

BOROUGH OF MORRIS PLAINS

COUNTY OF MORRIS

REPORT OF AUDIT

2019

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
REPORT OF AUDIT
2019

BOROUGH OF MORRIS PLAINS
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BOROUGH OF MORRIS PLAINS

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Morris Plains in the County of Morris (the "Borough") as of, and for the years ended December 31, 2019 and 2018, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2019 and 2018, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2019 and 2018 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Morris Plains as of December 31, 2019 and 2018, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by the 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of the Borough of Morris Plains' 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 Borough of Morris Plains' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Morris Plains' internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 29, 2020

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Registered Municipal Accountant No. 548
Certified Public Accountant

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
CURRENT FUND

BOROUGH OF MORRIS PLAINS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 4,155,261.92	\$ 5,252,801.32
Change Fund		250.00	250.00
Due from:		4,155,511.92	5,253,051.32
State of New Jersey:			
Senior Citizens' and Veterans' Deductions		4,068.95	4,568.95
Morris County Municipal Utilities Authority			12,016.32
		<u>4,159,580.87</u>	<u>5,269,636.59</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	831,461.45	179,607.98
Tax Title Liens Receivable	A-8	20,117.40	3,988.18
Property Acquired for Taxes at Assessed Valuation		337,200.00	337,200.00
Revenue Accounts Receivable	A-9	17,650.94	23,414.30
Due from:			
Assessment Trust Fund	B	64.15	62.98
Other Trust Funds	B	1,225.71	822.68
General Capital Fund	C	2,247.23	2,568.26
		<u>1,209,966.88</u>	<u>547,664.38</u>
		<u>\$ 5,369,547.75</u>	<u>\$ 5,817,300.97</u>
TOTAL ASSETS			

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 1,084,329.19	\$ 919,006.88
Encumbered	A-3;A-11	54,401.18	77,597.85
		<u>1,138,730.37</u>	<u>996,604.73</u>
Due to:			
Borough Library - State Library Aid			968.00
Morris County Municipal Utilities Authority		823.56	3,052.47
State of New Jersey:			
Department of Community Affairs Training Fees Payable		2,180.00	5,404.00
Prepaid Taxes		162,572.25	167,448.05
Tax Overpayments		11,035.43	45,059.82
Reserve for:			
Pending Tax Appeals		708,853.05	821,014.21
Deposit on Redemption of Third Party Liens		29,495.58	1,250.00
Unappropriated Grant Funds:			
Drunk Driving Enforcement Fund		12,719.32	11,171.51
Alcohol Education and Rehabilitation Fund		3,245.29	3,402.29
Body Armor Replacement Fund		2,127.23	4,771.24
Clean Communities Program		5,128.49	8,441.54
		<u>2,076,910.57</u>	<u>2,068,587.86</u>
Reserve for Receivables and Other Assets	A	1,209,966.88	547,664.38
Fund Balance	A-1	<u>2,082,670.30</u>	<u>3,201,048.73</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 5,369,547.75</u></u>	<u><u>\$ 5,817,300.97</u></u>

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

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

	Ref.	Year Ended December 31,	
		2019	2018
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,400,000.00	\$ 2,196,000.00
Miscellaneous Revenue Anticipated		1,888,116.52	2,175,396.69
Receipts from:			
Delinquent Taxes		172,780.73	199,875.56
Current Taxes		31,572,386.88	31,208,218.00
Nonbudget Revenue		128,034.45	24,958.41
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		322,684.45	630,446.17
Tax Overpayments Canceled			7.99
Prior Year Senior Citizens' and Veterans' Deductions Allowed		500.00	250.00
Interfunds and Other Accounts Receivable Returned		321.03	3,651.33
		<u>36,484,824.06</u>	<u>36,438,804.15</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		14,020,476.65	13,572,074.67
County Taxes		4,165,918.64	3,899,840.21
Local School District Taxes		17,015,903.00	16,473,213.00
Prior Year Senior Citizens' and Veterans' Deductions Disallowed		500.00	644.50
Interfunds and Other Accounts Receivable Advanced		404.20	2,327.90
		<u>35,203,202.49</u>	<u>33,948,100.28</u>
Excess in Revenue/Statutory Excess to Fund Balance		1,281,621.57	2,490,703.87
<u>Fund Balance</u>			
Balance January 1		<u>3,201,048.73</u>	<u>2,906,344.86</u>
		4,482,670.30	5,397,048.73
Decreased by:			
Utilized as Anticipated Revenue		<u>2,400,000.00</u>	<u>2,196,000.00</u>
Balance December 31	A	<u>\$ 2,082,670.30</u>	<u>\$ 3,201,048.73</u>

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

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,400,000.00		\$ 2,400,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	12,650.00		12,900.00	250.00
Other	14,000.00		13,562.00	438.00 *
Fees and Permits:				
Uniform Construction Code	165,000.00		168,827.00	3,827.00
Other	150,000.00		177,337.00	27,337.00
Fines and Costs:				
Municipal Court	160,000.00		144,699.46	15,300.54 *
Interest and Costs on Taxes	47,000.00		44,885.80	2,114.20 *
Interest on Investments and Deposits	98,500.00		136,300.34	37,800.34
Energy Receipts Tax	613,886.00		613,886.00	
Substance Abuse Alliance Grant	10,482.00	\$ 2,000.00	12,433.44	48.56 *
Distracted Driving Crackdown	5,500.00	5,500.00	5,500.00	5,500.00 *
Clean Communities Program		13,455.82	13,455.82	
Body Armor Replacement Grant		1,955.98	1,955.98	
Reserve for Drunk Driving Enforcement Fund	5,500.00		5,500.00	
Reserve for Alcohol Education and Rehabilitation Fund	1,600.00		1,600.00	
Reserve for Body Armor Replacement Grant	4,300.00	444.02	4,744.02	
Reserve for Clean Communities Program	4,800.00		4,800.00	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue:				
Uniform Fire Safety Act	\$ 17,000.00		\$ 18,755.43	\$ 1,755.43
Cable Television Franchise Fees	99,584.94		99,584.94	
Hotel/Motel Tax Revenue	80,000.00		89,400.39	9,400.39
Morris Plains Board of Education	36,540.00		17,988.90	18,551.10 *
General Capital Fund - Reserve for:				
Payment of Debt Service	100,000.00		100,000.00	
Sewer Improvements - Sewer Connection Fees	200,000.00		200,000.00	
	<u>1,826,342.94</u>	<u>\$ 23,355.82</u>	<u>1,888,116.52</u>	<u>38,417.76</u>
Receipts from Delinquent Taxes	<u>165,000.00</u>		<u>172,780.73</u>	<u>7,780.73</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	11,183,009.07		11,967,696.22	784,687.15
Budget Totals	15,574,352.01	23,355.82	16,428,593.47	\$ 830,885.64
Nonbudget Revenue			128,034.45	
	<u>\$ 15,574,352.01</u>	<u>\$ 23,355.82</u>	<u>\$ 16,556,627.92</u>	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 31,572,386.88
Allocated to School and County Taxes	21,181,821.64
Balance for Support of Municipal Budget	10,390,565.24
 Add: Appropriation "Reserve for Uncollected Taxes"	 1,577,130.98
 Realized for Support of Municipal Budget	 \$ 11,967,696.22

Analysis of Licenses - Other:

Board of Health	\$ 102.00
Borough Clerk	13,460.00
	\$ 13,562.00

Analysis of Fees and Permits - Uniform Construction Code Fees:

Building Inspector	\$ 168,931.00
Less: Refunds	104.00
	\$ 168,827.00

Analysis of Fees and Permits - Other:

Treasurer:	
Planning Board	\$ 65,585.00
Borough Clerk	25,445.00
Board of Health	17,235.00
Fire Prevention Fees	12,481.00
Police	5,591.00
Zoning Board	1,120.00
Board of Adjustment	2,000.00
Other Fees and Permits	47,880.00
	\$ 177,337.00

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Analysis of Interest on Investments:

Collected/Received by Treasurer	\$ 132,763.25
Due from Assessment Trust Fund	64.15
Due from Other Trust Fund	1,225.71
Due from General Capital Fund	2,247.23
	2,247.23
	\$ 136,300.34

Analysis of Morris Plains Board of Education:

Collected/Received by Treasurer	\$ 19,167.88
Less: Refunds	1,178.98
	1,178.98
	\$ 17,988.90

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Federal Emergency Management Agency Reimbursements:

Severe Winter Storm and Snow Storm Quinn	\$ 104,774.91
Prior Year Refunds/Reimbursements	7,736.55
Borough Auction/Sale of Assets	7,065.67
Bus Stop Advertising	1,365.22
Clerk Miscellaneous Receipts	214.91
Donation	919.25

State of New Jersey:

Motor Vehicle Inspections	2,574.00
Unclaimed Funds	716.85
Administrative Reimbursement - Homestead Rebate	420.60
Tax Assessor Miscellaneous Receipts	330.00
Building Inspector Penalties	1,000.00
NSF Check Fees	25.00
Other Miscellaneous	791.49
	127,934.45

Tax Collector:

NSF Check Fees	100.00
	100.00

\$ 128,034.45

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

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Mayor and Council:					
Salaries and Wages	\$ 46,900.00	\$ 46,900.00	\$ 46,900.00		
Other Expenses	13,500.00	13,500.00	13,215.85	\$ 284.15	
Municipal Clerk:					
Salaries and Wages	232,600.00	233,100.00	233,054.78	45.22	
Other Expenses	91,050.00	91,050.00	83,214.52	7,835.48	
Financial Administration:					
Salaries and Wages	142,200.00	136,500.00	134,347.14	2,152.86	
Other Expenses	86,500.00	86,500.00	37,724.28	48,775.72	
Audit Fees	41,100.00	41,100.00		41,100.00	
Collection of Taxes:					
Salaries and Wages	70,100.00	70,100.00	69,826.39	273.61	
Other Expenses	5,250.00	5,250.00	3,160.23	2,089.77	
Assessment of Taxes:					
Salaries and Wages	23,600.00	23,600.00	23,600.00		
Other Expenses	83,150.00	73,150.00	9,867.97	63,282.03	
Legal Services and Costs:					
Other Expenses	189,720.00	139,720.00	95,970.34	43,749.66	
Engineering Services and Costs:					
Other Expenses	40,000.00	40,000.00	35,933.42	4,066.58	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	9,000.00	9,000.00	6,997.75	2,002.25	
Other Expenses	95,560.00	80,560.00	34,531.43	46,028.57	
Board of Adjustment:					
Other Expenses	7,450.00	7,450.00	1,390.50	6,059.50	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
INSURANCE:					
Liability Insurance	\$ 119,870.00	\$ 119,870.00	\$ 108,732.00	\$ 11,138.00	
Workers' Compensation Insurance	103,860.00	103,860.00	103,860.00		
Employee Group Insurance	737,300.00	737,300.00	585,420.41	151,879.59	
Unemployment Compensation Insurance	9,000.00	9,000.00	3,601.58	5,398.42	
PUBLIC SAFETY:					
Zoning Inspector:					
Salaries and Wages	23,000.00	23,000.00	22,869.00	131.00	
Other Expenses	450.00	450.00	235.00	215.00	
Police:					
Salaries and Wages	2,156,700.00	2,177,700.00	2,167,205.59	10,494.41	
Other Expenses	401,590.00	390,590.00	298,242.89	92,347.11	
Emergency Management Service:					
Other Expenses	4,500.00	4,500.00		4,500.00	
Contribution for Ambulance Services:					
Morris Minutemen	43,000.00	43,000.00	43,000.00		
Fire:					
Salaries and Wages	31,000.00	31,000.00	27,899.60	3,100.40	
Other Expenses	87,850.00	87,850.00	58,274.41	29,575.59	
Municipal Prosecutor:					
Other Expenses	19,200.00	19,200.00	14,100.00	5,100.00	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
RECREATION AND EDUCATION:					
Recreation Commission:					
Salaries and Wages	\$ 53,000.00	\$ 57,000.00	\$ 54,703.06	\$ 2,296.94	
Other Expenses	83,000.00	79,000.00	59,696.72	19,303.28	
All Seasons Garden Club:					
Other Expenses	1,750.00	1,750.00	1,406.35	343.65	
Robert's Garden:					
Other Expenses	1,800.00	1,800.00	1,470.00	330.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries and Wages	1,160,600.00	1,143,300.00	1,081,726.98	61,573.02	
Other Expenses	177,950.00	177,950.00	174,272.75	3,677.25	
Sewer System:					
Salaries and Wages	67,000.00	67,000.00	67,000.00		
Other Expenses	191,300.00	191,300.00	116,542.99	74,757.01	
Shade Tree Maintenance:					
Other Expenses	65,400.00	65,400.00	65,326.60	73.40	
Solid Waste Collection:					
Salaries and Wages	20,600.00	20,600.00	20,538.00	62.00	
Other Expenses	453,800.00	458,300.00	422,477.88	35,822.12	
Public Building and Grounds:					
Salaries and Wages	56,000.00	56,000.00	52,750.38	3,249.62	
Other Expenses	201,500.00	254,500.00	220,940.97	33,559.03	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	\$ 7,650.00	\$ 7,650.00	\$ 7,650.00		
Other Expenses	3,102.47	3,102.47	46.97	\$ 3,055.50	
Substance Abuse Alliance:					
Salaries and Wages	17,630.00	17,630.00	15,276.63	2,353.37	
Other Expenses	3,014.00	3,014.00	2,500.00	514.00	
Contribution to Teen Pride	2,594.50	2,594.50	2,594.50		
Senior Citizens Transportation:					
Salaries and Wages	15,400.00	15,900.00	6,815.30	9,084.70	
Other Expenses	6,000.00	5,500.00	4,478.84	1,021.16	
Landfill/Solid Waste Disposal Cost:					
Other Expenses	235,576.00	265,576.00	219,981.82	45,594.18	
State Uniform Construction Code (NISA 52:27D-120 et seq.):					
Construction Code Officials:					
Salaries and Wages	221,000.00	221,000.00	214,631.10	6,368.90	
Other Expenses	64,150.00	64,150.00	43,407.21	20,742.79	
UNCLASSIFIED:					
Utility Expenses and Bulk Purchases	269,180.00	269,180.00	221,381.84	47,798.16	
Reserve for Accumulated Absences	1,000.00	1,000.00		1,000.00	
Municipal Court:					
Salaries and Wages	101,000.00	101,000.00	98,360.75	2,639.25	
Other Expenses	35,375.00	35,375.00	28,713.16	6,661.84	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Public Defender (P.L. 1997 C.256):					
Other Expenses	\$ 5,650.00	\$ 5,650.00		\$ 5,650.00	
Total Operations Within "CAPS"	8,437,021.97	8,437,021.97	\$ 7,467,865.88	969,156.09	
Detail:					
Salaries and Wages	4,455,980.00	4,458,980.00	4,352,152.45	106,827.55	
Other Expenses	3,981,041.97	3,978,041.97	3,115,713.43	862,328.54	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	267,466.00	267,466.00	267,466.00		
Social Security System (OASI)	320,000.00	320,000.00	315,037.97	4,962.03	
Police and Firemen's Retirement System of NJ	445,416.00	445,416.00	445,416.00		
Defined Contribution Retirement Program	2,034.00	2,034.00	1,351.77	682.23	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,034,916.00	1,034,916.00	1,029,271.74	5,644.26	
Total General Appropriations for Municipal Purposes Within "CAPS"	9,471,937.97	9,471,937.97	8,497,137.62	974,800.35	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Aid to Library (N.J.S.A. 40:54-35):	\$ 123,000.00	\$ 123,000.00	\$ 123,000.00		
Other Expenses					
Municipal Stormwater Management:					
Salaries and Wages	110,500.00	110,500.00	95,431.23	\$ 15,068.77	
Other Expenses	77,000.00	77,000.00	32,072.09	44,927.91	
Recycling Taxes - State Fee	7,424.00	7,424.00	6,126.99	1,297.01	
Shared Service Agreements:					
Sewer Treatment Contracts with Other Municipalities	1,561,900.00	1,561,900.00	1,561,586.07	313.93	
Board of Health:					
Health Services Contracts with Other Municipalities	65,622.53	65,622.53	49,215.00	16,407.53	
Public and Private Programs Offset by Revenue:					
Substance Abuse Alliance Grant:					
County Share (NJSA 40A:4-87 +\$2,000.00)	10,482.00	12,482.00	2,052.34	10,429.66	
Local Share	4,620.50	4,620.50		4,620.50	
Clean Communities Grant (NJSA 40A:4-87 +\$13,455.82):					
Recycling	4,800.00	18,255.82	8,448.29	9,807.53	
Distracted Driving Crackdown (NJSA 40A:4-87 +\$5,500.00):					
Police	5,500.00	11,000.00	5,500.00	5,500.00	
Drunk Driving Enforcement Fund:					
Police	5,500.00	5,500.00	5,194.00	306.00	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Programs Offset by Revenue (Continued):					
Body Armor Replacement Grant (NJSA 40A:4-87 +\$2,400.00)	\$ 4,300.00	\$ 6,700.00	\$ 6,700.00		
Alcohol Education and Rehabilitation Fund - Municipal Court	1,600.00	1,600.00	750.00	\$ 850.00	
Total Operations Excluded from "CAPS"	1,982,249.03	2,005,604.85	1,896,076.01	109,528.84	
Detail:					
Salaries and Wages	122,500.00	127,500.00	106,431.23	21,068.77	
Other Expenses	1,859,749.03	1,878,104.85	1,789,644.78	88,460.07	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	325,000.00	325,000.00	325,000.00		
Total Capital Improvements - Excluded from "CAPS"	325,000.00	325,000.00	325,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	915,000.00	915,000.00	915,000.00		
Payment of Bond Anticipation Notes	584,400.00	584,400.00	584,400.00		
Interest on Bonds	130,300.00	130,300.00	130,250.03		\$ 49.97
Interest on Notes	284,100.00	284,100.00	284,099.74		0.26
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	2,650.00	2,650.00	2,600.03		49.97
Total Municipal Debt Service - Excluded from "CAPS"	1,916,450.00	1,916,450.00	1,916,349.80		100.20

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges - Excluded from "CAPS":					
Deferred Charges to Future Taxation - Unfunded: Ordinance #20-15	\$ 301,584.03	\$ 301,584.03	\$ 301,584.03		
Total Deferred Charges - Excluded from "CAPS"	301,584.03	301,584.03	301,584.03		
Total General Appropriations - Excluded from "CAPS"	4,525,283.06	4,548,638.88	4,439,009.84	\$ 109,528.84	\$ 100.20
Subtotal General Appropriations	13,997,221.03	14,020,576.85	12,936,147.46	1,084,329.19	100.20
Reserve for Uncollected Taxes	1,577,130.98	1,577,130.98	1,577,130.98		
Total General Appropriations	\$15,574,352.01	\$15,597,707.83	\$14,513,278.44	\$ 1,084,329.19	\$ 100.20

Ref.

