

*TOWNSHIP OF MORRIS*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2016*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
REPORT OF AUDIT  
2016

TOWNSHIP OF MORRIS  
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TOWNSHIP OF MORRIS

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Morris  
Morris, New Jersey

### ***Report on the Financial Statements***

We have audited the financial statements – *regulatory basis* – of the various funds of the Township of Morris in the County of Morris (the "Township") as of, and for the years ended December 31, 2016 and 2015, and the related notes to financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Morris  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2016 and 2015, and the changes in financial position or, where applicable, cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

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

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2016 and 2015 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Morris as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township'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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members  
of the Township Committee  
Township of Morris  
Page 3

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2017 on our consideration of the Township of Morris's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Morris's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 2, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
CURRENT FUND

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	December 31,	
		2016	2015
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 16,660,123.60	\$ 15,055,482.94
Change Fund		700.00	700.00
		<u>16,660,823.60</u>	<u>15,056,182.94</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	547,568.18	695,885.47
Tax Title Liens Receivable	A-8	84,731.44	78,540.02
Property Acquired for Taxes at Assessed Valuation		36,475.00	36,475.00
Revenue Accounts Receivable	A-9	18,053.67	21,624.84
Other Accounts Receivable			9.00
Due Animal Control Fund	B	8,811.47	2,063.56
Due Other Trust Funds	B	1,755.56	2,413.66
Due General Capital Fund	C	4,191.33	2,652.20
Due Swimming Pool Utility Operating Fund	F	70,389.56	5,555.53
Total Receivables and Other Assets with Full Reserves		<u>771,976.21</u>	<u>845,219.28</u>
Deferred Charges:			
Special Emergency Authorization (NJSA 40A:4-53)		480,000.00	733,000.00
Total Regular Fund		<u>17,912,799.81</u>	<u>16,634,402.22</u>
Federal and State Grant Fund:			
Due Current Fund	A	179,260.89	160,054.95
Grants Receivable	A-10	572.64	21,718.37
Total Federal and State Grant Fund		<u>179,833.53</u>	<u>181,773.32</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 18,092,633.34</u></u>	<u><u>\$ 16,816,175.54</u></u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**(Continued)**

	Ref.	December 31,	
		2016	2015
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 1,008,008.02	\$ 1,055,679.50
Unencumbered	A-3;A-11	1,348,072.40	1,173,053.77
		<u>2,356,080.42</u>	<u>2,228,733.27</u>
Other Encumbrances		1,242,569.17	1,188,540.40
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		4,293.47	4,714.02
County Added and Omitted Taxes Payable		19,718.52	82,256.00
Regional School District Taxes Payable	A-12	161,161.13	187,468.13
Prepaid Taxes		869,376.63	815,775.58
Special Deposits		56,600.00	56,600.00
Due Federal and State Grant Fund	A	179,260.89	160,054.95
Due Other Trust Funds	B	557,998.53	355,312.50
Due Sewer Utility Operating Fund	E		12,249.75
Appropriated Reserve for:			
Parking Lot			15,870.00
Tree Planting			4,114.82
Signs			10,590.87
Sidewalks - New, Replacement, Repairs			55,885.00
Reserve for Pending Tax Appeals		1,715,476.76	1,768,600.50
		<u>7,162,535.52</u>	<u>6,946,765.79</u>
Reserve for Receivables and Other Assets	A	771,976.21	845,219.28
Fund Balance	A-1	9,978,288.08	8,842,417.15
		<u>17,912,799.81</u>	<u>16,634,402.22</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-13	164,215.31	146,985.78
Encumbered		7,125.00	19,339.30
Unappropriated Reserves	A-14	8,493.22	15,448.24
		<u>179,833.53</u>	<u>181,773.32</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 18,092,633.34</u>	<u>\$ 16,816,175.54</u>

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

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN**  
**FUND BALANCE - REGULATORY BASIS**

	Ref.	Year Ended December 31,	
		2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 4,900,000.00	\$ 5,300,000.00
Miscellaneous Revenue Anticipated		6,432,804.06	6,236,930.38
Receipts from:			
Delinquent Taxes		699,833.21	584,639.30
Current Taxes		92,788,671.75	93,320,746.74
Nonbudget Revenue		791,101.57	532,738.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,262,222.68	1,604,526.61
Prior Year Refunds			4,095.22
Cancellations:			
Other Encumbrances			11,189.85
Third Party Tax Title Lien Payable			30.00
Federal and State Grant Fund Appropriated Reserves		8,412.28	93,258.89
Appropriated Reserve for:			
Parking Lot		15,870.00	
Tree Planting		4,114.82	
Signs		10,590.87	
Sidewalks - New, Replacement, Repairs		55,885.00	
Due Swimming Pool Utility Operating Fund:			
Unexpended Balance of Appropriation Reserves		5,824.36	
Interfunds and Other Receivables Returned		667.10	59,149.27
<b>Total Income</b>		<b>106,975,997.70</b>	<b>107,747,304.99</b>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		31,641,847.92	32,075,565.53
County Taxes		12,717,315.95	12,805,467.85
Regional School District Taxes		56,327,079.00	56,456,690.00
Local Open Space Taxes		105,400.74	74,426.15
Federal and State Grant Fund Receivables Canceled		2,477.24	38,684.61
Prior Year Senior Citizens' and Veterans' Deductions Disallowed		4,250.00	3,025.34
Other Encumbrances		17,628.45	
Refund of Prior Year Revenue:			
Taxes		30,166.13	50,043.26
Other		20,840.27	
Interfunds and Other Receivables Advanced		73,121.07	12,693.95
<b>Total Expenditures</b>		<b>100,940,126.77</b>	<b>101,516,596.69</b>
Excess in Revenue/Statutory Excess to Fund Balance		6,035,870.93	6,230,708.30
<u>Fund Balance</u>			
Balance January 1		8,842,417.15	7,911,708.85
		14,878,288.08	14,142,417.15
Decreased by - Utilized as Anticipated Revenue		4,900,000.00	5,300,000.00
Balance December 31	A	\$ 9,978,288.08	\$ 8,842,417.15

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

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Budget	Added by NJSA 40A:4-87	Realized	Excess
Fund Balance Anticipated	\$ 4,900,000.00		\$ 4,900,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	14,000.00		22,500.00	\$ 8,500.00
Other	17,000.00		20,699.00	3,699.00
Fees and Permits - Other	676,650.00		942,047.95	265,397.95
Fines and Costs - Municipal Court	252,000.00		267,109.32	15,109.32
Interest and Costs on Taxes	173,000.00		180,109.46	7,109.46
Interest on Investments and Deposits	50,000.00		116,811.88	66,811.88
Consolidated Municipal Property Tax Relief Aid	511,190.00		511,190.00	
Energy Receipts Tax	2,768,751.00		2,768,751.00	
Uniform Construction Code Fees	600,000.00		960,640.80	360,640.80
Recycling Tonnage Grant	31,345.43	\$ 6,525.42	37,870.85	
Drunk Driving Enforcement Fund	11,243.70		11,243.70	
Clean Communities Grant		60,865.51	60,865.51	
Alcohol Education, Rehabilitation and Enforcement Fund		3,867.61	3,867.61	
Municipal Alliance on Alcoholism and Drug Abuse	30,325.00		30,325.00	
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	4,000.00		4,000.00	
Hazardous Materials Emergency Preparedness (HMEP) Planning and Training Grant		15,000.00	15,000.00	
Body Armor Replacement Fund	4,204.54		4,204.54	
Drive Sober or Get Pulled Over	4,631.80	215.20	4,847.00	
Bulletproof Vest Partnership Program	3,320.44		3,320.44	
COPS in Shops	2,400.00		2,400.00	
Parking Lot Utility Operating Surplus of Prior Year	40,000.00		40,000.00	
Sewer Utility Operating Surplus of Prior Year	250,000.00		250,000.00	
General Capital Fund - Fund Balance	40,000.00		40,000.00	
Reimbursement for Expenses:				
Police Outside Detail Trust Fund	40,000.00		40,000.00	
Recreation Trust Fund	95,000.00		95,000.00	
	<u>5,619,061.91</u>	<u>86,473.74</u>	<u>6,432,804.06</u>	<u>727,268.41</u>
Receipt from Delinquent Taxes	600,000.00		699,833.21	99,833.21
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,513,282.94		25,599,536.06	3,086,253.12
Minimum Library Tax	1,639,340.00		1,639,340.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>24,152,622.94</u>		<u>27,238,876.06</u>	<u>3,086,253.12</u>
Budget Totals	35,271,684.85	86,473.74	39,271,513.33	<u>\$ 3,913,354.74</u>
Nonbudget Revenue			791,101.57	
	<u>\$ 35,271,684.85</u>	<u>\$ 86,473.74</u>	<u>\$ 40,062,614.90</u>	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$92,788,671.75
Allocated to County, Regional School District and Local Open Space Taxes	69,149,795.69
Balance for Support of Municipal Budget	23,638,876.06
Add: Appropriation "Reserve for Uncollected Taxes"	3,600,000.00
Realized for Support of Municipal Budget	\$27,238,876.06

Analysis of Fees and Permits - Other:

Collected/Received by Treasurer	\$ 942,153.95
Less: Refunds	106.00
	\$ 942,047.95

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer	\$ 111,864.99
Due from General Capital Fund	4,191.33
Due from Other Trust Funds	755.56
	\$ 116,811.88

Analysis of Uniform Construction Code Fees:

Construction Code Official	\$ 961,108.00
Less: Refunds	467.20
	\$ 960,640.80

Analysis of Nonbudget Revenue:

<u>Miscellaneous Revenue Not Anticipated:</u>	
Treasurer:	
Cable TV Franchise Fees	\$ 359,615.26
Federal Emergency Management Agency Reimbursements:	
October 2011 Snowstorm	266,917.08
Cell Tower	50,067.49
Construction Code:	
Continued Certificate of Occupancy Inspections	41,600.00
Penalties	18,600.00
Reimbursements	19,669.05
Payments in Lieu of Taxes	14,451.00
State of New Jersey:	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	2,715.66
Homestead Rebate Administrative Reimbursement	862.20
Special Charges - Property Maintenance	1,812.35
Other Miscellaneous Revenue	1,980.01
	778,290.10
Due Animal Control Fund - Statutory Excess	8,811.47
Due Other Trust Funds - Premium on Tax Sale Certificates Canceled	4,000.00
	\$ 791,101.57

