BOROUGH OF MORRIS PLAINS

COUNTY OF MORRIS

REPORT OF AUDIT

2025

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
REPORT OF AUDIT
2025

BOROUGH OF MORRIS PLAINS
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BOROUGH OF MORRIS PLAINS

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Bridgewater, NJ
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Independent Member
BKR International

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Morris Plains, in the County of Morris (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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, 2025 and 2024, or the changes in financial position or where applicable, cash thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group 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 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 25-12, *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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group 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 and account group financial statements or to the various fund and account group 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 various fund and account group 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 April 25, 2026 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Nisivoccia LLP

Mount Arlington, New Jersey
April 25, 2026

NISIVOCCIA LLP

Valerie A Dolan

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
CURRENT FUND

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

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Cash and Cash Equivalents:			
Treasurer	A-4	$ 7,548,796.42	$ 7,140,617.57
Change Fund		250.00	250.00
		7,549,046.42	7,140,867.57
Due from State of New Jersey:			
Senior Citizens' and Veterans' Deductions		750.00	
		7,549,796.42	7,140,867.57
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	219,922.17	212,228.89
Tax Title Liens Receivable	A-8	11,533.27	10,414.70
Property Acquired for Taxes at Assessed Valuation		337,200.00	337,200.00
Revenue Accounts Receivable	A-9	40,372.60	97,643.26
Due from:			
Other Trust Funds	B	6,522.66	5,030.12
General Capital Fund	C	5,398.44	6,552.94
Total Receivables and Other Assets with Full Reserves		620,949.14	669,069.91
TOTAL ASSETS		$ 8,170,745.56	$ 7,809,937.48

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

	Ref.	December 31, 2025	December 31, 2024
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves:			
Unencumbered	A-3;A-11	$ 1,268,240.79	$ 1,355,856.17
Encumbered	A-3;A-11	335,831.37	160,465.28
		1,604,072.16	1,516,321.45
Due to:			
Swimming Pool Operating Fund	D		1,327.96
State of New Jersey:			
Department of Community Affairs Training Fees Payable		10,887.00	2,851.00
Prepaid Taxes		246,400.98	419,265.91
Tax Overpayments		28,779.48	38,792.72
Reserve for:			
Pending Tax Appeals		613,448.14	653,330.14
Revaluation		300,000.00	300,000.00
Deposit on Redemption of Third Party Liens		1,300.00	1,300.00
Unappropriated Grant Funds:			
Drunk Driving Enforcement Fund			1,489.24
Alcohol Education and Rehabilitation Fund		1,193.34	693.34
Body Armor Replacement Fund		4.91	6,474.91
Clean Communities Program		36,024.87	27,091.06
Stormwater Assistance Grant		17,041.98	
		2,859,152.86	2,968,937.73
Reserve for Receivables and Other Assets	A	620,949.14	669,069.91
Fund Balance	A-1	4,690,643.56	4,171,929.84
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 8,170,745.56	$ 7,809,937.48

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, 2025	2024
Revenue and Other Income Realized			
Fund Balance Utilized		$ 3,294,000.00	$ 3,270,000.00
Miscellaneous Revenue Anticipated		2,593,681.54	2,707,549.08
Receipts from:			
Delinquent Taxes		212,228.89	224,749.94
Current Taxes		39,676,166.00	36,983,762.15
Nonbudget Revenue		94,782.56	40,976.59
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		703,059.39	686,758.88
Reserve for Pending Tax Appeals Canceled			1,859.25
Interfunds and Other Accounts Receivable Returned		11,583.06	21,966.25
Total Income		46,585,501.44	43,937,622.14
Expenditures			
Budget Appropriations:			
Municipal Purposes		17,754,430.03	17,080,028.60
County Taxes		4,938,769.59	4,745,797.20
Local School District Taxes		20,067,667.00	19,278,093.00
Prior Year Senior Citizens' and Veterans' Deductions Disallowed			750.00
Interfunds and Other Accounts Receivable Advanced		11,921.10	11,583.06
Total Expenditures		42,772,787.72	41,116,251.86
Excess in Revenue/Statutory Excess to Fund Balance		3,812,713.72	2,821,370.28
Fund Balance			
Balance January 1		4,171,929.84	4,620,559.56
		7,984,643.56	7,441,929.84
Decreased by:			
Utilized as Anticipated Revenue		3,294,000.00	3,270,000.00
Balance December 31	A	$ 4,690,643.56	$ 4,171,929.84

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, 2025

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *	
Fund Balance Anticipated	$ 3,294,000.00		$ 3,294,000.00		
Miscellaneous Revenue:					
Licenses:					
Alcoholic Beverages	12,650.00		12,650.00		
Other	14,600.00		15,965.00	$ 1,365.00	
Fees and Permits:					
Uniform Construction Code	210,000.00		602,227.00	392,227.00	
Other	130,300.00		109,999.33	20,300.67	*
Fines and Costs:					
Municipal Court	78,600.00		107,571.95	28,971.95	
Interest and Costs on Taxes	41,000.00		59,736.12	18,736.12	
Interest on Investments and Deposits	440,000.00		493,268.72	53,268.72	
Energy Receipts Tax	621,206.00		621,205.82	0.18	*
Recycling Tonnage Reimbursement	15,000.00		15,000.00		
Substance Abuse Alliance Grant	5,343.00		5,343.00		
Spotted Lanternfly Program Grant	20,000.00			20,000.00	*
Body Worn Cameras	8,558.00		8,558.00		
Click it or Ticket		$ 10,493.76	10,493.76		
AAA Police Grant		1,120.00	1,120.00		
Reserve for Body Armor Replacement Fund Grant	6,470.00		6,470.00		
Reserve for Clean Communities Program	17,879.11		17,879.11		

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BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Reserve for Drunk Driving Enforcement Fund	$ 1,489.24		$ 1,489.24	
Reserve for Alcohol Education and Rehabilitation Fund	500.00		500.00	
Uniform Fire Safety Act	24,328.40		28,064.08	$ 3,735.68
Cable Television Franchise Fees	92,048.96		92,048.96	
Hotel/Motel Tax Revenue	43,800.00		43,183.46	616.54 *
Morris Plains Board of Education	117,500.00		125,907.99	8,407.99
General Capital Fund - Reserve for Payment of Debt Service	115,000.00		115,000.00	
Sewer Improvements - Sewer Connection Fees	100,000.00		100,000.00	
	2,116,272.71	$ 11,613.76	2,593,681.54	465,795.07
Receipts from Delinquent Taxes	212,000.00		212,228.89	228.89
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	14,067,646.11		16,616,772.88	2,549,126.77
Budget Totals	19,689,918.82	11,613.76	22,716,683.31	$ 3,015,150.73
Nonbudget Revenue			94,782.56	
	$ 19,689,918.82	$ 11,613.76	$ 22,811,465.87	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		$ 39,676,166.00
Allocated to School and County Taxes		25,006,436.59
Balance for Support of Municipal Budget		14,669,729.41
Add: Appropriation "Reserve for Uncollected Taxes"		1,947,043.47
Realized for Support of Municipal Budget		$ 16,616,772.88

Analysis of Fees and Permits - Other:		
Treasurer:		
Planning Board	$ 3,180.00	
Borough Clerk	24,220.00	
Board of Health	23,400.00	
Fire Prevention Fees	41,347.00	
Police	8,170.00	
Zoning Board	1,735.00	
Board of Adjustment	2,874.00	
Other Fees and Permits	5,073.33	
		$ 109,999.33

Analysis of Interest on Investments:	
Collected/Received by Treasurer	$ 486,377.74
Due from Other Trust Fund	1,492.54
Due from General Capital Fund	5,398.44
	$ 493,268.72

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Analysis of Nonbudget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Borough Auction/Sale of Assets	$ 10,618.13	
Insite Franchise	1,457.22	
Board of Adjustment Rebate	233.01	
Tax Assessor Miscellaneous Receipts	240.00	
NSF Check Fees	20.00	
Clerk Miscellaneous Receipts	210.50	
Other Miscellaneous	3,992.27	
		$ 16,771.13
Prior Year Revenue Accounts Receivable:		
Drunk Driving Enforcement Fund		8,230.49
NJDCA Local Recreation Grant		68,000.00
Substance Abuse Alliance Grant		1,700.00
Tax Collector:		
Other Miscellaneous		80.94
		$ 94,782.56

