

THE TOWN OF



MORRISTOWN

TOWN OF MORRISTOWN  
MORRIS COUNTY, NEW JERSEY

REPORT OF AUDIT

YEARS ENDED DECEMBER 31, 2023 and 2022

# TOWN OF MORRISTOWN

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

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**PART I**

**INDEPENDENT AUDITORS' REPORT**  
**REGULATORY BASIS FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 and 2022**



## **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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, 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 revenues and statements of expenditures for the year ended December 31, 2023 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 Services, 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, 2023 and 2022, 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 – Supplementary 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 June 28, 2024 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  
June 28, 2024

*Anthony Branco*

Anthony Branco, CPA  
Registered Municipal Accountant, No. 595

TOWN OF MORRISTOWN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

A  
Sheet # 1

ASSETS	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT FUND</b>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 13,183,526	\$ 13,966,419
Cash - Change Funds	A-5	250	250
Due from State- Other	A-24	1,815	1,695
		<u>13,185,591</u>	<u>13,968,364</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-7	1,361,567	409,352
Special Improvement District Taxes Receivable	A-8	18,617	18,230
Tax Title Liens Receivable	A-9	186,027	43,098
Demolition Liens Receivable	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	51,287	40,835
Due from Southeast Morris County MUA	A-14	1,555,817	1,585,817
Due from Grant Fund	A-16	1,737	110
Due from Sewer Operating			16,529
Due from Trust Other	A-16	3,519	
Due from Recreation Fund	A-16	652	
Due from Animal Control	A-16	4,106	52,556
Due from State Unemployment Insurance Trust	A-16	498	297
Due from Self Insurance Trust	A-16	2,487	961
Due from FSA Account Trust			47,300
Due from General Capital	A-16	7,354	1,310
		<u>5,389,814</u>	<u>4,412,541</u>
Deferred Charges - Special Emergency	A-30	400,000	500,000
Total Current Fund		<u>18,975,405</u>	<u>18,880,905</u>
<b>GRANT FUND</b>			
Cash and Cash Equivalents	A-4	421,375	655,504
Grants Receivable	A-25	3,884,963	3,722,966
Total Grant Fund		<u>4,306,338</u>	<u>4,378,470</u>
Total		<u>\$ 23,281,743</u>	<u>\$ 23,259,375</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

A  
Sheet # 2

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE			
CURRENT FUND			
Liabilities			
Appropriation Reserves	A-3, A-13	\$ 2,248,372	\$ 2,766,239
Encumbrances Payable	A-3, A-13	537,415	604,502
Accounts Payable	A-17	317,138	319,435
Prepaid Taxes	A-20	488,839	523,741
Tax Overpayments			21,138
Special Improvement District Tax Prepays	A-22	26,766	27,440
Special Improvement District Taxes Payable	A-23	24,126	22,324
County Taxes Payable- Added and Omitted	A-18	275,439	32,361
Regional School Taxes Payable			197,771
Due to State Senior Citizen and Veterans Deductions	A-6	10,636	10,636
Due to Equitable Sharing Fund			2,033
Reserve for Tax Appeals	A-29	200,000	200,000
PILOT Payments Due to County	A-31	116,743	83,889
Reserve for State Aid - Municipal Tax Relief	A-32	299,212	149,637
Reserve for Revaluation	A-33	140,287	423,123
		<u>4,684,973</u>	<u>5,384,269</u>
Reserve for Receivables and Other Assets		5,389,814	4,412,541
Fund Balance	A-1	<u>8,900,618</u>	<u>9,084,095</u>
Total Current Fund		<u>18,975,405</u>	<u>18,880,905</u>
GRANT FUND			
Due to Current Fund	A-26	1,737	110
Encumbrances Payable	A-27	224,283	471,046
Reserve for Appropriated Grants	A-28	3,831,993	2,756,261
Reserve for Unappropriated Grants	A-15	<u>248,325</u>	<u>1,151,053</u>
Total Grant Fund		<u>4,306,338</u>	<u>4,378,470</u>
Total		<u>\$ 23,281,743</u>	<u>\$ 23,259,375</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, 2023 AND 2022

A-1

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 3,600,000	\$ 3,800,000
Miscellaneous Revenue Anticipated	A-2	18,450,641	14,987,622
Delinquent Taxes	A-2	417,569	667,292
Current Taxes	A-2	67,169,624	67,101,146
Non-Budget Revenue	A-2	776,959	334,885
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	1,297,945	1,203,197
Due from State- Other	A-24	120	1,695
Total Revenues		<u>91,712,858</u>	<u>88,095,837</u>
Expenditures:			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	18,201,660	18,563,813
Other Expenses	A-3	18,960,344	17,017,726
Capital Improvements	A-3	150,000	150,000
Municipal Debt Service	A-3	3,433,598	3,128,144
Deferred Charges and Statutory Expenditures	A-3	5,664,217	5,087,110
Transferred to Regional School Board of Education	A-3	197,063	197,771
Refund of Prior Year Revenues			24,218
Special Improvement District Taxes	A-23	595,334	595,652
Interfunds Advanced	A-16	3,519	66,613
County Taxes	A-18	7,375,136	7,424,499
County Open Space Taxes	A-18	185,869	185,388
Due County - Added Taxes	A-18	275,439	32,361
Prepaid County Taxes			120,799
Regional School Taxes	A-19	33,254,156	33,311,673
Prepaid School Taxes			94,296
PILOT Payments to County			71,165
Due from State of NJ			1,695
Total Expenditures		<u>88,296,335</u>	<u>86,072,923</u>
Excess of Revenue Over Expenditures		3,416,523	2,022,914
Adjustment to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years:			
Special Emergency			<u>500,000</u>
Statutory Excess in Fund Balance		3,416,523	2,522,914
Fund Balance, Beginning of Year	A	<u>9,084,095</u>	<u>10,361,181</u>
		12,500,618	12,884,095
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>3,600,000</u>	<u>3,800,000</u>
Fund Balance, End of Year	A	<u>8,900,618</u>	<u>\$ 9,084,095</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	<u>\$ 3,600,000</u>		<u>\$ 3,600,000</u>	
Miscellaneous Revenues					
Licenses:					
Alcoholic Beverages	A-12	89,700		85,250	\$ (4,450)
Other	A-12	140,000		151,419	11,419
Fees and Permits	A-12	540,000		557,560	17,560
Municipal Court - Fines and Costs	A-12	483,000		819,259	336,259
Interest and Costs on Taxes	A-12	114,000		116,288	2,288
Interest on Investments and Deposits	A-12	78,000		603,187	525,187
Annual Fee S.M.C.M.U.A.	A-14	30,000		30,000	
Swimming Pool Fees	A-12	150,000		160,508	10,508
Cablevision Fees	A-12	204,335		204,335	
Consolidated Municipal Property Tax Relief Aid	A-12	2,888,428		2,888,428	
Municipal Relief Fund Aid 2023	A-32	149,637		149,637	
Uniform Construction Code Fees	A-12	1,300,000		1,846,497	546,497
American Rescue Plan - Revenue Loss	A-12	500,000		500,000	
NJ DOT Roads	A-25	324,695		324,695	
NJ Association of Health Officials	A-25	154,330		154,330	
Community Development Block Grant - Gramby	A-25	125,000		125,000	
American Rescue Fire Grant	A-25	50,000		50,000	
Shade Tree 2023	A-25	3,000		3,000	
American Rescue Plan	A-25		\$ 1,008,011	1,008,011	
Stormwater Assistance	A-25		25,000	25,000	
Click It or Ticket	A-25		7,000	7,000	
Lead Assistance	A-25		30,800	30,800	
Recycling Tonnage	A-25		19,221	19,221	
Morris Trail Construction Grant - Kelitman Woods Trail	A-25		157,980	157,980	
2023 Transit Village Phase II	A-25		86,000	86,000	
2023 Washington Phase V	A-25		495,000	495,000	
National Opioid Settlement Allocation	A-25		21,248	21,248	
Utility Operating Surplus - Airport Utility	A-12	219,000		220,000	1,000
Shared Services - Parking Authority QPA	A-12	10,925		10,925	
Uniform Safety Act	A-12	52,750		58,287	5,537
Rental of Property - Leases	A-12	167,228		178,776	11,548
Police Outside Duty - Administration Fees	A-12	125,000		125,000	
Anticipate General Capital Surplus	A-12	175,000		175,000	
Contribution from Sewer Utility for Indirect Costs	A-12	131,000		132,973	1,973
Hotel/Motel Tax	A-12	491,000		618,216	127,216
Rent Leveling Registration	A-12	80,000		78,110	(1,890)
PILOT - M Station	A-12	289,456		283,511	(5,945)
PILOT - Max on Morris	A-12	91,666		87,083	(4,583)
PILOT - CVS	A-12	74,000		70,300	(3,700)
PILOT - 55 Market Urban Renewal	A-12	180,000		174,800	(5,200)
PILOT - Housing Authority	A-12	164,290		164,290	
PILOT - Urban Renewal - Mill Creek	A-12	617,000		586,150	(30,850)
PILOT - Leona Morris Street	A-12	60,000		57,000	(3,000)
PILOT - Mill Creek Vertical 31-41 Market	A-12	140,000		127,300	(12,700)
PILOT - 55 Prospect (Modera)	A-12	556,000		528,200	(27,800)
Atlantic Health Settlement	A-12	354,637		355,067	430
Anticipated Sewer Utility Operating Surplus	A-12	<u>3,800,000</u>		<u>3,800,000</u>	
Total Miscellaneous Revenues	A-1	<u>\$ 15,103,077</u>	<u>\$ 1,850,260</u>	<u>\$ 18,450,641</u>	<u>\$ 1,497,304</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	\$ 570,000		\$ 417,569	\$ (152,431)
Budget Totals		19,273,077	\$ 1,850,260	22,468,210	1,344,873
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	26,247,987		26,228,130	(19,857)
Budget Revenues	A-3	<u>\$ 45,521,064</u>	<u>\$ 1,850,260</u>	\$ 48,696,340	<u>\$ 1,325,016</u>
Non-Budget Revenues	A-1, A-4			<u>776,959</u>	
				<u>\$ 49,473,299</u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-2  
Sheet # 3

	<u>Ref.</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collection	A-1, A-7, A-8	\$ 67,169,624
Allocated to Regional School and County Taxes	A-18, A-19	<u>41,685,934</u>
		25,483,690
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>744,440</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 26,228,130</u></u>
ANALYSIS OF REALIZED DELINQUENT TAXES		
Delinquent Taxes	A-7	\$ 409,352
Tax Title Liens	A-9	8,217
	A-1	<u><u>\$ 417,569</u></u>
Miscellaneous Revenue Not Anticipated		
Insurance Refunds		\$ 4,347
Reimbursements		19,725
Prior Year Refunds		16,114
Photostats, Duplicate Bills, Specs		60
Payments in Lieu of Taxes		361,861
Towing Administrative Fees		5,975
Lien Fees		4,268
Zoning Ordinances		40,000
Sale of Municipal Assets		3,144
Other		<u>321,465</u>
	A-1, A-4	<u><u>\$ 776,959</u></u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
Sheet # 1

	Appropriations		Expended			Unexpended Balance Canceled
Appropriation	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS						
OPERATIONS WITHIN "CAPS"						
Department of Administration						
Town Clerk						
Salaries and Wages	\$ 272,328	\$ 272,328	\$ 272,309		\$ 19	
Other Expenses	87,566	87,566	69,767	\$ 7,902	9,897	
Business Administrator						
Salaries and Wages	421,042	421,042	410,385		10,657	
Other Expenses	134,073	134,073	122,723	7,280	4,070	
Senior Citizens						
Salaries and Wages	32,289	32,289	23,988		8,301	
Other Expenses	33,567	33,567	30,983	1,603	981	
Vital Statistics						
Salaries and Wages	126,124	126,124	126,014		110	
Other Expenses	15,992	15,992	7,179	3,154	5,659	
Purchasing						
Other Expenses	293,000	293,000	258,846	6,316	27,838	
Department of Public Safety						
Public Safety Director						
Salaries and Wages	158,791	158,791	157,115		1,676	
Other Expenses	6,100	6,100	982	67	5,051	
Police						
Salaries and Wages	6,425,290	6,425,290	6,384,017		41,273	
Salaries and Wages ARP	500,000	500,000	500,000			
Other Expenses	290,076	290,076	199,347	62,131	28,598	
Fire						
Salaries and Wages	3,570,200	3,570,200	3,538,709	2	31,489	
Other Expenses	383,390	383,390	350,241	32,573	576	
Emergency Management Services						
Other Expenses	6,000	6,000		3,632	2,368	
Treasurer						
Salaries and Wages	417,297	417,297	416,885		412	
Other Expenses	121,981	121,981	57,386	47,299	17,296	
Tax Collector						
Salaries and Wages	234,718	234,718	230,728		3,990	
Other Expenses	22,115	22,115	17,425	4,159	531	
Tax Assessor						
Salaries and Wages	121,607	121,607	121,607			
Other Expenses	156,064	156,064	48,413	9,055	98,596	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	\$ 118,485	\$ 118,485	\$ 118,485			
Other Expenses	53,300	53,300	30,265	\$ 139	\$ 22,896	
Department of Public Health						
Salaries and Wages	388,956	378,956	378,683		273	
Other Expenses	37,315	37,315	17,977	3,280	16,058	
Rent Leveling						
Salaries and Wages	33,978	33,978	33,978			
Other Expenses	1,910	1,910		149	1,761	
Animal Control						
Salaries and Wages	68,750	68,750	66,700		2,050	
Other Expenses	14,425	14,425	11,334		3,091	
Property Maintenance						
Salaries and Wages	362,134	388,134	387,697		437	
Other Expenses	3,900	3,900	1,192	2,014	694	
Zoning						
Salaries and Wages	209,617	220,617	220,617			
Other Expenses	3,720	3,720	750	370	2,600	
Department of Public Works						
Public Works						
Salaries and Wages	2,571,504	2,418,184	2,295,177	140	122,867	
Other Expenses	1,747,668	1,747,668	1,245,783	231,056	270,829	
Recycling						
Salaries and Wages	100,290	100,290	89,911		10,379	
Other Expenses	1,827,725	1,827,725	1,668,483	28,581	130,661	
Bus Transportation						
Salaries and Wages	23,999	23,999	22,661		1,338	
Other Expenses	3,500	3,500			3,500	
Planning						
Salaries and Wages	22,000	30,000	27,264		2,736	
Other Expenses	229,885	329,885	300,953	27,610	1,322	
Engineering Services and Costs						
Salaries and Wages	277,871	277,871	277,297		574	
Other Expenses	11,485	11,485	6,242	3,122	2,121	
Recreation						
Salaries and Wages	202,760	202,760	182,825		19,935	
Other Expenses	59,018	59,018	40,781	2,652	15,585	
Burnham/Cauldwell Pools						
Salaries and Wages	225,000	192,000	191,760		240	
Other Expenses	102,643	102,643	95,392	7,251		
Legal						
Other Expenses	430,000	430,000	369,644	8,098	52,258	
Municipal Prosecutor						
Other Expenses	55,000	55,000	42,500	3,000	9,500	
Insurance						
Other Expenses	985,000	991,000	984,134	5,164	1,702	
Group Hospitalization/Health Waivers						
Other Expenses	7,060,029	7,060,029	6,336,027	8	723,994	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	5,000			
Maintenance of the Green						
Other Expenses	20,000	20,000	20,000			
Shade Tree Commission						
Other Expenses	1,250	1,250	435	\$ 815		
Morristown Book Festival						
Other Expenses	2,500	2,500			2,500	
Environmental Commission						
Other Expenses	1,250	1,250	274		976	
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	722,530	747,530	735,923		11,607	
Other Expenses	368,330	368,330	286,258	23,854	58,218	
Municipal Court						
Salaries and Wages	401,420	420,420	419,850		570	
Other Expenses	42,555	42,555	28,693	3,278	10,584	
Public Defender						
Other Expenses	25,000	25,000	16,850	1,005	7,145	
Unclassified						
Reserve for Retirement and Sick Pay	150,000	150,000	13,755		136,245	
Reserve for Salary Increase	150,000	150,000	84,783		65,217	
Total Operations Within "CAPS"	32,992,044	32,990,724	30,437,883	536,759	2,016,082	
Contingent	5,000	5,000	2,500		2,500	
Total Operations Including Contingent Within "CAPS"	32,997,044	32,995,724	30,440,383	536,759	2,018,582	
Detail:						
Salaries and Wages	18,308,980	18,201,660	17,729,123	142	472,395	
Other Expenses	14,688,064	14,794,064	12,711,260	536,617	1,546,187	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	\$ 10,190	\$ 10,190	\$ 10,190			
Statutory Expenditures - Contributions to:						
Social Security System (O.A.S.I.)	729,643	729,643	729,487		\$ 156	
Public Employees' Retirement System	1,179,746	1,179,746	1,179,746			
Police and Firemen's Retirement System of N.J.	14,500	14,500	1,969		12,531	
Consolidated Police and Firemen's Pension Fund	3,610,338	3,610,338	3,610,337		1	
DCRP	19,800	19,800	12,800		7,000	
Total Deferred Charges and Statutory Expenditures	5,564,217	5,564,217	5,544,529		19,688	
Total General Appropriations for Municipal Purposes Within "CAPS"	38,561,261	38,559,941	35,984,912	\$ 536,759	2,038,270	
OPERATIONS - EXCLUDED FROM "CAPS"						
Free Public Library						
Direct Aid						
Other Expenses	980,755	980,755	980,754		1	
Reserve for Tax Appeals	300,000	300,000	90,114		209,886	
Shared Services -Morris County Radio Dispatch	368,740	368,740	368,740			
Shared Services - Parking Authority QPA	9,500	9,500	9,500			
Public and Private Programs Offset by Revenues:						
NJ DOT Roads	324,695	324,695	324,695			
NJ Association of Health Officials Grant	154,330	154,330	154,330			
CDBG Gramby	125,000	125,000	125,000			
American Rescue Fire Grant	50,000	50,000	50,000			
Shade Tree 2023 Grant - One Tree Planted	3,000	3,000	3,000			
American Rescue Plan		1,008,011	1,008,011			
Stormwater Assistance		25,000	25,000			
Click It or Ticket		7,000	7,000			
Lead Assistance		30,800	30,800			
Recycling Tonnage		19,221	19,221			
Morris Trail Construction Grant - Kelitman Woods Trail		157,980	157,980			
2023 Transit Village Phase II		86,000	86,000			
2023 Washington Phase V		495,000	495,000			
National Opioid Settlement Allocation		21,248	21,248			
Total Operations - Excluded from "CAPS"	2,316,020	4,166,280	3,956,393		209,887	
Detail:						
Salaries and Wages		1,008,011	1,008,011			
Other Expenses	2,316,020	3,158,269	2,948,382		209,887	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