A

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 15,574,352.01	
Added by NJSA 40A:4-87		23,355.82	
		\$ 15,597,707.83	
Reserve for Uncollected Taxes			\$ 1,577,130.98
Encumbrances	A		54,401.18
Cash Disbursed			13,350,177.84
			14,981,710.00
Less: Appropriation Refunds			468,431.56
			\$ 14,513,278.44

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
TRUST FUNDS

BOROUGH OF MORRIS PLAINS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>ASSETS</u>	<u>Ref.</u>		
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	\$ 53,262.16	\$ 52,691.74
Assessments Receivable	B-7	444.00	1,013.25
		<u>53,706.16</u>	<u>53,704.99</u>
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	56.73	5,897.85
		<u>56.73</u>	<u>5,897.85</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,023,830.16	872,815.23
		<u>1,023,830.16</u>	<u>872,815.23</u>
 TOTAL ASSETS		 <u>\$ 1,077,593.05</u>	 <u>\$ 932,418.07</u>

BOROUGH OF MORRIS PLAINS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2019	2018
<u>LIABILITIES AND RESERVES</u>			
Assessment Trust Fund:			
Due Current Fund	A	\$ 64.15	\$ 62.98
Due General Capital Fund	C	53,642.01	53,642.01
		<u>53,706.16</u>	<u>53,704.99</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	56.73	5,897.85
Other Trust Funds:			
Due Current Fund	A	1,225.71	822.68
Due State of New Jersey:			
Marriage License Fees		25.00	75.00
Burial Permit Fees		35.00	35.00
Escrow Deposits		355,349.16	402,269.18
Refundable Deposits		52,849.00	28,122.50
Reserve for:			
Engineering Inspection Fees		190,836.96	110,083.62
Recycling		46,382.87	24,841.22
State Unemployment Insurance		46,560.43	46,033.35
Law Enforcement		6,355.17	6,283.23
Drug Enforcement		1,501.20	1,484.22
Parking Offense Adjudication Act		3,445.01	3,277.01
Uniform Fire Safety		1,687.19	1,687.19
Public Defender		3,899.50	3,151.00
Police Off-Duty Expenditures		7,270.50	5,842.50
Premiums Received at Tax Sale		134,300.00	68,900.00
Accumulated Sick and Vacation Pay		139,344.68	139,344.68
Morris Plains 911 Memorial Fund		6,951.56	4,885.26
Municipal Alliance		25,811.22	25,677.59
		<u>1,023,830.16</u>	<u>872,815.23</u>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 1,077,593.05</u></u>	<u><u>\$ 932,418.07</u></u>

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

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
GENERAL CAPITAL FUND

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2019	2018
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 3,412,334.58	\$ 2,086,618.84
Grants Receivable:			
New Jersey Department of Transportation		110,600.00	46,250.00
Due Assessment Trust Fund	B	53,642.01	53,642.01
Deferred Charges to Future Taxation:			
Funded		4,045,000.00	4,962,574.30
Unfunded	C-4	12,170,030.00	11,137,834.03
TOTAL ASSETS		<u>\$ 19,791,606.59</u>	<u>\$ 18,286,919.18</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 4,045,000.00	\$ 4,960,000.00
Green Trust Loans Payable	C-9		2,574.30
Bond Anticipation Notes Payable	C-7	11,162,380.00	10,330,900.00
Improvement Authorizations:			
Funded	C-5	752,688.85	916,149.81
Unfunded	C-5	2,287,472.09	508,157.48
Due Current Fund	A	2,247.23	2,568.26
Capital Improvement Fund	C-6	279,141.68	132,761.68
Reserve for:			
Sewer Improvements - Sewer Connection Fees		770,540.79	966,340.79
Park Improvements		45,680.00	45,680.00
Payment of Debt Service		415,740.65	392,464.77
Fund Balance	C-1	30,715.30	29,322.09
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 19,791,606.59</u>	<u>\$ 18,286,919.18</u>

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

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 29,322.09
Increased by:		
Premium on Sale of Notes		76,393.21
		<u>105,715.30</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations		75,000.00
		<u>75,000.00</u>
Balance December 31, 2019	C	<u>\$ 30,715.30</u>

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
WATER UTILITY FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
SWIMMING POOL UTILITY FUND

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2019	2018
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 26,895.66	\$ 32,195.39
Total Operating Fund		<u>26,895.66</u>	<u>32,195.39</u>
Capital Fund:			
Fixed Capital	F-7	99,000.00	99,000.00
Total Capital Fund		<u>99,000.00</u>	<u>99,000.00</u>
TOTAL ASSETS		<u>\$ 125,895.66</u>	<u>\$ 131,195.39</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-8	\$ 3,104.53	\$ 8,500.98
Fund Balance	F-1	23,791.13	23,694.41
Total Operating Fund		<u>26,895.66</u>	<u>32,195.39</u>
Capital Fund:			
Reserve for Amortization		99,000.00	99,000.00
Total Capital Fund		<u>99,000.00</u>	<u>99,000.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 125,895.66</u>	<u>\$ 131,195.39</u>

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

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 18,570.00	\$ 29,675.00
Swimming Pool Fees		85,610.00	86,430.00
Miscellaneous Revenue Not Anticipated		12,069.12	9,706.52
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		7,417.60	6,422.35
		<u>123,666.72</u>	<u>132,233.87</u>
<u>Expenditures</u>			
Operating		100,800.00	105,800.00
Statutory Expenditures		4,200.00	4,200.00
		<u>105,000.00</u>	<u>110,000.00</u>
Excess in Revenue/Statutory Excess to Fund Balance		18,666.72	22,233.87
<u>Fund Balance</u>			
Balance January 1		23,694.41	31,135.54
		42,361.13	53,369.41
Decreased by:			
Utilized as Anticipated Revenue		18,570.00	29,675.00
Balance December 31	F	<u>\$ 23,791.13</u>	<u>\$ 23,694.41</u>

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

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	Anticipated	Realized	Excess or Deficit *
Operating Surplus Anticipated	\$ 18,570.00	\$ 18,570.00	
Swimming Pool Fees	86,430.00	85,610.00	\$ 820.00 *
Budget Totals	105,000.00	104,180.00	\$ 820.00 *
Miscellaneous Revenue Not Anticipated		12,069.12	
	\$ 105,000.00	\$ 116,249.12	
<u>Analysis of Swimming Pool Fees</u>			
Membership Fees	\$ 81,215.00		
Guest Fees	4,395.00	\$ 85,610.00	
<u>Analysis of Miscellaneous Revenue Not Anticipated</u>			
Concession Stand Revenue	\$ 9,644.25		
Swimming Lessons	1,150.00		
Splash Party	93.00		
Interest on Investments	1,181.87	\$ 12,069.12	

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

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 55,000.00	\$ 55,000.00	\$ 52,190.02	\$ 2,809.98
Other Expenses	45,800.00	45,800.00	45,556.87	243.13
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	4,200.00	4,200.00	4,148.58	51.42
	<u>\$ 105,000.00</u>	<u>\$ 105,000.00</u>	<u>\$ 101,895.47</u>	<u>\$ 3,104.53</u>
		<u>Ref.</u>		F
Cash Disbursed			\$ 103,935.47	
Less: Appropriation Refunds			<u>2,040.00</u>	
			<u>\$ 101,895.47</u>	

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF MORRIS PLAINS
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)

	December 31,	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Land	\$ 2,698,140.00	\$ 2,698,140.00
Buildings and Improvements	2,610,024.00	2,610,024.00
Equipment	<u>2,392,200.00</u>	<u>2,392,200.00</u>
TOTAL ASSETS	<u><u>\$ 7,700,364.00</u></u>	<u><u>\$ 7,700,364.00</u></u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 7,700,364.00</u>	<u>\$ 7,700,364.00</u>
TOTAL RESERVES	<u><u>\$ 7,700,364.00</u></u>	<u><u>\$ 7,700,364.00</u></u>

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Morris Plains include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Morris Plains, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Morris Plains do not include the operations of the municipal library or volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

Assessment Trust Fund - Resources and expenditures for payment of Assessment Trust Fund debt.

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
 (Continued)

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

B. Description of Funds (Cont'd)

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

Swimming Pool Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned swimming pool utility.

General Fixed Assets Account Group (Unaudited) - Estimated value of land, buildings and certain fixed assets of the Borough as discussed in Note 1E "Other significant accounting policies".

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

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

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

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

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received in the Current Fund and awarded in the General Capital Fund; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Swimming Pool Utility Capital Fund would be depreciated; investments would generally be stated at fair value; and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

- D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.

- E. Other significant accounting policies include:

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

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

Investments - Investments are stated at cost.

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

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

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

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

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

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

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

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

General Fixed Assets (Unaudited) – In accordance with N.J.A.C. accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current, General Capital and Swimming Pool Utility Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Swimming Pool Utility Fund are recorded in the Swimming Pool Utility Capital Fund at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the Swimming Pool Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Swimming Pool Utility does not record depreciation on fixed assets.

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

Note 2: Long-Term Debt

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

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

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$ 15,207,380	\$ 15,293,474	\$ 16,707,647
Total Issued	<u>15,207,380</u>	<u>15,293,474</u>	<u>16,707,647</u>
<u>Less:</u>			
Funds Temporarily Held to Pay Bonds, Notes and Loans:			
Reserve for Payment of Debt Service - General Capital Fund	415,741	392,465	70,458
Total Deductions	<u>415,741</u>	<u>392,465</u>	<u>70,458</u>
Net Issued	<u>14,791,639</u>	<u>14,901,009</u>	<u>16,637,189</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>1,007,650</u>	<u>806,934</u>	<u>976,713</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 15,799,289</u>	<u>\$ 15,707,943</u>	<u>\$ 17,613,902</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.03%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,955,000	\$ 6,955,000	
General Debt	<u>16,215,030</u>	<u>415,741</u>	<u>\$ 15,799,289</u>
	<u>\$ 23,170,030</u>	<u>\$ 7,370,741</u>	<u>\$ 15,799,289</u>

Net Debt: \$15,799,289 divided by Average Equalized Valuations of \$1,528,494,196 of Real Property = 1.03%.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property	\$53,497,297
Net Debt	<u>15,799,289</u>
Remaining Borrowing Power	<u>\$37,698,008</u>

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19
Serial Bonds:				
General Capital Fund	\$ 4,960,000		\$ 915,000	\$ 4,045,000
Bond Anticipation Notes:				
General Capital Fund	10,330,900	\$ 1,415,880	584,400	11,162,380
Loans Payable:				
General Capital Fund:				
Green Trust Loan	2,574		2,574	
Total	<u>\$ 15,293,474</u>	<u>\$ 1,415,880</u>	<u>\$ 1,501,974</u>	<u>\$ 15,207,380</u>
	Balance 12/31/17	Additions	Retirements	Balance 12/31/18
Serial Bonds:				
General Capital Fund	\$ 5,825,000		\$ 865,000	\$ 4,960,000
Bond Anticipation Notes:				
General Capital Fund	10,875,000		544,100	10,330,900
Loans Payable:				
General Capital Fund:				
Green Trust Loan	7,647		5,073	2,574
Total	<u>\$ 16,707,647</u>	<u>\$ -0-</u>	<u>\$ 1,414,173</u>	<u>\$ 15,293,474</u>