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 269,322.51	\$ 269,322.51	\$ 267,943.19	\$ 1,379.32	
Other Expenses	116,300.00	116,300.00	92,755.81	23,544.19	
Mayor and Council:					
Salaries and Wages	31,433.61	31,433.61	31,433.61		
Other Expenses	500.00	500.00	500.00		
Municipal Clerk:					
Salaries and Wages	132,566.54	132,566.54	128,982.23	3,584.31	
Other Expenses	32,090.00	32,090.00	21,569.42	10,520.58	
Financial Administration:					
Salaries and Wages	188,050.25	188,050.25	181,355.31	6,694.94	
Other Expenses	102,950.00	102,950.00	58,405.88	44,544.12	
Annual Audit	35,500.00	35,500.00	34,800.00	700.00	
Computer Information Technology:					
Salaries and Wages	78,959.69	81,459.69	81,335.68	124.01	
Other Expenses	126,000.00	123,500.00	118,048.13	5,451.87	
Revenue Administration (Tax Collection):					
Salaries and Wages	76,890.19	76,890.19	76,890.19		
Other Expenses	14,000.00	14,000.00	7,129.49	6,870.51	
Tax Assessment Administration:					
Salaries and Wages	149,999.60	149,999.60	149,851.43	148.17	
Other Expenses	21,600.00	21,600.00	18,732.50	2,867.50	
Legal Services and Costs:					
Other Expenses	310,000.00	335,000.00	311,952.00	23,048.00	
Joint Municipal Court:					
Other Expenses	320,000.00	320,000.00	308,992.47	11,007.53	
Engineering Services and Costs:					
Salaries and Wages	343,919.50	343,919.50	342,661.43	1,258.07	
Other Expenses	57,600.00	57,600.00	45,321.79	12,278.21	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
(Continued)

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (Cont'd):					
Historic Preservation Commission:					
Other Expenses	\$ 500.00	\$ 500.00	\$ 175.00	\$ 325.00	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	44,750.28	44,750.28	40,167.30	4,582.98	
Other Expenses	51,650.00	50,950.00	42,774.30	8,175.70	
Board of Adjustment:					
Salaries and Wages	25,248.10	25,248.10	23,683.46	1,564.64	
Other Expenses	6,950.00	7,650.00	7,383.61	266.39	
Insurance:					
General Liability	426,000.00	391,000.00	391,000.00		
Workers Compensation	607,000.00	607,000.00	607,000.00		
Group Insurance - Hospital and Medical	2,516,000.00	2,516,000.00	2,456,644.40	59,355.60	
PUBLIC SAFETY:					
County Communications Expense	322,703.63	322,703.63	322,703.63		
Traffic Lights Maintenance Expense	35,000.00	45,000.00	13,568.72	31,431.28	
Aid to Volunteer Ambulance Company	55,000.00	55,000.00	55,000.00		
Fire:					
Salaries and Wages	1,863,619.00	1,875,619.00	1,859,104.46	16,514.54	
Other Expenses	210,500.00	198,500.00	196,534.42	1,965.58	
Fire Hydrant Services	16,000.00	16,000.00	11,506.32	4,493.68	
Municipal Prosecutor:					
Other Expenses	20,000.00	20,000.00	15,000.00	5,000.00	
Police:					
Salaries and Wages	4,747,663.17	4,747,663.17	4,474,005.21	273,657.96	
Other Expenses	211,780.00	211,780.00	209,695.10	2,084.90	
Purchase of Police Vehicle	100,000.00	100,000.00	97,992.85	2,007.15	
Emergency Management Services:					
Other Expenses	13,800.00	13,800.00	12,154.10	1,645.90	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
(Continued)

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>PUBLIC WORKS:</b>					
Road Repair and Maintenance:					
Salaries and Wages	\$ 2,152,541.38	\$ 2,152,541.38	\$ 1,991,097.80	\$ 161,443.58	
Other Expenses	429,310.00	409,310.00	359,885.51	49,424.49	
Garbage and Trash Removal:					
Salaries and Wages	1,104,684.06	1,104,684.06	1,088,747.29	15,936.77	
Other Expenses	918,000.00	928,000.00	889,167.14	38,832.86	
Public Buildings and Grounds:					
Salaries and Wages	61,281.43	61,281.43	58,060.06	3,221.37	
Other Expenses	34,660.00	34,660.00	31,947.59	2,712.41	
Vehicle Maintenance:					
Salaries and Wages	608,329.60	608,329.60	598,707.23	9,622.37	
Other Expenses	320,500.00	330,500.00	322,774.06	7,725.94	
Community Services Act-Condo Costs:					
Other Expenses	63,500.00	63,500.00	42,602.51	20,897.49	
<b>HEALTH AND HUMAN SERVICES:</b>					
Board of Health:					
Salaries and Wages	238,895.79	238,895.79	229,880.29	9,015.50	
Other Expenses	82,450.00	82,450.00	74,107.31	8,342.69	
Environmental Commission:					
Salaries and Wages	4,263.31	4,263.31	4,014.86	248.45	
Other Expenses	3,450.00	3,450.00	817.73	2,632.27	
Animal Control:					
Other Expenses	24,500.00	24,500.00	24,500.00		
Cooperative Transportation:					
Other Expenses	9,000.00	9,000.00	8,423.97	576.03	
<b>RECREATION AND EDUCATION:</b>					
Recreation Services and Programs:					
Salaries and Wages	235,486.86	235,486.86	231,823.12	3,663.74	
Other Expenses	67,095.00	67,095.00	60,026.22	7,068.78	
Handicapped Person's Recreation Opportunity Act - Township of Morris Share	3,259.00	3,259.00	3,259.00		
Maintenance of Parks:					
Salaries and Wages	221,663.38	224,663.38	224,349.54	313.84	
Other Expenses	89,450.00	86,450.00	85,349.84	1,100.16	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation - Salaries and Wages	\$ 150,000.00	\$ 150,000.00	\$ 126,650.21	\$ 23,349.79	
UTILITIES:					
Electricity	175,400.00	175,400.00	121,899.72	53,500.28	
Street Lighting	165,000.00	165,000.00	125,822.25	39,177.75	
Telephone	113,200.00	113,200.00	78,183.44	35,016.56	
Water	17,200.00	17,200.00	14,262.08	2,937.92	
Natural Gas	89,000.00	89,000.00	42,374.92	46,625.08	
Gasoline, Diesel Fuel	351,000.00	351,000.00	171,124.65	179,875.35	
UNCLASSIFIED:					
Project Pride - Other Expenses	54,000.00	54,000.00	54,000.00		
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	630,284.59	630,284.59	630,284.59		
Other Expenses	57,350.00	57,350.00	49,311.44	8,038.56	
Total Operations Within "CAPS"	<u>22,156,600.47</u>	<u>22,156,600.47</u>	<u>20,858,207.81</u>	<u>1,298,392.66</u>	
Detail:					
Salaries and Wages	13,359,852.84	13,377,352.84	12,841,028.49	536,324.35	
Other Expenses	8,796,747.63	8,779,247.63	8,017,179.32	762,068.31	
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":					
Deferred Charges:					
Anticipated Deficit Swimming Pool Utility Operating Fund	347,377.09	347,377.09	231,066.42		\$116,310.67
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	671,040.68	673,040.68	672,133.34	907.34	
Social Security System (O.A.S.I.)	1,010,000.00	976,000.00	935,210.57	40,789.43	
Police and Firemen's Retirement System of NJ	1,458,007.00	1,490,007.00	1,489,122.09	884.91	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>3,486,424.77</u>	<u>3,486,424.77</u>	<u>3,327,532.42</u>	<u>42,581.68</u>	<u>116,310.67</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>25,643,025.24</u>	<u>25,643,025.24</u>	<u>24,185,740.23</u>	<u>1,340,974.34</u>	<u>116,310.67</u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library - Proportionate Share (R.S. 40:54-29.17)	\$ 1,639,340.00	\$ 1,639,340.00	\$ 1,639,338.00	\$ 2.00	
Recycling Tax (PL 2007, c.311)	26,000.00	26,000.00	22,524.94	3,475.06	
Public and Private Programs Offset by Revenue:					
Recycling Tonnage Grant (NJSA 40A:4-87 +\$6,525.42)	31,345.43	37,870.85	37,870.85		
Drunk Driving Enforcement Fund	11,243.70	11,243.70	11,243.70		
Clean Communities Program (NJSA 40A:4-87 +\$60,865.51)		60,865.51	60,865.51		
Municipal Alliance on Alcoholism and Drug Abuse	30,325.00	30,325.00	30,325.00		
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	4,000.00	4,000.00	4,000.00		
Hazardous Materials Emergency Preparedness (HMEP) Planning and Training Grant (NJSA 40A:4-87 +\$15,000.00)		15,000.00	15,000.00		
COPS in SHOPS	2,400.00	2,400.00	2,400.00		
Bulletproof Vest Partnership Program	3,320.44	3,320.44	3,320.44		
Body Armor Replacement Fund	4,204.54	4,204.54	4,204.54		
Alcohol Education, Rehabilitation and Enforcement Fund (NJSA 40A:4-87 +\$3,867.61)		3,867.61	3,867.61		
Drive Sober or Get Pulled Over (NJSA 40A:4-87 +\$215.20)	4,631.80	4,847.00	4,847.00		
Matching Funds for Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	7,581.20	7,581.20	7,581.20		
Total Public and Private Programs Offset by Revenues	99,052.11	185,525.85	185,525.85		
Total Operations Excluded from "CAPS"	1,764,392.11	1,850,865.85	1,847,388.79	3,477.06	
Detail:					
Salaries and Wages	13,643.70	78,376.82	78,376.82		
Other Expenses	1,750,748.41	1,772,489.03	1,769,011.97	3,477.06	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	442,975.00	442,975.00	442,975.00		
Purchase of Police Equipment	43,595.00	43,595.00	42,533.00	1,062.00	
Purchase of Fire Equipment	11,000.00	11,000.00	8,441.00	2,559.00	
Total Capital Improvements - Excluded from "CAPS"	497,570.00	497,570.00	493,949.00	3,621.00	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	\$ 2,412,000.00	\$ 2,412,000.00	\$ 2,412,000.00		
Interest on Bonds	543,697.50	543,697.50	543,697.50		
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,955,697.50</u>	<u>2,955,697.50</u>	<u>2,955,697.50</u>		
Deferred Charges - Excluded from "CAPS":					
Special Emergency Authorizations - 5 Years	253,000.00	253,000.00	253,000.00		
Deferred Charges to Future Taxation Unfunded - Refunding Tax Appeal Ordinance	558,000.00	558,000.00	558,000.00		
Total Deferred Charges - Excluded from "CAPS"	<u>811,000.00</u>	<u>811,000.00</u>	<u>811,000.00</u>		
Total General Appropriations - Excluded from "CAPS"	<u>6,028,659.61</u>	<u>6,115,133.35</u>	<u>6,108,035.29</u>	\$ 7,098.06	
Subtotal General Appropriations	31,671,684.85	31,758,158.59	30,293,775.52	1,348,072.40	\$ 116,310.67
Reserve for Uncollected Taxes	3,600,000.00	3,600,000.00	3,600,000.00		
Total General Appropriations	<u>\$ 35,271,684.85</u>	<u>\$ 35,358,158.59</u>	<u>\$ 33,893,775.52</u>	<u>\$ 1,348,072.40</u>	<u>\$ 116,310.67</u>

Ref.