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	74,129	\$ 656	\$ 215	
Total Capital Improvements	150,000	150,000	149,129	656	215	
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	2,450,000	2,450,000	2,450,000			
Interest on Bonds	983,600	983,600	983,598			\$ 2
Interest on Notes	20,000	20,000				20,000
Total Municipal Debt Service	3,453,600	3,453,600	3,433,598			20,002
DEFERRED CHARGES- MUNICIPAL EXCLUDED FROM "CAPS"						
Deferred Charges:						
Special Emergency Authorization - 5 Years - Revaluation	100,000	100,000	100,000			
Total Deferred Charges- Municipal Excluded from "CAPS"	100,000	100,000	100,000			
TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS (N.J.S.A. 40:48-17.1 & 17.3)	195,743	197,063	197,063			
Total Appropriations Excluded from "CAPS"	6,215,363	8,066,943	7,836,183	656	210,102	20,002
Sub-Total General Appropriations	44,776,624	46,626,884	43,821,095	537,415	2,248,372	20,002
RESERVE FOR UNCOLLECTED TAXES	744,440	744,440	744,440			
Total General Appropriations	<u>\$ 45,521,064</u>	<u>\$ 47,371,324</u>	<u>\$ 44,565,535</u>	<u>\$ 537,415</u>	<u>\$ 2,248,372</u>	<u>\$ 20,002</u>
	<u>Ref.</u>	Below			A	A-1
Budget	A-2	\$ 45,521,064				
Appropriation by 40A:4-87	A-2	1,850,260				
		<u>\$ 47,371,324</u>				
Cash Disbursed	A-4		\$ 41,016,747			
Reserve for Uncollected Taxes	A-2		744,440			
Transferred to Board of Education	A-19		197,063			
Due to Grant Fund	A-28		2,507,285			
Deferred Charge - Revaluation	A-30		100,000			
			<u>\$ 44,565,535</u>			

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

B

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash and Cash Equivalents	B-1	\$ 22,561	\$ 67,090
OTHER TRUST FUND			
Cash and Cash Equivalents	B-1	7,138,552	6,161,232
EQUITABLE SHARING FUND			
Cash and Cash Equivalents	B-1	389,154	425,916
Due from Current Fund			2,033
		389,154	427,949
SELF INSURANCE FUND			
Cash and Cash Equivalents	B-1	920,843	717,986
		\$ 8,471,110	\$ 7,374,257
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-2	\$ 16	\$ 35
Due to Current Fund	B-13	4,106	52,556
Reserve for Animal Control Expenditures	B-3	18,439	14,499
		22,561	67,090
OTHER TRUST FUND			
Reserve for Police Forfeiture	B-5	58,508	58,327
Reserve for Unemployment Compensation	B-6	182,522	167,760
Reserve for Affordable Housing	B-7	3,539,649	2,505,820
Escrow Deposits Payable	B-8	1,263,633	1,204,979
Reserve for Recreation Programs	B-11	230,844	196,752
Miscellaneous Reserves and Deposits	B-12	1,558,075	1,681,577
Payroll Deductions Payable	B-9	300,652	298,421
Due to Current Fund	B-13	4,669	47,597
		7,138,552	6,161,232
EQUITABLE SHARING FUND			
Reserve for Equitable Sharing	B-4	389,154	427,949
		389,154	427,949
SELF INSURANCE FUND			
Reserve for Self Insurance Expenditures	B-10	918,356	717,025
Due to Current Fund	B-13	2,487	961
		920,843	717,986
		\$ 8,471,110	\$ 7,374,257

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

C

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2, C-3	\$ 4,934,395	\$ 3,210,193
Deferred Charges to Future Taxation:			
Funded	C-4	22,169,000	24,619,000
Unfunded	C-5	4,305,120	2,310,120
		<u>          </u>	<u>          </u>
Total Assets		<u>\$ 31,408,515</u>	<u>\$ 30,139,313</u>
<b>LIABILITIES AND FUND BALANCE</b>			
General Serial Bonds	C-9	\$ 22,169,000	\$ 24,619,000
Bond Anticipation Notes	C-8	3,700,000	
Capital Improvement Fund	C-13	120,342	150,342
Improvement Authorizations:			
Funded	C-6	137,428	278,047
Unfunded	C-6	1,722,781	2,046,073
Due to Current Fund	C-14	7,354	1,310
Contracts Payable	C-7	3,111,929	2,433,782
Reserve for Refunding Bond Issuance Costs	C-10	9,680	9,680
Reserve for Payment of Debt Service	C-11	242,157	242,157
Reserve for Future Improvements	C-12	43,170	43,170
Fund Balance	C-1	144,674	315,752
		<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance		<u>\$ 31,408,515</u>	<u>\$ 30,139,313</u>
Bonds and Notes Authorized But Not Issued	C-15	\$ 605,120	\$ 2,310,120
		<u>          </u>	<u>          </u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

C-1

	<u>Ref.</u>	
Balance, December 31, 2022	C	\$ 315,752
Increased by:		
Premium on BAN Sale	C-2	<u>3,922</u>
		319,674
Decreased by:		
Anticipated Revenue - Current Fund	C-2	<u>175,000</u>
Balance, December 31, 2023	C	<u><u>\$ 144,674</u></u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

D  
Sheet # 1

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
ASSETS			
OPERATING FUND			
Cash and Cash Equivalents	D-5	\$ 1,834,316	\$ 1,297,842
Due from Sewer Capital Fund	D-21	7,908	305
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>197,251</u>	<u>175,228</u>
Total Operating Fund		<u>2,039,475</u>	<u>1,473,375</u>
CAPITAL FUND			
Cash and Cash Equivalents	D-5	2,774,506	2,073,264
Fixed Capital	D-7	79,023,354	79,023,354
Fixed Capital Authorized and Uncompleted	D-8	<u>4,648,000</u>	<u>4,083,000</u>
Total Capital Fund		<u>86,445,860</u>	<u>85,179,618</u>
		<u>\$ 88,485,335</u>	<u>\$ 86,652,993</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

D  
Sheet # 2

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-9	\$ 561,225	\$ 83,388
Encumbrances Payable	D-4, D-9	71,181	75,006
Prepaid Sewer Fees	D-13	22,474	434,064
Accounts Payable	D-16	1,778	
Due to Current Fund			16,529
Overpayments	D-10	73,148	113,003
Accrued Interest on Bonds and Notes			8,167
		<u>729,806</u>	<u>730,157</u>
Reserve for Receivables	D	197,251	175,228
Fund Balance	D-1	<u>1,112,418</u>	<u>567,990</u>
Total Operating Fund		<u>2,039,475</u>	<u>1,473,375</u>
CAPITAL FUND			
Serial Bonds			490,000
Improvement Authorizations:			
Funded	D-20	1,387,573	1,071,707
Unfunded	D-20	625,000	625,000
Contracts Payable	D-17	267,518	248,796
Due to Sewer Operating Fund	D-22	7,908	305
Reserve for Sewer Connection Fees	D-14	1,024,573	665,522
Reserve for Amortization	D-18	79,400,673	78,910,673
Deferred Reserve for Amortization	D-19	3,353,000	2,788,000
Capital Improvement Fund	D-12	152,000	152,000
Fund Balance	D-2	<u>227,615</u>	<u>227,615</u>
Total Capital Fund		<u>86,445,860</u>	<u>85,179,618</u>
		<u>\$ 88,485,335</u>	<u>\$ 86,652,993</u>
Bonds and Notes Authorized But Not Issued	D-23	<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, 2023 AND 2022

D-1

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	\$ 300,000	\$ 300,000
Sewer Rents	D-3	7,522,492	7,063,293
Miscellaneous Revenue Anticipated	D-3	441,982	132,963
Miscellaneous Revenue Not Anticipated	D-3	59	220
Other Credits to Income:			
Cancellation of Accrued Interest	D-11	8,167	30,710
Unexpended Balance of Appropriation Reserves	D-9	43,753	63,109
		<u>8,316,453</u>	<u>7,590,295</u>
EXPENDITURES			
Operating	D-4	2,493,775	2,096,025
Capital Improvements	D-4	565,000	400,000
Debt Service	D-4	502,250	1,016,114
Deferred Charges and Statutory Expenditures	D-4	111,000	108,000
Anticipated Surplus Appropriated to Current Fund Budget	D-4	3,800,000	3,800,000
Total Expenditures		<u>7,472,025</u>	<u>7,420,139</u>
Excess in Revenue/Statutory Excess to Fund Balance		844,428	170,156
Fund Balance, Beginning of Year	D	<u>567,990</u>	<u>697,834</u>
		1,412,418	867,990
Decreased by:			
Utilization by Sewer Operating Budget	D-3	<u>300,000</u>	<u>300,000</u>
Fund Balance, End of Year	D	<u>\$ 1,112,418</u>	<u>\$ 567,990</u>

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

D-2

Ref.

Balance, December 31, 2023 and 2022

D

\$ 227,615

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

D-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 300,000	\$ 300,000	
Sewer User Fees	D-1, D-6	7,041,000	7,522,492	\$ 481,492
Miscellaneous				
Sale of SREC's	D-1, D-5	106,000	100,552	(5,448)
Interest	D-1, D-5	4,000	100,230	96,230
Late Fees	D-1, D-5	11,025	21,200	10,175
Sewer Connection Fees	D-1, D-5	10,000	220,000	210,000
	D-4	<u>\$ 7,472,025</u>	<u>\$ 8,264,474</u>	<u>\$ 792,449</u>
Miscellaneous Revenue Not Anticipated	D-1, D-5		<u>\$ 59</u>	

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

D-4

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 666,405	\$ 796,405	\$ 779,908	\$ 16,497
Other Sewer Expenses	1,807,370	1,697,370	1,172,061	525,309
	<u>2,473,775</u>	<u>2,493,775</u>	<u>1,951,969</u>	<u>541,806</u>
Total Operating				
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	565,000	565,000	565,000	
DEBT SERVICE				
Payment of Bond Principal	490,000	490,000	490,000	
Interest on Bonds	12,250	12,250	12,250	
	<u>502,250</u>	<u>502,250</u>	<u>502,250</u>	
Total Debt Service				
STATUTORY EXPENDITURES				
Social Security System (O.A.S.I.)	131,000	111,000	91,581	19,419
	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,800,000</u>	
Surplus (General Budget)				
	<u>\$ 7,472,025</u>	<u>\$ 7,472,025</u>	<u>\$ 6,910,800</u>	<u>\$ 561,225</u>
<u>Ref.</u>	D-3	D-3	Below	D
Cash Disbursements	D-5		\$ 6,274,619	
Encumbrances Payable	D-9		71,181	
Capital Improvement Fund	D-12		<u>565,000</u>	
			<u>\$ 6,910,800</u>	

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

			<u>E</u>
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash - Treasurer	E-5	\$ 138,391	\$ 95,667
Cash - Petty Cash Fund	E	50	50
Due From Airport Utility Capital Fund	E-20	19	
		<u>138,460</u>	<u>95,717</u>
Total Operating Fund			
<b>CAPITAL FUND</b>			
Cash	E-5	961	31,907
Fixed Capital	E-7	84,518,586	84,329,435
Fixed Capital Authorized and Uncompleted	E-8	40,612,416	32,219,162
Due from FAA	E-9	11,749,358	13,283,730
Due from State of New Jersey	E-10	2,593,516	1,781,700
		<u>139,474,837</u>	<u>131,645,934</u>
Total Capital Fund			
Total Assets		<u>\$ 139,613,297</u>	<u>\$ 131,741,651</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
<b>Liabilities</b>			
Appropriation Reserves	E-4, E-12	\$ 1,000	\$ 1,000
Fund Balance	E-1	137,460	94,717
Total Operating Fund		<u>138,460</u>	<u>95,717</u>
<b>CAPITAL FUND</b>			
<b>Improvement Authorizations:</b>			
Funded	E-13	1,319,663	8,042,751
Contracts Payable	E-16	12,851,816	6,947,858
Due to Airport Utility Operating Fund	E-21	19	
Reserve for Future Improvements	E-17	172,126	106,517
Reserve for Amortization	E-14	84,518,586	84,329,435
Deferred Reserve for Amortization	E-15	40,612,416	32,219,162
Fund Balance	E-2	211	211
		<u>139,474,837</u>	<u>131,645,934</u>
Total Capital Fund			
Total Liabilities, Reserves and Fund Balance		<u>\$ 139,613,297</u>	<u>\$ 131,741,651</u>

There were no bonds and notes authorized, but not issued on December 31, 2023 and 2022.

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, 2023 AND 2022

E-1

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Revenue and Other Income Realized			
Fund Balance Utilized	E-3	\$ 1,000	\$ 9,000
Lease Rentals	E-3	256,293	221,273
Non-Budget Revenue	E-3	6,450	362
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-12	1,000	90
Total Revenues		<u>264,743</u>	<u>230,725</u>
Expenditures			
Budget Appropriations			
Surplus Anticipated by Current Fund	E-4	220,000	219,000
Operating	E-4	1,000	1,000
Total Expenditures		<u>221,000</u>	<u>220,000</u>
Excess in Revenue/Statutory Excess to Fund Balance		43,743	10,725
Fund Balance, Beginning of Year	E	<u>94,717</u>	<u>92,992</u>
		138,460	103,717
Utilized as Anticipated Revenue	E-3	<u>1,000</u>	<u>9,000</u>
Fund Balance, End of Year	E	<u>\$ 137,460</u>	<u>\$ 94,717</u>

STATEMENT OF CAPITAL FUND BALANCE  
AIRPORT UTILITY CAPITAL FUND  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

E-2

	<u>Ref.</u>	
Balance, December 31, 2023 and 2022	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, 2023

E-3

	Anticipated Budget Revenues	Realized	Excess
Fund Balance Anticipated	\$ 1,000	\$ 1,000	
Lease Rentals	220,000	256,293	\$ 36,293
	<u>\$ 221,000</u>	<u>\$ 257,293</u>	<u>\$ 36,293</u>
	Ref. E-4	E-1	
Non-Budget Revenues:			
Interest on Investments	E-1, E-5	\$ 6,450	
		<u>\$ 6,450</u>	

STATEMENT OF EXPENDITURES  
AIRPORT UTILITY OPERATING FUND  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

E-4

	Appropriation		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating				
Other Expenses	\$ 1,000	\$ 1,000		\$ 1,000
Surplus Current Fund Budget	220,000	220,000	\$ 220,000	
	<u>\$ 221,000</u>	<u>\$ 221,000</u>	<u>\$ 220,000</u>	<u>\$ 1,000</u>
	Ref. E-3	E-1	E-19	E

See accompanying notes to financial statements.

TOWN OF MORRISTOWN  
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

E

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 94,891,870	\$ 94,874,516
Building and Building Improvements	19,937,968	19,688,503
Construction in Progress	41,775	70,495
Machinery and Equipment	<u>11,947,904</u>	<u>11,915,221</u>
	<u>\$ 126,819,517</u>	<u>\$ 126,548,735</u>
Investment in Governmental Fixed Assets	<u>\$ 126,819,517</u>	<u>\$ 126,548,735</u>

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

## **TOWN OF MORRISTOWN**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022**

#### **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, 2023 and 2022

#### 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, 2023 and 2022

#### 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 in the third and fourth quarters is determined by taking the current year's 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 11<sup>th</sup> month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Town may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US 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, 2023 and 2022

#### 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 in 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 2023.

**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, 2023 and 2022

#### 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. 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, 2023 and 2022

#### 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 | ▪ Machinery and Equipment |
| ▪ Assessed Value     | ▪ 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. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Report was the most recent report available and therefore information for that year was disclosed accordingly. As a result, the latest available audited information is presented in Note 8 to the financial statements.

**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 OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

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

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. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Report was the most recent report available and therefore information for that year was disclosed accordingly. As a result, the latest available audited information is presented in Note 10 to the financial statements.

##### ***Town as a Lessor***

The Town is a lessor for the lease of Morristown Municipal Airport, which is owned by the Town, to DM Airport Developers, Inc. for the operations and maintenance of the airport in exchange for rent paid on a monthly basis. The lease agreement commenced on December 28, 1981 and is in effect for 99 years, ending on April 30, 2081. See Note 14 for detail. The Town initially measures the lease at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate using its estimated borrowing rate expected less receipts to present value, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

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

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

##### **Basic Financial Statements**

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

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 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.

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 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, 2023 and 2022. At December 31, 2023 and 2022, the book value of the Town's deposits were \$31,758,580 and \$28,703,025, respectively.

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

	December 31, 2023	December 31, 2022
<u>Depository Account</u>		
Insured - FDIC	\$ 500,000	\$ 258,832
Insured - GUDPA	<u>31,789,949</u>	<u>28,168,261</u>
	<u>\$ 32,289,949</u>	<u>\$ 28,427,093</u>

\$301,684 and \$839,883 was held in the Town agency account and are not covered by FDIC or GUDPA at December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the Town had no investments.

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

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 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.