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

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

The Borough's debt issued and outstanding on December 31, 2019 is described as follows:

General Capital Bond Anticipation Notes

Purpose	Issue Date	Maturity Date	Interest Rate	Balance Dec. 31, 2019
General Improvements	06/27/19	06/26/20	2.25%	\$ 9,746,500
General Improvements	12/13/19	12/11/20	2.00%	1,415,880
				<u>\$11,162,380</u>

General Capital Serial Bonds

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019
	Date	Amount		
General Bonds of 2005	10/01/20	\$ 465,000	3.75%	\$ 465,000
General Bonds of 2014	11/01/20	470,000	2.00%	
	11/01/21	480,000	2.00%	
	11/01/22	495,000	2.125%	
	11/01/23	510,000	2.25%	
	11/01/24	525,000	2.375%	
	11/01/25	540,000	3.00%	
	11/01/26	560,000	3.00%	3,580,000
				<u>\$ 4,045,000</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonded Debt Issued and Outstanding

Calendar Year	General Capital		Total
	Principal	Interest	
2020	\$ 935,000	\$ 103,900	\$ 1,038,900
2021	480,000	77,063	557,063
2022	495,000	67,463	562,463
2023	510,000	56,944	566,944
2024	525,000	45,469	570,469
Thereafter:			
2025-2026	1,100,000	49,800	1,149,800
Total	<u>\$ 4,045,000</u>	<u>\$ 400,639</u>	<u>\$ 4,445,639</u>

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2019 which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2020 are as follows:

Current Fund	\$1,400,000
Swimming Pool Utility Operating Fund	19,390

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2019, the Borough had no deferred charges.

Note 5: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Morris Plains has elected not to defer school taxes.

Note 6: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 employers 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 those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$267,466 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2018, the Borough's liability was \$5,275,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0268%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2017. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2018 pension information in the Notes to the Financial Statements as the June 30, 2019 pension information has not been released as of the date of this audit.

For the year ended December 31, 2019, the Borough recognized actual pension expense in the amount of \$267,466.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. 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 made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. 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 through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of 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:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's proportionate share of the Net Pension Liability	\$ 6,632,750	\$ 5,275,036	\$ 4,136,001

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers 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 the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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 this 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 this legislation directly to the plan (except for employer specific funded 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 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 pension liability that is associated with the local participating employer. The June 30, 2018 State special funding situation net pension liability amounts are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2018 is the actuarially determined contribution amount that the State owes for the fiscal year ended June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$445,416 for the year ended December 31, 2019. During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$49,595 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$99,191.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2018, the Borough's liability for its proportionate share of the net pension liability was \$6,165,017. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0456%, which was an increase of 0.0021% from its proportion measured as of June 30, 2017. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2018 pension information in the Notes to the Financial Statements as the June 30, 2019 pension information has not been released as of the date of this audit.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$837,416 as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the State's proportion was 0.0456%, which was an increase of 0.0021% from its proportion measured as of June 30, 2017 which is the same proportion as the Borough's. The Borough has rolled forward the net pension liability as of June 30, 2018 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Borough's Proportionate Share of the Net Pension Liability	\$ 6,165,017
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>837,416</u>
Total Net Pension Liability	<u>\$ 7,002,433</u>

For the year ended December 31, 2019, the Borough recognized total pension expense of \$445,416.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For pre-retirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability retirement rates were based on a custom table with representative rates and no mortality improvement assumed.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the collective 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:

	June 30, 2018		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 9,371,888	\$ 7,002,433	\$ 5,048,065

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$1,352 for 2019. Employee contributions to DCRP amounted to \$1,619 for the year ended December 31, 2019.

Note 7: Accrued Sick, Vacation and Compensatory Time Benefits

The Borough has permitted employees to accrue a limited amount of unused sick, vacation and compensatory time pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$460,475. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick and Vacation Pay of \$139,345 and is reflected on the Other Trust Funds' balance sheet as of December 31, 2019.

Note 8: Deferred Compensation Plan

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	\$ 2.342	\$ 2.266	\$ 2.221
<u>Apportionment of Tax Rate</u>			
Municipal	0.809	0.791	0.776
County	0.302	0.282	0.280
Local School	1.231	1.193	1.165
<u>Assessed Valuations</u>			
2019	<u>\$ 1,381,910,000</u>		
2018		<u>\$ 1,380,699,900</u>	
2017			<u>\$ 1,378,399,300</u>

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies.

A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 32,415,852	\$ 31,572,387	97.39%
2018	31,394,663	31,208,218	99.40%
2017	30,743,777	30,537,266	99.32%

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

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

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2019, cash and cash equivalents of the Borough of Morris Plains consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Savings Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current	\$ 250	\$ 4,155,262			\$ 4,155,512
Assessment Trust		53,262			53,262
Animal Control		57			57
Other Trust		1,017,498	\$ 6,332		1,023,830
General Capital		3,360,293		\$ 52,041	3,412,334
Swimming Pool					
Utility Operating		26,896			26,896
	<u>\$ 250</u>	<u>\$ 8,613,268</u>	<u>\$ 6,332</u>	<u>\$ 52,041</u>	<u>\$ 8,671,891</u>

During the period ended December 31, 2019, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2019, was \$8,671,891 and the bank balance was \$10,268,956. The \$52,041 in the NJ Cash Management Fund is uninsured and unregistered.

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 3,537.09	
Assessment Trust Fund		\$ 53,706.16
Other Trust Funds		1,225.71
General Capital Fund	53,642.01	2,247.23
	<u>\$ 57,179.10</u>	<u>\$ 57,179.10</u>

The Current Fund interfund receivable is a result of interest income due from the Assessment Trust, Other Trust and General Capital Funds. The General Capital Fund interfund receivable represents assessment collections due from the Assessment Trust Fund.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 12: Risk Management

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

Property and Liability

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

The following coverages are offered by the Fund to its members:

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

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

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

The December 31, 2019 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2018 is as follows:

Total Assets	<u>\$ 33,810,987</u>
Net Position	<u>\$ 13,583,877</u>
Total Revenue	<u>\$ 19,078,609</u>
Total Expenses	<u>\$ 20,655,181</u>
Members Distribution	<u>\$ -0-</u>
Change in Net Position for the Year Ended December 31	<u>\$ (1,576,572)</u>

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 12: Risk Management (Cont'd)

Property and Liability (Cont'd)

Financial statements for the Fund are available at the Office of the Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to remit employee withholdings to the State on a quarterly basis. All of the Borough's claims are paid by the State.

Note 13: Economic Dependency

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

Note 14: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2019.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve, which it feels is sufficient, for this contingency in the amount of \$708,853.

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their 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 negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage.

Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Benefits Provided (Cont'd)

Borough employees are entitled to the following benefits:

All employees hired prior to January 1, 1993 shall be entitled to the following health benefits upon retirement from the Borough after twenty-five (25) years of continuous service as a public employee:

Hospitalization and major medical as provided by the NJ State Health Benefits Program with the premium cost only for the individual to be borne by the Borough.

All employees hired after January 1, 1993 shall be entitled to the following health benefits upon retirement after twenty-five (25) years of continuous service with the Borough of Morris Plains:

Hospitalization and major medical as provided by the NJ State Health Benefits Program with the premium cost only for the individual to be borne by the Borough.

The coverage applies to the employee and dependents. In the event of an employee's death, coverage ceases. Police and fire retirees with 25 years of service from this pension system are provided 80% of the cost of their health insurance through the system. All other retired employees with twenty-five (25) years of service to the Borough or those who are over the age of fifty-five (55) years with 20 years of service are provided 50% of their health insurance from the Borough. The employee must register for PERS health insurance and pay the remaining 50% of the cost. Current retirees are being reimbursed in accordance with the Borough policy in effect at the time of their respective retirements. Future retirees will not have the benefit of receiving reimbursement by the Borough once they become eligible for Medicare.

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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense

The total OPEB liability as of June 30, 2019 was not available from the State of New Jersey Division of Pensions and Benefits as of the date of this report. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

At June 30, 2018, the Borough had a liability of \$10,740,563 for its proportionate share of the net OPEB liability. At June 30, 2018, the Borough's proportion was .068557% which was a decrease of .002928% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018 the Borough's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$133,504.

The Borough's actual postemployment payments in 2019 for 20 retiree employees were \$122,685.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% to 9.98%

* - Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 – June 30, 2014, respectively.

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

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond 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 Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Net OPEB Liability Attributable to the Borough	\$ 12,601,520	\$ 10,740,563	\$ 9,254,079

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	\$ 8,959,352	\$ 10,740,563	\$ 13,045,715

BOROUGH OF MORRIS PLAINS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 16: Subsequent Event

The COVID-19 outbreak in the U.S. and specifically in New Jersey has caused disruption of normal financial operations at the municipality with the municipal offices closed to the public and minimal staff working on site. Though the impact on the Borough's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on tax collections as well as other revenue in the operating funds.