A

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 35,271,684.85	
Added by NJSA 40A:4-87		86,473.74	
		<u>\$ 35,358,158.59</u>	
Reserve for Uncollected Taxes			\$ 3,600,000.00
Reserve for Encumbrances	A		1,008,008.02
Deferred Charges			253,000.00
Due Federal and State Grant Fund			185,525.85
Due Other Trust Funds:			
Reserve for Accumulated Absences			3,134.29
Cash Disbursed			29,240,290.52
			<u>34,289,958.68</u>
Less: Appropriation Refunds Received			396,183.16
			<u>\$ 33,893,775.52</u>

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

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
TRUST FUNDS

**TOWNSHIP OF MORRIS**  
**TRUST FUNDS**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

		December 31,	
	Ref.	2016	2015
<b><u>ASSETS</u></b>			
Assessment Trust Fund:			
Assessments Receivable	B-7	\$ 44,200.00	
		44,200.00	
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	55,022.46	\$ 48,944.00
Collector	B-4A	330.61	270.96
		55,353.07	49,214.96
Other Trust Funds:			
Cash and Cash Equivalents	B-4	9,045,681.77	9,092,178.86
Due Current Fund	A	557,998.53	355,312.50
		9,603,680.30	9,447,491.36
<b>TOTAL ASSETS</b>		<b>\$ 9,703,233.37</b>	<b>\$ 9,496,706.32</b>

**TOWNSHIP OF MORRIS**  
**TRUST FUNDS**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**(Continued)**

		December 31,	
	Ref.	2016	2015
<b><u>LIABILITIES AND RESERVES</u></b>			
Assessment Trust Fund:			
Due General Capital Fund	C	\$ 44,200.00	
		44,200.00	
Animal Control Fund:			
Due State of New Jersey			\$ 4.80
Due Current Fund	A	8,811.47	2,063.56
Reserve for Animal Control Expenditures	B-6	46,541.60	47,146.60
		55,353.07	49,214.96
Other Trust Funds:			
Due State of New Jersey:			
Department of Community Affairs State Training Fees		51,787.34	38,237.34
Due Current Fund	A	1,755.56	2,413.66
Special Deposits		142,489.99	145,639.99
Developers' Escrow Deposits		526,510.51	642,967.52
Clients' Escrow Deposits		623,778.96	630,941.19
Premium on Tax Sale Certificates		545,200.00	352,500.00
Reserve for:			
State Unemployment Insurance		294,637.29	261,694.68
Police Outside Detail		129,999.77	76,395.28
Recycling		58,615.97	43,013.87
Police Forfeited Assets		25,429.03	27,819.56
Municipal Court:			
Parking Offense Adjudication Act		12,066.51	11,408.51
Public Defender Fees		2,004.85	2,004.85
Municipal Drug Alliance		96,459.43	97,659.43
Municipal Open Space		4,031,290.27	4,332,778.93
Uniform Fire Safety Act		6,502.85	5,702.85
Recreation		311,293.75	372,735.12
Council on Affordable Housing (C.O.A.H.)		1,259,474.80	976,328.28
Accumulated Absences		224,116.45	220,982.16
Storm Recovery		1,260,266.97	1,206,268.14
		9,603,680.30	9,447,491.36
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>\$ 9,703,233.37</b>	<b>\$ 9,496,706.32</b>

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

**TOWNSHIP OF MORRIS**  
**ASSESSMENT TRUST FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

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

**TOWNSHIP OF MORRIS**  
**ASSESSMENT TRUST FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**ASSESSMENT TRUST FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
GENERAL CAPITAL FUND

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	December 31,	
		2016	2015
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	C-2	\$ 3,895,995.28	\$ 5,527,001.95
Grants Receivable:			
New Jersey Department of Transportation		232,500.00	240,000.00
Due Assessment Trust Fund	B	44,200.00	
Deferred Charges to Future Taxation:			
Funded		18,639,000.00	21,051,000.00
Unfunded	C-4	5,574,025.00	3,997,004.35
<b>TOTAL ASSETS</b>		<b><u>\$ 28,385,720.28</u></b>	<b><u>\$ 30,815,006.30</u></b>
 <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Serial Bonds Payable	C-8	\$ 18,639,000.00	\$ 21,051,000.00
Improvement Authorizations:			
Funded	C-5	4,853,544.27	5,745,846.16
Unfunded	C-5	3,642,744.15	2,140,800.27
Capital Improvement Fund	C-6	149,263.71	84,263.00
Due Current Fund	A	4,191.33	2,652.20
Reserve for:			
Encumbrances			1,477,036.21
Memorial Bricks			6,125.00
Traffic Lights			12,364.78
Kahdena Road			11,200.00
Sidewalks			2,450.00
Trees		3,250.00	3,250.00
Preliminary Engineering Costs - Western Ave Reservoir		3,000.66	3,000.66
Fund Balance	C-1	1,090,726.16	275,018.02
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 28,385,720.28</u></b>	<b><u>\$ 30,815,006.30</u></b>

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

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 275,018.02
Increased by:		
Grant Received for Fully Funded Ordinance:		
NJ Department of Transportation		\$ 49,786.25
Contributions Received for Fully Funded Ordinances:		
Harding Township		75,000.00
Reserve Balances Canceled:		
Memorial Bricks		6,125.00
Traffic Lights		1,500.00
Kahdena Road		11,200.00
Sidewalks		2,450.00
Improvement Authorizations Canceled		709,646.89
		855,708.14
		1,130,726.16
Decreased by:		
Anticipated in Current Fund Budget		40,000.00
		40,000.00
Balance December 31, 2016	C	\$ 1,090,726.16

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

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
SEWER UTILITY FUND

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

		December 31,	
	Ref.	2016	2015
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 8,952,434.03	\$ 11,866,065.92
Due Current Fund	A		12,249.75
		8,952,434.03	11,878,315.67
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	5,097,090.91	5,170,625.91
Total Operating Fund		14,049,524.94	17,048,941.58
Capital Fund:			
Cash and Cash Equivalents	E-4	8,943,990.15	6,063,796.43
NJ Environmental Infrastructure Loans Receivable			404,234.00
Fixed Capital	E-7	83,291,518.41	83,451,708.34
Fixed Capital Authorized and Uncompleted	E-8	10,172,682.97	5,712,493.04
Total Capital Fund		102,408,191.53	95,632,231.81
<b>TOTAL ASSETS</b>		<b>\$ 116,457,716.47</b>	<b>\$112,681,173.39</b>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**(Continued)**

		December 31,	
	Ref.	2016	2015
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 287,924.35	\$ 427,521.92
Encumbered	E-3;E-9	221,595.80	235,851.79
		509,520.15	663,373.71
Accounts Payable - Vendors		413,615.68	942,926.22
Sewer User Charge Overpayments			162.77
Accrued Interest on Bonds		79,842.24	84,664.65
Accrued Interest on Loans		18,020.83	21,671.87
Reserve for Engineering Inspection Fees		4,242.23	4,242.23
		1,025,241.13	1,717,041.45
Reserve for Receivables	E	5,097,090.91	5,170,625.91
Fund Balance	E-1	7,927,192.90	10,161,274.22
		14,049,524.94	17,048,941.58
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	E-15	9,588,000.00	10,439,000.00
NJ Environmental Infrastructure Trust Loans Payable	E-16	4,735,808.85	5,122,211.23
Improvement Authorizations:			
Funded	E-10	8,325,061.46	5,113,166.44
Unfunded	E-10	599,326.60	599,326.60
Capital Improvement Fund	E-11	64,266.93	14,266.93
Reserve for Encumbrances			783,560.92
Reserve for Preliminary Expenses -			
Upgrades to Butterworth Sand Filters		69.81	2,444.19
Reserve for Amortization	E-12	69,766,354.93	68,398,952.55
Deferred Reserve for Amortization	E-13	8,774,711.00	4,604,711.00
Fund Balance	E-1A	554,591.95	554,591.95
		102,408,191.53	95,632,231.81
Total Capital Fund			
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b>\$ 116,457,716.47</b>	<b>\$112,681,173.39</b>

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

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN**  
**FUND BALANCE - REGULATORY BASIS**