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

	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued</u>		
General:		
Bonds and Notes	\$ 25,869,000	\$ 24,619,000
Sewer Utility		
Bonds and Notes		490,000
Net Debt Issued	<u>25,869,000</u>	<u>25,109,000</u>
<u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	605,120	2,310,120
Sewer Utility:		
Bonds and Notes	917,681	917,681
	<u>1,522,801</u>	<u>3,227,801</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 27,391,801</u>	<u>\$ 28,336,801</u>

The statement of debt condition that follows is extracted from the Town's Annual Debt Statement and indicates a statutory net debt of 0.778% at December 31, 2023.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 49,699,110	\$ 23,700,000	\$ 25,999,110
Utility Debt	917,681	917,681	
Morristown Parking Authority Debt	<u>23,700,000</u>	<u>23,700,000</u>	
Total	<u>\$ 74,316,791</u>	<u>\$ 48,317,681</u>	<u>\$ 25,999,110</u>

**TOWN OF MORRISTOWN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 and 2022**

**3. MUNICIPAL DEBT (continued)**

The Town's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2023 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 144,979,279
Net Debt	<u>(25,999,110)</u>
Remaining Statutory Borrowing Power	<u><u>\$ 76,243,079</u></u>

**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		\$ 8,264,533
Deductions:		
Operating and Maintenance Costs	\$ 2,604,775	
Debt Service per Utility Operating Fund	<u>502,250</u>	
		<u>3,107,025</u>
Excess in Revenue		<u><u>\$ 5,157,508</u></u>

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

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 3. MUNICIPAL DEBT (continued)

#### General Obligation Bonds

The Town levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b><u>General Obligation Bonds</u></b>		
\$1,150,000, 2009 Refunding Bonds, paid in an annual installment of \$220,000 on March 1, 2023, interest at 5.00%		\$ 220,000
\$10,924,000, 2016 General Improvement Bonds; due in annual installments of \$685,000 to \$819,000 through 2032, interest at 2.00% to 3.00%	\$ 6,874,000	7,539,000
\$12,000,000, 2019 General Improvement Bonds; due in annual installments of \$650,000 to \$750,000 through 2033, interest at 2.00% to 5.00%	6,800,000	7,500,000
\$9,360,000, 2022 General Improvement Bonds; due in annual installments of \$845,000 to \$1,125,000 through 2032, interest at 4.00% to 5.00%	<u>8,495,000</u>	<u>9,360,000</u>
	<u>\$ 22,169,000</u>	<u>\$ 24,619,000</u>

#### Utility Bonds

The Town pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b><u>Sewer Utility</u></b>		
\$2,475,000, 2009 Refunding Bonds, paid in an annual installment of \$490,000 on March 1, 2023, interest at 5.00%		\$ 490,000
	<u>\$ -</u>	<u>\$ 490,000</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 3. MUNICIPAL DEBT (continued)

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2023 is as follows:

Year	General	
	Principal	Interest
2024	\$ 2,490,000	\$ 747,795
2025	2,525,000	647,295
2026	2,510,000	546,470
2027	2,265,000	458,295
2028	2,290,000	389,045
2029-2033	10,089,000	776,508
	<u>\$ 22,169,000</u>	<u>\$ 3,565,408</u>

#### Changes in Long-Term Municipal Debt

The Town's long-term capital debt activity for 2023 and 2022 is as follows:

	Balance December 31, 2022	Increases	Reductions	Balance December 31, 2023	Due Within One Year
General Capital Fund					
Bonds Payable	<u>\$ 24,619,000</u>	<u>\$ -</u>	<u>\$ 2,450,000</u>	<u>\$ 22,169,000</u>	<u>\$ 2,490,000</u>
Sewer Utility Capital Fund					
Bonds Payable	<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ -</u>

#### Short-Term Debt

The Town's short-term capital debt activity for 2023 and 2022 is as follows:

	Balance, December 31, 2022	Additions	Reductions	Balance, December 31, 2023
Bond Anticipation Notes				
General Capital Fund	<u>\$ -</u>	<u>\$ 3,700,000</u>	<u>\$ -</u>	<u>\$ 3,700,000</u>
Total	<u>\$ -</u>	<u>\$ 3,700,000</u>	<u>\$ -</u>	<u>\$ 3,700,000</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 4. FIXED ASSETS

#### General Fixed Assets

The following is a summary of changes in the General Fixed Assets as of December 31, 2023 and 2022:

#### General Fixed Assets

	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>
Land and Land Improvements	\$ 94,874,516	\$ 17,354		\$ 94,891,870
Buildings and Building Improvements	19,688,503	245,465	\$ 4,000	19,937,968
Construction in Progress	70,495	41,775	70,495	41,775
Machinery and Equipment	11,915,221	241,385	208,702	11,947,904
	<u>\$ 126,548,735</u>	<u>\$ 545,979</u>	<u>\$ 275,197</u>	<u>\$ 126,819,517</u>

  

	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2022</u>
Land and Land Improvements	\$ 92,712,648	\$ 2,161,868		\$ 94,874,516
Buildings and Building Improvements	19,514,703	173,800		19,688,503
Construction in Progress	1,588,377	66,495	\$ 1,584,377	70,495
Machinery and Equipment	11,765,420	337,183	187,382	11,915,221
	<u>\$ 125,581,148</u>	<u>\$ 2,739,346</u>	<u>\$ 1,771,759</u>	<u>\$ 126,548,735</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 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, 2023 and 2022:

#### Utility Fund Fixed Assets

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>
<b>Sewer Utility Fund</b>				
Fixed Capital Treatment Facility, Sewerage System and System Improvements	\$ 78,921,972			\$ 78,921,972
Vehicle and Equipment	101,382			101,382
	<u>\$ 79,023,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,023,354</u>
Fixed Capital Authorized and Uncompleted - Sewer Improvement	<u>\$ 4,083,000</u>	<u>\$ 565,000</u>	<u>\$ -</u>	<u>\$ 4,648,000</u>
	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2022</u>
<b>Sewer Utility Fund</b>				
Fixed Capital Treatment Facility, Sewerage System and System Improvements	\$ 78,921,972			\$ 78,921,972
Vehicle and Equipment	101,382			101,382
	<u>\$ 79,023,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,023,354</u>
Fixed Capital Authorized and Uncompleted - Sewer Improvement	<u>\$ 3,683,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 4,083,000</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 4. FIXED ASSETS (continued)

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>
<b>Airport Utility Fund</b>				
Fixed Capital				
Airport Facilities and Improvements	\$ 83,301,721	\$ 189,151		\$ 83,490,872
Vehicle and Equipment	<u>1,027,714</u>			<u>1,027,714</u>
	<u>\$ 84,329,435</u>	<u>\$ 189,151</u>	<u>\$ -</u>	<u>\$ 84,518,586</u>
Fixed Capital Authorized and Uncompleted - Airport Facilities and Improvements	<u>\$ 32,219,162</u>	<u>\$ 8,582,405</u>	<u>\$ 189,151</u>	<u>\$ 40,612,416</u>
	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2022</u>
<b>Airport Utility Fund</b>				
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>\$ 24,961,074</u>	<u>\$ 7,258,088</u>	<u>\$ -</u>	<u>\$ 32,219,162</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 5. DUE TO/FROM OTHER FUNDS

As of December 31, 2023, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2023	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:		
Regular	\$ 20,353	
Grant		\$ 1,737
Trust Fund:		
Animal Control Fund		4,106
Other Trust		4,669
Equitable Trust		
Self-Insurance		2,487
General Capital Fund		7,354
Sewer Utility:		
Sewer Operating	7,908	
Sewer Capital		7,908
Airport Utility:		
Airport Operating	19	
Airport Capital		19
	<u>\$ 28,280</u>	<u>\$ 28,280</u>

As of December 31, 2022, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2022	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:		
Regular	\$ 119,063	\$ 2,033
Grant		110
Trust Fund:		
Animal Control Fund		52,556
Other Trust		47,597
Equitable Sharing	2,033	
Self-Insurance		961
General Capital Fund		1,310
Sewer Utility:		
Sewer Operating	305	16,529
Sewer Capital		305
	<u>\$ 121,401</u>	<u>\$ 121,401</u>

All interfund balances are expected to be liquidated within one year.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 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:

	2023		2022	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	<u>\$ 8,900,618</u>	<u>\$ 3,600,000</u>	<u>\$ 9,084,095</u>	<u>\$ 3,600,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 1,112,418</u>	<u>\$ 300,000</u>	<u>\$ 567,990</u>	<u>\$ 300,000</u>
Airport Utility Operating Fund				
Cash Surplus	<u>\$ 137,460</u>	<u>\$ 1,000</u>	<u>\$ 94,717</u>	<u>\$ 1,000</u>

The above fund balance amounts utilized represents the surplus anticipated in the 2024 and 2023 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 \$3,537,280 and \$2,479,459 at December 31, 2023 and 2022 respectively. This estimate by management is unaudited.

As of December 31, 2023 and 2022, the Town has reserved \$274,750 to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 8. PENSION PLANS

##### 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, 2023:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	187,372
Inactive plan members entitled to but not yet receiving benefits	723
Active plan members	<u>240,961</u>
Total	<u><u>429,056</u></u>

Contributing Employers – 1,691

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

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.

For the year ended December 31, 2022, the Town's total payroll for all employees was \$20,248,679. For the year ended December 31, 2022, total PERS covered payroll was \$6,555,411. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Town to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

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.

It is assumed that the local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 70% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 70% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2022 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2022 for all State administered retirement systems.

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.

Town payments to PERS for the year ending December 31, 2022 consisted of the following:

	<u>2022</u>
Total Regular Billing	\$1,144,342

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. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<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

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 8. PENSION PLANS (continued)

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.

*Special Funding Situation* – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

*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, 2022, the PERS reported a net pension liability of \$15,219,184,920 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 \$13,694,717 or 0.0907453150%, which was a decrease of 0.0014493773% from its proportion measured as of June 30, 2021.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

At December 31, 2022, the Town's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,842	\$ 87,165
Changes of assumptions	42,431	2,050,641
Net difference between projected and actual investment earnings on pension plan investments	566,812	
Changes in proportion	857,236	430,017
Town contributions subsequent to the measurement date	1,144,342	
	<u>\$ 2,709,663</u>	<u>\$ 2,567,823</u>

\$1,144,342 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 on the GAAP basis as follows:

Year ended December 31,	Amount
2023	\$ (1,037,356)
2024	(470,305)
2025	(113,240)
2026	621,721
2027	(3,322)
Total	<u>\$ (1,002,502)</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2022</u>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

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

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

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

<u>June 30, 2022</u>		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 to determine 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 below 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	\$ 17,742,700	\$ 13,694,717	\$ 10,464,404

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2022 was \$32,568,122,309. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2022 was \$25,810,084,045.

#### Additional information

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 1,660,772,008
Collective deferred inflows of resources	3,236,303,935
Collective net pension liability- Local Group	15,219,184,920
Town's Proportion	0.0907453150%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 was \$1,032,778,934.00. The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

#### State Contribution Payable Dates

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. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 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, 2022 are \$1,288,683,017.

##### Special Funding Situation

The Town is responsible for the actuarially determined annual contributions to the PERS, 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 PERS. 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.

Unaudited data provided by the PERS indicates that the total Non-employer contributions made to the PERS by the State for the year ended June 30, 2022 was \$48,654,369. The portion of that contribution allocated to the Town in 2022 was \$28,814 or 0.0911078569%. The June 30, 2022 State special funding situation pension expense of \$50,178,972 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 \$127,808,309 at June 30, 2022 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 shares of the special funding situation pension expense for the year ended June 30, 2022 and its share of the special funding situation Net Pension Liability at that date were \$28,814 and \$0, respectively.

##### Police and Firemen's Retirement System

The Police and Firemen's Retirement System 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, 2022:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	47,518
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>42,188</u>
Total	<u><u>89,766</u></u>

Contributing Employers – 582

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

For the year ended June 30, 2022, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 78% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 78% contribution rate is the actual total State contribution rate paid in the fiscal year ending June 30, 2022 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2022 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

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

For the year ended December 31, 2022, the Town's total payroll for all employees was \$20,248,679. For the year ended December 31, 2022, total PFRS covered payroll was \$8,951,825. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Town 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 payments to PFRS for the years ending December 31, 2022 consisted of the following:

	<u>2022</u>
Total Regular Billing	\$ 3,488,354

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

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 8. PENSION PLANS (continued)

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.

*Special Funding Situation* – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

At June 30, 2022, the PFRS reported a net pension liability of \$13,483,472,009 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 \$30,701,503, or 0.2682207600% which was an increase of 0.0038904014% from its proportion, measured as of June 30, 2021. Then pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

At December 31, 2022, the Town's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 1,389,632	\$ 1,880,884
Changes of assumptions	84,141	3,864,713
Net difference between projected and actual investment earnings on pension plan investments	2,811,356	
Changes in proportion	1,988,045	824,355
Town contributions subsequent to the measurement date	3,610,338	
	<u>\$ 9,883,512</u>	<u>\$ 6,569,952</u>

\$3,610,338 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 on the GAAP basis as follows:

Year ended December 31,	Amount
2023	\$ (1,266,776)
2024	(845,046)
2025	(489,267)
2026	2,140,203
2027	125,622
2028	<u>38,486</u>
Total	<u>\$ (296,778)</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2022</u>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25 - 16.25%
	based on years of service
Investment rate of return	7.00%

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

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

<u>June 30, 2022</u>		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2022 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 8. PENSION PLANS (continued)

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:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PFRS	\$ 42,125,778	\$ 30,701,503	\$ 21,190,739

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2022 was \$30,708,653,410.

#### *Additional Information*

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 2,163,793,985
Collective deferred inflows of resources	2,805,919,493
Collective net pension liability	13,483,472,009
Town's Proportion	0.2682207600%

Collective pension expense for the Local Group for the measurement period ended June 30, 2021 was \$165,943,124. The average of the expected remaining service lives of all plan members is 6.22, 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

#### **State Contribution Payable Dates**

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. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

#### **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.

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

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 8. PENSION PLANS (continued)

##### 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.

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2022 was \$253,611,000. The portion of that contribution allocated to the Town in 2022 was \$630,237, or 0.26822062%. The June 30, 2022 State special funding situation pension expense of \$235,029,281 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 \$2,037,115,833 at June 30, 2022 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 shares of the special funding situation pension expense for the year ended June 30, 2022 and its share of the special funding situation NPL at that date were \$630,397 and \$5,463,968, 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.

## **TOWN OF MORRISTOWN**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022**

#### **8. PENSION PLANS (continued)**

##### **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.

#### **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 \$76,278,637 and \$83,573,285 was measured as of December 31, 2023 and 2022, respectively, and was determined by an actuarial valuation as of that date. There were 183 members that were part of the plan.

*Actuarial assumptions and other inputs* - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 9. POST-RETIREMENT HEALTH COVERAGE (continued)

*Actuarial assumptions and other inputs* - The total OPEB liability in the December 31, 2023 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	2023 Inputs and Basis
Mortality Rate	PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021
Turnover	NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
Assumed Retirement Age	After attainment of 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	3.72% Based on the Bond Buyer 20 Index as of December 31, 2022
	3.26% Based on the Bond Buyer 20 Index as of December 31, 2023
CPI Increase	2.50%
Rate of Salary Increase	2.50%
Medical Trend	Medical: 5.1% in 2023, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 6.0% in 2023, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates
 <u>Changes to Total OPEB Liability</u>	
Balance as of December 31, 2022	\$ 69,183,731
Service Cost	6,797,349
Interest Cost	2,786,340
Difference Between Expected and Actual Experience	(2,398,734)
Changes in Assumptions	2,068,884
Benefit Payments, Including Employee Refunds	(2,158,933)
Balance as of December 31, 2023	<u>\$ 76,278,637</u>

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 9. POST-RETIREMENT HEALTH COVERAGE (continued)

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of a statistical experience study for the period January 1, 2023 – December 31, 2023.

<u>2023 Sensitivity Analysis</u>	
Discount Rate - Changes 1% Decrease to 2.26%	\$ 87,969,820
Discount Rate - Changes 1% Increase to 4.26%	\$ 67,380,444
Target Discount Rate - 3.26%	\$ 76,278,637
Health Care Cost Inflation Rate 1% Decrease in Rate	\$ 68,963,678
Health Care Cost Inflation Rate 1% Increase in Rate	\$ 86,374,936
Target Health Care Cost Inflation Rate - 3.26%	\$ 76,278,637

#### 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) Annual Comprehensive Financial Report (ACFR), 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 covered dependents of the participating 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 negotiation's agreement.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 9. POST-RETIREMENT HEALTH COVERAGE (continued)

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.

#### Plan Membership and Contributing Employers

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2022:

	<u>June 30, 2022</u>
Inactive plan members or beneficiaries currently receiving benefits	33,684
Active plan members	<u>65,360</u>
Total	<u>99,044</u>
Contributing employers	590
Contributing nonemployers	1

*Nonspecial Funding Situation* - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$12,775,785,891 at June 30, 2022.

*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:

	<u>June 30, 2022</u>
Total OPEB Liability	\$ 16,090,925,144
Plan Fiduciary Net Position (Deficit)	<u>(58,670,334)</u>
Net OPEB Liability	<u>\$ 16,149,595,478</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 9. POST-RETIREMENT HEALTH COVERAGE (continued)

*Actuarial Assumptions and Other Inputs* – The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to 2022 in the measurement:

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

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021

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

*Discount Rate* - The discount rate for June 30, 2022 was 3.54%. 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 Town's proportionate share of the net OPEB liability to changes in the discount rate and healthcare cost trend rate*

The following presents the Town's proportionate share of the net OPEB liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount rate (3.54%)	At 1% Increase (4.54%)
Town's proportionate share of the net OPEB liability	\$ 19,507,027	\$ 16,827,989	\$ 14,672,452

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 9. POST-RETIREMENT HEALTH COVERAGE (continued)

*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, 2022, 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:

	At 1% Decrease	At Current Healthcare Trend Rate	At 1% Increase
Town's proportionate share of the net OPEB liability	\$ 14,275,690	\$ 16,827,989	\$ 20,096,766

#### *Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the change in proportion. These amounts should be recognized (amortized) by each employer over the average remaining services lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

*Special Funding Situation* - The State of New Jersey's Total OPEB Liability for special funding situation was \$3,373,809,587 at June 30, 2022.

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 non-employer 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Town of Morristown was \$16,827,989 (82 members) at June 30, 2022. These allocated liabilities represent 0.498783% of the State's total Nonemployer OPEB Liability for June 30, 2022. The OPEB Expense attributed to the Town was (\$2,760,144) at June 30, 2022.