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	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	$ 53,650.00	$ 48,650.00	$ 47,819.12	$ 830.88	
Other Expenses	15,000.00	15,000.00	11,325.94	3,674.06	
Municipal Clerk:					
Salaries and Wages	200,350.00	200,350.00	200,350.00		
Other Expenses	111,200.00	111,200.00	84,419.05	26,780.95	
Financial Administration:					
Salaries and Wages	205,400.00	200,400.00	199,204.59	1,195.41	
Other Expenses	89,000.00	89,000.00	69,293.74	19,706.26	
Audit Fees	42,700.00	42,700.00		42,700.00	
Collection of Taxes:					
Salaries and Wages	95,900.00	85,900.00	84,725.86	1,174.14	
Other Expenses	5,450.00	5,450.00	3,629.37	1,820.63	
Assessment of Taxes:					
Salaries and Wages	27,000.00	27,000.00	26,971.08	28.92	
Other Expenses	105,000.00	105,000.00	10,511.87	94,488.13	
Legal Services and Costs:					
Other Expenses	203,000.00	203,000.00	181,641.93	21,358.07	
Engineering Services and Costs:					
Other Expenses	45,000.00	45,000.00	35,024.80	9,975.20	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,000.00	5,000.00	4,398.03	601.97	
Other Expenses	87,400.00	94,900.00	88,911.53	5,988.47	

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BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Operations Within "CAPS" (Continued):					
LAND USE ADMINISTRATION:					
Board of Adjustment:					
Other Expenses	$ 8,000.00	$ 8,000.00	$ 4,121.58	$ 3,878.42	
INSURANCE:					
Liability Insurance	171,405.00	171,405.00	171,257.00	148.00	
Workers' Compensation Insurance	126,095.00	126,095.00	126,095.00		
Employee Group Insurance	1,076,976.00	1,076,976.00	880,693.13	196,282.87	
Unemployment Compensation Insurance	9,000.00	9,000.00	4,148.37	4,851.63	
Health Benefits Waiver	3,030.00	3,030.00	3,030.00		
PUBLIC SAFETY:					
Zoning Inspector:					
Salaries and Wages	30,900.00	30,900.00	30,091.07	808.93	
Other Expenses	400.00	400.00	133.31	266.69	
Police:					
Salaries and Wages	2,989,000.00	3,004,000.00	2,982,848.58	21,151.42	
Other Expenses	475,500.00	475,500.00	378,106.10	97,393.90	
Emergency Management Service:					
Other Expenses	13,950.00	13,950.00	8,502.90	5,447.10	
Contribution for Ambulance Services:					
Morris Minutemen	55,000.00	55,000.00	55,000.00		
Fire:					
Salaries and Wages	79,200.00	79,200.00	67,687.80	11,512.20	
Other Expenses	127,000.00	127,000.00	92,506.67	34,493.33	
Municipal Prosecutor:					
Other Expenses	18,000.00	18,000.00	18,000.00		

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BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(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	$ 64,300.00	$ 51,300.00	$ 43,237.63	$ 8,062.37	
Other Expenses	95,250.00	95,250.00	73,478.31	21,771.69	
All Seasons Garden Club:					
Other Expenses	3,000.00	3,000.00	3,000.00		
Robert's Garden:					
Other Expenses	1,800.00	1,800.00	75.99	1,724.01	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries and Wages	1,188,650.00	1,195,650.00	1,171,945.28	23,704.72	
Other Expenses	268,300.00	268,300.00	160,534.57	107,765.43	
Sewer System:					
Salaries and Wages	68,000.00	68,000.00	67,482.56	517.44	
Other Expenses	222,130.00	222,130.00	175,639.73	46,490.27	
Shade Tree Maintenance:					
Other Expenses	96,700.00	96,700.00	85,062.96	11,637.04	
Solid Waste Collection:					
Salaries and Wages	23,500.00	23,500.00	23,472.00	28.00	
Other Expenses	598,300.00	598,300.00	508,749.34	89,550.66	
Public Building and Grounds:					
Salaries and Wages	70,000.00	70,000.00	67,528.52	2,471.48	
Other Expenses	386,950.00	379,950.00	313,443.79	66,506.21	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Operations Within "CAPS" (Continued):					
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	$ 8,750.00	$ 8,750.00	$ 8,602.13	$ 147.87	
Other Expenses	12,415.00	12,415.00	95.00	12,320.00	
Substance Abuse Alliance:					
Salaries and Wages	20,150.00	20,150.00	19,386.09	763.91	
Other Expenses	3,706.25	3,706.25		3,706.25	
Contribution to Teen Pride	3,500.00	3,500.00	3,500.00		
Senior Citizens Transportation:					
Salaries and Wages	14,700.00	14,700.00	14,163.60	536.40	
Other Expenses	56,000.00	48,500.00	41,158.27	7,341.73	
Landfill/Solid Waste Disposal Cost:					
Other Expenses	302,400.00	302,400.00	251,227.30	51,172.70	
State Uniform Construction Code					
Construction Code Officials:					
Salaries and Wages	285,750.00	312,750.00	306,089.16	6,660.84	
Other Expenses	132,200.00	105,200.00	76,599.06	28,600.94	
UNCLASSIFIED:					
Utility Expenses and Bulk Purchases	303,000.00	331,000.00	326,500.11	4,499.89	
Reserve for Accumulated Absences	1,000.00	1,000.00		1,000.00	
Municipal Court:					
Salaries and Wages	123,700.00	113,700.00	110,722.50	2,977.50	
Other Expenses	43,320.00	43,320.00	40,611.71	2,708.29	

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BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public Defender (P.L. 1997 C.256):					
Other Expenses	$ 7,000.00	$ 7,000.00	$ 5,250.00	$ 1,750.00	
Total Operations Within "CAPS"	10,878,977.25	10,878,977.25	9,768,004.03	1,110,973.22	
Detail:					
Salaries and Wages	5,557,930.00	5,560,900.00	5,476,725.60	84,174.40	
Other Expenses	5,321,047.25	5,318,077.25	4,291,278.43	1,026,798.82	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	307,763.00	307,763.00	307,763.00		
Social Security System (OASI)	394,000.00	394,000.00	369,683.78	24,316.22	
Police and Firemen's Retirement System of NJ	731,599.00	731,599.00	731,599.00		
Defined Contribution Retirement Program	7,877.00	7,877.00	6,672.48	1,204.52	
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	1,441,239.00	1,441,239.00	1,415,718.26	25,520.74	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,320,216.25	12,320,216.25	11,183,722.29	1,136,493.96	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(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):					
Other Expenses	$ 125,000.00	$ 125,000.00	$ 93,750.00	$ 31,250.00	
Municipal Stormwater Management:					
Salaries and Wages	105,500.00	105,500.00	104,454.81	1,045.19	
Other Expenses	78,100.00	78,100.00	50,462.53	27,637.47	
Recycling Taxes - State Fee	8,100.00	8,100.00	8,100.00		
Shared Service Agreements:					
Sewer Treatment Contracts with Other Municipalities	1,574,000.00	1,574,000.00	1,557,630.97	16,369.03	
Contribution to:					
Health Services Contracts with Other Municipalities	73,910.00	73,910.00	43,647.00	30,263.00	
Insurance:					
Employee Group Insurance	41,754.00	41,754.00	41,754.00		
Public and Private Programs Offset by Revenue:					
Matching Funds for Grants	1,835.75	1,835.75		1,835.75	
Substance Abuse Alliance Grant	5,343.00	5,343.00	251.97	5,091.03	
Click It or Ticket Grant (N.J.S.A. 40A:4-87 +$10,493.76):					
Salaries and Wages		10,493.76	10,493.76		
AAA Northeast -Pedestrian Safety Enforcement Grant (N.J.S.A. 40A:4-87 +$1,120.00):					
Salaries and Wages		1,120.00	1,120.00		
Clean Communities Grant	17,879.11	17,879.11	15,537.60	2,341.51	
Drunk Driving Enforcement Fund	1,489.24	1,489.24	953.39	535.85	
Body Armor Replacement Fund	6,470.00	6,470.00	6,470.00		

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public and Private Programs Offset by Revenue:					
Alcohol Education and Rehabilitation Fund					
Municipal Court	$ 500.00	$ 500.00		$ 500.00	
Body Worn Cameras	8,558.00	8,558.00	$ 8,500.00	58.00	
2025 Spotted Lanternfly Program Grant	20,000.00	20,000.00	5,180.00	14,820.00	
Total Operations Excluded from "CAPS"	2,068,439.10	2,080,052.86	1,948,306.03	131,746.83	
Detail:					
Salaries and Wages	106,189.24	104,689.24	105,408.20	1,581.04	
Other Expenses	1,962,249.86	1,975,363.62	1,842,897.83	130,165.79	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	875,000.00	875,000.00	875,000.00		
Total Capital Improvements - Excluded from "CAPS"	875,000.00	875,000.00	875,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	1,125,000.00	1,125,000.00	1,125,000.00		
Payment of Bond Anticipation Notes	592,320.00	592,320.00	592,320.00		
Interest on Bonds	175,100.00	175,100.00	175,075.00		$ 25.00
Interest on Notes	25,800.00	25,800.00	25,765.92		34.08
Total Municipal Debt Service - Excluded from "CAPS"	1,918,220.00	1,918,220.00	1,918,160.92		59.08