	Ref.	Year Ended December 31,	
		2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,797,785.98	\$ 1,735,284.60
Sewer User Charges		6,838,561.69	6,770,627.74
Connection Fees and Permits		73,676.48	191,309.98
Miscellaneous Revenue Anticipated		134,778.18	160,725.82
Sewer User Charges - Borough of Morris Plains Contract		1,519,931.39	1,506,235.28
Township of Randolph - Annual Sewer User Charges		566,460.64	489,251.14
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		451,911.36	494,804.18
Prior Year Refunds		564.20	1,600.30
		<u>12,383,669.92</u>	<u>11,349,839.04</u>
<u>Expenditures</u>			
Operating		5,152,508.55	4,970,371.22
Capital Improvements		4,350,000.00	3,334,000.00
Debt Service		1,591,717.39	1,632,069.30
Deferred Charges and Statutory Expenditures		316,465.64	442,251.59
Accounts Payable - Vendors		159,273.68	
		<u>11,569,965.26</u>	<u>10,378,692.11</u>
Excess in Revenue/Statutory Excess to Fund Balance		813,704.66	971,146.93
<u>Fund Balance</u>			
Balance January 1		<u>10,161,274.22</u>	<u>11,175,411.89</u>
		10,974,978.88	12,146,558.82
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		2,797,785.98	1,735,284.60
Current Fund Budget		250,000.00	250,000.00
		<u>2,797,785.98</u>	<u>1,735,284.60</u>
		<u>250,000.00</u>	<u>250,000.00</u>
Balance December 31	E	<u><u>\$ 7,927,192.90</u></u>	<u><u>\$ 10,161,274.22</u></u>

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

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2015	E	<u>\$ 554,591.95</u>
Balance December 31, 2016	E	<u><u>\$ 554,591.95</u></u>

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

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 2,797,785.98	\$ 2,797,785.98	
Sewer User Charges	6,500,000.00	6,838,561.69	\$ 338,561.69
Connection Fees and Permits	190,000.00	73,676.48	116,323.52 *
Miscellaneous Revenue	150,000.00	134,778.18	15,221.82 *
Sewer User Charges:			
Borough of Morris Plains Contract	1,400,000.00	1,519,931.39	119,931.39
Township of Randolph:			
Annual Sewer User Charges	400,000.00	566,460.64	166,460.64
	<u>\$ 11,437,785.98</u>	<u>\$ 11,931,194.36</u>	<u>\$ 493,408.38</u>

Analysis of Sewer User Charges

Collections	\$ 6,838,398.92	
Sewer User Charge Overpayments Applied	<u>162.77</u>	
		<u>\$ 6,838,561.69</u>

Analysis of Miscellaneous Revenue

Collector:		
Interest and Costs on Delinquent		
Sewer User Charges		\$ 32,294.48
Treasurer:		
Interest on Investments and Deposits:		
Collected/Received by Treasurer	\$ 86,523.70	
Industrial Pretreatment Program	12,500.00	
Miscellaneous	<u>3,460.00</u>	
		<u>102,483.70</u>
		<u>\$ 134,778.18</u>

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

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 1,757,108.15	\$ 1,757,108.15	\$ 1,728,997.09	\$ 28,111.06	
Other Expenses	3,395,400.40	3,395,400.40	3,137,732.50	257,667.90	
Capital Improvements:					
Capital Improvement Fund	4,350,000.00	4,350,000.00	4,350,000.00		
Debt Service:					
Payment of Bond Principal	851,000.00	851,000.00	851,000.00		
Interest on Bonds	316,061.25	316,061.25	310,818.84		\$ 5,242.41
NJ Environmental Infrastructure Trust Loans:					
Principal	399,738.04	399,738.04	386,402.38		13,335.66
Interest	52,012.50	52,012.50	43,496.17		8,516.33
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	182,465.64	182,465.64	182,465.64		
Social Security System (O.A.S.I.)	134,000.00	134,000.00	131,854.61	2,145.39	
	<u>\$ 11,437,785.98</u>	<u>\$ 11,437,785.98</u>	<u>\$ 11,122,767.23</u>	<u>\$ 287,924.35</u>	<u>\$ 27,094.40</u>

Ref.

E

Cash Disbursed		\$ 10,553,758.04
Accrued Interest on:		
Bonds		310,818.84
Loans		43,496.17
Encumbrances Payable	E	221,595.80
		<u>11,129,668.85</u>
Less: Appropriation Refunds		6,901.62
		<u>\$ 11,122,767.23</u>

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
SWIMMING POOL UTILITY FUND

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	December 31,	
		2016	2015
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	F-4	\$ 141,544.91	\$ 105,338.84
Change Fund		200.00	
		<u>141,744.91</u>	<u>105,338.84</u>
Total Operating Fund		<u>141,744.91</u>	<u>105,338.84</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	91,022.82	1,637,859.21
Fixed Capital	F-7	7,474,114.29	7,536,705.35
Fixed Capital Authorized and Uncompleted	F-8	487,890.52	190,299.46
		<u>8,053,027.63</u>	<u>9,364,864.02</u>
Total Capital Fund		<u>8,053,027.63</u>	<u>9,364,864.02</u>
TOTAL ASSETS		<u>\$ 8,194,772.54</u>	<u>\$ 9,470,202.86</u>

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**(Continued)**

	Ref.	December 31,	
		2016	2015
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-9	\$ 25,800.00	\$ 6,966.42
Encumbered	F-3;F-9	24,698.59	10,841.13
		<u>50,498.59</u>	<u>17,807.55</u>
Accrued Interest on Bonds		16,141.42	17,260.42
Due Current Fund	A	70,389.56	5,555.53
		<u>137,029.57</u>	<u>40,623.50</u>
Fund Balance	F-1	4,715.34	64,715.34
		<u>141,744.91</u>	<u>105,338.84</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	F-15	3,545,500.00	3,794,000.00
Improvement Authorizations:			
Funded	F-10	106,213.79	75,249.46
Unfunded	F-10	377,676.73	115,050.00
Capital Improvement Fund	F-11	34,594.68	34,594.68
Reserve for Encumbrances			1,617,177.45
Reserve for Amortization	F-12	3,861,504.81	3,613,004.81
Deferred Reserve for Amortization	F-13	127,450.00	115,700.00
Fund Balance	F-1A	87.62	87.62
		<u>8,053,027.63</u>	<u>9,364,864.02</u>
Total Capital Fund			
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 8,194,772.54</u></u>	<u><u>\$ 9,470,202.86</u></u>

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

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

	Ref.	Year Ended December 31,	
		2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	60,000.00	
Swimming Pool Fees		566,657.50	\$ 452,285.00
Miscellaneous Revenue Anticipated		59,974.17	62,266.81
Capital Fund Balance			66,000.00
Deficit (General Budget)		231,066.42	381,312.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves			33,453.33
		<u>917,698.09</u>	<u>995,317.84</u>
<u>Expenditures</u>			
Operating		544,113.25	502,139.38
Capital Improvements		11,750.00	
Debt Service		327,706.00	338,979.54
Deferred Charges and Statutory Expenditures		33,688.84	154,198.92
Refund of Prior Year Revenue		440.00	
		<u>917,698.09</u>	<u>995,317.84</u>
Excess in Revenues/Statutory Excess to Fund Balance		-0-	-0-
<u>Fund Balance</u>			
Balance January 1		64,715.34	64,715.34
		<u>64,715.34</u>	<u>64,715.34</u>
Decreased by - Utilized as Anticipated Revenue		<u>60,000.00</u>	<u>-0-</u>
Balance December 31	F	<u>\$ 4,715.34</u>	<u>\$ 64,715.34</u>

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

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ <u>87.62</u>
Balance December 31, 2016	F	\$ <u><u>87.62</u></u>

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

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Budget	Realized	Excess or Deficit*
Operating Surplus Anticipated	\$ 60,000.00	\$ 60,000.00	
Swimming Pool Fees	452,000.00	566,657.50	\$ 114,657.50
Miscellaneous Revenue	59,000.00	59,974.17	974.17
Deficit (General Budget)	347,377.09	231,066.42	116,310.67 *
	<u>\$ 918,377.09</u>	<u>\$ 917,698.09</u>	<u>\$ 679.00 *</u>

Analysis of Swimming Pool Fees

Memberships	\$ 539,342.50
Guest Book	20,625.00
Babysitter	8,470.00
	<u>568,437.50</u>
Less: Refunds	1,780.00
	<u>\$ 566,657.50</u>

Analysis of Miscellaneous Revenue

Interest on Investments and Deposits:	
Collected/Received by Treasurer	\$ 4,072.27
Swim Team/Leases/Rentals	\$ 22,757.50
Swimming Lessons	9,860.00
Gate	13,350.00
Concession Stand/Vending Machine	7,814.40
Lost Cards	2,220.00
	<u>56,001.90</u>
	60,074.17
Less: Refunds	100.00
	<u>\$ 59,974.17</u>

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

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 322,598.25	\$ 325,098.25	\$ 324,927.01	\$ 171.24	
Other Expenses	221,515.00	219,015.00	193,529.28	25,485.72	
Capital Improvements:					
Capital Improvement Fund	11,750.00	11,750.00	11,750.00		
Debt Service:					
Payment of Bonds	248,500.00	248,500.00	248,500.00		
Interest on Bonds	80,325.00	80,325.00	79,206.00		\$ 1,119.00
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	8,688.84	8,688.84	8,688.84		
Social Security System (O.A.S.I.)	25,000.00	25,000.00	24,856.96	143.04	
	<b>\$ 918,377.09</b>	<b>\$ 918,377.09</b>	<b>\$ 891,458.09</b>	<b>\$ 25,800.00</b>	<b>\$ 1,119.00</b>

Ref.