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 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.

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, 2023. 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, 2023 and 2022, the Town has \$918,356 and \$717,025, 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.

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 10. RISK MANAGEMENT (continued)

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 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:

Year Ended 31-Dec	Beginning Balance	Employee Contributions	Interest Earned	Reimbursements to State	Ending Balance
2023	\$ 167,760	\$ 23,027	\$ 3,834	\$ 12,099	\$ 182,522
2022	157,258	25,723	349	15,570	167,760
2021	140,736		23,594	7,072	157,258

#### 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, 2023. 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, 2023 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.

## TOWN OF MORRISTOWN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

#### 11. CONTINGENT LIABILITIES (continued)

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

In May 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.

In May 2021, the Morristown Parking Authority sold \$3,700,000 Guaranteed Parking Revenue Bonds, Series 2021, dated May 18, 2021. These bonds were issued for the current refunding of the Authority's outstanding Guaranteed Revenue Bonds – Series 2011 and paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

In October 2023, the Morristown Parking Authority sold \$3,800,000 Guaranteed Parking Revenue Bonds, Series 2023, dated October 12, 2023. These bonds were issued for the current refunding of a portion of the Authority's outstanding Guaranteed Revenue Bonds – Series 2017 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, 2023, the outstanding debt covered by the Town Replenishment Agreement was \$23,700,000. As of December 31, 2023, 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, 2023, 53 years are remaining on the transfer agreement and the remaining amount due from the transfer agreement is \$1,555,817.

# TOWN OF MORRISTOWN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

### 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	\$ 617,000	\$ 1,829,435	\$1,212,435
Payment in Lieu of Taxes - Morristown Housing	August 25, 2015	August 24, 2045	164,291	628,382	464,091
Payment in Lieu of Taxes - CVS	September 14, 2015	August 31, 2045	74,000	75,637	1,637
Payment in Lieu of Taxes - 55 Prospect	March 9, 2016	March 8, 2051	556,000	2,038,399	1,482,399
Total			<u>\$1,411,291</u>	<u>\$ 4,571,854</u>	<u>\$3,160,563</u>

### 14. LEASE REVENUE

The Town entered into a lease agreement with DM Airport Developers, Inc to lease the operations and maintenance of Morristown Airport in exchange for rent paid through a long-term agreement that commenced on December 28, 1981, and will expire after 99 years on April 30, 2081, if no option to extend the contract is utilized. Collectively from the lessor agreement, the lessor paid the Town \$256,293 for the year ended December 31, 2023.

The future minimum lease payments to be received by the Town are as follows:

#### Total Lease Receivable as of December 31, 2023

	<u>Total</u>
2024	\$ 100,000
2025	100,000
2026	100,000
2027	100,000
2028	100,000
2029-2033	500,000
2034-2038	500,000
2039-2043	500,000
2044-2048	500,000
2049-2053	500,000
2054-2058	500,000
2059-2063	500,000
2064-2068	500,000
2069-2073	500,000
2074-2078	500,000
2079-2081	<u>233,333</u>
	<u>\$ 5,733,333</u>

**TOWN OF MORRISTOWN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 and 2022**

**15. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events occurring after December 31, 2023 through the date of June 28, 2024, which is the date the financial statements were available to be issued and identified no material financial transactions through the issuance of the audit.

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

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**PART II**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

TOWN OF MORRISTOWN  
CURRENT FUND

CURRENT CASH AND INVESTMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2023

A-4

	<u>Ref.</u>		<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2022	A		\$ 13,966,419	\$ 655,504
Increased by Receipts:				
Non-Budget Revenue	A-2	\$ 776,959		
NJ Senior Citizens' and Veterans' Deductions	A-6	23,750		
Taxes Receivable	A-7	66,436,538		
Revenue Accounts Receivable	A-12	13,149,190		
Tax Title Liens	A-9	8,217		
Prepaid Taxes	A-20	488,839		
Special Improvement District Taxes Receivable	A-8	567,507		
SID Prepays	A-22	26,766		
Interfunds	A-16	9,149,758		
State Aid for Municipal Tax Relief	A-32	299,212		
Interfund Interest Income	A-16	35,740	\$ 16,244	
Unappropriated Grant	A-15		124,504	
Grant Receivables	A-25		1,318,056	
PILOT Payments Due to County	A-31	116,743		
			<u>91,079,219</u>	<u>1,458,804</u>
			105,045,638	2,114,308
Decreased by Disbursements:				
2023 Budget Appropriations	A-3	41,016,747		
2022 Appropriation Reserves	A-13	2,072,796		
Interfunds	A-16	6,546,401		
Accounts Payable	A-17	2,297		
Regional School Taxes Payable	A-19	33,648,990		
County Tax Payable	A-18	7,593,366		
Tax Overpayments	A-21	21,138		
Due to State of NJ	A-24	120		
Special Improvement District Taxes Payable	A-23	593,532		
Prior Year PILOT Revenue Due to County	A-31	83,889		
Reserve for Revaluation	A-33	282,836		
Due to Current Fund	A-26		14,617	
Appropriated Reserves	A-28		1,678,316	
			<u>91,862,112</u>	<u>1,692,933</u>
Balance, December 31, 2023	A		<u>\$ 13,183,526</u>	<u>\$ 421,375</u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND  
  
CHANGE FUNDS  
YEAR ENDED DECEMBER 31, 2023

A-5

	<u>Ref</u>	
Balance, December 31, 2023 and 2022	A	\$ 250
<u>Analysis of Change Funds</u>		
Tax Collector		\$ 100
Municipal Court		100
Police		50
		<u>\$ 250</u>

DUE TO STATE OF NEW JERSEY-SENIOR  
CITIZENS' AND VETERANS' DEDUCTIONS  
YEAR ENDED DECEMBER 31, 2023

A-6

	<u>Ref</u>	
Balance, December 31, 2022	A	\$ 10,636
Increased by:		
Cash Receipts	A-4	23,750
		<u>34,386</u>
Decreased by:		
Senior Citizens' and Veterans' Deductions		
Allowed per Tax Duplicate	A-7	23,750
Balance, December 31, 2023	A	<u>\$ 10,636</u>

Analysis:

	<u>Per Tax Duplicate</u>	
	Allowed for 2022:	
	Veteran Allowed	\$ 20,750
	S/C - Disabled Allowed	3,000
Total		<u>\$ 23,750</u>

TOWN OF MORRISTOWN  
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
YEAR ENDED DECEMBER 31, 2023

A-7

Year	Balance December 31, 2022	Levy/Added Taxes	Collections					Balance December 31, 2023
			Senior Citizens' and Veterans' Deductions	2022	2023	Transferred To Tax Title Liens	Canceled	
2022	\$ 409,352	\$ 814,391			\$ 409,352			\$ 814,391
2023		67,338,587	\$ 23,750	\$ 523,741	66,027,186	\$ 175,552	\$ 41,182	547,176
	<u>\$ 409,352</u>	<u>\$ 68,152,978</u>	<u>\$ 23,750</u>	<u>\$ 523,741</u>	<u>\$ 66,436,538</u>	<u>\$ 175,552</u>	<u>\$ 41,182</u>	<u>\$ 1,361,567</u>
<u>Ref.</u>	A	Reserve, Below	A-6	A-20	A-4	A-9	Reserve	A

Analysis of 2023 Property Tax Levy		
Tax Yield		
General Purpose Tax	\$ 67,063,148	
Added Taxes (RS 54:4-36.1 et seq.)	275,439	
	<u>\$ 67,338,587</u>	
Tax Levy		
Regional School Tax	\$ 33,254,156	
County Taxes		
County Tax - General	7,375,136	
Open Space Tax	185,869	
Due County for Added Tax	<u>275,439</u>	
	\$ 41,090,600	
Local Tax for Municipal Purposes	26,247,987	
Add: Additional Tax Levied	<u>-</u>	
	<u>26,247,987</u>	
	<u>\$ 67,338,587</u>	

TOWN OF MORRISTOWN  
CURRENT FUND

SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

A-8

Ref.

Balance, December 31, 2022	A	\$ 18,230
Increased by:		
2023 Billings	Reserve	595,334
		<u>613,564</u>
Decreased by:		
Prepays Applied	A-22	27,440
Cash Receipts	A-4	567,507
		<u>594,947</u>
Balance, December 31, 2023	A	<u>\$ 18,617</u>

TAX TITLE LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

A-9

Ref.

Balance, December 31, 2022	A	\$ 43,098
Increased by:		
Transfers from Current Year Taxes Receivable	A-7	175,552
		<u>218,650</u>
Decreased by:		
Cash Receipts	A-4	8,217
Cancelled	Reserve	24,406
		<u>32,623</u>
Balance, December 31, 2023	A	<u>\$ 186,027</u>

DEMOLITION LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

A-10

Ref.

Balance, December 31, 2023 and 2022	A	<u>\$ 2,946</u>
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PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS  
YEAR ENDED DECEMBER 31, 2023

A-11

Ref.

Balance, December 31, 2023 and 2022	A	<u>\$ 2,193,200</u>
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TOWN OF MORRISTOWN  
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

A-12

	Balance December 31, 2022	Accrued	Collected by Treasurer	Balance December 31, 2023
Licenses:				
Alcoholic Beverages		\$ 85,250	\$ 85,250	
Others		151,419	151,419	
Fees and Permits		557,560	557,560	
Municipal Court - Fines and Costs	\$ 40,835	829,711	819,259	\$ 51,287
Interest on Costs on Taxes		116,288	116,288	
Interest on Investments and Deposits		603,187	603,187	
Swimming Pool Fees		160,508	160,508	
Cablevision Fees		204,335	204,335	
PILOT - M Station		298,433	298,433	
PILOT - Max on Morris		91,666	91,666	
PILOT - Housing Authority		164,290	164,290	
PILOT - Mill Creek		586,150	586,150	
PILOT - CVS		70,300	70,300	
PILOT - 55 Market		174,800	174,800	
PILOT - Leona Morris Street		57,000	57,000	
PILOT - Mill Creek Vertical 31-41 Market		127,300	127,300	
PILOT - 55 Prospect (Modera)		528,200	528,200	
Consolidated Municipal Property Tax Relief Aid		2,888,428	2,888,428	
Municipal Relief Fund Aid		149,637	149,637	
Uniform Construction Code Fees		1,846,497	1,846,497	
American Rescue Plan Revenue Loss		500,000	500,000	
Anticipated Airport Utility Operating Surplus		220,000	220,000	
Shared Services - Parking Authority QPA		10,925	10,925	
Anticipated General Capital Surplus		175,000	175,000	
Contribution from Sewer Utility for Indirect Costs		132,973	132,973	
Rental of Property - Leases		178,776	178,776	
Police Outside Duty - Administrative Fees		125,000	125,000	
Hotel/Motel Tax		618,216	618,216	
Uniform Fire Safety Act Fees		58,287	58,287	
Rent Leveling Registration		78,110	78,110	
Atlantic Health Settlement		355,067	355,067	
Anticipated Sewer Utility Operating Surplus		3,800,000	3,800,000	
	<u>\$ 40,835</u>	<u>\$ 15,943,313</u>	<u>\$ 15,932,861</u>	<u>\$ 51,287</u>

<u>Ref.</u>	A	Reserve	See Below	A
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Cash Receipts	A-4	\$ 13,149,190	
Reserve for Municipal Relief Aid	A-32	149,637	
Interfunds	A-16	2,634,034	
		<u>\$ 15,932,861</u>	

TOWN OF MORRISTOWN  
CURRENT FUND

2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

<u>Appropriation</u>	<u>Committed</u>	<u>Uncommitted</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>Salaries and Wages</u>					
Town Clerk		\$ 4,666	\$ 1		\$ 1
Business Administrator		5,737			
Senior Citizens		5,066	5,066		5,066
Vital Statistics		1,148			
Public Safety Director		1,643	1,643		1,643
Police		114,854	114,854	\$ 114,854	
Fire		34,787	787		787
Emergency Management Services		5,000	5,000	5,000	
Treasurer		48,912	1,126		1,126
Tax Assessor		244	244		244
Code Enforcement		1,226	1,226		1,226
Public Health		14,052			
Rent Leveling		997	997		997
Animal Control		1,707			
Property Maintenance		2,766			
Zoning		1,725	1,725		1,725
Public Works	\$ 182	94,225	182	182	
Recycling		12,830			
Bus Transportation		278			
Planning		2,746			
Engineering Services and Costs	140	7,441	140	140	
Recreation		51,613			
Burham/Cauldwell Pool		54,004			
Uniform Construction Code		27,118	27,118	4,159	22,959
Municipal Court		1,121	1,121		1,121
<u>Other Expenses</u>					
Town Clerk	20,573	18,001	38,574	37,706	868
Business Administrator	4,855	26,971	31,826	23,060	8,766
Senior Citizens	3,908	2,679	6,587	5,884	703
Vital Statistics	2,595	10,880	13,475	2,645	10,830
Purchasing	6,663	68,501	75,164	22,885	52,279
Public Safety Director	670	5,163	5,833	295	5,538
Police	58,369	105,791	114,160	50,837	63,323
Fire	81,484	947	116,431	115,063	1,368
Emergency Management Services	1,760	3,882	5,642	1,760	3,882

TOWN OF MORRISTOWN  
CURRENT FUND

2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

<u>Appropriation</u>	<u>Committed</u>	<u>Uncommitted</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Treasurer	\$ 134	\$ 63,783	\$ 63,917	\$ 48,971	\$ 14,946
Tax Collector	884	4,000	4,884	884	4,000
Tax Assessor	2,977	94,676	97,653	8,304	89,349
Code Enforcement	146	25,477	25,623	118	25,505
Public Health	1,843	6,846	8,689	2,027	6,662
Rent Leveling		1,910	1,910		1,910
Animal Control	269	832	1,101	779	322
Property Maintenance		38	38		38
Zoning		2,437	2,437	2,437	
Public Works	151,353	283,425	421,778	421,774	4
Recycling	141,830	94,932	249,762	240,890	8,872
Bus Transportation		3,500	3,500		3,500
Planning	1,766	406	58,172	58,172	
Engineering Services and Costs	1,797	2,670	4,467	1,114	3,353
Recreation	1,385	25,665	27,050	4,417	22,633
Burham/Cauldwell Pool	8,285	26,177	34,462	12,437	22,025
Legal	7,006	56,815	63,821	63,065	756
Municipal Prosecutor	5,000	11,500	16,500	5,500	11,000
Group Hospitalization	8,381	791,195	1,094,574	383,533	711,041
Memorial and Veterans Day Association		1,900	1,900	1,900	
Municipal Alliance		3,231	3,231		3,231
Whippany River Coalition		1,200	1,200		1,200
Annual Community Family Day Festival		8,000	8,000		8,000
Environmental Commission	52	895	947	52	895
Historic Preservation Commission		1,000	1,000		1,000
Uniform Construction Code	78,472	109,086	187,558	187,423	135
Municipal Court	5,435	8,032	13,467	5,642	7,825
Public Defender	650	8,905	9,555	2,700	6,855
Unclassified Reserve for Retirement and Sick Pay		146,982	146,982	106,457	40,525
Unclassified Reserve for Salary Increases		85,239	85,239	85,239	
Contingent		2,500	2,500	345	2,155
Prior Year Bills	485	97	582	485	97
Consolidated Police and Fireman's Pension Fund		14,278	14,278	3,322	10,956
DCRP		6,659	6,659		6,659
Reserve for Tax Appeals		98,264	98,264	37,010	61,254
Morris County Radio Dispatch		16,406	16,406		16,406
Grant Matching Funds		5,000	5,000		5,000
Computer/Office Equipment	5,153	13,560	18,713	3,329	15,384
Total General Appropriations	<u>\$ 604,502</u>	<u>\$ 2,766,239</u>	<u>\$ 3,370,741</u>	<u>\$ 2,072,796</u>	<u>\$ 1,297,945</u>
Ref.	A	A		A-4	A-1

TOWN OF MORRISTOWN  
CURRENT FUND

DUE FROM SOUTHEAST MORRIS COUNTY MUA  
YEAR ENDED DECEMBER 31, 2023

A-14

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 1,585,817
Decreased by:		
Cancelled	Reserve	<u>30,000</u>
Balance, December 31, 2023	A	<u><u>\$ 1,555,817</u></u>

RESERVE FOR UNAPPROPRIATED GRANTS - GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

A-15

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 1,151,053
Increased by:		
Cash Receipts	A-4	<u>124,504</u>
		1,275,557
Decreased by:		
Appropriated to Grants Receivable	A-25	<u>1,027,232</u>
Balance, December 31, 2023	A, Below	<u><u>\$ 248,325</u></u>

Analysis of Balance

DWI Courts	\$ 1,784
NJ DEP Recycling Tonnage	41,678
Recycling Tonnage Grant	32,676
National Opioid Settlement Allocation	83,538
Clean Communities	77,523
Body Armor	<u>11,126</u>
	<u><u>\$ 248,325</u></u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

INTERFUNDS RECEIVABLE (PAYABLE)  
YEAR ENDED DECEMBER 31, 2023

	Ref.	Total	Grant Fund	Sewer Operating	Trust Other	Recreation Trust	Animal Control	State Unemployment Insurance Trust	Equitable Sharing Trust	Self Insurance Trust Fund	FSA Account Trust Fund	General Capital
Balance December 31, 2022												
From A		\$ 119,063	\$ 110	\$ 16,529	\$ -	\$ -	\$ 52,556	\$ 297		\$ 961	47,300	\$ 1,310
(To) A		\$ (2,033)							\$ (2,033)			
Increased by:												
Interfunds Advanced (Disbursed)	A-4	6,546,401		1,874,631	2,279,198	252,348	3,224	12,099	98,539	6,815		2,019,547
Reserve - Animal Control Statutory Excess	A-16	4,045					4,045					
Anticipated Revenues	A-2	4,908,279	2,507,285	779,908	1,621,086							
Interest Revenue Due to Current	A-2	137,381	16,244		32,679	4,957	1,230	3,834		18,821		59,616
		<u>11,713,136</u>	<u>2,523,639</u>	<u>2,671,068</u>	<u>3,932,963</u>	<u>257,305</u>	<u>61,055</u>	<u>16,230</u>	<u>96,506</u>	<u>26,597</u>	<u>47,300</u>	<u>2,080,473</u>
Decreased by:												
Budget Appropriation	A-3	2,507,285	2,507,285									
Interfunds Returned (Receipts)	A-4	9,149,758		2,671,068	3,929,444	256,653	55,780	12,112	96,506	7,776	47,300	2,073,119
Interest Paid to Current Fund	A-4	35,740	14,617				1,169	3,620		16,334		
		<u>11,692,783</u>	<u>2,521,902</u>	<u>2,671,068</u>	<u>3,929,444</u>	<u>256,653</u>	<u>56,949</u>	<u>15,732</u>	<u>96,506</u>	<u>24,110</u>	<u>47,300</u>	<u>2,073,119</u>
Balance December 31, 2023												
From A		<u>\$ 20,353</u>	<u>\$ 1,737</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ 652</u>	<u>\$ 4,106</u>	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 2,487</u>	<u>\$ -</u>	<u>\$ 7,354</u>