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

		Appropriations		Expended By		Unexpended
		Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Deferred Charges - Excluded from "CAPS":						
Deferred Charges to Future Taxation - Unfunded:						
Ordinance #1-24		$ 561,000.00	$ 561,000.00	$ 561,000.00		
Total Deferred Charges - Excluded from "CAPS"		561,000.00	561,000.00	561,000.00		
Total General Appropriations - Excluded from "CAPS"		5,422,659.10	5,434,272.86	5,302,466.95	$ 131,746.83	$ 59.08
Subtotal General Appropriations		17,742,875.35	17,754,489.11	16,486,189.24	1,268,240.79	59.08
Reserve for Uncollected Taxes		1,947,043.47	1,947,043.47	1,947,043.47		
Total General Appropriations		$ 19,689,918.82	$ 19,701,532.58	$ 18,433,232.71	$ 1,268,240.79	$ 59.08
	Ref.				A	

BOROUGH OF MORRIS PLAINS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 19,689,918.82	
Added by NJSA 40A:4-87		11,613.76	
		$ 19,701,532.58	
Reserve for Uncollected Taxes			$ 1,947,043.47
Encumbrances	A		335,831.37
Cash Disbursed			16,998,193.07
			19,281,067.91
Less:			
Appropriation Refunds			847,835.20
			$ 18,433,232.71

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
TRUST FUNDS

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

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-2	$ 217.31	$ 1,020.71
Collector	B-2A		2.40
		217.31	1,023.11
Other Trust Funds:			
Cash and Cash Equivalents	B-2	1,844,287.67	1,732,800.23
		1,844,287.67	1,732,800.23
TOTAL ASSETS		$ 1,844,504.98	$ 1,733,823.34
LIABILITIES AND RESERVES			
Animal Control Fund:			
Due State of New Jersey	B-3	$ 1.20	$ 2.40
Reserve for Animal Control Expenditures	B-3	216.11	1,020.71
		217.31	1,023.11
Other Trust Funds:			
Due Current Fund	A	6,522.66	5,030.12
Due State of New Jersey:			
Marriage License Fees		50.00	100.00
Burial Permit Fees		35.00	35.00
Escrow Deposits		212,290.68	205,536.32
Refundable Deposits		378,892.47	348,688.47
Reserve for:			
Engineering Inspection Fees		582,663.40	606,267.02
Recycling		26,123.51	34,912.72
State Unemployment Insurance		51,870.20	50,086.23
Law Enforcement		6,655.77	6,655.78
Drug Enforcement		1,502.50	1,502.50
Parking Offense Adjudication Act		3,644.01	3,432.01
Uniform Fire Safety		7,369.44	1,239.44
Public Defender		4,649.50	4,049.50
Police Off-Duty Expenditures		16,308.10	5,030.00

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

	Ref.	December 31, 2025	December 31, 2024
LIABILITIES AND RESERVES			
Other Trust Funds:			
Reserve for:			
Premiums Received at Tax Sale		$ 223,600.00	$ 120,500.00
Accumulated Sick and Vacation Pay		282,680.89	282,680.89
Morris Plains 911 Memorial Fund		3,413.53	3,413.53
Police Forfeited Assets:			
Found Monies		3,272.66	3,135.34
Arrest Monies		18,273.08	17,644.61
Municipal Alliance		14,470.27	32,860.75
		1,844,287.67	1,732,800.23
TOTAL LIABILITIES AND RESERVES		$ 1,844,504.98	$ 1,733,823.34

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
GENERAL CAPITAL FUND

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

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Cash and Cash Equivalents	C-2	$ 2,808,077.74	$ 2,843,529.96
Grants Receivable:			
New Jersey Department of Transportation		336,573.50	197,672.50
New Jersey Department of Community Affairs - Local Recreation Grant			65,000.00
Morris County Trail Construction Grant Program		34,081.08	
SMCMUA Receivable		124,346.35	
Deferred Charges to Future Taxation:			
Funded		7,225,000.00	8,350,000.00
Unfunded	C-4	2,345,800.01	2,027,960.00
TOTAL ASSETS		$ 12,873,878.68	$ 13,484,162.46
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-8	$ 7,225,000.00	$ 8,350,000.00
Bond Anticipation Notes Payable	C-7		592,320.00
Improvement Authorizations:			
Funded	C-5	1,904,166.90	1,801,838.65
Unfunded	C-5	1,193,377.24	529,048.87
Due Current Fund	A	5,398.44	6,552.94
Capital Improvement Fund	C-6	346,520.48	304,231.48
Reserve for:			
Preliminary Expenses		40,216.80	8,520.27
Sewer Improvements - Sewer Connection Fees		1,461,454.88	1,548,854.88
Sidewalk Improvements		12,000.00	12,000.00
Park Improvements		98,180.00	73,180.00
Payment of Debt Service		187,389.18	187,389.18
Fund Balance	C-1	400,174.76	70,226.19
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 12,873,878.68	$ 13,484,162.46

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

	Ref.		
Balance December 31, 2024	C	$	70,226.19
Increased by:			
Fully Funded Improvement Authorizations Canceled			329,948.57
Balance December 31, 2025	C	$	400,174.76

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

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
SWIMMING POOL UTILITY FUND

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

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	D-4	$ 60,655.44	$ 104,058.41
Due From Current fund	A		1,327.96
Total Operating Fund		60,655.44	105,386.37
Capital Fund:			
Fixed Capital	D-7	99,000.00	99,000.00
Total Capital Fund		99,000.00	99,000.00
TOTAL ASSETS		$ 159,655.44	$ 204,386.37
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-8	$ 1,432.68	$ 10,630.24
Encumbered	F-3;F-8	836.00	
		2,268.68	10,630.24
Fee Overpayments		11.26	11.26
		2,279.94	10,641.50
Fund Balance	D-1	58,375.50	94,744.87
Total Operating Fund		60,655.44	105,386.37
Capital Fund:			
Reserve for Amortization		99,000.00	99,000.00
Total Capital Fund		99,000.00	99,000.00
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 159,655.44	$ 204,386.37

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

	Ref.	Year Ended December 31, 2025	2024
Revenue and Other Income Realized			
Fund Balance Utilized		$ 76,460.00	$ 48,615.00
Swimming Pool Fees		148,300.00	139,140.00
American Rescue Plan			67,414.35
Miscellaneous Revenue Not Anticipated		22,901.74	20,165.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		8,028.89	2,628.69
Total Income		255,690.63	277,963.09
Expenditures			
Budgetary Expenditures:			
Operating		207,700.00	216,775.35
Statutory Expenditures		7,900.00	7,639.00
Total Expenditures		215,600.00	224,414.35
Excess in Revenue/Statutory Excess to Fund Balance		40,090.63	53,548.74
Fund Balance			
Balance January 1		94,744.87	89,811.13
		134,835.50	143,359.87
Decreased by:			
Utilized as Anticipated Revenue		76,460.00	48,615.00
Balance December 31	D	$ 58,375.50	$ 94,744.87

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, 2025

	Anticipated	Realized	Excess or Deficit *
Operating Surplus Anticipated	$ 76,460.00	$ 76,460.00	
Swimming Pool Fees	139,140.00	148,300.00	$ 9,160.00
Budget Totals	215,600.00	224,760.00	9,160.00
Miscellaneous Revenue Not Anticipated		22,901.74	22,901.74
	$ 215,600.00	$ 247,661.74	$ 32,061.74

Analysis of Miscellaneous Revenue Not Anticipated

Concession Stand Revenue	$ 14,962.00	
Swimming Lessons	2,300.00	
Interest on Investments	5,639.74	
		$ 22,901.74

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, 2025

	Appropriations		Expended by		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operating:					
Salaries and Wages	$ 99,850.00	$ 103,250.00	$ 103,246.44	$ 3.56	
Other Expenses	108,100.00	104,450.00	103,022.54	1,427.46	
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	7,650.00	7,900.00	7,898.34	1.66	
	$ 215,600.00	$ 215,600.00	$ 214,167.32	$ 1,432.68	$ -0-

	Ref.	
Analysis of Paid or Charged		
Cash Disbursed		$ 213,331.32
Encumbered	D	836.00
		$ 214,167.32

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31, 2025	December 31, 2024
ASSETS		
Land	$ 2,698,140.00	$ 2,698,140.00
Buildings and Improvements	5,209,695.35	5,209,695.35
Machinery, Equipment and Vehicles	6,888,203.81	6,573,969.21
TOTAL ASSETS	$ 14,796,039.16	$ 14,481,804.56
RESERVES		
Reserve for Fixed Assets	$ 14,796,039.16	$ 14,481,804.56
TOTAL RESERVES	$ 14,796,039.16	$ 14,481,804.56

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

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.

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

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 - 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.

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 when authorized by an ordinance 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 financed 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.

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 – 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 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.