F

Cash Disbursed		\$ 787,553.50
Accrued Interest on Bonds		79,206.00
Encumbrances	F	24,698.59
		<b>\$ 891,458.09</b>

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
PARKING LOT UTILITY FUND

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	December 31,	
		2016	2015
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	G-4	\$ 523,287.69	\$ 410,926.74
Total Operating Fund		523,287.69	410,926.74
Capital Fund:			
Cash and Cash Equivalents	G-4	165,943.65	165,943.65
Fixed Capital	G-7	1,587,635.77	1,587,635.77
Fixed Capital Authorized and Uncompleted	G-8	147,461.70	147,461.70
Total Capital Fund		1,901,041.12	1,901,041.12
<b>TOTAL ASSETS</b>		<b>\$ 2,424,328.81</b>	<b>\$ 2,311,967.86</b>
 <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	G-3;G-9	\$ 12,517.09	\$ 14,664.19
Encumbered	G-3;G-9	18,416.74	6,602.02
		30,933.83	21,266.21
Accrued Interest on Bonds		2,995.34	4,069.17
		33,929.17	25,335.38
Fund Balance	G-1	489,358.52	385,591.36
Total Operating Fund		523,287.69	410,926.74
Capital Fund:			
Serial Bonds Payable	G-15	451,500.00	555,000.00
Improvement Authorizations - Funded	G-10	147,461.70	147,461.70
Capital Improvement Fund	G-11	9,550.00	9,550.00
Reserve for Amortization	G-12	1,088,597.47	985,097.47
Deferred Reserve for Amortization	G-13	195,000.00	195,000.00
Fund Balance	G-1A	8,931.95	8,931.95
Total Capital Fund		1,901,041.12	1,901,041.12
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b>\$ 2,424,328.81</b>	<b>\$ 2,311,967.86</b>

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

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN**  
**FUND BALANCE - REGULATORY BASIS**

	Ref.	Year Ended December 31,	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 182,344.37
Parking Lot Fees and Permits	\$	472,393.55	446,999.60
Nonbudget Revenue		2,818.06	3,406.31
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		14,010.64	19,232.58
Prior Year Refund			30.00
		<u>489,222.25</u>	<u>652,012.86</u>
Total Income			
<u>Expenditures</u>			
Operating		213,592.58	210,333.74
Capital Improvements			180,000.00
Debt Service		117,173.67	127,183.84
Deferred Charges and Statutory Expenditures		14,688.84	13,983.79
		<u>345,455.09</u>	<u>531,501.37</u>
Total Expenditures			
Excess in Revenues/Statutory Excess to Fund Balance		143,767.16	120,511.49
<u>Fund Balance</u>			
Balance January 1		385,591.36	487,424.24
		<u>529,358.52</u>	<u>607,935.73</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Parking Lot Utility Operating Budget			182,344.37
Current Fund Budget		40,000.00	40,000.00
		<u>40,000.00</u>	<u>40,000.00</u>
Balance December 31	G	<u>\$ 489,358.52</u>	<u>\$ 385,591.36</u>

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

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2015	G	\$ 8,931.95
Balance December 31, 2016	G	\$ 8,931.95

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



**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 75,363.58	\$ 75,363.58	\$ 72,776.23	\$ 2,587.35	
Other Expenses	138,229.00	138,229.00	128,422.61	9,806.39	
Debt Service:					
Payment of Bonds	103,500.00	103,500.00	103,500.00		
Interest on Bonds	15,562.50	15,562.50	13,673.67		\$ 1,888.83
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	8,688.84	8,688.84	8,688.84		
Social Security System (O.A.S.I.)	6,000.00	6,000.00	5,876.65	123.35	
	<u>\$ 347,343.92</u>	<u>\$ 347,343.92</u>	<u>\$ 332,938.00</u>	<u>\$ 12,517.09</u>	<u>\$ 1,888.83</u>

Ref.

G

Cash Disbursed		\$ 311,014.59
Accrued Interest on Bonds		13,673.67
Encumbrances	G	18,416.74
		<u>343,105.00</u>
Less: Appropriation Refunds		<u>10,167.00</u>
		<u>\$ 332,938.00</u>

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

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
PUBLIC ASSISTANCE FUND

**TOWNSHIP OF MORRIS**  
**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	December 31,	
		<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents:			
Treasurer	H-1	\$ 55,815.79	\$ 55,815.79
<b>TOTAL ASSETS</b>		<b><u>\$ 55,815.79</u></b>	<b><u>\$ 55,815.79</u></b>
 <b><u>RESERVES</u></b>			
Reserve for Public Assistance Expenditures		\$ 55,815.79	\$ 55,815.79
<b>TOTAL RESERVES</b>		<b><u>\$ 55,815.79</u></b>	<b><u>\$ 55,815.79</u></b>

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

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(Unaudited)

**TOWNSHIP OF MORRIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**(Unaudited)**

	December 31,	
	2016	2015
<b><u>ASSETS</u></b>		
Land	\$ 24,052,455.00	\$ 24,052,455.00
Land Improvements	2,747,140.00	2,747,140.00
Buildings and Building Improvements	23,650,000.00	23,650,000.00
Equipment	3,129,380.00	2,018,977.00
<b>TOTAL ASSETS</b>	<b>\$ 53,578,975.00</b>	<b>\$ 52,468,572.00</b>
 <b><u>RESERVES</u></b>		
Investment in Fixed Assets	\$ 53,578,975.00	\$ 52,468,572.00
<b>TOTAL RESERVES</b>	<b>\$ 53,578,975.00</b>	<b>\$ 52,468,572.00</b>

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

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Morris include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Morris, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Morris do not include the operations of the joint Municipal Library, 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 Township of Morris 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 Township of Morris 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 Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

B. Description of Funds (Cont'd)

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

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

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

Parking Lot Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned parking lot utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township 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 budgeted 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.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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

C. Basis of Accounting (Cont'd)

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.

Had the Township'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 awarded; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Utility Capital Funds would be depreciated; investments would generally be stated at fair value; and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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

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

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

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

Investments - Investments are stated at cost or amortized cost, which approximates market.

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.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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

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

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.

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

General Fixed Assets (Unaudited)

General fixed assets are recorded at historical cost or estimated historical cost except for land which is recorded at the assessed value at the time the independent appraisal was completed. 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 "Investment in 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 Fund, General Capital Fund and 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 Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current, Utility Operating, and Open Space Trust 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 Township during the year.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$18,639,000	\$21,051,000	\$24,381,000
Sewer Utility:			
Bonds, Notes and Loans	14,323,809	15,561,211	16,782,635
Swimming Pool Utility:			
Bonds and Notes	3,545,500	3,794,000	4,032,000
Parking Lot Utility:			
Bonds and Notes	451,500	555,000	664,000
Total Issued	<u>36,959,809</u>	<u>40,961,211</u>	<u>45,859,635</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	5,574,025	3,997,004	1,674,504
Sewer Utility:			
Bonds and Notes	599,327	599,327	599,327
Swimming Pool Utility:			
Bonds and Notes	427,550	204,300	50
Total Authorized but not Issued	<u>6,600,902</u>	<u>4,800,631</u>	<u>2,273,881</u>
Total Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$43,560,711</u>	<u>\$45,761,842</u>	<u>\$48,133,516</u>

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

	Balance 12/31/15	Additions	Matured	Balance 12/31/16
Serial Bonds:				
General Capital Fund	\$ 21,051,000		\$ 2,412,000	\$ 18,639,000
Sewer Utility	10,439,000		851,000	9,588,000
Swimming Pool Utility	3,794,000		248,500	3,545,500
Parking Lot Utility	555,000		103,500	451,500
Loans Payable:				
Sewer Utility - NJEIT	5,122,211		386,402	4,735,809
Total	<u>\$ 40,961,211</u>	<u>\$ -0-</u>	<u>\$ 4,001,402</u>	<u>\$ 36,959,809</u>

	Balance 12/31/14	Additions	Matured/ Defeased	Balance 12/31/15
Serial Bonds:				
General Capital Fund	\$ 24,381,000		\$ 3,330,000	\$ 21,051,000
Sewer Utility	11,276,000		837,000	10,439,000
Swimming Pool Utility	4,032,000		238,000	3,794,000
Parking Lot Utility	664,000		109,000	555,000
Loans Payable:				
Sewer Utility - NJEIT	5,506,635		384,424	5,122,211
Total	<u>\$ 45,859,635</u>	<u>\$ -0-</u>	<u>\$ 4,898,424</u>	<u>\$ 40,961,211</u>

Summary of Statutory Debt Condition - Revised Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of .48%.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Summary of Statutory Debt Condition - Revised Annual Debt Statement (Cont'd)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 1,309,265	\$ 1,309,265	
Sewer Utility Debt	14,923,136	14,923,136	
Swimming Pool Utility Debt	3,973,050	3,973,050	
Parking Lot Utility Debt	451,500	451,500	
General Debt	<u>24,213,025</u>		<u>\$ 24,213,025</u>
	<u>\$ 44,869,976</u>	<u>\$ 20,656,951</u>	<u>\$ 24,213,025</u>

Net Debt: \$24,213,025 divided by Average Equalized Valuations of \$5,086,901,445 of Real Property = .48%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 178,041,551
Net Debt	<u>24,213,025</u>
Remaining Borrowing Power	<u>\$ 153,828,526</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility  
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 12,383,670
Deductions:	
Operating and Maintenance Cost	\$ 5,468,974
Debt Service	<u>1,591,717</u>
Total Deductions	<u>7,060,691</u>
Excess in Revenue	<u>\$ 5,322,979</u>

Calculation of "Self-Liquidating Purpose", Swimming Pool Utility  
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 917,698
Deductions:	
Operating and Maintenance Cost	\$ 577,802
Debt Service	<u>327,706</u>
Total Deductions	<u>905,508</u>
Excess in Revenue	<u>\$ 12,190</u>

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Summary of Statutory Debt Condition - Revised Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose", Parking Lot Utility  
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 489,222
Deductions:	
Operating and Maintenance Cost	\$ 228,281
Debt Service	<u>117,174</u>
Total Deductions	<u>345,455</u>
Excess in Revenue	<u>\$ 143,767</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

The Township's debt issued and outstanding on December 31, 2016 is described as follows:

<u>Purpose</u>	<u>General Capital Serial Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Maturities of Bonds Outstanding Date</u>	<u>Amount</u>		
General Obligation	09/01/17	\$ 550,000	2.50%	
	09/01/18	550,000	2.75%	
	09/01/19-20	550,000	3.00%	
	09/01/21	550,000	3.125%	
	09/01/22	549,000	3.25%	\$ 3,299,000
General Refunding	09/15/17	770,000	4.00%	
	09/15/18	758,000	4.00%	
	09/15/19-20	730,000	4.00%	
	09/15/21	713,000	4.00%	3,701,000
General Obligation	10/15/17	1,150,000	2.00%	
	10/15/18	1,300,000	2.00%	
	10/15/19	1,350,000	2.00%	
	10/15/20	1,450,000	2.00%	
	10/15/21-23	1,600,000	2.00%	
	10/15/24	1,589,000	2.00%	<u>11,639,000</u>
				<u>\$18,639,000</u>

