-Budget Revenue	404,299	0.46%	278,839	0.33%
Other Credits to Income	1,483,238	1.69%	878,125	1.03%
	<u>87,970,322</u>	<u>100.00%</u>	<u>85,292,878</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	44,271,153	51.67%	41,122,831	49.83%
Transfer to Board of Education	199,731	0.23%	199,598	0.24%
County Taxes	7,918,674	9.24%	8,140,996	9.86%
Regional School Taxes	33,290,554	38.86%	33,065,794	40.07%
	<u>85,679,112</u>	<u>100.00%</u>	<u>82,529,219</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	2,329,746		2,763,659	
Fund Balance, Beginning of Year	<u>12,431,434</u>		<u>14,097,775</u>	
	14,761,180		16,861,434	
Decreased by: Utilization as Anticipated				
Revenue	<u>4,400,000</u>		<u>4,430,000</u>	
Fund Balance, End of Year	<u><u>\$ 10,361,180</u></u>		<u><u>\$ 12,431,434</u></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 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 200,000	2.61%	\$ 200,000	2.37%
Sewer Rents	7,062,864	92.34%	6,819,197	80.94%
Miscellaneous Revenue Anticipated	344,084	4.50%	1,156,916	13.74%
Miscellaneous Revenue Not Anticipated	-	0.00%	101	0.00%
Other Credits to Income	41,583	0.55%	248,556	2.95%
	<hr/>		<hr/>	
Total Income	7,648,531	100.00%	8,424,770	100.00%
	<hr/>		<hr/>	
EXPENDITURES				
Budget Expenditures				
Operating	2,109,258	57.90%	2,140,746	49.84%
Capital Improvements	250,000	6.85%	311,000	7.24%
Debt Service	1,152,919	31.65%	1,712,842	39.87%
Def. Charges & Statutory Expenditures	131,000	3.60%	131,000	3.05%
	<hr/>		<hr/>	
Total Expenditures	3,643,177	100.00%	4,295,588	100.00%
	<hr/>		<hr/>	
Excess Revenue	4,005,354		4,129,182	
Adjustment to Income Before Fund Balance Anticipated Surplus				
Appropriated to Current Fund Balance	3,800,000		3,800,000	
	<hr/>		<hr/>	
Statutory Excess in Revenue to Fund Balance	205,354		329,182	
Fund Balance, Beginning of Year	692,480		563,298	
	<hr/>		<hr/>	
	897,834		892,480	
Decreased by:				
Utilization by Sewer Operating Budget	200,000		200,000	
	<hr/>		<hr/>	
Fund Balance, End of Year	\$ 697,834		\$ 692,480	
	<hr/> <hr/>		<hr/> <hr/>	

See Independent Auditors' Report

**TOWN OF MORRISTOWN
SUPPLEMENTARY DATA**

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

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 13,000	5.51%	\$ 13,000	4.40%
Lease Rents	221,274	93.85%	276,591	93.61%
Non-Budget Revenue	508	0.22%	896	0.30%
Other Credits to Income	1,000	0.42%	5,000	1.69%
	<hr/>		<hr/>	
Total Income	235,782	100.00%	295,487	100.00%
	<hr/>		<hr/>	
EXPENDITURES				
Budget Expenditures	1,000	100.00%	1,000	100.00%
	<hr/>		<hr/>	
Total Expenditures	1,000	100.00%	1,000	100.00%
	<hr/>		<hr/>	
Excess in Revenue	234,782		294,487	
Adjustment to Income Before Fund Balance				
Anticipated Surplus Appropriated to				
Current Fund Balance	218,000		218,000	
	<hr/>		<hr/>	
Statutory (Deficit) / Excess in Revenue to Fund Balance	-		76,487	
Fund Balance, Beginning of Year	89,210		25,723	
	<hr/>		<hr/>	
	105,992		102,210	
Decreased by:				
Utilized as Anticipated Revenue	13,000		13,000	
	<hr/>		<hr/>	
Fund Balance, End of Year	\$ 92,992		\$ 89,210	
	<hr/> <hr/>		<hr/> <hr/>	