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

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
Issued:			
General:			
Bonds and Notes	$ 7,225,000.00	$ 8,942,320.00	$ 10,426,840.00
Total Issued	7,225,000.00	8,942,320.00	10,426,840.00
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Reserve for Payment of Debt Service -			
General Capital Fund	187,389.18	187,389.18	287,389.18
Total Deductions	187,389.18	187,389.18	287,389.18
Net Issued	7,037,610.82	8,754,930.82	10,139,450.82
Authorized but not Issued:			
General:			
Bonds and Notes	2,345,800.01	1,435,640.00	1,226,540.00
Net Bonds and Notes Issued and			
Authorized but not Issued	$ 9,383,410.83	$ 10,190,570.82	$ 11,365,990.82

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 .469%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 11,690,000.00	$ 11,690,000.00	
General Debt	9,570,800.01	187,389.18	$ 9,383,410.83
	$ 21,260,800.01	$ 11,877,389.18	$ 9,383,410.83

Net Debt: $9,383,410.83 divided by Average Equalized Valuations of $1,999,335,368.67 of Real Property = .469%.

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	$ 69,976,737.90
Net Debt	9,383,410.83
Remaining Borrowing Power	$ 60,593,327.07

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 12/31/2024	Additions	Retirements	Balance 12/31/2025
Serial Bonds:				
General Capital Fund	$ 8,350,000.00		$ 1,125,000.00	$ 7,225,000.00
Bond Anticipation Notes:				
General Capital Fund	592,320.00		592,320.00	
Total	$ 8,942,320.00	$ -0-	$ 1,717,320.00	$ 7,225,000.00

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Serial Bonds:				
General Capital Fund	$ 9,460,000.00		$ 1,110,000.00	$ 8,350,000.00
Bond Anticipation Notes:				
General Capital Fund	966,840.00	$ 592,320.00	966,840.00	592,320.00
Total	$ 10,426,840.00	$ 592,320.00	$ 2,076,840.00	$ 8,942,320.00

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

The Borough's debt issued and outstanding on December 31, 2025 is described as follows:

General Capital Serial Bonds

Purpose	Maturities of Bonds Outstanding Date	Amount	Interest Rate	Balance Dec. 31, 2025
General Bonds of 2014	11/01/26	$ 560,000.00	3.00%	$ 560,000.00
General Bonds of 2021	10/01/26-31	585,000.00	2.00%	
	10/01/32-34	625,000.00	2.00%	
	10/01/35	635,000.00	2.00%	
	10/01/36	645,000.00	2.00%	6,665,000.00
TOTAL DEBT ISSUED AND OUTSTANDING				$ 7,225,000.00

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 Principal	Interest	Total
2026	$ 1,145,000.00	$ 150,100.00	$ 1,295,100.00
2027	585,000.00	121,600.00	706,600.00
2028	585,000.00	109,900.00	694,900.00
2029	585,000.00	98,200.00	683,200.00
2030	585,000.00	86,500.00	671,500.00
Thereafter:			
2031-35	3,095,000.00	214,100.00	3,309,100.00
2036	645,000.00	12,900.00	657,900.00
Total	$ 7,225,000.00	$ 793,300.00	$ 8,018,300.00

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2025, which were appropriated and included as anticipated revenue in their own respective funds in the budget introduced for the year ending December 31, 2026 are as follows:

Current Fund	$ 3,225,000
Swimming Pool Utility Operating Fund	48,100

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, 2025, 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 annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-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.

The following represents the membership tiers for PERS:

Tier	Definition
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

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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 employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount.

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 were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined 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 beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to $307,763 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $9,908 to the PERS for normal pension benefits on behalf of the Borough.

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

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability was $3,073,267 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the Borough's proportion was .0226%, which was a decrease of 0.0024% from its proportion measured as of June 30, 2023. The Borough has rolled forward the net pension liability as of June 30, 2024 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 and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2024.

For the year ended December 31, 2025, the Borough recognized actual pension expense in the amount of $307,763.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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 rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2024 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, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	$ 4,083,616	$ 3,073,267	$ 2,213,465

Pension Plan Fiduciary Net Position

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

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 annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-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:

Tier	Definition
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, 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. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount.

The Local Group 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 employers in the Local Group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability 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 beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of the assets.

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 of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Borough contributions to PFRS amounted to $731,599 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $123,874 to the PFRS for normal pension benefits on behalf of the Borough, which is the same as the contractually required contribution of $123,874.

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability for its proportionate share of the net pension liability was $5,461,766. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the Borough's proportion was .0529%, which was an increase of .0032% from its proportion measured as of June 30, 2023. The Borough has rolled forward the net pension liability as of June 30, 2024 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 and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

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 $1,076,775 as of June 30, 2024. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the State's proportion was .0529%, which was an increase of .0032% from its proportion measured as of June 30, 2023 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	$	5,461,766
State's Proportionate Share of the Net Pension Liability Associated with the Borough		1,076,775
Total Net Pension Liability	$	6,538,541

For the year ended December 31, 2025, the Borough recognized total pension expense of $731,599.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
All Future Years	3.25% - 16.25% based on years of service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2023.

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (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, 2024) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees, 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

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 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2024 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, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	$ 9,342,122	$ 6,538,541	$ 4,203,774

Pension Plan Fiduciary Net Position - PFRS

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

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.

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 $6,672.48 for 2025. Employee contributions to DCRP amounted to $10,288.43 for the year ended December 31, 2025.

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. 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 $282,680.89 and is reflected on the Other Trust Funds' balance sheet as of December 31, 2025.

Balance at December 31, 2024	$ 392,595.55
Net Change	(5,829.72)
Balance at December 31, 2025	$ 386,765.83
Amount Due within One Year	$ 15,020.89

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.

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

	2025	2024	2023
Tax Rate	$ 2.548	$ 2.482	$ 2.499
Apportionment of Tax Rate			
Municipal	0.919	0.869	0.857
County	0.316	0.309	0.306
Local School	1.313	1.304	1.336
Assessed Valuations			
2025	$ 1,529,216,900		
2024		$ 1,488,353,500	
2023			$ 1,404,459,700

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.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2025	$ 39,913,500.42	$ 39,676,166.40	99.41%
2024	37,211,165.57	36,983,762.15	99.39%
2023	36,282,471.60	36,025,145.32	99.29%

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

Note 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 in the Investment section of this note.

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.

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.

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

Investments (Cont'd)

As of December 31, 2025, cash and cash equivalents of the Borough of Morris Plains consisted of the following:

Fund	Cash on Hand	Checking and Savings Accounts	NJ Cash Management Fund	Total
Current	$ 250.00	$ 7,548,796.42		$ 7,549,046.42
Animal Control		217.31		217.31
Other Trust		1,844,287.67		1,844,287.67
General Capital		2,746,826.15	$ 61,251.59	2,808,077.74
Swimming Pool Utility Operating		60,655.44		60,655.44
	$ 250.00	$ 12,200,782.99	$ 61,251.59	$ 12,262,284.58

During the period ended December 31, 2025, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2025, was $12,262,284.58 and the bank balance was $14,575,981.17. The $61,251.19 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, 2025:

Fund	Interfund Receivable	Interfund Payable
Current Fund	$ 11,921.10	
Other Trust Funds		$ 6,522.66
General Capital Fund		5,398.44
	$ 11,921.10	$ 11,921.10

The Current Fund interfund receivable is a result of interest income due from Other Trust and General Capital Funds.

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 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, 2025 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, 2024 is as follows:

Total Assets	$ 41,731,805
Net Position	$ 14,656,747
Total Revenue	$ 27,339,632
Total Expenses	$ 26,449,607
Members Distribution	$ 266,542
Change in Net Position for the Year Ended December 31	$ 623,483

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. The balance of $51,870.20 in the Reserve for State Unemployment Insurance represents funds collected prior to the Borough's change from Reimbursement Method to Contributory Method.

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, 2025.

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 $613,448.14.

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.

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at https://www.state.nj.gov./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.

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 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 deferred inflows of resources, and collective OPEB (benefit)/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 (benefit)/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, 2023 through June 30, 2024. 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.

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

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

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2024 OPEB information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June July 1, 2023, which was rolled forward to June 30, 2024.

At June 30, 2024, the Borough had a liability of $14,509,141 for its proportionate share of the net OPEB liability. At June 30, 2024, the Borough's proportion was .081032% which was an increase of .01008% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was $112,407.

The Borough's actual postemployment payments in 2025 for 27 retiree employees were $293,420.37.

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.

Salary Increases*:

Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25% based on years of service

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

Pre-Retirement Healthy Mortality

Pre-retirement mortality rates for PERS were based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Post-Retirement Healthy Mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

Post-Retirement Healthy Mortality (Cont'd)

Post-retirement mortality rates for other retirees is based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled Retiree Mortality

Disabled retiree mortality rates for PERS future disabled retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

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, 2024, 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, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Net OPEB Liability Attributable to the Borough	$ 16,901,586	$ 14,509,141	$ 12,593,006

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, 2024, 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, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	$ 12,271,772	$ 14,509,141	$ 17,385,769

Note 16: Fixed Assets

The following is a summarization of the activity of the Borough of Morris Plains' fixed assets for the year ended December 31, 2025 and 2024.