TOWN OF MORRISTOWN  
CURRENT FUND

ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2023

A-17

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 319,435
Decreased by:		
Cash Disbursed	A-4	<u>2,297</u>
Balance, December 31, 2023	A	<u><u>\$ 317,138</u></u>

COUNTY TAXES (PREPAID) PAYABLE  
YEAR ENDED DECEMBER 31, 2023

A-18

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 32,361
Increased by:		
Levy-Calendar Year 2023	A-1, A-2, A-7	\$ 7,375,136
2023 Open Space Tax Levy	A-1, A-2, A-7	185,869
Due County for Added Taxes	A-1, A-2, A-7	<u>275,439</u>
		<u>7,836,444</u>
		7,868,805
Decreased by:		
Cash Disbursements	A-4	<u>7,593,366</u>
Balance, December 31, 2023	A	<u><u>\$ 275,439</u></u>

REGIONAL SCHOOL TAXES (PREPAID) PAYABLE  
YEAR ENDED DECEMBER 31, 2023

A-19

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 197,771
Increased by:		
Transferred from Appropriations	A-3	\$ 197,063
Levy - Calendar Year 2023	A-1, A-2, A-7	<u>33,254,156</u>
		<u>33,451,219</u>
		33,648,990
Decreased by:		
Cash Disbursements	A-4	<u>33,648,990</u>
Balance, December 31, 2023	A	<u><u>\$ -</u></u>

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2023

A-20

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 523,741
Increased by:		
Collection of 2024 Taxes	A-4	488,839
		<u>1,012,580</u>
Decreased by:		
Applied to 2023 Taxes	A-7	523,741
		<u>523,741</u>
Balance, December 31, 2023	A	<u><u>\$ 488,839</u></u>

TAX OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2023

A-21

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 21,138
Decreased by:		
Cash Disbursed	A-4	21,138
		<u>21,138</u>
Balance, December 31, 2023	A	<u><u>\$ -</u></u>

TOWN OF MORRISTOWN  
CURRENT FUND

SPECIAL IMPROVEMENT DISTRICT  
PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2023

A-22

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 27,440
Increased by:		
Cash Receipts	A-4	26,766
		<u>54,206</u>
Decreased by:		
Prepays Applied	A-8	27,440
		<u>27,440</u>
Balance, December 31, 2023	A	<u>\$ 26,766</u>

SPECIAL IMPROVEMENT DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2023

A-23

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 22,324
Increased by:		
2023 Billings	A-1, A-2	595,334
		<u>617,658</u>
Decreased by:		
Cash Disbursements	A-4	593,532
		<u>593,532</u>
Balance, December 31, 2023	A	<u>\$ 24,126</u>

TOWN OF MORRISTOWN  
CURRENT FUND

DUE TO (FROM) STATE OF NEW JERSEY - OTHER  
YEAR ENDED DECEMBER 31, 2023

A-24

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ (1,695)
Increased by:		
Cash Disbursements	A-4	<u>120</u>
Balance, December 31, 2023	A	<u><u>\$ (1,815)</u></u>

TOWN OF MORRISTOWN  
CURRENT FUND

A-25

GRANTS RECEIVABLE - GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

	Balance, December 31, 2022	2023 Anticipated Revenue	Cash Receipts	Transferred from Unappropriated Reserves	Balance, December 31, 2023
Redevel. Plan - Center and Coal Streets	\$ 1,906				\$ 1,906
Pocahontas/Caldwell Parks	64,428				64,428
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
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	63				63
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 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	50,000				50,000
NJ DOT Washington Streetscape IV	12,155				12,155
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	2,469				2,469
NJ DOT Local Aid - Corey Road	75,918				75,918
Pedestrian Safety 2018	2,853				2,853
Pedestrian Safety 2019	6,746				6,746
Click It or Ticket Grant	100				100
Asso. of NJ Environmental Commission	120				120
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		-
NJ DOT - MLK Design	169,089				169,089
Morristown Post Office Grant	159,374				159,374
Bodyworn Cameras Grant	108,014				108,014
NJ DOT Roads	293,800		220,350		73,450
FEMA - Federal Emergency Management Agency	35,238				35,238
CDBG - Colombia Drainage	80,000				80,000
Strengthening Local Public Health Capacity Program	232,687		232,687		-
COVID 19 Vaccination Supplemental Funding Program	25,000		25,000		-
NJ DOT Roads		\$ 324,695	243,521		81,174
NJ ACCHO - Enhancing Local Public Health Infrastructure		154,330	154,330		-
Community Development Block Grant - Gramby		125,000			125,000
American Rescue Fire Grant		50,000			50,000
Shade Tree 2023		3,000	3,000		-
American Rescue Plan		1,008,011		1,008,011	-
Stormwater Assistance		25,000	15,000		10,000
Click It or Ticket		7,000	420		6,580
Lead Assistance		30,800	30,800		-
Recycling Tonnage		19,221		19,221	-
Morris Trail Construction Grant - Kelitman Woods Trail		157,980			157,980
2023 Transit Village Phase II		86,000			86,000
2023 Washington Phase V		495,000			495,000
National Opioid Settlement Allocation		21,248	21,248		-
	<u>\$ 3,722,966</u>	<u>\$ 2,507,285</u>	<u>\$ 1,318,056</u>	<u>\$ 1,027,232</u>	<u>\$ 3,884,963</u>

Ref.

A

A-2

A-4

A-15

A

TOWN OF MORRISTOWN

DUE TO CURRENT FUND  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

A-26

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 110
Increased by:		
Interest Income	A-4	16,244
		<u>16,354</u>
Decreased by:		
Cash disbursed to Current Fund	A-4	14,617
		<u>14,617</u>
Balance, December 31, 2023	A	<u>\$ 1,737</u>

ENCUMBRANCES PAYABLE  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

A-27

	<u>Ref.</u>	
Balance, December 31, 2022	A	\$ 471,046
Increased by:		
Appropriated Reserves - Encumbrances	A-28	224,283
		<u>224,283</u>
Decreased by:		
Applied to Appropriated Reserves	A-28	471,046
		<u>471,046</u>
	A	<u>\$ 224,283</u>
Balance, December 31, 2023		

TOWN OF MORRISTOWN  
CURRENT FUND

A-28  
Sheet #1

RESERVE FOR APPROPRIATED GRANTS  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

	Balance, December 31, 2022	Transferred from Budget Appropriations	PY Encumbrances	Paid or Charged (Refund)	Encumbrances	Balance, December 31, 2023
Pocahontas/Caldwell Parks	\$ 49,027					\$ 49,027
Senior Center Improvements	846					846
HUD Gramby Park	17,470					17,470
Drunk Driving Enforcement Fund	3,841			\$ (1,000)		4,841
Drunk Driving Enforcement Fund	29,831		\$ 419	1,683	\$ 179	28,388
NJ DEP - Recreational Trails Grant	4,350					4,350
Recycling Tonnage Grant - Unappropriated	37,988		30,000	32,670		35,318
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
Various Contributors to Clean Communities	1,400					1,400
Clean Communities			255		255	
Clean Communities - 2020	22,309		3,810	8,853		17,266
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
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						
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 Washington Streetscape IV	11,824		331		331	11,824
NJ DOT MLK Designs	7,996		98,653	34,872	63,781	7,996
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
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	6,467			344		6,123
Alcohol Education Rehab Fund	1,785					1,785

TOWN OF MORRISTOWN  
CURRENT FUND

A-28  
Sheet #2

RESERVE FOR APPROPRIATED GRANTS  
GRANT FUND  
YEAR ENDED DECEMBER 31, 2023

	Balance, December 31, 2022	Transferred from Budget Appropriations	PY Encumbrances	Paid or Charged (Refund)	Encumbrances	Balance, December 31, 2023
Alcohol Rehabilitation - 2013	\$ 851					\$ 851
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
Bodyworn Camera Grant	82,894					82,894
Bullet Proof Vests - 2019	236			236		
Pedestrian Safety, Education & Enforcement	373					373
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	430,000					430,000
Morris Historic Preservation - Morristown Post Office Grant	159,374					159,374
CDBG - Pocahontas Dam Seepage	80,000					80,000
FEMA - Federal Emergency Management Agency	35,238			33,509		1,729
NJ DOT Roads			\$ 293,800	293,800		
COVID 19 Vaccination Supplemental Funding Program	2,328		19,779	22,107		
Strengthening Local Public Health Capacity Program	141,910			141,910		
Community Development Block Grant	80,000			80,000		
TD Green Space Shade Tree Shade Tree Trust				(3,100)		3,100
National Opioid Settlement Allocation	23,803				\$ 10,738	13,065
NJ DOT Roads		\$ 324,695		324,695		
NJ ACCHO - Enhancing Local Public Health Infrastructure		154,330		147,938		6,392
Community Development Block Grant - Gramby		125,000			125,000	
American Rescue Fire Grant		50,000		49,981		19
Shade Tree 2023		3,000		2,887		113
American Rescue Plan		1,008,011		500,000		508,011
Stormwater Assistance		25,000				25,000
Click It or Ticket		7,000				7,000
Lead Assistance		30,800				30,800
Recycling Tonnage		19,221		5,837		13,384
Morris Trail Construction Grant - Kelitman Woods Trail		157,980				157,980
2023 Transit Village Phase II		86,000				86,000
2023 Washington Phase V		495,000				495,000
National Opioid Settlement Allocation		21,248				21,248
	<u>\$ 2,756,261</u>	<u>\$ 2,507,285</u>	<u>\$ 471,046</u>	<u>\$ 1,678,316</u>	<u>\$ 224,283</u>	<u>\$ 3,831,993</u>
<u>Ref.</u>	A	A-3, A-25	A-27	A-4	A-27	A

See Independent Auditors' Report.

TOWN OF MORRISTOWN  
CURRENT FUND

RESERVE FOR TAX APPEALS  
YEAR ENDED DECEMBER 31, 2023

A-29

Ref.

Balance, December 31, 2023 and 2022

A

\$ 200,000

TOWN OF MORRISTOWN  
CURRENT FUND

DEFERRED CHARGES  
YEAR ENDED DECEMBER 31, 2023

	<u>DATE</u>	<u>AMOUNT AUTHORIZED</u>	<u>NOT LESS THAN 1/5 OF AMOUNT AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2022</u>	<u>RAISED IN IN BUDGET</u>	<u>BALANCE DECEMBER 31, 2023</u>
Special Emergency(40A:4-53): Town Revaluation	7/12/2022	\$ 500,000	\$ 100,000	<u>\$ 500,000</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>
				<u>\$ 500,000</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>
			<u>Ref.</u>	A	A-3	A

TOWN OF MORRISTOWN  
CURRENT FUND

PILOT PAYMENTS DUE TO COUNTY  
YEAR ENDED DECEMBER 31, 2023

	<u>Ref.</u>	<u>A-31</u>
Balance, December 31, 2022	A	\$ 83,889
Increased by:		
Cash Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">116,743</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		200,632
Decreased by:		
Cash Disbursements	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">83,889</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2023	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$ 116,743</div> <div style="border-top: 3px double black; width: 100px;"></div> </div>

RESERVE FOR STATE AID - MUNICIPAL TAX RELIEF  
YEAR ENDED DECEMBER 31, 2023

	<u>Ref.</u>	<u>A-32</u>
Balance, December 31, 2022	A	\$ 149,637
Increased by:		
Cash Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">299,212</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		448,849
Decreased by:		
Utilized as Revenue in the Current Year Budget	A-12	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">149,637</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2023	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$ 299,212</div> <div style="border-top: 3px double black; width: 100px;"></div> </div>

TOWN OF MORRISTOWN  
CURRENT FUND

RESERVE FOR REVALUATION  
YEAR ENDED DECEMBER 31, 2023

A-33

	<u>Ref.</u>		
Balance, December 31, 2022	A	\$	423,123
Decreased by:			
Cash Disbursements	A-4		<u>282,836</u>
Balance, December 31, 2023	A	<u>\$</u>	<u>140,287</u>

TOWN OF MORRISTOWN  
TRUST FUND

CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2023

B-1

	Ref.	Animal Control	Other	Self Insurance	Equitable Sharing
Balance, December 31, 2022	B	\$ 67,090	\$ 6,161,232	\$ 717,986	\$ 425,916
Increased by:					
Dog Licenses - State Fees	B-2	\$ 1,125			
Reserve for Animal Control	B-3	11,660			
Contributions	B-6		\$ 26,861		
Escrow Deposits	B-8		698,939		
Reserve for Recreation	B-11		302,663		
Miscellaneous Reserves	B-12		2,658,343		
Affordable Housing	B-7		1,088,079		
Payroll Deduction Payable	B-9		13,241,168		
Police Forfeiture	B-5		1,609		
Equitable Sharing	B-4				\$ 95,759
Claims/ Other Reimbursements	B-10			\$ 221,310	
Interfunds Advanced	B-13	3,224	3,218,006	6,815	98,539
Interest Earned	B-13	1,230	41,590	18,821	
		<u>17,239</u>	<u>21,277,258</u>	<u>246,946</u>	<u>194,298</u>
		84,329	27,438,490	964,932	620,214
Decreased by:					
Recreation	B-11		268,571		
Affordable Housing	B-7		54,250		
Escrow Deposits Returned	B-8		640,285		
Other Disbursements	B-10; B-6		12,099	19,979	
Reserve for Animal Control	B-3	3,675			
Due to State of New Jersey	B-2	1,144			
Police Forfeiture	B-5		1,428		
Miscellaneous Reserves	B-12		2,781,844		
Payroll Deductions Payable	B-9		13,238,937		
Equitable Sharing	B-4				134,554
Interfunds Returned	B-13	55,780	3,265,850	7,776	96,506
Interest Paid to Current Fund	B-13	1,169	36,674	16,334	
		<u>61,768</u>	<u>20,299,938</u>	<u>44,089</u>	<u>231,060</u>
Balance, December 31, 2023	B	<u>\$ 22,561</u>	<u>\$ 7,138,552</u>	<u>\$ 920,843</u>	<u>\$ 389,154</u>

TOWN OF MORRISTOWN  
TRUST FUND

DUE TO STATE OF NEW JERSEY  
ANIMAL CONTROL FUND  
YEAR ENDED DECEMBER 31, 2023

B-2

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 35
Increased by:		
Cash Received	B-1	1,125
		<u>1,160</u>
Decreased by:		
Cash Disbursements	B-1	1,144
		<u>1,144</u>
Balance, December 31, 2023	B	<u>\$ 16</u>

RESERVE FOR ANIMAL CONTROL EXPENDITURES  
ANIMAL CONTROL FUND  
YEAR ENDED DECEMBER 31, 2023

B-3

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 14,499
Increased by:		
Dog Licenses Fees Collected	B-1	11,660
		<u>26,159</u>
Decreased by:		
Cash Disbursements	B-1	\$ 3,675
Statutory Excess to Current Fund	B-13	<u>4,045</u>
		<u>7,720</u>
Balance, December 31, 2023	B	<u>\$ 18,439</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 7,669
2022	<u>10,770</u>
	<u>\$ 18,439</u>

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, 2023

B-4

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 427,949
Increased by:		
Cash Received	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 95,759 </div>
		523,708
Decreased by:		
Cash Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 134,554 </div>
Balance, December 31, 2023	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;"></div> \$ 389,154 </div>

RESERVE FOR POLICE FORFEITURE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-5

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 58,327
Increased by:		
Cash Receipts	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 1,609 </div>
		59,936
Decreased by:		
Cash Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 1,428 </div>
Balance, December 31, 2023	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;"></div> \$ 58,508 </div>

TOWN OF MORRISTOWN  
TRUST FUND

RESERVE FOR UNEMPLOYMENT COMPENSATION  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-6

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 167,760
Increased by:		
Contributions	B-1	26,861
		<u>194,621</u>
Decreased by:		
Cash Disbursed	B-1	12,099
		<u>12,099</u>
Balance, December 31, 2023	B	<u><u>\$ 182,522</u></u>

RESERVE FOR AFFORDABLE HOUSING  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-7

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 2,505,820
Increased by:		
Cash Receipts	B-1	1,088,079
		<u>3,593,899</u>
Decreased by:		
Cash Disbursed	B-1	54,250
		<u>54,250</u>
Balance, December 31, 2023	B	<u><u>\$ 3,539,649</u></u>

ESCROW DEPOSITS PAYABLE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-8

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 1,204,979
Increased by:		
Escrow Deposits	B-1	698,939
		<u>1,903,918</u>
Decreased by:		
Escrow Deposits Returned	B-1	640,285
		<u>640,285</u>
Balance, December 31, 2023	B	<u><u>\$ 1,263,633</u></u>

TOWN OF MORRISTOWN  
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-9

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 298,421
Increased by:		
Cash Receipts	B-1	13,241,168
		<u>13,539,589</u>
Decreased by:		
Cash Disbursed	B-1	13,238,937
		<u>13,238,937</u>
Balance, December 31, 2023	B	<u>\$ 300,652</u>