See Independent Auditors' Report

**TOWN OF MORRISTOWN
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ <u>2.872</u>	\$ <u>2.883</u>	\$ <u>2.882</u>
<u>Appointment of Tax Rate</u>			
Municipal	1.043	1.025	1.025
County	0.341	0.344	0.349
Library	0.042	0.045	0.044
Regional School	1.446	1.458	1.464
<u>Assessed Valuation</u>			
2021	\$ <u>2,296,447,513</u>		
2020		\$ <u>2,267,313,355</u>	
2019			\$ <u>2,269,605,655</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>	Percentage of <u>Collections</u>
	2021	\$ 66,621,767	\$ 65,518,550	98.34%
	2020	66,189,156	65,614,328	99.13%
	2019	65,580,524	64,968,473	99.07%

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.

December 31, <u>Year</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	<u>Total</u>	Percentage of <u>Levy</u>
2021	\$ 663,818	\$ 87,045	\$ 750,863	1.15%
2020	633,906	75,521	709,427	1.08%
2019	591,656	136,328	727,984	1.12%

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>
2021	\$ 2,193,200
2020	2,193,200
2019	2,193,200

Comparison of Sewer Utility Levies and Collections

<u>Year</u>	<u>Billing</u>	<u>Cash Collections (*)</u>	<u>Percentage of Collection</u>
2021	\$ 7,141,258	\$ 7,062,864	98.90%
2020	7,520,746	6,819,197	90.67%
2019	7,606,848	7,600,873	99.92%

* Includes collection of prior year receivables

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance as of December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2021	\$ 10,361,180	\$ 3,800,000
	2020	12,431,434	4,440,000
	2019	14,097,775	4,430,000
Sewer Utility Operating Fund	2021	\$ 697,834	\$ 300,000
	2020	692,480	200,000
	2019	563,298	200,000
Airport Utility Operating Fund	2021	\$ 92,992	\$ 9,000
	2020	89,210	13,000
	2019	25,723	13,000

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

PART III

**SINGLE AUDIT SECTION
YEAR ENDED DECEMBER 31, 2021**



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

Independent Auditors' Report

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the regulatory basis financial statements of the Town of Morristown ("Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 30, 2022 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Town'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 or significant deficiencies may exist that were not identified.

PKF O'CONNOR DAVIES, LLP
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**The Honorable Mayor and Members
of the Town Council
Town of Morriston
Morristown, New Jersey**

Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's 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 financial statements. 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* and by the Division.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 30, 2022

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520



**Report on Compliance for Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the Uniform
Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Town of Morristown, New Jersey's ("Town"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Town's major federal and state programs for the year ended December 31, 2021. The Town's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

PKF O'CONNOR DAVIES, LLP
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**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

**The Honorable Mayor and Members
of the Town Council
Town of Morristown
Morristown, New Jersey**

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Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 30, 2022