	Balance Dec. 31, 2024	Additions	Deletions	Balance Dec. 31, 2025
Land	$ 2,698,140.00			$ 2,698,140.00
Buildings and Improvements	5,209,695.35			5,209,695.35
Machinery, Equipment and Vehicles	6,573,969.21	$ 319,684.60	$ 5,450.00	6,888,203.81
	$ 14,481,804.56	$ 319,684.60	$ 5,450.00	$ 14,796,039.16

	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	$ 2,698,140.00			$ 2,698,140.00
Buildings and Improvements	5,209,695.35			5,209,695.35
Machinery, Equipment and Vehicles	6,499,963.39	$ 109,228.00	$ 35,222.18	6,573,969.21
	$ 14,407,798.74	$ 109,228.00	$ 35,222.18	$ 14,481,804.56

BOROUGH OF MORRIS PLAINS

SUPPLEMENTARY DATA

Schedule 1

BOROUGH OF MORRIS PLAINS
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2025

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

Name	Title	Amount of Bond
Jason C. Karr	Mayor	
Salvatore F. Cortese	Council President	
Art Bruhn	Councilmember	
Joan Goddard	Councilmember (until January 8, 2025)	
Bill Houston	Councilmember	
Michael Ivey	Councilmember (from January 30, 2025)	
Tyler Pontier	Councilmember	
Nancy Verga	Councilmember	
Rosanne Denman	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)
John E. Horan	Municipal Attorney	
Chirag Mehta	Municipal Prosecutor	
Willima Ryden	Engineer	
William O'Connor	Construction Code Official; Building Subcode Official	(B)
Michael A. Carlucci	Municipal Judge	(B)
Sarah Thornberry	Court Administrator (until March 29, 2025)	(B)
Melissa Aponte	Court Administrator (from April 21, 2025)	(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
2025
CURRENT FUND

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2024	A		$ 7,140,617.57
Increased by Receipts:			
Tax Collector		$ 39,894,974.72	
Revenue Accounts Receivable		2,578,646.58	
Miscellaneous Revenue Not Anticipated		16,771.13	
Due General Capital Fund		6,552.94	
Due Swimming Pool Utility Operating Fund		215,932.67	
Unappropriated Grant Funds:			
Clean Communities Program		17,712.92	
Due Morris County Municipal Utilities Authority		8,202.74	
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		24,750.00	
Department of Community Affairs Training Fees Payable		67,879.00	
Appropriation Refunds		847,835.20	
			43,679,257.90
			50,819,875.47
Decreased by Disbursements:			
2025 Appropriation Expenditures		16,998,193.07	
2024 Appropriation Reserve Expenditures		786,120.08	
Local School Taxes		20,067,667.00	
County Taxes		4,938,769.59	
Due Morris County Municipal Utilities Authority		8,202.74	
Due State of New Jersey:			
Department of Community Affairs Training Fees Payable		59,843.00	
Reserve for Pending Tax Appeals		39,882.00	
Deposit on Redemption of Third Party Liens		96,725.97	
Due Swimming Pool Utility Operating Fund		217,260.63	
Refund of Tax Overpayments		58,414.97	
			43,271,079.05
Balance December 31, 2025	A		$ 7,548,796.42

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

Increased by Receipts:		
Taxes Receivable	$ 39,443,628.98	
Interest and Costs on Taxes	59,736.12	
2026 Prepaid Taxes	246,400.98	
Tax Overpayments	48,401.73	
Deposit on Redemption of Third Party Liens	96,725.97	
Miscellaneous Revenue Not Anticipated	80.94	
		$ 39,894,974.72
Decreased by Payments to:		
Municipal Treasurer		$ 39,894,974.72

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CASH - GRANT
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

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

Year	Balance Dec. 31, 2024	2025 Levy	Collections 2024	Collections 2025	State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2025
2024	$ 212,228.89			$ 212,228.89				
2025		$ 39,913,500.42	$ 419,265.91	39,231,400.09	$ 25,500.00	$ 16,293.68	$ 1,118.57	$ 219,922.17
	$ 212,228.89	$ 39,913,500.42	$ 419,265.91	$ 39,443,628.98	$ 25,500.00	$ 16,293.68	$ 1,118.57	$ 219,922.17
Ref.	A							A

Analysis of 2025 Property Tax Levy

Tax Yield:		
General Purpose Tax	$ 38,964,446.48	
Added and Omitted Taxes	949,053.94	
		$ 39,913,500.42
Tax Levy:		
Local School District Taxes		$ 20,067,667.00
County Taxes:		
General Tax	$ 4,821,059.72	
Due County for Added and Omitted Taxes	117,709.87	
		4,938,769.59
		25,006,436.59
Local Tax for Municipal Purposes Levied	14,067,646.11	
Add: Additional Tax Levied	839,417.72	
		14,907,063.83
		$ 39,913,500.42

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2024	A	$	10,414.70
Increased by:			
Transfer from Taxes Receivable			1,118.57
Balance December 31, 2025	A	$	11,533.27

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2024	Accrued In 2025	Collected By Treasurer	Balance Dec. 31, 2025
Clerk:				
Licenses:				
Alcoholic Beverages		$ 12,650.00	$ 12,650.00	
Other Licenses	$ 3,693.00	14,415.00	15,965.00	$ 2,143.00
Fees and Permits:				
Uniform Construction Code		602,227.00	602,227.00	
Other		109,999.33	109,999.33	
Joint Municipal Court Fines and Costs	6,019.77	109,781.78	107,571.95	8,229.60
Energy Receipts Tax		621,205.82	621,205.82	
Interest on Investments		486,377.74	486,377.74	
NJ Recycling Tonnage Reimbursement		15,000.00	15,000.00	
Substance Abuse Alliance Grant - 2024	1,700.00		1,700.00	
Substance Abuse Alliance Grant - 2025		5,343.00	5,343.00	
2023 Spotted Lanternfly Program Grant		20,000.00		20,000.00
NJDCA Local Recreation Grant	68,000.00		68,000.00	
Click it or Ticket		10,493.76	10,493.76	
AAA Police Grant		1,120.00	1,120.00	
Body Worn Camera Grant		8,558.00	8,558.00	
Drunk Driving Enforcement Fund	8,230.49		8,230.49	
Stormwater Maintenance Assistance	10,000.00			10,000.00
Cable Television Franchise Fees		92,048.96	92,048.96	
Hotel /Motel Tax Revenue		43,183.46	43,183.46	
Uniform Fire Safety Act		28,064.08	28,064.08	
Morris Plains Board of Education		125,907.99	125,907.99	
Payment of Debt Service		115,000.00	115,000.00	
Sewer Improvements - Sewer Connection Fees		100,000.00	100,000.00	
	$ 97,643.26	$ 2,521,375.92	$ 2,578,646.58	$ 40,372.60
Ref.	A			A

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Mayor and Council:				
Salaries and Wages	$ 4,104.85	$ 4,104.85		$ 4,104.85
Other Expenses	3,324.22	3,324.22		3,324.22
Municipal Clerk:				
Other Expenses	22,076.96	22,076.96	$ 6,939.08	15,137.88
Financial Administration:				
Salaries and Wages	8,188.99	8,188.99	858.61	7,330.38
Other Expenses	7,587.44	7,587.44	1,475.27	6,112.17
Audit Fees	42,700.00	42,700.00	42,700.00	
Collection of Taxes:				
Salaries and Wages	686.24	686.24		686.24
Other Expenses	2,440.07	2,440.07		2,440.07
Assessment of Taxes:				
Salaries and Wages	14.92	14.92		14.92
Other Expenses	100,456.00	100,456.00	2,250.00	98,206.00
Legal Services and Costs:				
Other Expenses	17,328.51	17,328.51	17,104.85	223.66
Engineering Services and Costs:				
Other Expenses	8,434.35	8,434.35	2,870.52	5,563.83
LAND USE ADMINISTRATION:				
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	1,353.18	1,353.18	218.97	1,134.21
Other Expenses	24,179.51	24,179.51	8,888.35	15,291.16
Board of Adjustment:				
Other Expenses	6,121.93	6,121.93		6,121.93
INSURANCE:				
Liability Insurance	71.00	71.00		71.00
Employee Group Insurance	188,429.97	188,429.97	185,106.26	3,323.71
Unemployment Compensation Insurance	4,695.14	4,695.14		4,695.14
PUBLIC SAFETY:				
Zoning Inspector:				
Salaries and Wages	459.00	459.00	424.00	35.00
Other Expenses	155.00	155.00		155.00
Police:				
Salaries and Wages	33,997.16	33,997.16	11,005.31	22,991.85
Other Expenses	191,032.10	191,032.10	115,851.84	75,180.26
Contribution for Ambulance Services:				
Morris Minutemen	3,624.50	3,624.50	3,500.00	124.50
Emergency Management Service:				
Other Expenses	6,626.00	6,626.00		6,626.00