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

<u>Sewer Capital Serial Bonds</u>				
<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
Sewer Refunding	05/01/17	\$ 220,000	4.00%	\$ 220,000
Sewer Improvements	09/01/17	150,000	2.50%	
	09/01/18	230,000	2.75%	
	09/01/19-20	275,000	3.00%	
	09/01/21	275,000	3.125%	
	09/01/22	300,000	3.25%	
	09/01/23-25	300,000	3.50%	
	09/01/26-27	300,000	3.625%	
	09/01/28-29	300,000	3.75%	3,605,000
	Sewer Refunding	09/15/17	256,000	4.00%
09/15/18		253,000	4.00%	
09/15/19-20		242,000	4.00%	
09/15/21		243,000	4.00%	1,236,000
Sewer Improvements	10/15/17	155,000	2.00%	
	10/15/18	200,000	2.00%	
	10/15/19	210,000	2.00%	
	10/15/20	220,000	2.00%	
	10/15/21	230,000	2.00%	
	10/15/22	240,000	2.00%	
	10/15/23	250,000	2.00%	
	10/15/24	260,000	2.00%	
	10/15/25	260,000	2.25%	
	10/15/26	270,000	2.375%	
	10/15/27-33	280,000	3.00%	
10/15/34	272,000	3.00%	<u>4,527,000</u>	
			<u>\$ 9,588,000</u>	

<u>Sewer Capital NJEIT Loans</u>				
<u>Purpose</u>	<u>Type</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Sewer Improvements	Trust Loan	08/01/32	5.00%	\$ 1,220,000
	Fund Loan	08/01/32	N/A	<u>3,515,809</u>
				<u>\$ 4,735,809</u>

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Swimming Pool Capital Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
Swimming Pool Improvements	09/01/17	\$ 24,000	2.50%	
	09/01/18	30,000	2.75%	
	09/01/19	30,000	3.00%	\$ 84,000
Swimming Pool Refunding	09/15/17-18	9,000	4.00%	
	09/15/19	9,500	4.00%	
	09/15/20	9,000	4.00%	
	09/15/21	10,000	4.00%	46,500
Swimming Pool Improvements	10/15/17	245,000	2.00%	
	10/15/18	250,000	2.00%	
	10/15/19	260,000	2.00%	
	10/15/20	320,000	2.00%	
	10/15/21	350,000	2.00%	
	10/15/22	370,000	2.00%	
	10/15/23	390,000	2.00%	
	10/15/24	400,000	2.00%	
	10/15/25	410,000	2.25%	
10/15/26	420,000	2.375%	<u>3,415,000</u>	
			<u>\$ 3,545,500</u>	

Parking Lot Capital Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
Parking Lot Improvements	09/01/17	\$ 25,000	2.50%	
	09/01/18	30,000	2.75%	
	09/01/19	30,000	3.00%	\$ 85,000
Parking Lot Refunding	09/15/17-18	25,000	4.00%	
	09/15/19	23,500	4.00%	
	09/15/20-21	24,000	4.00%	121,500
Parking Lot Improvements	10/15/17-18	25,000	2.00%	
	10/15/19-21	30,000	2.00%	
	10/15/22-24	35,000	2.00%	<u>245,000</u>
			<u>\$ 451,500</u>	

Total Debt Issued and Outstanding

\$36,959,809

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

Calendar Year	General Capital		Sewer Utility Capital		Swimming Pool Capital	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,470,000	\$ 478,751	\$ 1,055,738	\$ 331,849	\$ 278,000	\$ 75,267
2018	2,608,000	411,049	962,738	308,223	289,000	69,343
2019	2,630,000	339,410	1,006,738	285,466	299,500	63,100
2020	2,730,000	266,564	1,021,738	260,969	329,000	56,598
2021	2,863,000	191,718	1,032,738	236,070	350,000	49,796
Thereafter:						
2022-2026	5,338,000	209,183	4,253,690	869,813	2,000,000	133,775
2027-2031			3,843,690	372,975		
2032-2034			1,146,739	52,530		
Total	<u>\$ 18,639,000</u>	<u>\$ 1,896,675</u>	<u>\$ 14,323,809</u>	<u>\$ 2,717,895</u>	<u>\$ 3,545,500</u>	<u>\$ 447,879</u>

Calendar Year	Parking Lot Capital		
	Principal	Interest	Total
2017	\$ 75,000	\$ 11,334	\$ 4,775,939
2018	80,000	9,361	4,737,714
2019	83,500	7,200	4,714,914
2020	54,000	4,896	4,723,765
2021		3,492	4,726,814
Thereafter:			
2022-2026	159,000	4,200	12,967,661
2027-2031			4,216,665
2032-2034			1,199,269
Total	<u>\$ 451,500</u>	<u>\$ 40,483</u>	<u>\$ 42,062,741</u>

NJ Environmental Infrastructure Trust (NJEIT) Loans

On January 16, 2013, the Township of Morris entered into NJ Environmental Infrastructure Financing Program loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$4,321,515 and the Trust loan portion is \$1,440,505. The aggregate amount of \$5,762,020 represents direct obligations of the Township. The loan proceeds were obtained to finance a portion of the cost of the Woodland Sewer Treatment Plant upgrades project.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

NJ Environmental Infrastructure Trust (NJEIT) Loans (Cont'd)

At December 31, 2016, the Township had borrowed or "drawn down" the required amount for the project. Principal payments to the Fund are on a semiannual basis over 20 years at zero interest. Principal payments to the Trust are on a semiannual basis over 20 years at 3.00%-5.00% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$30,890,192 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$33,672,972 at June 30, 2016. See Note 6 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2016 which are appropriated and included in the introduced budget as anticipated revenue in their own respective funds for the year ending December 31, 2017 are as follows:

Current Fund	\$5,300,000
Sewer Utility Operating Fund	3,260,852
Swimming Pool Utility Operating Fund	-0-
Parking Lot Utility Operating Fund	-0-
General Capital Fund Surplus Anticipated in Current Operating Budget	40,000
Utility Operating Fund Surplus Anticipated in Current Operating Budget:	
Sewer	250,000
Parking Lot	40,000

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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, 2016, the following deferred charges are shown on the balance sheet of the following fund:

	Balance Dec. 31, 2016	2017 Budget Appropriation	Balance Deferred to Succeeding Years' Budgets
Current Fund:			
Special Emergency Appropriation - (N.J.S.A. 40A:4-53)	\$ 480,000.00	\$ 160,000.00	\$ 320,000.00

The 2017 Budget Appropriation is not less than that required by statute.

Note 5: Regional 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 Township of Morris has elected not to defer school taxes.

Note 6: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

Benefits Provided

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

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$870,817 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$30,890,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.1043%, which was an increase of 0.0032% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$870,817.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

- Inflation Rate 3.08%
- Salary Increases:
  - Through 2026 1.65% - 4.15% based on age
  - Thereafter 2.65% - 5.15% based on age
- Investment Rate of Return 7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Township'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, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Township's proportionate share of the Net Pension Liability	\$ 37,852,324	\$ 30,890,192	\$ 25,142,347

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

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

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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 specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$1,489,122 for 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$108,349 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$361,163.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability for its proportionate share of the net pension liability was \$33,672,972. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.1763%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,827,695 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the State's proportion was 0.1763%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2015 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 33,672,972
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,827,695</u>
Total Net Pension Liability	<u>\$ 36,500,667</u>

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2016, the Township recognized total pension expense of \$1,489,122.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

- Inflation Rate 3.08%
- Salary Increases:
  - Through 2026 2.10% - 8.98% based on age
  - Thereafter 3.10% - 9.98% based on age
- Investment Rate of Return 7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) 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 Township) as of June 30, 2016 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, 2016		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 47,064,933	\$ 36,500,667	\$ 27,886,143

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.

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 Township recognized pension expense of \$809 for 2016. Employee contributions to DCRP were \$1,484 for 2016.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 7: Accrued Sick Benefits

Municipal employees are permitted to accrue unused sick time of which 40%, up to a maximum 100 days, may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$1,450,843. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Township's budget operating expenditures in the year in which it is used.

The above amount is partially funded by the Reserve for Accumulated Absences of \$224,116 on the Other Trust Funds balance sheet at December 31, 2016.

Note 8: Deferred Compensation Plan

The Township offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by VALIC, is available to all Township employees and permits 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

	<u>2016*</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	\$ 1.773	\$ 2.536	\$ 2.503
<u>Apportionment of Tax Rate</u>			
Municipal	0.458	0.655	0.642
Municipal Open Space	0.002	0.003	0.002
County	0.243	0.346	0.340
Regional School District	1.070	1.532	1.519
<u>Assessed Valuations</u>			
2016	<u>\$ 5,261,923,200</u>		
2015		<u>\$ 3,686,054,495</u>	
2014			<u>\$ 3,681,774,195</u>

\* - Revaluation became effective in this year.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 93,437,774	\$ 92,788,672	99.30%
2015	94,081,330	93,320,747	99.19%
2014	92,349,149	91,622,873	99.21%

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, which approximates market. The Township 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 Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township 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 Township 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 Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township 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 noted on the following page.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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

Deposits (Cont'd)

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

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.

Investments

New Jersey statutes permit the Township 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, 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) above;
  - (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.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

As of December 31, 2016, cash and cash equivalents of the Township of Morris consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 700	\$ 16,660,123	\$ 16,660,823
Animal Control		55,353	55,353
Other Trust		9,045,682	9,045,682
General Capital		3,895,995	3,895,995
Utilities:			
Sewer Operating		8,952,434	8,952,434
Sewer Capital		8,943,990	8,943,990
Swimming Pool Operating	200	141,545	141,745
Swimming Pool Capital		91,023	91,023
Parking Lot Operating		523,288	523,288
Parking Lot Capital		165,944	165,944
Public Assistance		55,816	55,816
	<u>\$ 900</u>	<u>\$ 48,531,193</u>	<u>\$ 48,532,093</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2016, was \$48,532,093 and the bank balance was \$50,813,480.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 85,147.92	\$ 737,259.42
Federal and State Grant	179,260.89	
Assessment Trust Fund		44,200.00
Animal Control Fund		8,811.47
Other Trust	557,998.53	1,755.56
General Capital Fund	44,200.00	4,191.33
Swimming Pool Utility Operating		70,389.56
	<u>\$ 866,607.34</u>	<u>\$ 866,607.34</u>

The Current Fund interfund receivable of \$85,147.92 is comprised of \$8,811.47 of statutory excess in the reserve for animal control expenditures due from the Animal Control Fund, a \$70,389.56 interfund advance in excess of the actual deficit due from the Swimming Pool Utility Operating Fund, on-behalf road opening deposits returned of \$1,000 and interest earnings of \$755.56 due from the Other Trust Funds and \$4,191.33 of interest earnings due from the General Capital Fund. The Current Fund interfund payable is comprised of \$179,260.89 due to the Federal and State Grant Fund as a result of on-behalf grant receipt and disbursement activity and \$545,200.00, \$12,636.25 and \$162.28 due to the Other Trust Funds for premiums on tax sale certificates, Council on Affordable Housing. and local open space taxes, respectively. The General Capital Fund interfund receivable of \$44,200.00 represents assessments receivable due from the Assessment Trust Fund for local improvements.