RESERVE FOR SELF-INSURANCE EXPENDITURES  
SELF INSURANCE FUND  
YEAR ENDED DECEMBER 31, 2023

B-10

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 717,025
Increased by:		
Claim Reimbursements	B-1	221,310
		<u>938,335</u>
Decreased by:		
Cash Disbursements	B-1	19,979
		<u>19,979</u>
Balance, December 31, 2023	B, Below	<u>\$ 918,356</u>

Analysis of Balance

Reserve for Workers Compensation Claims	\$ 19,105
Reserve for Health Benefit Claims	501,495
Reserve for Liability Claims	390,868
Reserve for Medicare Advantage	6,888
	<u>\$ 918,356</u>

TOWN OF MORRISTOWN  
TRUST FUND

RESERVE FOR RECREATION PROGRAMS  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-11

	<u>Ref.</u>	
Balance, December 31, 2022	B	\$ 196,752
Increased by:		
Cash Receipts	B-1	302,663
		<u>499,415</u>
Decreased by:		
Cash Disbursed	B-1	268,571
		<u>268,571</u>
Balance, December 31, 2023	B	<u>\$ 230,844</u>

MISCELLANEOUS RESERVES AND DEPOSITS  
OTHER TRUST FUND  
YEAR ENDED DECEMBER 31, 2023

B-12

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Municipal Court POAA Fees	\$ 20,076	\$ 9,448	\$ 7,469	\$ 22,055
Fire Prevention Donations	5,014			5,014
Fire Prevention Penalties	19,025	1,225	6,557	13,693
Fire Victims Relief	1,022			1,022
Fire Donations	423	25,500	25,500	423
Epstein's Project Deposits	16,400			16,400
Lease Security Deposits	28,830	10,000		38,830
Police Donations	9,870	3,650		13,520
Purchase of Police Vehicles	118,846	191,285	207,864	102,267
Outside Police Duty Fees	419,079	1,160,372	1,486,977	92,474
Outside Police Admin Fees	201,555	137,572	159,565	179,562
Public Works Deposits	191,314	6,803		198,117
Senior Weekend Meals Donations	673	877	1,550	-
Senior Center Donations	4,960	8,050	10,866	2,144
Jail and Cablevision Legal Reserve	648			648
Public Defender Fees	2,372			2,372
Outside Lien Redemptions		460,486	258,435	202,051
Flexible Spending	16,548	74,140	63,160	27,528
Bob Tracey Park Contributions	6,852	100		6,952
Reserve for Restitution	3,150			3,150
Accumulated Sick and Vacation Time	274,750		203,967	70,783
Police Confiscated	5,279	4,125	2,260	7,144
Public Tree Donation	9,585	9,705	4,470	14,820
Relocation Assistance Trust	3,000			3,000
Storm Recovery Reserve	151,854			151,854
Premium on Tax Sale Deposits	167,699	524,101	341,600	350,200
Mayor Wellness	611			611
Footes Pond Trust	668	654	654	668
UCC Enforcement Fees		30,250		30,250
Guarantee Deposits	1,473		950	523
	<u>\$ 1,681,577</u>	<u>\$ 2,658,343</u>	<u>\$ 2,781,844</u>	<u>\$ 1,558,075</u>
<u>Ref.</u>	B	B-1	B-1	B

TOWN OF MORRISTOWN  
TRUST FUND

INTERFUND (RECEIVABLE)/PAYABLE- CURRENT FUND  
YEAR ENDED DECEMBER 31, 2023

	<u>Ref.</u>	<u>Total</u>	<u>Animal Control Fund</u>	<u>Equitable Sharing Fund</u>	<u>Self Insurance Fund</u>	<u>Other Trust Fund</u>			
						<u>Flexible Spending</u>	<u>Unemployment Fund</u>	<u>Recreation Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2022	B	\$ 99,081	\$ 52,556	\$ (2,033)	\$ 961	\$ 47,300	\$ 297	\$ -	\$ -
Increased by:									
Interfunds Advanced	B-1	3,326,584	3,224	98,539	\$ 6,815		12,099	252,348	2,953,559
Interest Earned	B-1	61,641	1,230		18,821		3,834	5,077	32,679
Statutory Excess to Current Fund	B-3	4,045	4,045						
		<u>3,491,351</u>	<u>61,055</u>	<u>96,506</u>	<u>26,597</u>	<u>47,300</u>	<u>16,230</u>	<u>257,425</u>	<u>2,986,238</u>
Decreased by:									
Interfunds Returned	B-1	3,425,912	55,780	96,506	7,776	47,300	12,112	252,348	2,954,090
Interest Paid to Current Fund	B-1	54,177	1,169		16,334		3,620	4,425	28,629
		<u>3,480,089</u>	<u>56,949</u>	<u>96,506</u>	<u>24,110</u>	<u>47,300</u>	<u>15,732</u>	<u>256,773</u>	<u>2,982,719</u>
Balance December 31, 2023	B	<u>\$ 11,262</u>	<u>\$ 4,106</u>	<u>\$ -</u>	<u>\$ 2,487</u>	<u>\$ -</u>	<u>\$ 498</u>	<u>\$ 652</u>	<u>\$ 3,519</u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2023

C-2

	<u>Ref.</u>		
Balance, December 31, 2022	C		\$ 3,210,193
Increased by:			
Premium on BAN Sale	C-1	\$ 3,922	
Capital Improvement Fund	C-13	75,000	
Interfund Receipt	C-14	<u>2,079,163</u>	
			<u>5,858,085</u>
			9,068,278
Decreased by:			
Improvement Authorizations	C-6	1,885,764	
Paid to Current Fund - Anticipated Revenue	C-1	175,000	
Interfund Return	C-14	<u>2,073,119</u>	
			<u>4,133,883</u>
Balance, December 31, 2023	C		<u><u>\$ 4,934,395</u></u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH  
DECEMBER 31, 2023 AND 2022

C-3

	Balance December 31, 2023	Balance December 31, 2022
Fund Balance	\$ 144,674	\$ 315,752
Capital Improvement Fund	120,342	150,342
Reserve for Future Improvements	43,170	43,170
Reserve to Pay Debt Service	242,157	242,157
Reserve for Refunding Bond Issuance Costs	9,680	9,680
Contracts Payable	3,111,929	3,183,691
Due to Current Fund	7,354	1,310
Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>General Improvements</u>	
15-09	Various Capital Improvements	439
16-05	Acquisition of Property	103,876
16-19	Various Capital Improvements	43,996
16-27	Acquisition of Property	15,000
17-15	Various Capital Improvements	18,113
18-23	Various Capital Improvements	41,391
18-38	Loyola Supplemental	(448,645)
19-14	Various Capital Improvements	47,700
20-23	Various Capital Improvements	2,242
21-11	Various Capital Improvements	178,661
21-35	Fire Ladder Truck	230
22-12	Various Capital Improvements	181,480
23-15	Various Capital Improvements	1,114,602
	<u>\$ 4,934,395</u>	<u>\$ 3,210,193</u>
<u>Ref.</u>	C	C

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
YEAR ENDED DECEMBER 31, 2023

C-4

Ref.

Balance, December 31, 2022	C	\$ 24,619,000
Decreased by:		
2023 Budget Appropriation to Pay Serial Bonds	C-9	<u>2,450,000</u>
Balance, December 31, 2023	C	<u>\$ 22,169,000</u>

See Independent Auditors' Report

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2023

C-5

		Analysis of Balance December 31, 2023				
<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2022</u>	<u>2023 Authorizations</u>	<u>Balance December 31, 2023</u>	<u>Bond Anticipation Notes</u>	<u>Unexpended Improvement Authorizations</u>
18-23	Various Capital Improvements	\$ 52,540		\$ 52,540	\$ 52,540	
18-38	Loyola Supplemental	475,000		475,000		\$ 26,355
19-14	Various Capital Improvements	47,150		47,150	47,140	10
21-11	Various Capital Improvements	310,430		310,430	310,430	
22-12	Various Capital Improvements	1,425,000		1,425,000	1,425,000	
23-15	Various Capital Improvements		\$ 1,995,000	1,995,000	1,864,890	130,110
		<u>\$ 2,310,120</u>	<u>\$ 1,995,000</u>	<u>\$ 4,305,120</u>	<u>\$ 3,700,000</u>	<u>\$ 156,475</u>
<u>Ref.</u>	C		C-6, C-15	C	C-8	C-3
						Below
	Improvement Authorizations - Unfunded		<u>Ref.</u> C-6			\$ 1,722,781
	Less: Bond anticipation note proceeds unexpended:					
18-23	Various Capital Improvements		C-3, C-6			41,391
19-14	Various Capital Improvements		C-3, C-6			47,700
20-23	Various Capital Improvements		C-3, C-6			2,242
21-11	Various Capital Improvements		C-3, C-6			178,661
21-35	Fire Ladder Truck		C-3, C-6			230
22-12	Various Capital Improvements		C-3, C-6			181,480
23-15	Various Capital Improvements		C-3, C-6			1,114,602
			Above			<u>\$ 156,475</u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2023

C-6

Ord.No.	Improvement Authorizations	Ordinance Amount	Balance, December 31, 2022		2023 Authorizations		PY Contracts Payable Applied (Reappropriation)	Paid or Charged	Balance, December 31, 2023	
			Funded	Unfunded	Deferred Charges Future Taxation Unfunded	Capital Improvement Fund			Funded	Unfunded
06-14	Various Capital Improvements	\$ 451,100					\$ 3,361	\$ 3,361		
15-09	Various Capital Improvements	2,822,600	\$ 439						\$ 439	
16-05	Acquisition of Property	355,000	199,724				47,964	143,812	103,876	
16-19	Various Capital Improvements	3,795,000	44,770					44,770		
16-27	Acquisition of Property	505,000	15,000						15,000	
17-15	Various Capital Improvements	4,068,566	18,114					1	18,113	
18-23	Various Capital Improvements	3,057,000		\$ 55,943			9,861	24,413		\$ 41,391
18-38	Loyola Supplemental	500,000		26,355						26,355
19-14	Various Capital Improvements	2,797,000		26,905			97,241	76,436		47,710
20-23	Various Capital Improvements	2,234,400		79,360			46,961	124,079		2,242
21-11	Various Capital Improvements	4,398,930		1,151,078			1,005,512	1,977,929		178,661
21-35	Fire Ladder Truck	750,000		230			749,770	749,770		230
22-12	Various Capital Improvements	1,500,000		706,202			473,112	997,834		181,480
23-15	Various Capital Improvements	2,100,000			\$ 1,995,000	\$ 105,000		855,288		1,244,712
			<u>\$ 278,047</u>	<u>\$ 2,046,073</u>	<u>\$ 1,995,000</u>	<u>\$ 105,000</u>	<u>\$ 2,433,782</u>	<u>\$ 4,997,693</u>	<u>\$ 137,428</u>	<u>\$ 1,722,781</u>
			Ref. C	C	C-5	C-13	C-7	Below	C	C
							Cash Disbursements	Ref. C-2	\$ 1,885,764	
							Contracts Payable	C-7	3,111,929	
								Above	<u>\$ 4,997,693</u>	

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

C-7

CONTRACTS PAYABLE  
YEAR ENDED DECEMBER 31, 2023

	<u>Ref.</u>	
Balance, December 31, 2022	C	\$ 2,433,782
Increased by:		
Contracts Originating in 2023	C-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">3,111,929</div> <hr style="width: 100px;"/> </div>
		5,545,711
Decreased by:		
Contracts Applied	C-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">2,433,782</div> <hr style="width: 100px;"/> </div>
Balance, December 31, 2023	C	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 3,111,929</div> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2023

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, 2022</u>	<u>Increase</u>	<u>Balance, December 31, 2023</u>
18-23	Various Capital Improvements	6/4/2020	12/20/2023	6/6/2024	4.00%		\$ 52,540	\$ 52,540
19-14	Various Capital Improvements	6/4/2020	12/20/2023	6/6/2024	4.00%		47,140	47,140
21-11	Various Capital Improvements	12/20/2023	12/20/2023	6/6/2024	4.00%		310,430	310,430
22-12	Various Capital Improvements	12/20/2023	12/20/2023	6/6/2024	4.00%		1,425,000	1,425,000
23-15	Various Capital Improvements	12/20/2023	12/20/2023	6/6/2024	4.00%		1,864,890	1,864,890
						<u>\$ -</u>	<u>\$ 3,700,000</u>	<u>\$ 3,700,000</u>
<u>Ref.</u>						C	C-2, C-5, C-15	C

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

C-9

GENERAL SERIAL BONDS  
YEAR ENDED DECEMBER 31, 2023

Maturity of Bonds Outstanding									
Issue	Date of Issue	Original Issue	Date	Amount	Interest Rate		Balance, December 31, 2022	Decrease	Balance, December 31, 2023
Refunding Bonds of 2009	3/1/2009	\$ 1,150,000					\$ 220,000	\$ 220,000	
General Improvement Bonds of 2016	5/25/2016	10,924,000	6/1/2024	\$ 685,000	3.00	%			
			6/1/2025	700,000	3.00				
			6/1/2026	725,000	3.00				
			6/1/2027	745,000	2.00				
			6/1/2028	765,000	2.00				
			6/1/2029	810,000	2.25				
			6/1/2030	810,000	2.25				
			6/1/2031	815,000	2.50				
			6/1/2032	819,000	3.00				
						7,539,000	665,000	\$ 6,874,000	
General Improvement Bonds of 2019	5/2/2019	12,000,000	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				
						7,500,000	700,000	6,800,000	
General Improvement Bonds of 2022	6/2/2022	9,360,000	4/1/2024	1,080,000	4.00	%			
			4/1/2025	1,125,000	4.00				
			4/1/2026	1,035,000	4.00				
			4/1/2027	845,000	4.00				
			4/1/2028	850,000	4.00				
			4/1/2029	860,000	5.00				
			4/1/2030	900,000	5.00				
			4/1/2031	900,000	5.00				
			4/1/2032	900,000	5.00				
						9,360,000	865,000	8,495,000	
							\$ 24,619,000	\$ 2,450,000	\$ 22,169,000

Ref.

C

C-4

C

See Independent Auditors' Report

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

RESERVE FOR REFUNDING-  
BOND ISSUANCE COSTS  
YEAR ENDED DECEMBER 31, 2023

C-10

Ref.

Balance, December 31, 2023 and 2022	C	<u>\$ 9,680</u>
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RESERVE FOR PAYMENT OF DEBT SERVICE  
YEAR ENDED DECEMBER 31, 2023

C-11

Ref.

Balance, December 31, 2023 and 2022	C	<u>\$ 242,157</u>
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RESERVE FOR FUTURE IMPROVEMENTS  
YEAR ENDED DECEMBER 31, 2023

C-12

Ref.

Balance, December 31, 2023 and 2022	C	<u>\$ 43,170</u>
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TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2023

C-13

	<u>Ref.</u>	
Balance, December 31, 2022	C	\$ 150,342
Increased by:		
Budget Appropriation	C-2	75,000
		<u>225,342</u>
Decreased by:		
Improvement Authorizations Funded	C-6	105,000
		<u>105,000</u>
Balance, December 31, 2023	C	<u>\$ 120,342</u>

DUE TO CURRENT FUND  
YEAR ENDED DECEMBER 31, 2023

C-14

	<u>Ref.</u>	
Balance, December 31, 2022	C	\$ 1,310
Increased by:		
Cash Receipts	C-2	2,079,163
		<u>2,080,473</u>
Decreased by:		
Funds Disbursed to Current Fund	C-3	2,073,119
		<u>2,073,119</u>
Balance, December 31, 2023	C	<u>\$ 7,354</u>

TOWN OF MORRISTOWN  
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2023

C-15

<u>Ord No.</u>	<u>Improvement Description</u>	Balance December 31, 2022	2023 Authorizations	Notes Issued	Balance December 31, 2023
18-23	Various Capital Improvements	\$ 52,540		\$ 52,540	
18-38	Loyola Supplemental	475,000			\$ 475,000
19-14	Various Capital Improvements	47,150		47,140	10
21-11	Various Capital Improvements	310,430		310,430	
22-12	Various Capital Improvements	1,425,000		1,425,000	
23-15	Various Capital Improvements		\$ 1,995,000	1,864,890	130,110
		<u>\$ 2,310,120</u>	<u>\$ 1,995,000</u>	<u>\$ 3,700,000</u>	<u>\$ 605,120</u>
<u>Ref.</u>		C	C-5	C-5, C-8	C

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

CASH - SEWER TREASURER  
DECEMBER 31, 2023

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2022	D	\$ 1,297,842	\$ 2,073,264
Increased by Receipts:			
Consumer Accounts Receivable	D-3, D-6	\$ 7,522,492	
Reserve for Sewer Connection Fees	D-14		\$ 579,051
Sale of SREC's	D-3	100,552	
Late Fees	D-3	21,200	
Sewer Connection Fees (from Capital)	D-3, D-14	220,000	
Capital Improvement Fund	D-12		565,000
Prepaid Sewer Fees	D-13	73,698	
Interfunds	D-21, D-22	2,698,107	51,171
Interest on Investments	D-3	100,230	
Miscellaneous Revenues Not Anticipated	D-3	59	
		<u>10,736,338</u>	<u>1,195,222</u>
Decreased by Disbursements:			
2023 Budget Appropriations	D-4	6,274,619	
2022 Appropriation Reserves	D-9	112,863	
Interfunds	D-21, D-22	3,287,239	43,568
Refund of Overpayments	D-10	39,855	
Refund of Prepaid Sewer Fees	D-13	485,288	
Improvement Authorizations	D-20		230,412
Reserve for Connection Fees	D-14		220,000
		<u>10,199,864</u>	<u>493,980</u>
Balance, December 31, 2023	D	<u>\$ 1,834,316</u>	<u>\$ 2,774,506</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH  
SEWER UTILITY CAPITAL FUND  
DECEMBER 31, 2023 AND 2022