BOROUGH OF MORRIS PLAINS

SUPPLEMENTARY DATA

BOROUGH OF MORRIS PLAINS
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2019

The following officials were in office during the period under audit:

Name	Title	Amount of Bond
Jason C. Karr	Mayor	
Suzanne B. McCluskey	Council President	
Arthur J. Bruhn	Councilmember	
Salvatore F. Cortese	Councilmember	
Joan Goddard	Councilmember	
Catherine E. Kelly	Councilmember	
Dennis M. Wagner	Councilmember	
June R. Uhrin	Clerk; Assessment Search Officer; Subdivision Search Officer	(B)
Ana M. Thomas	Chief Financial Officer; Treasurer; Tax Collector; Tax Search Officer	(A)
Tracy Rooney	Assistant Financial Officer	(B)
Gail H. Fraser	Municipal Attorney	
John E. Horan	Municipal Prosecutor (from October 1, 2019)	
Chirag Mehta	Municipal Prosecutor (from July 1, 2019 to September 30, 2019)	
Matthew R. Petracca	Municipal Prosecutor (to June 30, 2019)	
Leon C. Hall	Engineer	
Edward A. Easse	Construction Code Official; Building Subcode Official	(B)
Michael A. Carlucci	Municipal Judge	(B)
Sarah Thornberry	Court Administrator (from March 4, 2019)	(B)
Silvy Luna Victoria	Court Administrator (to February 1, 2019)	(B)

(A) Surety bond coverage is provided as follows:

Morris County Municipal Joint Insurance Fund - \$50,000 Basic coverage
Municipal Excess Liability Joint Insurance Fund - \$950,000 Excess coverage

(B) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
CURRENT FUND

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 5,252,801.32
Increased by Receipts:		
Tax Collector	\$ 32,081,475.03	
Revenue Accounts Receivable	1,691,569.34	
Miscellaneous Revenue Not Anticipated	127,934.45	
Petty Cash Returned	800.00	
State Library Aid	2,909.00	
Interest on Investments and Deposits	132,763.25	
Due Assessment Trust Fund - Interfund Returned	62.98	
Due Other Trust Funds - Interfund Returned	822.68	
Due General Capital Fund - Interfund Returned	2,568.26	
Reserve for Unappropriated Grant Funds:		
Drunk Driving Enforcement Fund	2,715.49	
Alcohol Education and Rehabilitation Fund	643.00	
Due Morris County Municipal Utilities Authority	15,879.94	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	40,250.00	
Department of Community Affairs Training Fees Payable	10,649.00	
Appropriation Refunds	468,431.56	
	<hr/>	34,579,473.98
		<hr/> 39,832,275.30
Decreased by Disbursements:		
2019 Appropriation Expenditures	13,350,177.84	
2018 Appropriation Reserve Expenditures	665,201.00	
Local School Taxes	17,015,903.00	
County Taxes	4,165,918.64	
Petty Cash Advanced	800.00	
Due Morris County Municipal Utilities Authority	6,092.53	
Due State of New Jersey:		
Department of Community Affairs Training Fees Payable	13,873.00	
State Library Aid	3,877.00	
Reserve for Pending Tax Appeals	112,161.16	
Deposit on Redemption of Third Party Liens	95,406.77	
Refund of Tax Overpayments	246,319.46	
Refund of Miscellaneous Revenue Anticipated:		
Fees and Permits - Uniform Construction Code	104.00	
Morris Plains Board of Education	1,178.98	
	<hr/>	35,677,013.38
		<hr/> <hr/> 35,677,013.38
Balance December 31, 2019	A	\$ 4,155,261.92

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by Receipts:

Taxes Receivable	\$ 31,529,731.54	
Interest and Costs on Taxes	44,885.80	
2020 Prepaid Taxes	162,572.25	
Tax Overpayments	220,533.09	
Deposit on Redemption of Third Party Liens	123,652.35	
Tax Sale Premiums - Due to Other Trust Funds	91,400.00	
Miscellaneous Revenue Not Anticipated	<u>100.00</u>	
		\$ 32,172,875.03

Decreased by Payments to:

Municipal Treasurer	32,081,475.03	
Other Trust Funds	<u>91,400.00</u>	
		<u>\$ 32,172,875.03</u>

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

Year	Balance Dec. 31, 2018	2019 Levy	Collections		State of NJ Senior Citizens' and Veterans' Deductions	Over- payments Applied	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2019
			2018	2019					
2018	\$ 179,607.98		\$ 172,780.73				\$ 127.03	\$ 6,700.22	
2019		\$ 32,415,852.47	\$ 167,448.05	\$ 31,356,950.81	\$ 39,750.00	\$ 8,238.02	4,048.36	\$ 7,955.78	
	\$ 179,607.98	\$ 32,415,852.47	\$ 167,448.05	\$ 31,529,731.54	\$ 39,750.00	\$ 8,238.02	\$ 4,175.39	\$ 14,656.00	

Ref. A

A

Analysis of 2019 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 32,364,332.43
Added and Omitted Taxes	51,520.04
	<u>\$ 32,415,852.47</u>

Tax Levy:

Local School District Taxes	\$ 17,015,903.00
County Taxes:	
General Tax	\$ 4,159,295.62
Due County for Added and Omitted Taxes	6,623.02
	<u>4,165,918.64</u>
	<u>21,181,821.64</u>

Local Tax for Municipal Purposes Levied

Add: Additional Tax Levied	11,183,009.07
	<u>51,021.76</u>
	<u>11,234,030.83</u>
	<u>\$ 32,415,852.47</u>

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 3,988.18
Increased by:		
Transfer from Taxes Receivable		\$ 14,656.00
Interest and Costs		<u>1,473.22</u>
		<u>16,129.22</u>
Balance December 31, 2019	A	<u>\$ 20,117.40</u>

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2018	Accrued In 2019	Collected by Treasurer	Canceled	Balance Dec. 31, 2019
Clerk:					
Alcoholic Beverage Licenses		\$ 12,900.00	\$ 12,900.00		
Other Licenses	\$ 69.00	13,661.00	13,562.00		\$ 168.00
Fees and Permits:					
Uniform Construction Code		168,931.00	168,931.00		
Other	1,505.00	177,732.00	177,337.00		1,900.00
Municipal Court:					
Fines and Costs	9,098.80	143,991.66	144,699.46		8,391.00
Energy Receipts Tax		613,886.00	613,886.00		
Substance Abuse Alliance Grant	7,241.50	12,482.00	12,433.44	\$ 98.12	7,191.94
Distracted Driving Crackdown		5,500.00	5,500.00		
Clean Communities Program		13,455.82	13,455.82		
Drive Sober or Get Pulled Over	5,500.00			5,500.00	
Body Armor Replacement Grant		1,955.98	1,955.98		
Uniform Fire Safety Act		18,755.43	18,755.43		
Cable Television Franchise Fees		99,584.94	99,584.94		
Hotel/Motel Tax Revenue		89,400.39	89,400.39		
Morris Plains Board of Education		19,167.88	19,167.88		
General Capital Fund - Reserve for:					
Payment of Debt Service		100,000.00	100,000.00		
Sewer Improvements - Sewer Connection Fees		200,000.00	200,000.00		
	<u>\$ 23,414.30</u>	<u>\$1,691,404.10</u>	<u>\$1,691,569.34</u>	<u>\$ 5,598.12</u>	<u>\$ 17,650.94</u>

Ref.

A

A

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Mayor and Council:				
Salaries and Wages	\$ 0.24	\$ 0.24		\$ 0.24
Municipal Clerk:				
Salaries and Wages	242.38	242.38		242.38
Other Expenses	6,263.58	8,763.58	\$ 6,384.73	2,378.85
Financial Administration:				
Salaries and Wages	4,184.16	1,184.16		1,184.16
Other Expenses	11,724.64	14,724.64	13,921.00	803.64
Audit Fees	40,250.00	40,250.00	40,250.00	
Collection of Taxes:				
Salaries and Wages	253.11	253.11		253.11
Other Expenses	2,247.17	2,247.17	1,314.87	932.30
Assessment of Taxes:				
Other Expenses	99,362.08	99,362.08	5,791.91	93,570.17
Legal Services and Costs:				
Other Expenses	45,010.96	30,010.96	13,195.12	16,815.84
Engineering Services and Costs:				
Other Expenses	18,407.47	18,407.47	1,162.98	17,244.49
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	808.99	808.99		808.99
Other Expenses	10,526.58	25,526.58	25,171.60	354.98
Board of Adjustment:				
Other Expenses	5,884.69	5,884.69		5,884.69
INSURANCE:				
Liability Insurance	1,285.96	1,285.96		1,285.96
Workers' Compensation Insurance	0.83	0.83		0.83
Employee Group Insurance	144,246.91	144,246.91	123,766.24	20,480.67
Unemployment Compensation Insurance	5,667.58	5,667.58	597.79	5,069.79
PUBLIC SAFETY:				
Zoning Inspector:				
Salaries and Wages	631.50	631.50		631.50
Other Expenses	215.00	215.00		215.00
Police:				
Salaries and Wages	22,052.70	12,052.70	3,687.18	8,365.52
Other Expenses	85,151.26	82,651.26	63,671.72	18,979.54

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (Cont'd):				
Emergency Management Service:				
Other Expenses	\$ 4,490.01	\$ 4,490.01		\$ 4,490.01
Fire:				
Salaries and Wages	8,091.23	5,091.23	\$ 711.00	4,380.23
Other Expenses	27,399.22	27,399.22	16,000.30	11,398.92
Municipal Prosecutor:				
Other Expenses	5,000.00	5,000.00	4,600.00	400.00
RECREATION AND EDUCATION:				
Recreation Commission:				
Salaries and Wages	696.17	696.17		696.17
Other Expenses	18,657.42	18,657.42	12,227.50	6,429.92
All Seasons Garden Club:				
Other Expenses	516.33	516.33		516.33
Robert's Garden:				
Other Expenses	594.88	594.88		594.88
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	255.25	3,255.25	1,940.78	1,314.47
Other Expenses	22,323.53	22,323.53	10,833.41	11,490.12
Sewer System:				
Other Expenses	110,095.53	110,095.53	105,711.48	4,384.05
Shade Tree Maintenance:				
Other Expenses	441.10	441.10		441.10
Solid Waste Collection:				
Salaries and Wages	64.96	64.96		64.96
Other Expenses	42,225.81	52,225.81	47,071.77	5,154.04
Public Building and Grounds:				
Salaries and Wages	797.13	797.13		797.13
Other Expenses	27,358.12	27,358.12	25,136.04	2,222.08
HEALTH AND WELFARE:				
Board of Health:				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	2,810.23	2,810.23	1,000.00	1,810.23
Reserve for Accumulated Absences	1,000.00	1,000.00		1,000.00

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

(Continued)