Interest earned in the Capital Funds, General and Utility, was realized as revenue in the Current and Utility Operating Funds, respectively.

Note 12: Risk Management

The Township 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 Township of Morris is a member of the Garden State Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing insurance for general liability, property and workers' compensation.

As a member of the Fund, the Township could be subjected 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 liability.

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 12: Risk Management (Cont'd)

Property and Liability (Cont'd)

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. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2016 audit report of the Garden State Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2015 is as follows:

Total Assets	<u>\$ 38,462,473</u>
Net Position	<u>\$ 232,882</u>
Total Revenue	<u>\$ 28,395,596</u>
Total Expenses	<u>\$ 29,065,292</u>
Members Dividends	<u>\$ -0-</u>
Change in Net Position	<u>\$ (669,696)</u>

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

Garden State Municipal Joint Insurance Fund  
900 Route 9 North, Suite 503  
Woodbridge, NJ 07095  
(800) 446-7647, Ext. 251

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -0-	\$ 34,810	\$ -0-	\$ 1,868	\$ 294,637
2015	-0-	552	-0-	6,213	261,695
2014	-0-	16,262	-0-	9,314	267,356

TOWNSHIP OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 13: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1993. The funds collected are used to acquire and maintain open space property in the Township. To date, \$7,963,726 has been collected in taxes and the balance in the Open Space Trust Fund at December 31, 2016 and 2015 was \$4,031,290 and \$4,332,779, respectively.

Note 14: Economic Dependency

The Township 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 Township's programs and activities.

Note 15: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2016:

	Balance Dec. 31, 2015	Additions	Balance Dec. 31, 2016
Land	\$ 24,052,455		\$ 24,052,455
Land Improvements	2,747,140		2,747,140
Buildings and Improvements	23,650,000		23,650,000
Equipment	2,018,977	\$ 1,110,403	3,129,380
	<u>\$ 52,468,572</u>	<u>\$ 1,110,403</u>	<u>\$ 53,578,975</u>

Note 16: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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 Township 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 Township officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$1,715,477.

TOWNSHIP OF MORRIS

SUPPLEMENTARY DATA

**TOWNSHIP OF MORRIS**  
**OFFICIALS IN OFFICE AND SURETY BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Name		Amount of Bond
Daniel W. Caffrey	Mayor/Committeeman	
Peter V. Mancuso	Deputy Mayor/Committeeman	
Louise T. Johnson	Committeewoman	
Matheu D. Nunn	Committeeman	
Bruce D. Sisler	Committeeman	
Timothy F. Quinn	Township Administrator	(B)
Cathleen Y. Amelio	Township Clerk	(B)
Rebecca Roth	Tax Collector; Sewer Utility Collector; Tax Search Officer	(A)
M. Sue Aceto	Tax Assessor	(B)
Francine DeAngelis	Director of Finance; Chief Financial Officer; Treasurer	(A)
Karen J. Carman	Purchasing Agent	(B)
John M. Mills, III	Township Attorney	
Matthew R. Petracca	Municipal Prosecutor	
Albert Mastrobattista	Construction Code Official	(B)
James R. Slate	Engineer	(B)

(A) Surety bond coverage is provided as follows:

Garden State 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 Garden State Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
CURRENT FUND

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF CASH**

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 15,055,482.94
Increased by Receipts:		
Tax Collector	\$ 94,663,366.23	
Revenue Accounts Receivable	5,958,511.27	
Miscellaneous Revenue Not Anticipated	778,290.10	
Petty Cash Returned	1,200.00	
Interest on Investments and Deposits	111,864.99	
Other Accounts Receivable	9.00	
Due Federal and State Grant Fund:		
Current Year Grants Receivable	161,923.77	
Prior Year Grants Receivable	19,241.13	
Unappropriated Grant Funds Received	8,493.22	
Due Animal Control Fund - Interfund Returned	2,063.56	
Due Other Trust Funds:		
Interfund Returned	2,413.66	
C.O.A.H. Deposits	12,636.25	
Due General Capital Fund - Interfund Returned	2,652.20	
Due Swimming Pool Utility Operating Fund:		
Interfund Returned	11,379.89	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	135,782.88	
Appropriation Refunds	396,183.16	
	102,266,011.31	117,321,494.25

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF CASH**  
**(Continued)**

Ref.

Decreased by Disbursements:			
2016 Appropriation Expenditures	\$	29,240,290.52	
2015 Appropriation Reserve Expenditures		773,276.80	
Petty Cash Advanced		1,200.00	
Regional School District Taxes		56,353,386.00	
County Taxes		12,779,853.43	
Other Encumbrances		156,833.47	
Due Federal and State Grant Fund:			
Current Year Expenditures		160,199.54	
Prior Year Encumbrances		11,898.80	
Due Other Trust Funds:			
Interfund Returned		2,812.50	
Municipal Open Space Tax Levy		105,238.46	
Premium on Tax Sale Certificates Returned		153,800.00	
Road Opening Deposits Returned		1,000.00	
Reserve for Accumulated Absences		3,134.29	
Due Sewer Utility Operating Fund - Interfund Returned		12,249.75	
Due Swimming Pool Utility Operating Fund:			
Interfund Advanced		70,389.56	
Third Party Tax Title Lien Redemptions		175,441.95	
Reserve for Pending Tax Appeals		53,123.74	
Refund of:			
Tax Overpayments		555,662.24	
Prior Year Revenue:			
Taxes		30,166.13	
Other		20,840.27	
Current Year Revenue:			
Fees and Permits - Other		106.00	
Uniform Construction Code Fees		467.20	
		\$ 100,661,370.65	
Balance December 31, 2016	A		\$ 16,660,123.60

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2016**

Increased by Receipts:

Taxes Receivable	\$ 92,532,275.95
Interest and Costs on Taxes	180,109.46
2017 Prepaid Taxes	869,376.63
Tax Overpayments	555,662.24
Third Party Tax Title Liens	175,441.95
Premium on Tax Sale Certificates - Due to Other Trust Fund	350,500.00

\$ 94,663,366.23

Decreased by:

Payments to Municipal Treasurer

\$ 94,663,366.23

**CURRENT FUND**  
**SCHEDULE OF CASH - GRANT FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance	2016 Levy	Collections		State of NJ	Canceled	Transferred	Balance
	Dec. 31, 2015		2015	2016	Citizens' and Veterans' Deductions		to Tax Title Liens	
2014	\$ 250.00			\$ 250.00				
2015	695,635.47			699,583.21	\$ (4,250.00)	\$ 0.41	\$ 48.18	\$ 253.67
	695,885.47			699,833.21	(4,250.00)	0.41	48.18	253.67
2016		\$ 93,437,774.29	\$ 815,775.58	91,832,442.74	140,453.43	95,678.27	6,109.76	547,314.51
	<u>\$ 695,885.47</u>	<u>\$ 93,437,774.29</u>	<u>\$ 815,775.58</u>	<u>\$ 92,532,275.95</u>	<u>\$ 136,203.43</u>	<u>\$ 95,678.68</u>	<u>\$ 6,157.94</u>	<u>\$ 547,568.18</u>

Ref. A

A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 93,293,902.41
Added and Omitted Taxes	143,871.88
	<u>\$ 93,437,774.29</u>

Tax Levy:

Regional School District Taxes	\$ 56,327,079.00
Local Open Space Taxes	105,400.74
County Taxes:	
General Tax	\$ 12,697,597.43
Due County for Added and Omitted Taxes	19,718.52
	<u>12,717,315.95</u>
	69,149,795.69
Local Tax for Municipal Purposes Levied	22,513,282.94
	1,639,340.00
	<u>24,152,622.94</u>
Add: Additional Tax Levied	135,355.66
	<u>24,287,978.60</u>
	<u>\$ 93,437,774.29</u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 78,540.02
Increased by:		
Transfer from Taxes Receivable		\$ 6,157.94
Interest and Costs Accrued at Tax Sale		<u>33.48</u>
		<u>6,191.42</u>
Balance December 31, 2016	A	<u>\$ 84,731.44</u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected by Treasurer	Balance Dec. 31, 2016
Licenses:				
Alcoholic Beverages		\$ 22,500.00	\$ 22,500.00	
Other	\$ 50.00	20,649.00	20,699.00	
Fees and Permits - Other	508.00	942,720.95	942,153.95	\$ 1,075.00
Fines and Costs - Municipal Court	21,066.84	263,021.15	267,109.32	16,978.67
Consolidated Municipal Property Tax Relief Aid		511,190.00	511,190.00	
Energy Receipts Tax		2,768,751.00	2,768,751.00	
Uniform Construction Code Fees		961,108.00	961,108.00	
Parking Lot Utility Operating Surplus of Prior Year		40,000.00	40,000.00	
Sewer Utility Operating Surplus of Prior Year		250,000.00	250,000.00	
General Capital Fund - Fund Balance		40,000.00	40,000.00	
Reimbursement for Expenses:				
Police Outside Detail Trust Fund		40,000.00	40,000.00	
Recreation Trust Fund		95,000.00	95,000.00	
	<u>\$ 21,624.84</u>	<u>\$ 5,954,940.10</u>	<u>\$ 5,958,511.27</u>	<u>\$ 18,053.67</u>