D-5A

		Balance December 31, 2023	Balance December 31, 2022
		<hr/>	<hr/>
Fund Balance		\$ 227,615	\$ 227,615
Contracts Payable		267,518	248,796
Reserve for Sewer Connection Fees		1,024,573	665,522
Capital Improvement Fund		152,000	152,000
Due to Sewer Operating Fund		7,908	305
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	(291,391)	(291,391)
16-26	Various Sewer Improvements		47
15-21	Sludge Reduction Project	4,266	
17-20	Various Sewer Improvements	3,800	
19-25	Various Sewer Improvements	237,100	289,521
20-07	Various Sewer Improvements	197,891	197,891
21-29	Various Sewer Improvements	201,603	205,653
22-26	Various Sewer Improvements	378,300	378,300
23-16	Various Sewer Improvements	364,318	
		<hr/>	<hr/>
		\$ 2,774,506	\$ 2,073,264
		<hr/>	<hr/>
		Ref. D	D

CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-6

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 175,228
Increased by:		
Sewer Rents Levied	Reserve	7,544,515
		<hr/>
		7,719,743
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	D-3, D-5	7,522,492
		<hr/>
Balance, December 31, 2023	D	\$ 197,251
		<hr/>

See Independent Auditors' Report

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-7

	<u>Ref.</u>	
Balance, December 31, 2023 and 2022	D	<u>\$ 79,023,354</u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-8

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, 2022	2023 Authorizations Deferred Charges to Future Revenue	Balance December 31, 2023
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
22-26	Various Sewer Improvements	400,000		400,000
23-16	Various Sewer Improvements	<u>\$ 565,000</u>	<u>\$ 565,000</u>	<u>565,000</u>
		<u>\$ 4,083,000</u>	<u>\$ 565,000</u>	<u>\$ 4,648,000</u>
		<u>Ref.</u>	D-20	D

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

APPROPRIATION RESERVES  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-9

	Balance		Balance	Paid or Charged	Balance Lapsed
	December 31, 2022		After		
	Reserved	Encumbered	Transfers		
Operating:					
Salary and Wages	\$ 9,370		\$ 9,370		\$ 9,370
Other Expenses	62,210	\$ 75,006	137,216	\$ 114,641	22,575
Social Security	11,808		11,808		11,808
	<u>\$ 83,388</u>	<u>\$ 75,006</u>	<u>\$ 158,394</u>	<u>\$ 114,641</u>	<u>\$ 43,753</u>
<u>Ref.</u>	D	D		Below	D-1

	<u>Ref.</u>	
Cash Disbursements	D-5	\$ 112,863
Accounts Payable	D-16	1,778
	Above	<u>\$ 114,641</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

SEWER OVERPAYMENTS  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-10

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 113,003
Decreased by:		
Refunds	D-5	<u>39,855</u>
Balance, December 31, 2023	D	<u><u>\$ 73,148</u></u>

ACCRUED INTEREST ON BONDS AND NOTES  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-11

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 8,167
Decreased by:		
Cancellation	D-1	<u>8,167</u>
Balance, December 31, 2022	D	<u><u>\$ -</u></u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

CAPITAL IMPROVEMENT FUND  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-12

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 152,000
Increased by:		
Budget Appropriation	D-5	565,000
		<u>717,000</u>
Decreased by:		
Finance Improvement Authorization	D-20	565,000
		<u>565,000</u>
Balance, December 31, 2023	D	<u>\$ 152,000</u>

PREPAID SEWER FEES  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-13

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 434,064
Increased by:		
Cash Receipts	D-5	73,698
		<u>507,762</u>
Decreased by:		
Refunded	D-5	485,288
		<u>485,288</u>
Balance, December 31, 2023	D	<u>\$ 22,474</u>

RESERVE FOR SEWER CONNECTION FEES  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-14

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 665,522
Increased by:		
Cash Receipts	D-5	579,051
		<u>1,244,573</u>
Decreased by:		
Realized in Operating Fund	D-5	220,000
		<u>220,000</u>
Balance, December 31, 2023	D	<u>\$ 1,024,573</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

SERIAL BONDS  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-15

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>		<u>Balance, December 31, 2022</u>	<u>Decrease</u>	<u>Balance, December 31, 2023</u>
Refunding Bonds 2009	10/1/09	\$ 2,475,000	5.00 %		\$ 490,000	\$ 490,000	\$ -
					<u>\$ 490,000</u>	<u>\$ 490,000</u>	<u>\$ -</u>
				<u>Ref</u>	D	D-18	D

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

ACCOUNTS PAYABLE  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-16

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ -
Increased by:		
Transfer from 2022 Appropriation Reserves	D-9	<u>1,778</u>
Balance, December 31, 2023	D	<u><u>\$ 1,778</u></u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

CONTRACTS PAYABLE  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-17

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 248,796
Increased by:		
Improvement Authorizations Charged	D-20	267,518
		<u>516,314</u>
Decreased by:		
Prior Year Contracts Payable Applied	D-20	248,796
		<u>248,796</u>
Balance, December 31, 2023	D	<u>\$ 267,518</u>

RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-18

	<u>Ref.</u>	
Balance, December 31, 2022	D	\$ 78,910,673
Increased by:		
Paid by Budget Appropriation - Serial Bonds	D-15	490,000
		<u>490,000</u>
Balance, December 31, 2023	D	<u>\$ 79,400,673</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

D-19

DEFERRED RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

Ord. No.	Improvement Description	Balance December 31, 2022	Increases	Balance December 31, 2023
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
22-26	Various Sewer Improvements	400,000		400,000
23-16	Various Sewer Improvements		\$ 565,000	565,000
		<u>\$ 2,788,000</u>	<u>\$ 565,000</u>	<u>\$ 3,353,000</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, 2023

D-20

Ord. No	Improvement Description	Ordinance Amount	<u>Balance December 31, 2022</u>		2023 Authorization	PY Contracts Payable Applied	Paid or Charged	<u>Balance December 31, 2023</u>	
			Funded	Unfunded				Funded	Unfunded
12-34	Sewer Complex - Supplemental	\$ 625,000		\$ 625,000					\$ 625,000
08-10	Solar Energy Project	150,000	\$ 295			\$ 2,067	\$ 2,067	\$ 295	
15-21	Sludge Reduction Project	670,000				10,684	6,418	4,266	
16-26	Various Sewer Improvements	670,000	47			11,351	11,398		
17-20	Various Sewer Improvements	670,000				29,909	26,109	3,800	
18-41	Various Sewer Improvements	670,000				43,941	43,941		
19-25	Various Sewer Improvements	487,000	289,521			84,797	137,218	237,100	
20-27	Various Sewer Improvements	311,000	197,891					197,891	
21-29	Various Sewer Improvements	250,000	205,653			44,347	48,397	201,603	
22-26	Various Sewer Improvements	400,000	378,300			21,700	21,700	378,300	
23-16	Various Sewer Improvements	565,000			\$ 565,000		200,682	364,318	
			<u>\$ 1,071,707</u>	<u>\$ 625,000</u>	<u>\$ 565,000</u>	<u>\$ 248,796</u>	<u>\$ 497,930</u>	<u>\$ 1,387,573</u>	<u>\$ 625,000</u>
	<u>Ref.</u>		D	D	D-12	D-17	Below	D	D
							<u>Ref.</u>		
						Cash Disbursements	D-5	\$ 230,412	
						Contracts Payable	D-17	267,518	
								<u>\$ 497,930</u>	

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

INTERFUNDS  
SEWER UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

D-21

	<u>Ref.</u>	<u>Total</u>	<u>Sewer Capital Fund</u>	<u>Current Fund</u>
Balance December 31, 2022	D	\$ -	\$ 305	\$ (16,529)
Increased by:				
Interfunds Advanced (Disbursed)	D-5	<u>3,287,239</u>	<u>616,171</u>	<u>2,671,068</u>
		<u>3,287,239</u>	<u>616,476</u>	<u>2,654,539</u>
Decreased by:				
Interfunds Returned (Receipts)	D-5	<u>2,698,107</u>	<u>43,568</u>	<u>2,654,539</u>
Capital Improvement Fund	D-12	<u>565,000</u>	<u>565,000</u>	
		<u>3,263,107</u>	<u>608,568</u>	<u>2,654,539</u>
Balance December 31, 2023	D	<u>\$ 7,908</u>	<u>\$ 7,908</u>	<u>\$ -</u>

TOWN OF MORRISTOWN  
SEWER UTILITY CAPITAL FUND

INTERFUNDS  
YEAR ENDED DECEMBER 31, 2023

	<u>Ref.</u>	<u>Total</u>	<u>Sewer Operating Fund</u>
Balance December 31, 2022	D	\$ (305)	\$ (305)
Increased by:			
Interfunds Advanced (Disbursed)	D-5	43,568	43,568
		<u>43,263</u>	<u>43,263</u>
Decreased by:			
Interfunds Returned (Receipts)	D-5	51,171	51,171
		<u>51,171</u>	<u>51,171</u>
Balance December 31, 2023	D	<u>\$ (7,908)</u>	<u>\$ (7,908)</u>

TOWN OF MORRISTOWN  
SEWER UTILITY FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

D-23

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2023 and 2022</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>

Ref. D

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2023

E-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2022	E	\$ 95,667	\$ 31,907
Increased by Receipts:			
Received from Federal Aviation Administration	E-9		\$ 8,358,537
Received from DM Developers	E-6, E-11	\$ 256,293	482,481
Received from State of New Jersey	E-10		467,304
Interest on Investments	E-3	4,379	2,071
Interest from Airport Utility Capital Fund	E-20	<u>2,052</u>	
		<u>262,724</u>	<u>9,310,393</u>
		358,391	9,342,300
Decreased by Disbursements:			
Reimbursements To Lessee	E-11		3,361
Interest to Airport Utility Operating Fund	E-20		2,052
Transferred to Current Fund	E-18, E-19	<u>220,000</u>	<u>9,335,926</u>
		<u>220,000</u>	<u>9,341,339</u>
Balance, December 31, 2023	E	<u>\$ 138,391</u>	<u>\$ 961</u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

ANALYSIS OF CAPITAL CASH  
AIRPORT UTILITY CAPITAL FUND  
DECEMBER 31, 2023 AND 2022

E-5a

		Balance, December 31, 2023	Balance, December 31, 2022
Fund Balance		\$ 211	\$ 211
Due from FAA		(11,749,358)	(13,283,730)
Due from State of New Jersey		(2,593,516)	(1,781,700)
Due to/from Operating Fund		19	
Reserve for Future Improvements		172,126	106,517
Contracts Payable		12,851,816	6,947,858
<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
27-21	Runway 13-31 Keel Rehabilitation Phase II	-	498,676
28-22	Rehab Runway 5-23 Phase D Construction & Phase E Design	-	7,224,412
2-23	Certain Capital Improvements	1,000,000	
		<u>\$ 961</u>	<u>\$ 31,907</u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

REVENUE ACCOUNTS RECEIVABLE  
AIRPORT UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

E-6

Balance, December 31, 2022	<u>Ref.</u> E	\$ -
Increased by:		
Lease Rental Accrued	Reserve	256,293
		<u>256,293</u>
Decreased by:		
Cash Receipts	E-1, E-5	256,293
		<u>256,293</u>
Balance, December 31, 2023	E	<u>\$ -</u>

FIXED CAPITAL  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-7

	Balance December 31, 2022	Transferred from Fixed Capital Authorized and Not Completed	Balance December 31, 2023
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
Runway 5-23 Safety Area Phase VII		\$ 189,151	189,151
	<u>\$ 84,329,435</u>	<u>\$ 189,151</u>	<u>\$ 84,518,586</u>
<u>Ref.</u>	E	E-8	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, 2023

<u>Ord No.</u>	<u>Improvement Description</u>	Balance, December 31, 2022	2023 Authorizations Deferred Reserve for Amortization	Transferred to Fixed Capital	Balance, December 31, 2023
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
27-21/19-22	Runway 13-31 Keel Rehabilitation Phase II	608,676			608,676
28-22	Rehab Runway 5-23 Phase D Construction & Phase E Design	7,224,412			7,224,412
29-23	Runway 5-23 Rehab Phase V		\$ 150,224		150,224
30-23	Runway 5-23 Rehab Phase VI		7,432,181		7,432,181
2-23	Certain Capital Improvements		1,000,000		1,000,000
		<u>\$ 32,219,162</u>	<u>\$ 8,582,405</u>	<u>\$ 189,151</u>	<u>\$ 40,612,416</u>
	<u>Ref.</u>	E	E-15	E-7	E

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

DUE FROM FEDERAL AVIATION ADMINISTRATION  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-9

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 13,283,730
Increased by:		
2023 Improvement Authorizations	E-13	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">6,824,165</div> <hr style="width: 100px;"/> </div>
		20,107,895
Decreased by:		
Cash Receipts	E-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">8,358,537</div> <hr style="width: 100px;"/> </div>
Balance, December 31, 2023	E	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 11,749,358</div> <hr style="width: 100px; border-top: 3px double black;"/> </div>

DUE FROM STATE OF NEW JERSEY  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-10

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 1,781,700
Increased by:		
2023 Improvement Authorizations	E-13	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">1,279,120</div> <hr style="width: 100px;"/> </div>
		3,060,820
Decreased by:		
Cash Receipts	E-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">467,304</div> <hr style="width: 100px;"/> </div>
Balance, December 31, 2023	E	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 2,593,516</div> <hr style="width: 100px; border-top: 3px double black;"/> </div>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

DUE TO LESSEE  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-11

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ -
Increased by:		
Cash Received	E-5	482,481
		<u>482,481</u>
Decreased by:		
Reimbursement to Lessee for Upfronted Project Costs	E-5	3,361
Improvement Authorizations	E-13	479,120
		<u>482,481</u>
Balance, December 31, 2023	E	<u>\$ -</u>

APPROPRIATION RESERVES  
AIRPORT UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

E-12

	<u>Balance, December 31, 2022</u>	<u>Balance After Transfers</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
<u>Ref.</u>	E		E-1

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

IMPROVEMENT AUTHORIZATIONS  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-13

<u>Ord. No.</u>	<u>Description</u>	<u>Amount</u>	<u>Balance December 31, 2022 Funded</u>	<u>Grants</u>	<u>PY Contracts Payable Applied</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2023 Funded</u>
30-15	Runway 5-23 Keel Rehabilitation	\$ 2,000,000	\$ 40,072				\$ 40,072
27-15	Runway 5-23 Professional Fees	49,998,228			\$ 129,026	\$ 129,026	
32-16	Obstruction Removal Professional Fees	122,552			2,417	2,417	
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
24-17	Runway 5-23 Obstruction Removal Phase II	1,151,886			68,679	68,679	
26-17	Runway 13-31 Environmental Removal	149,960			5,530	5,530	
07-18	Certain Capital Improvements	229,000	4,000				4,000
32-18	Certain Capital Improvements	2,083,084			126,271	126,271	
31-19	Runway 13-31 Keel Rehabilitation Phase I	900,000			143,713	143,713	
36-19	Runway 5-23 Safety Area Phase III	8,293,709			229,255	229,255	
09-20	Runway 5-23 Safety Area Phase V	1,941,466			392,351	392,351	
28-20	Engineering Customs	590,000			383,500	383,500	
35-20	Runway 5-23 Safety Area Phase VI	10,033,162			1,291,406	1,291,406	
25-21	Improvement Runway 5-23 Safety Area Lighting Phase VIII	11,225,040			4,038,131	4,038,131	
27-21/19-22	Runway 13-31 Keel Rehabilitation Phase II	608,676	498,676		71,970	570,646	
28-22	Rehab Runway 5-23 Phase D Construction & Phase E Design	7,224,412	7,224,412			7,224,412	
29-23	Runway 5-23 Rehab Phase V	150,224		\$ 150,224		150,224	
30-23	Runway 5-23 Rehab Phase VI	7,432,181		7,432,181		7,432,181	
2-23	Certain Capital Improvements	1,000,000		1,000,000			1,000,000
		<u>\$ 8,042,751</u>		<u>\$ 8,582,405</u>	<u>\$ 6,882,249</u>	<u>\$ 22,187,742</u>	<u>\$ 1,319,663</u>
		<u>Ref.</u>	<u>E</u>	<u>Below</u>	<u>E-16</u>	<u>Below</u>	<u>E</u>
	Due from FAA	E-9		\$ 6,824,165			
	Due from NJDOT	E-10		1,279,120			
	Due from DM Developers	E-11		479,120			
		Above		<u>\$ 8,582,405</u>	<u>Ref.</u>		
				Due to Current Fund	E-18	\$ 9,335,926	
				Contracts Payable	E-16	12,851,816	
					Above	<u>\$ 22,187,742</u>	

See Independent Auditors' Report

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

RESERVE FOR AMORTIZATION  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-14

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 84,329,435
Increased by:		
Transfer from Deferred Reserve for Amortization	E-15	<u>189,151</u>
Balance, December 31, 2023	E	<u><u>\$ 84,518,586</u></u>

DEFERRED RESERVE FOR AMORTIZATION  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-15

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 32,219,162
Increased by:		
2023 Authorizations	E-8	<u>8,582,405</u>
		40,801,567
Decreased by:		
Transfer to Reserve for Amortization	E-14	<u>189,151</u>
Balance, December 31, 2023	E, Below	<u><u>\$ 40,612,416</u></u>

<u>Ord No.</u>	<u>Description</u>	Balance, December 31, 2023
09-20	Runway 5-23 Safety Area Phase V	\$ 1,941,466
28-20	Engineering Customs	590,000
35-20	Runway 5-23 Safety Area Phase VI	10,033,162
26-21	Rehab Runway 5-23 Phase IV	407,255
25-21	Improvement Runway 5-23 Safety Area Lighting Phase VIII	11,225,040
27-21/19-22	Runway 13-31 Keel Rehabilitation Phase II	608,676
28-22	Rehab Runway 5-23 Phase D Construction & Phase E Design	7,224,412
29-23	Runway 5-23 Rehab Phase V	150,224
30-23	Runway 5-23 Rehab Phase VI	7,432,181
2-23	Certain Capital Improvements	1,000,000
		<u><u>\$ 40,612,416</u></u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

CONTRACTS PAYABLE  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-16

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 6,947,858
Increased by:		
Transferred from Improvement Authorizations	E-13	12,851,816
		<u>19,799,674</u>
Decreased by:		
Transferred to Reserve for Future Improvements	E-17	65,609
Applied to Improvement Authorizations	E-5	6,882,249
		<u>6,947,858</u>
Balance, December 31, 2023	E	<u><u>\$ 12,851,816</u></u>