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520

TOWN OF MORRISTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Number	Federal A.L. No.	Passed Through Entity Identifying Number	Passed Through To Sub Recipients	Award Amount	2021 Cash Received	Payments To Sub-recipients	12/31/21 Expenditures	Cumulative Expenditures
US Department of Housing and Urban Development									
Community Development Block Grant: 2021 Caldwell Playground Total U.S. Department of Housing and Urban Development	B-09-UV-34-0101	14.218	Not applicable	Not applicable	\$ 80,000	\$ -		\$ 80,000	\$ 80,000
						-		80,000	80,000
US Department of Justice									
Equitable Sharing Total US Department of Justice	NJ0142400	16.922	Not applicable	Not applicable	1,684,585	16,984		56,045	1,684,585
						16,984		56,045	1,684,585
US Department of the Treasury									
American Rescue Plan (ARP) Coronavirus Relief Fund Total Department of the Treasury		21.027 21.019	Not applicable Not applicable	Not applicable Not applicable	1,008,010 298,334	1,008,010 206,310		336,748 206,310	336,748 298,334
						1,214,320		543,058	635,082
US Department of Transportation									
<u>Airport Improvement Program:</u>									
2017 Runway 13-31 Environmental Removal 2020 Runway 5-23 Safety Area Phase V 2020 Engineering Customs BP 2020 Runway 5-23 Safety Area Phase III & IV 2020 Runway 5-23 Safety Area Phase II Total Airport Improvement Program	6070-100-XXX	20.106	Not applicable	Not applicable	149,960 1,941,466 590,000 10,033,162 189,151	17,207 7,263 185,850 6,991,417 170,236		17,207 7,263 185,850 6,991,417 170,236	17,207 7,263 185,850 6,991,417 170,236
						7,371,973		7,371,973	7,371,973
<u>Highway Planning and Construction</u>									
<u>Passed Through New Jersey Department of Transportation</u>									
NJ DOT MLK Promenade Transit Connection Pedestrian Safety Grant - Federal Highway Safety Total Highway Planning and Construction	2020-DT-DLA-538 PS-21-45-01-28	20.205 20.205	Not applicable Not applicable	Not applicable Not applicable	217,454 15,000	- 11,755		16,138 14,000	201,316 14,000
						11,755		30,138	215,316
Total US Department of Transportation						7,383,728		7,402,111	7,587,289
<u>Highway Training and Education</u>									
<u>Passed Through New Jersey Department of Transportation</u>									
2020 Drive Sober or Get Pulled Over Total Highway Training and Education		20.216	066-1160-100-165	Not applicable	5,500	1,361		-	-
						1,361		-	-
Total U.S. Department of Transportation						7,385,089		7,402,111	7,587,289
US Department of Homeland Security									
Assistance to Firefighters: 2009 Regional 2020 Presidential Residence Protection Security Grant Total US Department of Homeland Security:	EMW-2009-FO-11636 EMW-2020-GR-00244	97.044 97.134	Not applicable Not applicable	Not applicable Not applicable	200,911 36,103	- 36,103		1,182 36,103	178,850 36,103
						36,103		37,285	214,953
TOTAL FEDERAL AWARDS						\$ 8,652,496	\$ -	\$ 8,118,499	\$ 10,201,909

The accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**TOWN OF MORRISTOWN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED DECEMBER 31, 2021**