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
HEALTH AND WELFARE (Cont'd):				
Substance Abuse Alliance:				
Salaries and Wages	\$ 0.08	\$ 0.08		\$ 0.08
Other Expenses	5,608.50	5,608.50	\$ 5,215.00	393.50
Senior Citizens Transportation:				
Salaries and Wages	8,541.43	8,541.43		8,541.43
Other Expenses	1,274.99	1,274.99	157.00	1,117.99
Landfill/Solid Waste Disposal Cost:				
Other Expenses	40,725.42	40,725.42	39,916.37	809.05
State Uniform Construction Code - (NJSA 52:27D-120 et seq.):				
Construction Code Officials:				
Salaries and Wages	1,337.73	1,337.73	665.40	672.33
Other Expenses	2,700.36	2,700.36	1,519.21	1,181.15
UNCLASSIFIED:				
Utility Expenses and Bulk Purchases	31,950.72	31,950.72	22,532.99	9,417.73
Municipal Court:				
Salaries and Wages	475.82	475.82		475.82
Other Expenses	2,519.41	2,519.41	930.48	1,588.93
Public Defender (P.L. 1997 C.256):				
Other Expenses	4,065.00	4,065.00	1,375.00	2,690.00
Statutory Expenditures:				
Contribution to Social Security System (OASI)	9,871.84	9,871.84	71.77	9,800.07
Defined Contribution Retirement Program	1,490.97	1,490.97	18.43	1,472.54
Municipal Stormwater Management:				
Salaries and Wages	3,902.10	3,902.10	3,900.00	2.10
Other Expenses	55,710.96	55,710.96	27,886.66	27,824.30
Recycling Taxes - State Fee	1,293.89	1,293.89		1,293.89
Sanitation:				
Sewer Treatment Contracts with Other Municipalities	35.20	35.20		35.20
Board of Health:				
Health Services Contracts with Other Municipalities	16,086.82	16,086.82	16,086.82	
Public and Private Programs Offset by Revenue:				
Clean Communities Grant - Recycling	2,686.95	2,686.95	2,686.95	
Substance Abuse Alliance Grant:				
County Share	11,738.96	11,738.96	11,738.96	
Local Share	4,620.50	4,620.50	2,500.00	2,120.50

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public and Private Programs Offset by Revenue (Cont'd):				
Reserve for:				
Drunk Driving Enforcement Fund - Police	\$ 4,332.32	\$ 4,332.32	\$ 4,332.32	
Drive Sober or Get Pulled Over	5,500.00	5,500.00	5,339.49	\$ 160.51
Body Armor Replacement Grant	2,100.01	2,100.01	2,100.01	
Alcohol Education and Rehabilitation Fund - Municipal Court	800.00	800.00	800.00	
	<u>\$ 996,604.73</u>	<u>\$ 996,604.73</u>	<u>\$ 673,920.28</u>	<u>\$ 322,684.45</u>

Ref.

Analysis of Balance December 31, 2018:

Unencumbered	A \$ 919,006.88
Encumbered	A <u>77,597.85</u>
	<u>\$ 996,604.73</u>

Cash Disbursed	\$ 665,201.00
Reserve for Unappropriated Grant Funds:	
Clean Communities Grant	1,486.95
Drunk Driving Enforcement Fund	4,332.32
Body Armor Replacement Fund	2,100.01
Alcohol Education and Rehabilitation Fund	<u>800.00</u>
	<u>\$ 673,920.28</u>

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

Increased by:

Levy - Calendar Year 2019

\$ 17,015,903.00

Decreased by:

Payments to Local School District

\$ 17,015,903.00

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
TRUST FUNDS

BOROUGH OF MORRIS PLAINS
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2018	\$ 52,691.74	\$ 5,897.85	\$ 872,815.23
Increased by Receipts:			
Assessments Receivable	\$ 569.25		
Due Current Fund:			
Interest Income	746.12		\$ 14,092.70
Collector		\$ 13,341.00	
Interest Income		101.88	
Due State of New Jersey - Marriage License Fees			850.00
Escrow Deposits and Interest			258,565.22
Refundable Deposits			27,801.50
Reserve for:			
State Unemployment Insurance - Interest			527.08
Engineering Inspection Fees			185,530.60
Recycling:			
Recycling Tonnage Reimbursements			27,028.22
Deposits and Interest			7,464.03
Law Enforcement - Interest			71.94
Drug Enforcement - Interest			16.98
Parking Offense Adjudication Act			168.00
Public Defender			2,161.00
Police Off-Duty Expenditures			20,415.50
Premiums Received at Tax Sale			91,400.00
Summer Recreation Programs			81,564.00
Morris Plains 911 Memorial Fund			4,636.00
Municipal Alliance - Deposits and Interest			32,008.11
	<u>1,315.37</u>	<u>13,442.88</u>	<u>754,300.88</u>
	<u>54,007.11</u>	<u>19,340.73</u>	<u>1,627,116.11</u>

BOROUGH OF MORRIS PLAINS
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
(Continued)

Ref.	Assessment Trust Fund	Animal Control Fund	Other Trust Funds
Decreased by Disbursements:			
Due Current Fund:			
Interfund Returned	\$ 62.98		\$ 822.68
Interest Income	681.97		12,866.99
Animal Control Fund Expenditures		\$ 19,284.00	900.00
Due State of New Jersey - Marriage License Fees			305,485.24
Escrow Deposits			3,075.00
Refundable Deposits			
Reserve for:			
Engineering Inspection Fees			104,777.26
Recycling			12,950.60
Public Defender			1,412.50
Police Off-Duty Expenditures			18,987.50
Premiums Received at Tax Sale			26,000.00
Summer Recreation Programs			81,564.00
Morris Plains 911 Memorial Fund			2,569.70
Municipal Alliance			31,874.48
	<u>\$ 744.95</u>	<u>\$ 19,284.00</u>	<u>\$ 603,285.95</u>
Balance December 31, 2019	<u>\$ 53,262.16</u>	<u>\$ 56.73</u>	<u>\$ 1,023,830.16</u>

BOROUGH OF MORRIS PLAINS
ANIMAL CONTROL FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by:

Animal Control License Fees - Municipal	\$ 12,216.00	
Late Fees and Penalties	1,125.00	
	<u>13,341.00</u>	
Animal Control License Fees - State	831.00	
	<u>831.00</u>	
		\$ 14,172.00

Decreased by:

Disbursed to Treasurer:		
Animal Control Fund	13,341.00	
Disbursed to State of NJ	831.00	
	<u>13,341.00</u>	
		<u><u>\$ 14,172.00</u></u>

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance/ (Deficit)	Receipts		Disbursements	Balance/ (Deficit)
	Dec. 31, 2018	Assessments Receivable	Miscellaneous	Miscellaneous	Dec. 31, 2019
Due to Current Fund	\$ 62.98		\$ 746.12	\$ 744.95	\$ 64.15
Due to General Capital Fund	53,642.01				53,642.01
Assessments Receivable Pledged to Due to General Capital Fund:					
Construction of Curbs - Sunset Road	(1,013.25)	\$ 569.25			(444.00)
	<u>\$ 52,691.74</u>	<u>\$ 569.25</u>	<u>\$ 746.12</u>	<u>\$ 744.95</u>	<u>\$ 53,262.16</u>

BOROUGH OF MORRIS PLAINS
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2018	B	\$ 5,897.85
Increased by:		
Animal Control Fees Collected:		
Dog Licenses		\$ 9,250.00
Cat Licenses		2,966.00
		12,216.00
Late Fees, Penalties and Other Fees Collected		1,125.00
		13,341.00
Interest Income		101.88
		13,442.88
		19,340.73
Decreased by:		
Expenditures Under R.S. 4:19-15.11		19,284.00
		19,284.00
Balance December 31, 2019	B	\$ 56.73

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 13,338.80
2018	12,626.60
	25,965.40
Maximum Allowable Reserve	\$ 25,965.40

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Ord. Date	Improvement Description	Balance Dec. 31, 2018	Collected	Balance Dec. 31, 2019	Balance Pledged to Due to General Capital Fund
06/16/11	Construction of Curbs - Sunset Road	\$ 1,013.25	\$ 569.25	\$ 444.00	\$ 444.00
	<u>Ref.</u>	B		B	

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR PROSPECTIVE ASSESSMENTS
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
GENERAL CAPITAL FUND

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 2,086,618.84
Increased by Receipts:		
Due Current Fund - Interest Income	\$ 26,035.67	
2019 Budget Appropriations:		
Capital Improvement Fund	325,000.00	
Deferred Charges to Future Taxation - Unfunded	301,584.03	
Grants Receivable:		
New Jersey Department of Transportation	46,250.00	
Bond Anticipation Note Proceeds	1,415,880.00	
Capital Fund Balance - Premium on Sale of Notes	76,393.21	
Deferred Charges to Future Taxation - Unfunded:		
Borough of Madison Contribution - Ord. #04-15	100,000.00	
Reserve for:		
Sewer Improvements - Sewer Connection Fees	4,200.00	
Payment of Debt Service	123,275.88	
	<hr/>	2,418,618.79
		<hr/> 4,505,237.63
Decreased by:		
Improvement Authorizations	766,546.35	
Anticipated in Current Fund:		
Reserve for Payment of Debt Service	100,000.00	
Reserve for Sewer Improvements - Sewer Connection Fees	200,000.00	
Due Current Fund:		
Interfund Returned	2,568.26	
Interest Income	23,788.44	
	<hr/>	1,092,903.05
		<hr/> <hr/> 1,092,903.05
Balance December 31, 2019	C	<u>\$ 3,412,334.58</u>

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
ANALYSIS OF CASH
(Continued)

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2018	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2019
			Bond Anticipation Notes	Budget Appropriation	Improvement Authorizations	Miscellaneous	From	To		
	General Improvements									
34-18	Acquisition of a Dump Truck	\$ 190,000.00								\$ 190,000.00
01-19	Acquisition of Firefighting Equipment		\$ 1,415,880.00		\$ 8,264.26				\$ 74,520.00	1,482,135.74
06-19	Improvement of Granniss Avenue				8,512.76				183,000.00	174,487.24
10-19	Various Improvements				11,779.00				75,000.00	63,221.00
13-19	Various Improvements or Purposes				14,113.38				31,700.00	17,586.62
		<u>\$ 2,086,618.84</u>	<u>\$ 1,415,880.00</u>	<u>\$ 626,584.03</u>	<u>\$ 376,154.76</u>	<u>\$ 766,546.35</u>	<u>\$ 326,356.70</u>	<u>\$ 364,220.00</u>	<u>\$ 364,220.00</u>	<u>\$ 3,412,334.58</u>