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (Cont'd):				
Fire:				
Salaries and Wages	$ 14,141.44	$ 14,141.44		$ 14,141.44
Other Expenses	35,432.86	35,432.86	$ 21,606.10	13,826.76
RECREATION AND EDUCATION:				
Recreation Commission:				
Salaries and Wages	6,574.45	6,574.45	3,285.06	3,289.39
Other Expenses	40,233.88	40,233.88	4,044.69	36,189.19
Robert's Garden:				
Other Expenses	426.99	426.99		426.99
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	25,646.04	25,646.04	2,200.94	23,445.10
Other Expenses	100,111.97	100,111.97	31,620.27	68,491.70
Sewer System:				
Salaries and Wages	18,066.07	18,066.07	18,065.09	0.98
Other Expenses	73,267.94	73,267.94	66,287.77	6,980.17
Shade Tree Maintenance:				
Other Expenses	3,933.34	3,933.34	2,133.27	1,800.07
Solid Waste Collection:				
Salaries and Wages	12.00	12.00		12.00
Other Expenses	72,311.78	61,311.78	51,607.43	9,704.35
Public Building and Grounds:				
Salaries and Wages	10,562.79	10,562.79	3,800.40	6,762.39
Other Expenses	85,237.33	92,737.33	20,937.52	71,799.81
HEALTH AND WELFARE:				
Board of Health:				
Salaries and Wages	10.00	10.00		10.00
Other Expenses	3,652.99	3,652.99	2,352.00	1,300.99
Substance Abuse Alliance:				
Salaries and Wages	50.70	50.70		50.70
Other Expenses	2,681.06	2,681.06	153.06	2,528.00
Senior Citizens Transportation:				
Salaries and Wages	8,540.27	8,540.27		8,540.27
Other Expenses	1,632.44	1,632.44	776.82	855.62
Landfill/Solid Waste Disposal Cost:				
Other Expenses	20,906.63	20,906.63	19,287.41	1,619.22
State Uniform Construction Code - (NJSA 52:27D-120 et seq.):				
Construction Code Officials:				
Salaries and Wages	30,169.38	30,169.38	2,208.84	27,960.54
Other Expenses	94,522.51	94,522.51	9,842.40	84,680.11

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
UNCLASSIFIED:				
Utility Expenses and Bulk Purchases	$ 24,104.51	$ 27,604.51	$ 27,585.64	$ 18.87
Reserve for Accumulated Absences	1,000.00	1,000.00		1,000.00
Municipal Court:				
Salaries and Wages	58.96	58.96		58.96
Other Expenses	1,628.25	1,628.25	629.44	998.81
Public Defender (P.L. 1997 C.256):				
Other Expenses	1,750.00	1,750.00	1,750.00	
Statutory Expenditures:				
Contribution to Social Security System (OASI)	19,937.60	19,937.60	1,901.28	18,036.32
Defined Contribution Retirement Program	2,117.33	2,117.33	2,117.33	
Municipal Stormwater Management:				
Salaries and Wages	2,027.68	2,027.68		2,027.68
Other Expenses	22,689.07	22,689.07	6,618.26	16,070.81
Sanitation:				
Sewer Treatment Contracts with Other Municipalities	28.49	28.49		28.49
Board of Health:				
Health Services Contracts with Other Municipalities	18,116.00	18,116.00	18,116.00	
Public and Private Programs Offset by Revenue:				
Clean Communities Grant - Recycling	9,400.00	9,400.00	9,100.00	300.00
Drunk Driving Enforcement Fund - Police	1,209.68	1,209.68		1,209.68
Stormwater Assistance Grant	17,041.98	17,041.98	17,041.98	
NJDCA Local Recreation Grant	68,000.00	68,000.00	68,000.00	
Alcohol Education and Rehabilitation Fund	1,000.00	1,000.00	1,000.00	
	$ 1,516,321.45	$ 1,516,321.45	$ 813,262.06	$ 703,059.39

Analysis of Balance December 31, 2024:	Ref.	
Unencumbered	A	$ 1,355,856.17
Encumbered	A	160,465.28
		$ 1,516,321.45

Cash Disbursed	$ 786,120.08
Reserve for Unappropriated Grant Funds:	
Clean Communities Grant	9,100.00
Stormwater Assistance Grant	17,041.98
Alcohol Education and Rehabilitation Fund	1,000.00
	$ 813,262.06

BOROUGH OF MORRIS PLAINS
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

Increased by:	
Levy - Calendar Year 2025	$ 20,067,667.00
Decreased by:	
Payments to Local School District	$ 20,067,667.00

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
TRUST FUNDS

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

	Ref.	Animal Control Fund		Other Trust Funds	
Balance December 31, 2024	B		$ 1,020.71		$ 1,732,800.23
Increased by Receipts:					
Due Current Fund:					
Interest Income				$ 54,883.27	
Collector		$ 10,597.60			
Due State of New Jersey - Marriage License Fees				1,000.00	
Escrow Deposits and Interest				149,570.42	
Refundable Deposits				35,204.00	
Reserve for:					
State Unemployment Insurance - Interest				1,783.97	
Engineering Inspection Fees				45,746.95	
Recycling Tonnage Grant				1,206.22	
Parking Offense Adjudication Act				212.00	
Uniform Fire Safety				6,130.00	
Public Defender				600.00	
Police Off-Duty Expenditures				79,900.00	
Premiums Received at Tax Sale				170,000.00	
Summer Recreation Programs				70,403.00	
Municipal Alliance				13,434.04	
Police Forfeited Assets:					
Found Monies				137.32	
Arrest Monies				628.47	
			10,597.60		630,839.66
			11,618.31		2,363,639.89

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

	Ref.	Animal Control Fund		Other Trust Funds	
Decreased by Disbursements:					
Due Current Fund:					
Interest Income				$ 53,390.73	
Animal Control Fund Expenditures		$ 11,401.00			
Due State of New Jersey - Marriage License Fees				1,050.00	
Escrow Deposits				142,816.06	
Refundable Deposits				5,000.00	
Reserve for:					
Engineering Inspection Fees				69,350.57	
Recycling				9,995.43	
Law Enforcement				0.01	
Police Off-Duty Expenditures				68,621.90	
Premiums Received at Tax Sale				66,900.00	
Summer Recreation Programs				70,403.00	
Municipal Alliance				31,824.52	
			$ 11,401.00		$ 519,352.22
Balance December 31, 2025	B		$ 217.31		$ 1,844,287.67

BOROUGH OF MORRIS PLAINS
ANIMAL CONTROL FUND
SCHEDULE OF CASH - COLLECTOR

	Ref.			
Balance December 31, 2024	B		$	2.40
Increased by:				
Animal Control License Fees - Municipal		$ 10,231.40		
Late Fees and Penalties		365.00		
		10,596.40		
Animal Control License Fees - State		828.60		
				11,425.00
				11,427.40
Decreased by:				
Disbursed to Treasurer - Animal Control Fund		10,597.60		
Disbursed to State of New Jersey		829.80		
				11,427.40
Balance December 31, 2025	B		$	-0-

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

	Ref.		
Balance December 31, 2024	B		$ 1,020.71
Increased by:			
Animal Control Fees Collected:			
Dog Licenses		$ 8,391.40	
Cat Licenses		1,840.00	
		10,231.40	
Late Fees, Penalties and Other Fees Collected		365.00	
			10,596.40
			11,617.11
Decreased by:			
Expenditures Under R.S. 4:19-15.11			11,401.00
Balance December 31, 2025	B		$ 216.11

License Fees Collected

Year	Amount
2023	$ 11,182.60
2024	10,954.20
Maximum Allowable Reserve	$ 22,136.80

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
GENERAL CAPITAL FUND

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	Ref.		
Balance December 31, 2024	C		$ 2,843,529.96
Increased by Receipts:			
2025 Budget Appropriations:			
Capital Improvement Fund		$ 875,000.00	
Deferred Charges to Future Taxation - Unfunded		1,153,320.00	
Grants Receivable:			
New Jersey Department of Transportation		69,603.00	
New Jersey Department of Community Affairs - Local Recreational Improvement Grant		64,980.74	
Due Current Fund:			
Interest Income		91,448.58	
Reserve for:			
Park Improvements		25,000.00	
Sewer Improvements - Sewer Connection Fees		12,600.00	
Payment of Debt Service		115,000.00	
			2,406,952.32
			5,250,482.28
Decreased by:			
Improvement Authorizations		1,513,396.91	
Bond Anticipation Notes		592,320.00	
Reserve for:			
Sewer Improvements - Sewer Connection Fees		100,000.00	
Preliminary Expenses		29,084.55	
Reserve for Payment of Debt Service		115,000.00	
Due Current Fund:			
Interest Income		86,050.14	
Interfund Returned		6,552.94	
			2,442,404.54
Balance December 31, 2025	C		$ 2,808,077.74