RESERVE FOR FUTURE IMPROVEMENTS  
AIRPORT UTILITY CAPITAL FUND  
DECEMBER 31, 2023

E-17

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ 106,517
Increased by:		
Transferred From Contracts Payable	E-16	65,609
		<u>65,609</u>
Balance, December 31, 2023	E	<u><u>\$ 172,126</u></u>

DUE TO CURRENT FUND  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-18

	<u>Ref.</u>	
Balance, December 31, 2022	E	\$ -
Increased by:		
Loans from Current Fund	E-13	9,335,926
		<u>9,335,926</u>
Decreased by:		
Paid to Current Fund	E-5	9,335,926
		<u>9,335,926</u>
Balance, December 31, 2023	E	<u><u>\$ -</u></u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

DUE TO CURRENT FUND  
AIRPORT UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

E-19

	<u>Ref.</u>	
Balance, December 31, 2022		\$ -
Increased by:		
Fund Balance Anticipated by Current Fund	E-4	220,000
		<u>220,000</u>
Decreased by:		
Funds Disbursed to Current Fund	E-5	220,000
		<u>220,000</u>
Balance, December 31, 2023	E	<u>\$ -</u>

DUE FROM AIRPORT CAPITAL  
AIRPORT UTILITY OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

E-20

	<u>Ref.</u>	
Balance, December 31, 2022		\$ -
Increased by:		
Interest Accrued by Capital Fund	E-5	2,071
		<u>2,071</u>
Decreased by:		
Funds Received by Operating Fund	E-5	2,052
		<u>2,052</u>
Balance, December 31, 2023	E	<u>\$ 19</u>

TOWN OF MORRISTOWN  
AIRPORT UTILITY FUND

DUE TO AIRPORT OPERATING  
AIRPORT UTILITY CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2023

E-21

Balance, December 31, 2022		\$ -
Increased by:		
Interest Accrued by Capital	E-5	<u>2,071</u>
		2,071
Decreased by:		
Funds Liquidated to Operating	E-5	<u>2,052</u>
Balance, December 31, 2023		<u><u>\$ 19</u></u>

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

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

	<u>Years Ended December 31.</u>			
	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 3,600,000	3.93%	\$ 3,800,000	4.31%
Miscellaneous – From Other Than Local				
Property Tax Levies	18,450,641	20.11%	14,987,622	17.01%
Collection of Delinquent Taxes	417,569	0.45%	667,292	0.76%
Collection of Current Tax Levy	67,169,624	73.24%	67,101,146	76.17%
Non-Budget Revenue	776,959	0.85%	334,885	0.38%
Other Credits to Income	1,298,065	1.42%	1,204,892	1.37%
	<hr/>		<hr/>	
Total Income	\$ 91,712,858	100.00%	\$ 88,095,837	100.00%
	<hr/>		<hr/>	
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	\$ 46,409,819	52.56%	\$ 43,946,793	51.06%
Transfer to Board of Education	197,063	0.22%	197,771	0.23%
County Taxes	7,836,444	8.88%	7,763,047	9.02%
Regional School Taxes	33,254,156	37.66%	33,405,969	38.81%
Other Expenditures	598,853	0.68%	759,343	0.88%
	<hr/>		<hr/>	
Total Expenditures	\$ 88,296,335	100.00%	\$ 86,072,923	100.00%
	<hr/>		<hr/>	
Excess of Revenues Over Expenditures	3,416,523		2,022,914	
Adjustment to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years:				
Special Emergency	<hr/>		\$ 500,000	
Statutory Excess to Fund Balance	3,416,523		2,522,914	
Fund Balance, Beginning of Year	<hr/>		<hr/>	
	12,500,618		12,884,095	
Decreased by: Utilization as Anticipated				
Revenue	<hr/>		<hr/>	
	3,600,000		3,800,000	
Fund Balance, End of Year	<hr/>		<hr/>	
	\$ 8,900,618		\$ 9,084,095	

See Independent Auditors' Report

**TOWN OF MORRISTOWN  
SUPPLEMENTARY DATA**

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

	<u>Years Ended December 31,</u>			
	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME				
REALIZED				
Fund Balance Utilized	\$ 300,000	3.61%	\$ 300,000	3.95%
Sewer Rents	7,522,492	90.45%	7,063,293	93.06%
Miscellaneous Revenue Anticipated	441,982	5.31%	132,963	1.75%
Miscellaneous Revenue Not Anticipated	59	0.00%	220	0.00%
Other Credits to Income	51,920	0.62%	93,819	1.24%
	<hr/>		<hr/>	
Total Income	\$ 8,316,453	100.00%	\$ 7,590,295	100.00%
	<hr/>		<hr/>	
EXPENDITURES				
Budget Expenditures				
Operating	\$ 2,493,775	33.37%	\$ 2,096,025	28.25%
Capital Improvements	565,000	7.56%	400,000	5.39%
Debt Service	502,250	6.72%	1,016,114	13.69%
Def. Charges & Statutory Expenditures	111,000	1.49%	108,000	1.46%
Fund Balance Anticipated Surplus				
Appropriated to Current Fund Balance	3,800,000	50.86%	3,800,000	51.21%
	<hr/>		<hr/>	
Total Expenditures	\$ 7,472,025	100.00%	\$ 7,420,139	100.00%
	<hr/>		<hr/>	
Statutory Excess in Revenue to Fund Balance	844,428		170,156	
Fund Balance, Beginning of Year	\$ 567,990		\$ 697,834	
	<hr/>		<hr/>	
	1,412,418		867,990	
Decreased by:				
Utilization by Sewer Operating Budget	300,000		300,000	
	<hr/>		<hr/>	
Fund Balance, End of Year	\$ 1,112,418		\$ 567,990	
	<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>Years Ended December 31,</u>			
	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,000	0.38%	\$ 9,000	3.90%
Lease Rents	256,293	96.81%	221,273	95.90%
Non-Budget Revenue	6,450	2.44%	362	0.16%
Other Credits to Income	1,000	0.38%	90	0.04%
	<hr/>		<hr/>	
Total Income	\$ 264,743	100.00%	\$ 230,725	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	263,743		229,725	
Adjustment to Income Before Fund Balance				
Anticipated Surplus Appropriated to				
Current Fund Balance	220,000		219,000	
	<hr/>		<hr/>	
Statutory Excess in Revenue to Fund Balance	43,743		10,725	
Fund Balance, Beginning of Year	\$ 94,717		\$ 92,992	
	<hr/>		<hr/>	
	138,460		103,717	
Decreased by:				
Utilized as Anticipated Revenue	1,000		9,000	
	<hr/>		<hr/>	
Fund Balance, End of Year	\$ 137,460		\$ 94,717	
	<hr/>		<hr/>	

See Independent Auditors' Report

# TOWN OF MORRISTOWN SUPPLEMENTARY DATA

## Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ <u>2.888</u>	\$ <u>2.888</u>	\$ <u>2.872</u>

### Appointment of Tax Rate

Municipal	1.094	1.065	1.043
County	0.329	0.332	0.341
Library	0.042	0.042	0.042
Regional School	1.441	1.449	1.446

### Assessed Valuation

2023	\$ <u>2,308,539,413</u>		
2022		\$ <u>2,299,687,113</u>	
2021			\$ <u>2,296,447,513</u>

## Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2023	\$ 67,297,405	\$ 66,027,186	98.11%
2022	66,739,465	65,429,310	98.04%
2021	66,621,767	65,518,550	98.34%

## Delinquent Taxes and Tax Title Liens

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

<u>December 31, Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Levy</u>
2023	\$ 1,361,567	\$ 186,027	\$ 1,547,594	2.34%
2022	409,352	43,098	452,450	0.69%
2021	663,818	87,045	750,863	1.15%

## 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>
2023	\$ 2,193,200
2022	2,193,200
2021	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>
2023	\$ 7,544,515	\$ 7,522,492	99.71%
2022	6,982,356	7,063,293	101.16%
2021	7,141,258	7,062,864	98.90%

\* 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	2023	\$ 8,900,618	\$ 3,600,000
	2022	9,082,400	3,600,000
	2021	10,361,181	3,800,000
Sewer Utility Operating Fund	2023	\$ 1,112,418	\$ 300,000
	2022	567,990	300,000
	2021	697,834	300,000
Airport Utility Operating Fund	2023	\$ 137,460	\$ 1,000
	2022	94,717	1,000
	2021	92,992	9,000

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

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**PART III  
SINGLE AUDIT SECTION  
YEAR ENDED DECEMBER 31, 2023**



**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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 28, 2024 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.

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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  
June 28, 2024

*Anthony Branco*

Anthony Branco, CPA  
Registered Municipal Accountant, No. 595



**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, County of Morris, 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, 2023. 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, 2023.

***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.

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

*Page 2*

**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, *Government 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**

Page 3

**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  
June 28, 2024

*Anthony Branco*

Anthony Branco, CPA  
Registered Municipal Accountant, No. 595

TOWN OF MORRISTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Number	Federal A.L. No.	Passed Through Entity Identifying Number	Award Amount	2023 Cash Received	2023 Expenditures	Cumulative Expenditures	Passed Through To Sub Recipients
<b><u>U.S. Department of Housing and Urban Development</u></b>								
Direct Program								
Community Development Block Grant- Entitlement Grants Cluster:								
Columbia Street Drainage Improvements	B-09-UV-34-0101	14.218	Not applicable	\$ 80,000		\$ 80,000	\$ 80,000	Not applicable
Total U.S. Department of Housing and Urban Development						80,000	80,000	
<b><u>U.S. Department of the Treasury</u></b>								
Direct Program								
American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds		21.027	Not applicable	1,008,011		500,000	500,000	Not applicable
Passed Through New Jersey Department of Community Affairs								
American Rescue Plan - Firefighter Grant 2022		21.027	Not applicable	50,000		49,981	49,981	Not applicable
Total American Rescue Plan						549,981	549,981	
Total U.S. Department of the Treasury						549,981	549,981	
<b><u>U.S. Department of Transportation</u></b>								
Direct Program								
Airport Improvement Program:	6070-100-XXX	20.106	Not applicable					Not applicable
2020 Runway 5-23 Safety Area Phase V				1,941,466	\$ 28,350	28,350	28,350	
2020 Runway 5-23 Safety Area Phase VI				10,033,162	1,075,631	1,075,631	8,943,211	
2021 Runway 5-23 Safety Area Phase VIII				11,225,040	2,829,886	2,829,886	9,298,104	
2022 Runway 5-23 Safety Area Phase IX				7,224,412	4,423,428	4,423,428	4,423,428	
Total Airport Improvement Program					8,357,295	8,357,295	8,357,295	
Passed Through New Jersey Department of Transportation								
Highway Planning and Construction- MLK Promenade Transit Connection	2020-DT-DLA-538	20.205	Not applicable	217,454		34,872	145,677	Not applicable
Total Highway Planning and Construction						34,872	145,677	
Total U.S. Department of Transportation					8,357,295	8,392,167	8,502,972	
<b><u>U.S. Department of Homeland Security</u></b>								
Direct Program								
FEMA - Assistance to Firefighters Grant		97.044	Not applicable	35,238		33,509	33,509	Not applicable
Total U.S. Department of Homeland Security						33,509	33,509	
<b><u>U.S. Department of Justice</u></b>								
Direct Program								
Bulletproof Vest Partnership Program- Year 2019		16.607	Not applicable	20,202		236	20,202	Not applicable
Total U.S. Department of Justice						236	20,202	
<b><u>U.S. Department of Health and Human Services</u></b>								
Direct Program								
COVID-19 Vaccination Supplemental Funding Program		93.268	Not applicable	25,000	25,000	22,107	25,000	Not applicable
Total U.S. Department of Health and Human Services					25,000	22,107	25,000	
TOTAL FEDERAL AWARDS					\$ 8,382,295	\$ 9,078,000	\$ 9,157,953	

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 YEAR ENDED DECEMBER 31, 2023**

State Funding Department and Description	State Account Number	Passed Through Entity Identifying Number	Passed Through To Sub Recipients	Award Amount	2023 Cash Received	2023 Expenditures	Cumulative Expenditures
<b><u>Department of Transportation (Airport Utility)</u></b>							
Airport Safety Fund	100-078-6070	Not applicable	Not applicable				
2020 Runway 5-23 Safety Area V				\$ 1,941,466	\$ 1,575	\$ 1,575	\$ 1,575
2020 Engineering Customs BP				590,000	15,930	15,930	15,930
2021 Runway 13-31 Keel Rehabilitation Phase II				608,676	419,660	419,660	421,562
2022 Runway 5-23 Safety Area Phase IX				7,224,412	245,746	245,746	245,746
Total Airport Safety Fund					682,911	682,911	684,813
Highway Safety and Road Improvements							
NJ DOT 2022 Various Roads	6320-480-078-6320	Not applicable	Not applicable	293,800	220,350	293,800	293,800
NJ DOT 2023 Various Roads	6320-480-078-6320	Not applicable	Not applicable	324,695	243,521	324,695	324,695
Total Highway Safety and Road Improvements					463,871	618,495	618,495
Total Department of Transportation					1,146,782	1,301,406	1,303,308
<b><u>Department of Justice</u></b>							
<b><u>Alcohol Education - DWI</u></b>							
Program year 2022	054-7700-100-102/168	Not applicable	Not applicable	31,194		1,683	2,627
Total Alcohol Education - DWI						1,683	2,627
<b><u>Alcohol Education - Rehabilitation</u></b>							
Program year 2017 and Prior	Not available	Not applicable	Not applicable	9,103		344	344
Program year 2018				1,094		1,094	1,094
Total Alcohol Education - Rehabilitation						1,438	1,438
Total Department of Justice						3,121	4,065
<b><u>Department of Environmental Protection</u></b>							
<b><u>Recycling Tonnage Grant</u></b>							
Program Year 2020 and Prior	4900-765-178910-60	Not applicable	Not applicable	86,778		32,670	86,542
Program Year 2023	4900-765-178910-60			19,221		5,837	5,837
Total Recycling Tonnage Grant						38,507	92,379
<b><u>Clean Communities Grant Program</u></b>							
Program Year 2020	4900-765-178900	Not applicable	Not applicable	64,365		8,853	47,100
Total Clean Communities Grant Program						8,853	47,100
Total Department of Environmental Protection						47,360	139,479
<b><u>Department of Health and Senior Services</u></b>							
<b><u>Enhancing Local Public Health Infrastructure Program</u></b>							
Program Year 2022	Not available	Not available	Not available	154,330	154,330	147,938	147,938
Total Enhancing Local Public Health Infrastructure Program					154,330	147,938	147,938
<b><u>Strengthening Local Public Health Capacity Program</u></b>							
Program Year 2022	Not available	Not available	Not available	274,735	232,687	141,910	274,735
Total Strengthening Local Public Health Capacity Program					232,687	141,910	274,735
Total Department of Health and Senior Services					387,017	289,848	422,673
TOTAL STATE FINANCIAL ASSISTANCE					\$ 1,533,799	\$ 1,641,735	\$ 1,869,525

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

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

**TOWN OF MORRISTOWN  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
DECEMBER 31, 2023**

**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 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 AMERICAN RESCUE PLAN (ARP)**

The Town's utilization of American Rescue Plan Funds (ARP) program assistance, as listed in the Schedule of Expenditures of Federal Awards is reported in the financial statements as utilized as follows:

	<u>Total</u>
American Rescue Plan – Revenue Loss	\$ 500,000
American Rescue Plan – Firefighter Program	<u>49,981</u>
Total	<u>\$ 549,981</u>

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

*Section I – Summary of Auditors' Results*

**Financial Statements**

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

Internal control over financial reporting:

- |   |           |                      |      |
|---|-----------|----------------------|------|
| 1) Material weakness(es) identified   | _____ Yes | _____ <u>X</u> _____ | No   |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | _____ <u>X</u> _____ | None |

Noncompliance material to the financial statements noted?	_____ Yes	_____ <u>X</u> _____	No
---	-----------	----------------------	----

**Federal Awards Section**

Internal Control over major federal programs:

- |   |           |                      |      |
|---|-----------|----------------------|------|
| 1) Material weakness(es) identified   | _____ Yes | _____ <u>X</u> _____ | No   |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | _____ <u>X</u> _____ | None |

Type of auditor's report issued on compliance for major federal programs	<u>Unmodified</u>
--	-------------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> _____	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

Dollar threshold used to distinguish between Type A and Type B Programs	_____ <u>\$750,000</u> _____
---	------------------------------

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ Yes	_____ No
--	--------------------------	----------

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

**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 state 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

Name of State Program or Cluster

100-078-6070

New Jersey Department of Transportation -  
Airport Safety Fund

**TOWN OF MORRISTOWN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

**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**  
**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		
Sandra Mayer	Council Member – President		
Nathan Umbriac	Council Member – Vice President		
Stefan Armington	Council Member		
Tawanna Cotton	Council Member		
Robert Iannaccone	Council Member		
David Silva	Council Member		
Toshiba Foster	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		
Bob Brooks	Superintendent of the Sewer Utility		
David Mincello	Director of Law/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	Chief of Police		
Robert Flanagan	Fire Chief		
Alfonso Chieffo	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		
Tina Mereos	Health Officer		
James Cambell	Zoning Officer		
Samantha Grindlinger	Recreation Supervisor		

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

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**PART IV**

**GENERAL COMMENTS  
YEAR ENDED DECEMBER 31, 2023**

## **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 3, 2023 adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer accounts:

BE IT RESOLVED by the Town Council of the Town of Morristown in the County of Morris in the State of New Jersey that the interest charged on 2023 delinquencies on Tax and/or Sewer by the Tax Collector shall be 8% per annum on the first \$1,500 and 18% on any amount in excess of \$1,500 per N.J.S.A. 54:5-6.

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

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

BE IT FURTHER RESOLVED that the Collector may impose a year end penalty of 6% for delinquencies in excess of \$10,000, including principal amount of tax, interest, and all other municipal charges computed to the end of the fiscal year.

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 on October 4, 2023. 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>
2023	2
2022	4
2021	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  
June 28, 2024

*Anthony Branco*

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Registered Municipal Accountant, No. 595