State Funding Department and Description	Grant Number	Passed Through Entity Identifying Number	Passed Through To Sub Recipients	Award Amount	2021 Cash Received	12/31/2021 Expenditures	Cumulative Expenditures
<u>Department of Transportation (Airport Utility)</u>							
Airport Safety Fund	100-078-6070	Not applicable	Not applicable				
2017 Runway 13-31 Environmental Removal				\$ 149,960	\$ 956	\$ 956	\$ 956
2020 Runway 5-23 Safety Area Phase V				1,941,466	403	403	403
2020 Engineering Customs BP				590,000	10,325	10,325	10,325
2020 Runway 5-23 Safety Area Phase III & IV				10,033,162	388,412	388,412	388,412
2020 Runway 5-23 Safety Area Phase II				189,151	9,458	9,458	9,458
Total Airport Safety Fund					<u>409,554</u>	<u>409,554</u>	<u>409,554</u>
NJ DOT Washington Street Phase IV		Not applicable	Not applicable	315,000	227,382	275,512	275,512
NJ DOT Train Improvements		Not applicable	Not applicable	50,000	-	30,407	30,407
NJ DOT Lafayette		Not applicable	Not applicable	200,000	87,500	142,164	142,164
Total Other Department of Transportation Fund					<u>314,882</u>	<u>448,083</u>	<u>448,083</u>
Total Department of Transportation					<u>724,436</u>	<u>857,637</u>	<u>857,637</u>
<u>Department of Justice</u>							
Alcohol Education - DWI Program year 2014		Not applicable	Not applicable	1,017	-	143	143
Alcohol Education Rehabilitation Program year 2016		Not applicable	Not applicable	1,752	-	1,752	1,752
Alcohol Education - Specialized Supplies Program year 2020		Not applicable	Not applicable	400	-	400	400
Total Department of Justice					<u>-</u>	<u>2,295</u>	<u>2,295</u>
<u>Department of Law and Public Safety</u>							
Body Armor Grant Program Year 2021	100 022 8050 184	Not applicable	Not applicable	4,122	4,122	-	-
Bullet Proof Vests Program Year 2019		Not applicable	Not applicable	20,202	-	179	179
Total Department of Law and Public Safety					<u>4,122</u>	<u>179</u>	<u>179</u>
<u>Department of Environmental Protection</u>							
Recycling Tonnage Grant Program Year 2015 and Prior	4900-752-178840-60	Not applicable	Not applicable	53,847	-	27,575	51,526
Program Year 2019 and Prior				136,691	-	95,946	95,946
Total Recycling Tonnage Grant					<u>-</u>	<u>123,521</u>	<u>147,472</u>
Clean Communities Grant Program Program Year 2019	4900-765-178900	Not applicable	Not applicable	34,928	33,348	-	-
Program Year 2020	4900-765-178900	Not applicable	Not applicable	62,346	-	62,346	62,346
Total Clean Communities Grant Program					<u>33,348</u>	<u>62,346</u>	<u>62,346</u>
Water Quality Grant Program Year 2015 and Prior	Not applicable	Not applicable	Not applicable	12,654	-	4,895	4,895
Total Water Quality Grant					<u>-</u>	<u>4,895</u>	<u>4,895</u>
Forestry / Tree Planting Grant Program Year 2020	Not available	Not available	Not available	250	187	-	-
Program Year 2021	Not available	Not available	Not available	31,000	2,500	-	-
Total Forestry / Tree Planting Grant					<u>2,687</u>	<u>-</u>	<u>-</u>
Total Department of Environmental Protection					<u>36,035</u>	<u>190,762</u>	<u>214,713</u>
<u>Department of Consumer Affairs</u>							
Fire Grant FM Global Program Year 2020	Not available	Not available	Not available	3,400	-	3,400	3,400
Total Department of Consumer Affairs					<u>-</u>	<u>3,400</u>	<u>3,400</u>
TOTAL STATE FINANCIAL ASSISTANCE					<u>\$ 764,593</u>	<u>\$ 1,054,273</u>	<u>\$ 1,075,929</u>

The accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**TOWN OF MORRISTOWN
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2021**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Town of Morristown. The Town is defined in Note 1 to the financial statements. To the extent identified, the federal awards and state financial assistance that passed through other governmental agencies is included on the schedules of expenditures of federal awards and state financial assistance.

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 1 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.

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures of federal awards and state financial assistance agree with the amounts reported in the related federal and state financial reports, where required.

NOTE 5 INDIRECT COST RATE

The Town has elected not to use the ten percent de minimis indirect cost rate as allowed by the Uniform Guidance.

NOTE 6 RECONCILIATION OF CARES ACT FUNDING

The Town was awarded \$99,858 in CARES Act funding. The Town expended \$99,858 in the Trust Fund.

**TOWN OF MORRISTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified for Regulatory Basis

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 None

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>A.L. Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation Airport Improvement Program
21.027	U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**TOWN OF MORRISTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditors’ Results

State Financial Assistance Section

Dollar threshold used to distinguish between
Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? X Yes No

Type of auditors’ report issued on compliance
for major programs Unmodified

Internal Control over major programs:

Material weakness(es) identified Yes X No

Significant deficiency(ies) that are not
considered to be material weakness(es)? Yes X No

Any audit findings disclosed that are required to be
reported in accordance with NJOMB Circular
15-08 as applicable Yes X No

Identification of major state programs:

GMIS/Program Number

100-078-6070

Name of State Program or Cluster

New Jersey Department of Transportation -
Airport Safety Fund

**TOWN OF MORRISTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Part II – Schedule of Financial Statements Findings

None.