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2024	Receipts: Budget Appropriation	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Bond Anticipation Notes	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance/ (Deficit) Dec. 31, 2025
Capital Fund Balance	$ 70,226.19							$ 329,948.57	$ 400,174.76
Capital Improvement Fund	304,231.48	$ 875,000.00					$ 832,711.00		346,520.48
SMCMUA Receivable							124,346.35		(124,346.35)
Grants Receivable:									
Morris County Trail Construction Grant Program							34,081.08		(34,081.08)
New Jersey Department of Community Affairs:									
Local Recreational Improvement Grant	(65,000.00)		$ 64,980.74					19.26	
New Jersey Department of Transportation	(197,672.50)		69,603.00				208,504.00		(336,573.50)
Due Current Fund	6,552.94		91,448.58			$ 92,603.08			5,398.44
Reserve for:									
Sewer Improvements - Sewer Connection Fees	1,548,854.88		12,600.00			100,000.00			1,461,454.88
Preliminary Expenses	8,520.27					29,084.55		60,781.08	40,216.80
Sidewalk Improvements	12,000.00								12,000.00
Park Improvements	73,180.00		25,000.00						98,180.00
Payment of Debt Service	187,389.18		115,000.00			115,000.00			187,389.18
Ord. No. / Improvement Description									
General Improvements									
17-12 Improvements to the Various Parks in the Borough	10,615.71								10,615.71
28-18 Acquisition of Lands	2,748.00								2,748.00
01-19 Acquisition of Firefighting Equipment	110,942.90	592,320.00		$ 20,400.00	$ 592,320.00				90,542.90
14-20 Acquisition of Lands	9,995.66								9,995.66
07-21 Various Improvements	24,710.42								24,710.42
02-22 Improvements of Various Roads	257,554.31						247,554.31		10,000.00
06-22 Various Improvements	6,986.96								6,986.96
15-22 Improvements to Various Parks	3,128.00								3,128.00
16-22 Enhance Pedestrian Safety	153,540.12			106,855.15					46,684.97
01-23 Improvement of Various Roads	(560,450.01)								(560,450.01)
02-23 Improvement of Glenbrook Road	346,968.78			373,851.82				35,611.35	8,728.31
10-23 Various Improvements	94,312.41			74,304.50					20,007.91

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

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2024	Receipts: Budget Appropriation	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Bond Anticipation Notes	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance/ (Deficit) Dec. 31, 2025
	General Improvements									
11-23	Acquisition of Property	$ 107,529.22			$ 26,400.00					$ 81,129.22
15-23	Local Recreation Improvements	19.26						$ 19.26		
01-24	Improvement of Various Roads	(457,084.02)	$ 561,000.00		21,521.72			82,394.26		
04-24	Various Improvements	608,729.80			60,844.61					547,885.19
08-24	Various Improvements	175,000.00			104,273.47					70,726.53
02-25	Improvements to Various Roads				639,622.76				$ 47,650.00	(591,972.76)
03-25	Improvement to Stiles Ave				22,809.85				405,000.00	382,190.15
07-25	Firefighter Equipment				872.32				520,000.00	519,127.68
08-25	Various Improvements				61,640.71				130,600.00	68,959.29
		$ 2,843,529.96	$ 2,028,320.00	$ 378,632.32	$1,513,396.91	$ 592,320.00	$ 336,687.63	$ 1,529,610.26	$ 1,529,610.26	$ 2,808,077.74

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

Ord. No.	Improvement Description	Balance Dec. 31, 2024	2025 Improvement Authorizations	Funded by Budget Appropriation	Improvement Authorizations Canceled	Balance Dec. 31, 2025	Analysis of Balance Dec. 31, 2025 Expenditures	Analysis of Balance Dec. 31, 2025 Unexpended Improvement Authorizations
	General Improvements							
01-19	Acquisition of Firefighting Equipment	$ 592,320.00		$ 592,320.00				
01-23	Improvement of Various Roads	785,840.00			$ 225,389.99	$ 560,450.01	$ 560,450.01	
01-24	Improvement of Various Roads	649,800.00		561,000.00	88,800.00			
02-25	Improvement of Various Roads		$ 905,350.00			905,350.00	591,972.76	$ 313,377.24
07-25	Firefighter Equipment		880,000.00			880,000.00		880,000.00
		$ 2,027,960.00	$ 1,785,350.00	$ 1,153,320.00	$ 314,189.99	$ 2,345,800.01	$ 1,152,422.77	$ 1,193,377.24
	Ref.	C				C		

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2024 Funded	Balance Dec. 31, 2024 Unfunded	2025 Authorizations: Various Sources	2025 Authorizations: Deferred Charges to Future Taxation Unfunded	Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2025 Funded	Balance Dec. 31, 2025 Unfunded
	General Improvements										
17-12	Improvements to the Various Parks in the Borough	12/6/2012	$ 50,000.00	$ 10,615.71						$ 10,615.71	
28-18	Acquisition of Lands	12/6/2018	525,000.00	2,748.00						2,748.00	
01-19	Acquisition of Firefighting Equipment	3/7/2019	1,490,400.00		$ 110,942.90			$ 20,400.00		90,542.90	
14-20	Acquisition of Lands	12/3/2020	240,000.00	9,995.66						9,995.66	
07-21	Various Improvements	5/20/2021	125,000.00	24,710.42						24,710.42	
02-22	Improvements to Various Roads	3/3/2022	685,000.00	257,554.31					$ 247,554.31	10,000.00	
06-22	Various Improvements	5/5/2022	410,000.00	6,986.96						6,986.96	
15-22	Improvements to Various Parks	10/20/2022	36,000.00	3,128.00						3,128.00	
16-22	Enhance Pedestrian Safety	11/10/2022	168,750.00	153,540.12				106,855.15		46,684.97	
01-23	Improvement of Various Roads	3/2/2023	827,200.00		225,389.99				225,389.99		
02-23	Improvement of Glenbrook Road	3/2/2023	370,700.00	346,968.78		$ 35,611.35		373,851.82		8,728.31	
10-23	Various Improvements	6/1/2023	252,900.00	94,312.41				74,304.50		20,007.91	
11-23	Acquisition of Property	7/6/2023	1,320,000.00	107,529.22				26,400.00		81,129.22	
15-23	Local Recreation Improvements	12/7/2023	65,000.00	19.26					19.26		
01-24	Improvements to Various Roads	2/15/2024	684,000.00		192,715.98			21,521.72	171,194.26		
04-24	Various Improvements	8/17/2023	40,000.00	608,729.80				60,844.61		547,885.19	
08-24	Various Improvements	12/7/2023	65,000.00	175,000.00				104,273.47		70,726.53	
02-25	Improvements to Various Roads	3/6/2025	953,000.00			47,650.00	$ 905,350.00	639,622.76			$ 313,377.24
03-25	Improvement to Stiles Ave	3/6/2025	405,000.00			405,000.00		22,809.85		382,190.15	

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1 of 2

BOROUGH OF MORRIS PLAINS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
(Continued)

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2024 Funded	Balance Dec. 31, 2024 Unfunded	2025 Authorizations: Various Sources	2025 Authorizations: Deferred Charges to Future Taxation Unfunded	Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2025 Funded	Balance Dec. 31, 2025 Unfunded
	General Improvements										
07-25	Firefighter Equipment	6/19/2025	$ 1,400,000.00			$ 520,000.00	$ 880,000.00	$ 872.32		$ 519,127.68	$ 880,000.00
08-25	Various Improvements	6/19/2025	130,600.00			130,600.00		61,640.71		68,959.29	
				$ 1,801,838.65	$ 529,048.87	$ 1,138,861.35	$ 1,785,350.00	$ 1,513,396.91	$ 644,157.82	$ 1,904,166.90	$ 1,193,377.24
			Ref.	C	C					C	C

Capital Improvement Fund	$ 806,011.00
NJ Department of Transportation Grant	208,504.00
SMCMUA Receivable	124,346.35
	$ 1,138,861.35

Capital Fund Balance	$ 329,948.57
New Jersey Department of Community Affairs - Local Recreation Grant	19.26
Deferred Charges to Future Taxation - Unfunded	314,189.99
	$ 644,157.82

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2 of 2

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

	Ref.		
Balance December 31, 2024	C		$ 304,231.48
Increased by:			
2025 Budget Appropriation			875,000.00
			1,179,231.48
Decreased by:			
Reserve for Preliminary Expenses		$ 26,700.00	
Appropriation to Finance Improvement Authorizations		806,011.00	
			832,711.00
Balance December 31, 2025	C		$ 346,520.48