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

Ord. No.	Improvement Description	Funded by				Analysis of Balance Dec. 31, 2019				
		Balance Dec. 31, 2018	2019 Improvement Authorizations	Budget Appropriation	Borough of Madison Contribution	Notes Paid by Budget Appropriation	Balance Dec. 31, 2019	Funded by Bond Anticipation Notes	Unexpended Improvement Authorizations	
	<u>General Improvements</u>									
04-15	Construction of Affordable Housing Units	\$ 8,055,900.00			\$ 100,000.00	\$ 444,100.00	\$ 7,511,800.00	\$ 7,511,800.00		
14-15	Construction of Affordable Housing Units	2,375,000.00				140,300.00	2,234,700.00	2,234,700.00		
20-15	Improvement of Various Roads and Sidewalks	303,184.03		\$ 301,584.03			1,600.00	\$ 1,600.00		
26-18	Improvement of Various Roads	403,750.00					403,750.00	228,145.40	\$ 175,604.60	
01-19	Acquisition of Firefighting Equipment		\$ 1,415,880.00				1,415,880.00	1,415,880.00		
13-19	Various Improvements or Purposes		602,300.00				602,300.00		602,300.00	
		<u>\$11,137,834.03</u>	<u>\$ 2,018,180.00</u>	<u>\$ 301,584.03</u>	<u>\$ 100,000.00</u>	<u>\$ 584,400.00</u>	<u>\$12,170,030.00</u>	<u>\$ 111,162,380.00</u>	<u>\$ 229,745.40</u>	<u>\$ 777,904.60</u>
<u>Ref.</u>	<u>C</u>						<u>C</u>			
	Improvement Authorizations - Unfunded									\$ 2,287,472.09
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:									
	Ordinance #14-15								\$ 93,687.49	
	Ordinance #01-19								1,415,880.00	
									<u>1,509,567.49</u>	
										<u>\$ 777,904.60</u>

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2018		Capital Improvement Fund	Other Sources	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Balance Dec. 31, 2019						
		Date	Amount	Funded	Unfunded					Funded	Unfunded					
<u>General Improvements</u>																
05-12	Various Improvements	04/19/12	\$ 350,000.00	\$ 10,941.33					\$ 10,639.34	\$ 301.99						
17-12	Improvements to the Various Parks in the Borough	12/06/12	50,000.00	50,000.00						50,000.00						
11-13	Replacement of Trees	09/05/13	122,400.00	1,090.71						1,090.71						
06-14	Various Improvements	05/01/14	285,000.00	33,713.57					29,450.39	4,263.18						
14-15	Construction of Affordable Housing Units	07/16/15	2,500,000.00		\$ 104,407.48				10,719.99		\$ 93,687.49					
10-16	Various Improvements and Purchases	06/16/16	113,500.00	35,873.31					12,386.13	35,873.31						
02-18	Improvement of Various Roads	02/01/18	60,000.00	25,924.83					41,284.90	62,424.49						
08-18	Improvement of Malapardis Road	05/17/18	320,000.00	103,709.39					227,589.80	49,099.20						
09-18	Various Improvements	05/17/18	350,000.00	276,689.00					80,018.25	9,941.42						
12-18	Improvements to Morris Plains Pool	08/16/18	90,000.00	89,959.67					11,892.75	2,107.25						
24-18	Improvements to Municipal Building	10/18/18	14,000.00	14,000.00					249,395.40		175,604.60					
26-18	Improvement of Various Roads	12/06/18	425,000.00	21,250.00	403,750.00				50,500.00	12,498.00						
28-18	Acquisition of Lands	12/06/18	525,000.00	62,998.00						190,000.00						
34-18	Acquisition of a Dump Truck	12/20/18	190,000.00	190,000.00						66,255.74	1,415,880.00					
01-19	Acquisition of Firefighting Equipment	03/07/19	1,490,400.00			\$ 74,520.00		\$ 1,415,880.00	8,264.26							
06-19	Improvement of Granniss Avenue	06/20/19	183,000.00			72,400.00	\$ 110,600.00		8,512.76	174,487.24						
10-19	Various Improvements	08/15/19	75,000.00				75,000.00		11,779.00	63,221.00						
13-19	Various Improvements or Purposes	12/05/19	634,000.00			31,700.00		602,300.00	14,113.38	17,586.62	602,300.00					
										\$ 916,149.81	\$ 508,157.48	\$ 178,620.00	\$ 185,600.00	\$ 2,018,180.00	\$ 752,688.85	\$ 2,287,472.09
										<u>Ref.</u>	C	C	C	C	C	
										Capital Fund Balance						\$ 75,000.00
										Grants Receivable:						110,600.00
										New Jersey Department of Transportation						\$ 185,600.00

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 132,761.68
Increased by:		
2019 Budget Appropriation		<u>325,000.00</u>
		457,761.68
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>178,620.00</u>
Balance December 31, 2019	C	<u><u>\$ 279,141.68</u></u>

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Balance		Matured	Balance Dec. 31, 2019
		Original Note	Issue		Dec. 31, 2018	Issued		
04-15	Construction of Affordable Housing Units	07/02/15	06/28/18	2.75%	\$ 7,955,900.00	\$ 7,511,800.00	\$ 7,955,900.00	\$ 7,511,800.00
14-15	Construction of Affordable Housing Units	06/30/16	06/28/18	2.75%	2,375,000.00	2,234,700.00	2,375,000.00	2,234,700.00
01-19	Acquisition of Firefighting Equipment	12/13/19	12/13/19	2.00%	1,415,880.00	1,415,880.00		1,415,880.00
					<u>\$ 10,330,900.00</u>	<u>\$ 11,162,380.00</u>	<u>\$ 10,330,900.00</u>	<u>\$ 11,162,380.00</u>

<u>Ref.</u>	C	C
Issued for Cash	\$ 1,415,880.00	
Renewals	9,746,500.00	\$ 9,746,500.00
Paid by Budget Appropriation		584,400.00
	<u>\$ 11,162,380.00</u>	<u>\$ 10,330,900.00</u>

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Matured	Balance Dec. 31, 2018	Balance Dec. 31, 2019
			Outstanding Date	Dec. 31, 2019 Amount	Dec. 31, 2019				
General Bonds of 2005	10/01/05	\$ 5,903,478.43	10/01/20	\$465,000.00	3.75%	\$460,000.00	\$ 925,000.00	\$ 465,000.00	
General Bonds of 2014	11/14/14	5,725,000.00	11/01/20	470,000.00	2.00%				
			11/01/21	480,000.00	2.00%				
			11/01/22	495,000.00	2.125%				
			11/01/23	510,000.00	2.25%				
			11/01/24	525,000.00	2.375%				
	11/01/25	540,000.00	3.00%						
	11/01/26	560,000.00	3.00%			4,035,000.00	3,580,000.00		
							<u>\$ 4,960,000.00</u>	<u>\$ 4,045,000.00</u>	

Ref. C C

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 2,574.30
Decreased by:		
Principal Matured		<u>\$ 2,574.30</u>

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

Ord. No.	Date	Improvement Description	Balance Dec. 31, 2018	2019 Improvement Authorizations	Funded by		Bond Anticipation Notes Issued	Balance Dec. 31, 2019
					Budget Appropriation	Borough of Madison Contribution		
04-15	03/05/15	Construction of Affordable Housing Units	\$ 100,000.00		\$ 100,000.00			
20-15	12/17/15	Improvement of Various Roads and Sidewalks	303,184.03		\$ 301,584.03		\$ 1,600.00	
26-18	12/16/18	Improvement of Various Roads	403,750.00				403,750.00	
01-19	03/07/19	Acquisition of Firefighting Equipment		\$ 1,415,880.00			\$ 1,415,880.00	
13-19	12/05/19	Various Improvements or Purposes		602,300.00			602,300.00	
			<u>\$ 806,934.03</u>	<u>\$ 2,018,180.00</u>	<u>\$ 301,584.03</u>	<u>\$ 100,000.00</u>	<u>\$ 1,415,880.00</u>	<u>\$ 1,007,650.00</u>

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
WATER UTILITY FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2019
SWIMMING POOL UTILITY FUND

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2018	F	\$ 32,195.39
Increased by Receipts:		
Swimming Pool Fees		\$ 85,610.00
Miscellaneous Revenue Not Anticipated		12,069.12
Petty Cash Returned		200.00
Appropriation Refunds		<u>2,040.00</u>
		<u>99,919.12</u>
		132,114.51
Decreased by Disbursements:		
2019 Appropriation Expenditures		103,935.47
2018 Appropriation Reserve Expenditures		1,083.38
Petty Cash Advanced		<u>200.00</u>
		<u>105,218.85</u>
Balance December 31, 2019	F	<u><u>\$ 26,895.66</u></u>

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING POOL CAPITAL CASH
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2018	F	<u>\$ 99,000.00</u>
Balance December 31, 2019	F	<u><u>\$ 99,000.00</u></u>

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 394.74	\$ 394.74		\$ 394.74
Other Expenses	7,471.54	7,471.54	\$ 1,083.38	6,388.16
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	634.70	634.70		634.70
	\$ 8,500.98	\$ 8,500.98	\$ 1,083.38	\$ 7,417.60

Ref.