Part III – Major Federal Awards and State Financial Assistance Findings and Questioned Costs

None.

**TOWN OF MORRISTOWN
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

None.

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

PART IV

GENERAL COMMENTS

YEAR ENDED DECEMBER 31, 2021

TOWN OF MORRISTOWN
OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Timothy P. Dougherty	Mayor		
Stefan Armington	Council Member – President		
Toshiba Foster	Council Member – Vice President		
Tawanna Cotton	Council Member		
Michael Elms	Council Member		
Robert Iannaccone	Council Member		
Sandi Mayer	Council Member		
David Silva	Council Member		
Jillian Barrick	Business Administrator		
Margot Kaye	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		
Joseph Curlo	Superintendent of Public Works		
Joel Rutkowski	Public Works Supervisor		
John Dean	Wastewater Treatment Supervisor		
David Mincello	Director of Law/Municipal Attorney		
Joni Noble-McDonnell	Assistant Municipal Attorney		
Terry Webb	Public Defender		
Robert Rudy III	Municipal Prosecutor		
Anthony Devizio	Engineer		
William Pinilis	Magistrate	1,000,000	Garden State Municipal Joint Ins. Fund
Vacant	Magistrate	1,000,000	Garden State Municipal Joint Ins. Fund
Heather Prokop	Court Administrator	1,000,000	Garden State Municipal Joint Ins. Fund
Darnell Richardson	Acting Chief of Police		
Robert Flanagan	Fire Chief		
Al Chiefo	Director of Code Enforcement		
James Gonroski	Plumbing Sub-Code Official		
Brian Mulligan	Construction Official/Building Sub-code Official		
William O'Connor	Electrical Sub-code Official		
Tim Culver	Fire Sub-code Official		
Carlos Perez	Health Officer		
James Cambell	Zoning Officer		
Amanda Applegate	Recreation Manager		

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

TOWN OF MORRISTOWN GENERAL COMMENTS

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 the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Town Attorney should be sought before a commitment is made.

As of July 1, 2020, in accordance with the provisions of N.J.S.A. 18A:18A-3, the bidding threshold increased to \$44,000 based on the appointment of a qualified purchasing agent.

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 rolls.

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.

The Governing Body on January 5, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer accounts:

BE IT FURTHER RESOLVED that the interest charged on 2021 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 NJ.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.

BE IT FURTHER RESOLVED, that the Collector is authorized to transfer amounts of \$10.00 or less to surplus per NJSA 40A:5-17.1.

BE IT FURTHER RESOLVED that the fee charged for checks returned due to insufficient funds or any other reason shall be \$20.00 per 40:5-18. That fee shall be collected first when collecting the return check amount

BE IT FURTHER RESOLVED that the fee charged for providing a duplicate bill shall be \$5.00 per NJSA 54:4-64D

BE IT FURTHER RESOLVED that the fee charged for a Tax Search shall be \$10.00 per NJSA 54:5-14 and \$2.00 for a continuation within 3 years.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held was during June 16, 2021. 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>
2021	3
2020	2
2019	3

Cybersecurity

As part of its overall risk management, the Town reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Town Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on the basis of a statistical sampling of claims approved and paid. Not attempt was made in this connection to establish proof of prices or receipts of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from employees' individual gross salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittance to authorized agencies of the amounts deducted were ascertained.

The totals of outstanding checks shown in the Cash Reconciliations appearing herein are in agreement with the records in the Office of the Town Treasurer as well as with independent verifications made part of this examination.

A copy of this report was filed with the State of New Jersey, Director of the Division of Local Government Services, Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Town Clerk.

RECOMMENDATIONS

None.

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Town officials and employees during the course of the examination.

Respectfully submitted,

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 30, 2022

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520