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

Ord. No.	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Matured	Balance Dec. 31, 2025
01-19	Acquisition of Firefighting Equipment	12/13/19	8/1/2024	8/1/2025	4.35%	$ 592,320.00	$ 592,320.00	
						$ 592,320.00	$ 592,320.00	$ -0-
					Ref.	C		C
					Paid by Budget Appropriation		$ 592,320.00	
							$ 592,320.00	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2025 Date	Amount	Interest Rate	Balance Dec. 31, 2024	Matured	Balance Dec. 31, 2025
General Bonds of 2014	11/14/14	$ 5,725,000.00	11/01/26	$ 560,000.00	3.000%	$ 1,100,000.00	$ 540,000.00	$ 560,000.00
General Bonds of 2021	10/28/21	9,275,000.00	10/01/26	585,000.00	2.000%			
			10/01/27	585,000.00	2.000%			
			10/01/28	585,000.00	2.000%			
			10/01/29	585,000.00	2.000%			
			10/01/30	585,000.00	2.000%			
			10/01/31	585,000.00	2.000%			
			10/01/32	625,000.00	2.000%			
			10/01/33	625,000.00	2.000%			
			10/01/34	625,000.00	2.000%			
			10/01/35	635,000.00	2.000%			
			10/01/36	645,000.00	2.000%	7,250,000.00	585,000.00	6,665,000.00
						$ 8,350,000.00	$ 1,125,000.00	$ 7,225,000.00
					Ref.	C		C

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2024	2025 Improvement Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Redeemed	Improvement Authorizations Canceled	Balance Dec. 31, 2025
01-19	12/5/2019	Acquisition of Fire Equipment			$ 592,320.00	$ 592,320.00		
01-23	3/2/2023	Improvement of Various Roads	$ 785,840.00				$ 225,389.99	$ 560,450.01
01-24	7/6/2023	Improvement of Various Roads	649,800.00		561,000.00		88,800.00	
02-25	3/6/2025	Improvements to Various Roads		$ 905,350.00				905,350.00
07-25	6/19/2025	Firefighter Equipment		880,000.00				880,000.00
			$ 1,435,640.00	$ 1,785,350.00	$ 1,153,320.00	$ 592,320.00	$ 314,189.99	$ 2,345,800.01

BOROUGH OF MORRIS PLAINS
COUNTY OF MORRIS
2025
SWIMMING POOL UTILITY FUND

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

	Ref.		
Balance December 31, 2024	D		$ 104,058.41
Increased by Receipts:			
Swimming Pool Fees		$ 148,300.00	
Miscellaneous Revenue Not Anticipated		22,901.74	
Petty Cash Returned		200.00	
Due Current Fund - Interfund Returned		1,327.96	
			172,729.70
			276,788.11
Decreased by Disbursements:			
2025 Appropriation Expenditures		213,331.32	
2024 Appropriation Reserve Expenditures		2,601.35	
Petty Cash Advanced		200.00	
			216,132.67
Balance December 31, 2025	D		$ 60,655.44

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING POOL CAPITAL CASH
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

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

	Ref.	
Balance December 31, 2024	D	$ 99,000.00
Balance December 31, 2025	D	$ 99,000.00

BOROUGH OF MORRIS PLAINS
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 2.92	$ 2.92		$ 2.92
Other Expenses	10,627.23	10,627.23	$ 2,601.35	8,025.88
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	0.09	0.09		0.09
	$ 10,630.24	$ 10,630.24	$ 2,601.35	$ 8,028.89

Analysis of Balance December 31, 2024:

	Ref.	
Unencumbered	D	$ 10,630.24

BOROUGH OF MORRIS PLAINS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF MORRIS PLAINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Federal Department	Assistance Listing Number	State Program Account Number	Program	Grant Award Amount	Grant Period From	Grant Period To	Receipts	Expenditures	MEMO Cumulative Total Expenditures	Amounts Provided to Subrecipients
US Department of Law and Public Safety										
Passed through NJ Division of Highway Traffic Safety)	20.600	100-066-1160-119-031750	Click It or Ticket	$ 10,493.76	01/01/25	12/31/25	$ 10,493.76	$ 10,493.76	$ 10,493.76	
		480-078-6200 C66-710210	Enhancement of Pedestrian Safety	135,000.00	1/1/2023	12/31/2026	69,603.00			
Total Department of Law and Public Safety							80,096.76	10,493.76	10,493.76	
TOTAL FEDERAL AWARDS							$ 80,096.76	$ 10,493.76	$ 10,493.76	$ - 0 -

N/A - Not Available/Applicable

BOROUGH OF MORRIS PLAINS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Award Amount	Grant Period From	Grant Period To	Receipts	Expenditures	MEMO Cumulative Total Expenditures
Department of Community Affairs	Local Recreation Improvements	495-022-8030	64,980.74	01/01/23	12/31/24	$ 64,980.74		$ 64,980.74
		668-041190	68,000.00	01/01/24	12/31/25	68,000.00	$ 68,000.00	68,000.00
Total Department of Community Affairs						132,980.74	68,000.00	132,980.74
Department of the Treasury								
Passed Through the County of Morris	Municipal Alliance to Prevent	100-082-2000-	10,008.00	07/01/24	06/30/25	1,700.00		10,008.00
Governor's Council on Alcoholism and Drug Abuse	Alcoholism and Drug Abuse	044-995120	5,343.00	07/01/25	06/30/26	5,343.00	251.97	251.97
Total Department of the Treasury						7,043.00	251.97	10,259.97
Department of Agriculture								
	Spotted Lanternfly Program Grant	N/A	20,000.00	01/01/25	12/31/26		5,180.00	5,180.00
Total Department of Agriculture							5,180.00	5,180.00
Department of Environmental Protection	Clean Communities Grant	765-042-4900-	17,879.11	01/01/24	12/31/26		15,537.60	15,537.60
		004-178910	17,712.92	01/01/25	12/31/26	17,712.92		
						17,712.92	15,537.60	15,537.60
	Recycling Tonnage Grant	100-042-4900-						
		224-238490	10,604.57	01/01/25	12/31/25	10,604.57	10,604.57	10,604.57
Total Department of Environmental Protection						28,317.49	26,142.17	26,142.17
Department of Law and Public Safety	Body Armor Replacement Fund	718-066-1020-						
		001-090160	6,470.00	01/01/25	12/31/25		6,470.00	6,470.00
							6,470.00	6,470.00
	Body Worn Camera Grant	100-066-1020-						
		495-092120	8,558.00	01/01/25	12/31/26	8,558.00	8,500.00	8,500.00
						8,558.00	8,500.00	8,500.00
	Drunk Driving Enforcement Fund	100-066-1110-	12,882.64	1/1/2021	12/31/26			11,395.40
		260-YYYY	8,230.49	1/1/2024	12/31/26	8,230.49	953.39	7,974.20
						8,230.49	953.39	19,369.60
Total Department of Law and Public Safety						16,788.49	15,923.39	34,339.60
TOTAL STATE AWARDS						$ 185,129.72	$ 115,497.53	$ 208,902.48

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, 2025

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, 2025. 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 25-12, *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 15 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, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated April 25, 2026. 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Finding 2025-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Borough's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Nisivoccia LLP

Mount Arlington, New Jersey
April 25, 2026

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, 2025

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a unmodified 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.

- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard*s. 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 Standard*s, 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 25-12 for the year ended December 31, 2025 as both state and federal grant expenditures were less than the single audit thresholds of $1,000,000 identified in the Uniform Guidance or NJOMB 25-12.

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 deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2025-001

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, 2025
(Continued)

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

Finding 2025-001 (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 but due to budgetary constraints may not be fully resolved.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF MORRIS PLAINS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

The prior year finding 2024-001 with regard to segregation of duties has not been resolved due to budget constraints and is included as Finding 2025-001.

BOROUGH OF MORRIS PLAINS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

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, 2020 through June 30, 2025, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are $17,500 for a contracting unit without a qualified purchasing agent and $44,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2025 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are $17,500 for a contracting unit without a qualified purchasing agent and $53,000 for a contracting unit with a qualified purchasing agent.

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.

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 4, 2025, 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 2025 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 November 11, 2025 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
2025	1
2024	1
2023	1

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.

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, 2025.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Receipts	Disbursements	Balance Dec. 31, 2025
Municipal Treasurer:				
Fines and Costs	$ 6,019.77	$ 109,781.78	$ 107,571.95	$ 8,229.60
P.O.A.A. Fines	14.00	214.00	212.00	16.00
Public Defender	100.00	600.00	700.00	
State Treasurer	4,104.85	89,516.39	86,439.66	7,181.58
County Treasurer	2,522.75	49,199.02	48,187.27	3,534.50
Weights and Measures	4,778.00	49,950.00	49,928.00	4,800.00
Cash Bail		11,447.00	5,947.00	5,500.00
	$ 17,539.37	$ 310,708.19	$ 298,985.88	$ 29,261.68

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2026

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2027

GASB Statement No. 105, Subsequent Events

Standard will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.

Corrective Action Plan

The Borough initiated a corrective action plan to resolve the comments and recommendations from the 2024 audit report. Prior year recommendation regarding segregations of duties was not resolved and is included as current year recommendation.

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.

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