Analysis of Balance December 31, 2018:

Unencumbered	F	\$ 8,500.98
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BOROUGH OF MORRIS PLAINS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2019

BOROUGH OF MORRIS PLAINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Federal Department	C.F.D.A. Account Number	State Program Account Number	Program	Award Amount	Grant Period		Receipts	Expenditures	MEMO Cumulative Total Expenditures	Amounts Provided to Subrecipients
					From	To				
Department of Transportation: Passed through NJ Department of Law and Public Safety	20,616	100-066-1160-158-031030	Distracted Driving Crackdown	\$ 5,500.00	01/01/19	12/31/19	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	
Total Department of Transportation				5,500.00			5,500.00	5,500.00		
Department of Homeland Security: Passed through NJ Department of Law and Public Safety	97,036	100-066-1200-C27-063430	Disaster Grants - Public Assistance - F.E.M.A. Severe Winter Storm and Snow Storm Quinn	134,333.07	03/07/18	12/31/18	104,774.91	104,774.91 *	134,333.07	
Total Department of Homeland Security							104,774.91	104,774.91	134,333.07	
TOTAL FEDERAL AWARDS							<u>\$ 110,274.91</u>	<u>\$ 110,274.91</u>	<u>\$ 139,833.07</u>	<u>\$ -0-</u>

N/A - Not Available/Applicable
 * - Expended in Prior Year(s).

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MORRIS PLAINS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

Name of State Agency or Department	State Program Account Number	Name of Program	Award Amount	Grant Period		Receipts	Expenditures	MEMO Cumulative Total Expenditures
				From	To			
				Amount				
Department of the Treasury: Passed Through the County of Morris: Governor's Council on Alcoholism and Drug Abuse	100-082-2000- 044-995120	Municipal Alliance to Prevent Alcoholism and Drug Abuse	\$ 12,482.00 12,482.00	01/01/18 01/01/19	12/31/19 12/31/20	\$ 7,143.38 5,289.96	\$ 11,738.96 2,052.34	\$ 12,482.00 2,052.34
Total Department of the Treasury						12,433.34	13,791.30	14,534.34
Department of Environmental Protection	765-042-4900- 004-178900	Clean Communities Grant	12,601.54 12,055.56 13,455.82	01/01/17 01/01/18 01/01/18	12/31/20 12/31/20 12/31/20		4,800.00 1,200.00 3,648.29	8,960.00 10,568.61 3,648.29
Total Department of Environmental Protection						13,455.82	9,648.29	23,176.90
Department of Law and Public Safety	98-718-066- 1020-001	Body Armor Replacement Fund	4,704.62 3,095.68 2,495.22 666.87 1,955.98	01/01/14 01/01/16 01/01/17 01/01/18 01/01/19	12/31/19 12/31/19 12/31/20 12/31/20 12/31/19		888.47 3,036.53 179.37 639.65 1,955.98	4,704.62 3,095.68 395.21 639.65 1,955.98
						1,955.98	6,700.00	10,791.14
		Drunk Driving Enforcement Fund	4,224.11 2,000.00 11,428.19 2,715.49	01/01/14 01/01/15 01/01/18 01/01/19	12/31/20 12/31/19 12/31/20 12/31/20		832.32 2,000.00 2,361.68	2,980.79 2,000.00 2,361.68
Total Department of Law and Public Safety						2,715.49	5,194.00	7,342.47
						4,671.47	11,894.00	18,133.61

BOROUGH OF MORRIS PLAINS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2019
 (Continued)

Name of State Agency or Department	State Program Account Number	Name of Program	Award Amount	Grant Period		Receipts	Expenditures	MEMO Cumulative Total Expenditures
				From	To			
Department of Health and Senior Services	760-098-9735-	Alcohol Education, Rehabilitation and Enforcement Fund	\$ 1,445.73	01/01/08	12/31/19		\$ 109.44	\$ 1,445.73
	789-XXXX		371.28	01/01/08	12/31/19		371.28	371.28
			754.10	01/01/10	12/31/19		219.28	754.10
			707.74	01/01/17	12/31/20		50.00	50.00
			643.00	01/01/19	12/31/20	\$ 643.00		
Total Department of Health and Senior Services						643.00	750.00	2,621.11
Department of Transportation		NJ Municipal Trust Fund Authority Act - Malapardis Road						
	480-078-6320-AM2-605178		185,000.00	01/01/18	12/31/18	46,250.00		185,000.00
Total Department of Transportation						46,250.00	-0-	185,000.00
TOTAL STATE AWARDS						\$ 77,453.63	\$ 36,083.59	\$ 243,465.96

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MORRIS PLAINS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the “Schedules”) includes the federal and state grant activity of the Borough of Morris Plains under programs of the federal and state governments for the year ended December 31, 2019. The information in these schedules is presented in accordance with the requirements of the 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’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough of Morris Plains, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Morris Plains.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Morris Plains, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 29, 2020. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Findings 2019-001 and 2019-002 that we consider to be significant deficiencies.

The Honorable Mayor and Members
of the Borough Council
Borough of Morris Plains
Page 2

Compliance and Other Matters

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

The Borough's Responses to the Findings

The Borough's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
May 29, 2020

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Certified Public Accountant
Registered Municipal Accountant No. 548

BOROUGH OF MORRIS PLAINS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- Significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2019 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance or NJOMB 15-08.

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

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

Finding 2019-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes and permit and license fees; and recording of collections. Also, the functions of handling cash and recording transactions in the Treasurer's Department are performed by two individuals. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

BOROUGH OF MORRIS PLAINS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards (Cont'd)

Finding 2019-001 (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

Duties of personnel will be reviewed to determine where segregation of duties can be more adequately maintained.

Finding 2019-002

Fixed Asset Reporting

Criteria

A fixed assets accounting and reporting system is required to be in compliance with the New Jersey Administrative Code Accounting Requirements.

Condition

The Borough has a fixed assets accounting and reporting system in place but the fixed assets accounting records are not adequately maintained. The fixed assets accounting records have not been updated for additions or deletions.

Cause

Sufficient Borough personnel and/or financial resources are not available to perform the update of the Borough's fixed assets. This is due, in part, to the size of the Borough.

Effect or Potential Effect

The Borough is not in compliance with the New Jersey Administrative Code Accounting Requirements. Borough fixed assets records are not adequately maintained which could be possibly used to aid in the planning for replacement of assets.

BOROUGH OF MORRIS PLAINS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards (Cont'd)

Finding 2019-002 (Cont'd)

Recommendation

It is recommended that consideration be given to updating the accounting and reporting system for fixed assets for additions and deletions to be in complete compliance as prescribed in the New Jersey Administrative Code accounting requirements.

Management's Response

Duties of personnel will be reviewed to determine where the fixed assets accounting records can be more adequately maintained.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF MORRIS PLAINS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

The prior year findings 2018-001 and 2018-002 with regard to segregation of duties and the Borough's fixed assets accounting and reporting system, respectively, have not been resolved due to budget constraints and are included as Findings 2019-001 and 2019-002, respectively.

BOROUGH OF MORRIS PLAINS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

BOROUGH OF MORRIS PLAINS
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

Effective July 1, 2015 and thereafter, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$40,000.

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

BOROUGH OF MORRIS PLAINS
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2019, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED by the Borough Council of the Borough of Morris Plains, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and assessments for the year 2019 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes or assessments that are not delinquent over ten (10) days in accordance with N.J.S. 54:5-67. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at year end.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2019 and was complete.

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

Year	Number of Liens
2019	4
2018	1
2017	1

BOROUGH OF MORRIS PLAINS
COMMENTS AND RECOMMENDATIONS
(Continued)

New Jersey Administrative Code Accounting Requirements

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

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

The Borough currently complies with these accounting requirements except as noted below.

The Borough has a fixed assets accounting and reporting system in place but the fixed assets accounting records are not adequately maintained. The fixed assets accounting records have not been updated for additions or deletions. This is due, in part, to the limited number of personnel and size of the Borough. Improvement is necessary to be in complete compliance with the New Jersey Administrative Code accounting requirements.

It is recommended that consideration be given to updating the accounting and reporting system for fixed assets for additions and deletions to be in complete compliance as prescribed in the New Jersey Administrative Code accounting requirements.

Management's Response:

Duties of personnel will be reviewed to determine where the fixed assets accounting records can be more adequately maintained.

Swimming Pool Utility Operating Fund

During our review of the Swimming Pool Utility Operating Fund, it was noted that pool facility receipts (membership fees) were not being turned over to the Treasurer for deposit within 48 hours of collection.

It is recommended that in order to strengthen controls over incoming receipts, the pool facility's receipts should be turned over to the Treasurer for deposit within 48 hours of collection.

Management's Response:

The pool facility's receipts will be turned over to the Treasurer for deposit within 48 hours of collection.

BOROUGH OF MORRIS PLAINS
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2019.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Receipts	Disbursements	Balance Dec. 31, 2019
Municipal Treasurer:				
Fines and Costs	\$ 9,098.80	\$ 143,991.66	\$ 144,699.46	\$ 8,391.00
P.O.A.A. Fines	18.00	164.00	168.00	14.00
Public Defender	300.00	1,861.00	2,161.00	
Interest Earned:				
Regular Account	24.69	395.10	419.79	
Bail Account	0.28	20.87	21.15	
State Treasurer	6,481.70	113,872.83	114,765.83	5,588.70
County Treasurer	4,005.50	71,694.35	71,854.35	3,845.50
Weights and Measures	4,900.00	63,631.00	64,431.00	4,100.00
Cash Bail		23,866.00	23,366.00	500.00
	<u>\$ 24,828.97</u>	<u>\$ 419,496.81</u>	<u>\$ 421,886.58</u>	<u>\$ 22,439.20</u>

Corrective Action Plan

The Borough initiated a corrective action plan to resolve the comments and recommendations from the 2018 audit report. Prior year recommendations 1, 2 and 3 were not resolved and are included as current year recommendations 1, 2 and 3. Prior year recommendations 4 and 5 with regard to the Municipal Court were resolved in the current year.

BOROUGH OF MORRIS PLAINS
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Consideration be given to updating the accounting and reporting system for fixed assets for additions and deletions to be in complete compliance as prescribed in the New Jersey Administrative Code accounting requirements.
3. In order to strengthen controls over incoming receipts, the pool facility's receipts should be turned over to the Treasurer for deposit within 48 hours of collection.

* * * * *