Ref.            A

A

**TOWNSHIP OF MORRIS**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**

Grant Description	Balance Dec. 31, 2015	Accrued in 2016	Received	Canceled to Current Fund Operations	Balance Dec. 31, 2016
Recycling Tonnage Grant		\$ 37,870.85	\$ 37,870.85		
Drunk Driving Enforcement Fund		11,243.70	11,243.70		
Clean Communities Program		60,865.51	60,865.51		
Alcohol Education, Rehabilitation and Enforcement Fund		3,867.61	3,867.61		
Municipal Alliance on Alcoholism and Drug Abuse:					
2016		34,325.00	34,325.00		
2015	\$ 20,868.25		19,241.13	\$ 1,627.12	
Hazardous Materials Emergency Preparedness (HMEP) Planning and Training Grant		15,000.00	15,000.00		
Body Armor Replacement Fund		4,204.54	4,204.54		
COPS in Shops:					
2016		2,400.00	2,125.00		\$ 275.00
2015	450.00			450.00	
Bulletproof Vests - Federal Grants		3,320.44	3,022.80		297.64
Drive Sober or Get Pulled Over:					
2016		4,847.00	4,847.00		
2015	368.20			368.20	
Click It or Ticket -2015	31.92			31.92	
	<u>\$ 21,718.37</u>	<u>\$ 177,944.65</u>	<u>\$ 196,613.14</u>	<u>\$ 2,477.24</u>	<u>\$ 572.64</u>

Ref. A

A

Original Budget	\$ 91,470.91
Added by NJSA 40A:4-87	<u>86,473.74</u>
	<u>\$ 177,944.65</u>

Received in Current Fund:	
Current Year Receivable	\$ 161,923.77
Prior Year Receivable	19,241.13
Transferred from Prior Year Unappropriated Reserves	<u>15,448.24</u>
	<u>\$ 196,613.14</u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 4,639.23	\$ 4,639.23		\$ 4,639.23
Other Expenses	56,595.20	56,595.20	\$ 36,313.83	20,281.37
Mayor and Township Committee:				
Other Expenses	250.00	250.00		250.00
Municipal Clerk:				
Salaries and Wages	3,435.42	3,435.42		3,435.42
Other Expenses	14,375.06	14,375.06	836.60	13,538.46
Financial Administration:				
Salaries and Wages	2,295.60	2,295.60		2,295.60
Other Expenses	22,796.27	22,796.27	7,428.85	15,367.42
Annual Audit	34,800.00	34,800.00	34,800.00	
Computer Information Technology:				
Salaries and Wages	1,117.39	1,117.39		1,117.39
Other Expenses	50,988.90	50,988.90	9,933.28	41,055.62
Revenue Administration (Tax Collection):				
Salaries and Wages	1,505.81	1,505.81		1,505.81
Other Expenses	8,450.46	8,450.46	238.10	8,212.36
Tax Assessment Administration:				
Salaries and Wages	1,162.47	1,162.47		1,162.47
Other Expenses	3,701.12	3,701.12	3,596.15	104.97
Legal Services and Costs:				
Other Expenses	165,913.11	165,913.11	81,684.93	84,228.18
Joint Municipal Court:				
Other Expenses	20,101.00	20,101.00	2,352.00	17,749.00
Engineering Services and Costs:				
Salaries and Wages	8,664.47	8,664.47		8,664.47
Other Expenses	12,923.51	12,923.51	2,303.25	10,620.26
Historical Preservation Commission:				
Other Expenses	278.40	278.40		278.40
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	4,562.58	4,562.58		4,562.58
Other Expenses	45,688.32	45,688.32	1,170.02	44,518.30
Board of Adjustment:				
Salaries and Wages	1,527.41	1,527.41		1,527.41
Other Expenses	3,199.09	3,199.09	625.65	2,573.44
<b>INSURANCE:</b>				
General Liability Insurance	77,728.19	77,728.19	77,728.19	
Workers' Compensation Insurance	97,662.50	97,662.50	97,662.50	

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

(Continued)

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
<b>PUBLIC SAFETY:</b>				
County Communications Expense	\$ 87.49	\$ 87.49		\$ 87.49
Traffic Lights Maintenance Expense	25,160.50	25,160.50	\$ 17,879.14	7,281.36
Aid to Volunteer Ambulance Company	55,000.00	55,000.00	55,000.00	
Fire:				
Salaries and Wages	727.51	727.51		727.51
Other Expenses	54,095.71	54,095.71	45,860.82	8,234.89
Fire Hydrant Service	3,719.22	3,719.22	3,719.22	
Municipal Prosecutor:				
Other Expenses	11,250.01	11,250.01	1,000.00	10,250.01
Police:				
Salaries and Wages	240,331.17	240,331.17		240,331.17
Other Expenses	51,111.83	51,111.83	38,535.16	12,576.67
Purchase of Police Vehicles	1,317.00	1,317.00	364.00	953.00
Emergency Management Services:				
Other Expenses	9,474.89	9,474.89	4,516.98	4,957.91
<b>PUBLIC WORKS:</b>				
Road Repairs and Maintenance:				
Salaries and Wages	8,242.99	8,242.99		8,242.99
Other Expenses	37,703.24	37,703.24	30,966.26	6,736.98
Garbage and Trash Removal:				
Salaries and Wages	62,023.16	62,023.16		62,023.16
Other Expenses	245,477.51	245,477.51	174,951.48	70,526.03
Public Buildings and Grounds:				
Salaries and Wages	1,026.45	1,026.45		1,026.45
Other Expenses	13,199.64	13,199.64	3,295.43	9,904.21
Vehicle Maintenance:				
Salaries and Wages	10,082.72	10,082.72		10,082.72
Other Expenses	70,386.92	70,386.92	26,779.06	43,607.86
Community Services Act - Condo Costs:				
Other Expenses	50,000.00	50,000.00	38,295.02	11,704.98
<b>HEALTH AND HUMAN SERVICES:</b>				
Board of Health:				
Salaries and Wages	6,040.00	6,040.00		6,040.00
Other Expenses	35,297.43	35,297.43	24,935.33	10,362.10
Environmental Commission:				
Salaries and Wages	1.82	1.82		1.82
Other Expenses	3,006.88	3,006.88	72.97	2,933.91
Cooperative Transportation:				
Other Expenses	582.93	582.93		582.93
<b>RECREATION AND EDUCATION:</b>				
Recreation Services and Programs:				
Salaries and Wages	51.37	51.37		51.37
Other Expenses	14,937.60	14,937.60	9,647.48	5,290.12
Maintenance of Parks:				
Salaries and Wages	1,179.62	1,179.62		1,179.62
Other Expenses	32,011.52	32,011.52	21,875.21	10,136.31

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
<b>OTHER COMMON OPERATING FUNCTIONS:</b>				
Accumulated Leave Compensation:				
Salaries and Wages	\$ 46,376.00	\$ 46,376.00	\$ 46,376.00	
<b>UTILITIES:</b>				
Electricity	48,958.86	48,958.86	9,658.56	\$ 39,300.30
Street Lighting	39,966.99	39,966.99	13,068.79	26,898.20
Telephone	40,537.81	40,537.81	10,239.29	30,298.52
Water	1,810.00	1,810.00	761.16	1,048.84
Natural Gas	49,151.89	49,151.89	10,972.17	38,179.72
Gasoline, Diesel Fuel	176,814.47	176,814.47	11,537.06	165,277.41
<b>UNIFORM CONSTRUCTION CODE:</b>				
Construction Official:				
Salaries and Wages	22,255.59	22,255.59		22,255.59
Other Expenses	32,030.81	32,030.81	5,573.60	26,457.21
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	64,146.78	64,146.78		64,146.78
Public Employees' Retirement System	687.76	687.76	30.99	656.77
Group Insurance - Hospital and Medical	8,181.02	8,181.02		8,181.02
Maintenance of Free Public Library - Proportionate Share	0.18	0.18		0.18
Recycling Tax (P.L. 2007, c. 311)	7,761.47	7,761.47	3,926.06	3,835.41
Police Equipment	2,165.00	2,165.00		2,165.00
	<u>\$ 2,228,733.27</u>	<u>\$ 2,228,733.27</u>	<u>\$ 966,510.59</u>	<u>\$ 1,262,222.68</u>

Analysis of Balance December 31, 2015:

	<u>Ref.</u>		
Encumbered	A	\$ 1,055,679.50	
Unencumbered	A	<u>1,173,053.77</u>	
		<u>\$ 2,228,733.27</u>	
Cash Disbursed			\$ 773,276.80
Other Encumbrances			<u>193,233.79</u>
			<u>\$ 966,510.59</u>

**TOWNSHIP OF MORRIS**  
**CURRENT FUND**  
**SCHEDULE OF REGIONAL SCHOOL TAXES PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 187,468.13
Increased by:		
Levy - Calendar Year 2016		56,327,079.00
		<u>56,514,547.13</u>
Decreased by:		
Payments to Regional School District		56,353,386.00
		<u>56,353,386.00</u>
Balance December 31, 2016	A	<u>\$ 161,161.13</u>



**TOWNSHIP OF MORRIS**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Received in</u> <u>Current Fund</u>	<u>Transferred to</u> <u>2016 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Drunk Driving Enforcement Fund	\$ 11,243.70	\$ 4,544.68	\$ 11,243.70	\$ 4,544.68
Body Armor Replacement Fund	4,204.54	3,948.54	4,204.54	3,948.54
	<u>\$ 15,448.24</u>	<u>\$ 8,493.22</u>	<u>\$ 15,448.24</u>	<u>\$ 8,493.22</u>
<u>Ref.</u>	A			A

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
TRUST FUNDS

**TOWNSHIP OF MORRIS**  
**TRUST FUNDS**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2015	B	\$ 48,944.00	\$ 9,092,178.86
Increased by Receipts:			
Collector		\$ 24,022.20	
Interest on Investments and Deposits		207.82	
Due to State of New Jersey:			
Department of Community Affairs			
State Training Fees			\$ 84,256.00
Due Current Fund:			
2016 Budget Appropriation		24,500.00	3,134.29
Interest Income			10,590.13
Interfund Returned			2,812.50
Municipal Open Space Tax Levy			105,238.46
Special Deposits			2,500.00
Developers' Escrow Deposits			43,342.49
Clients' Escrow Deposits			214,713.95
Municipal Court:			
Parking Offense Adjudication Act			
Late Parking Fees			658.00
Deposits and Interest:			
State Unemployment Insurance			34,809.93
Police Outside Detail			667,988.83
Recycling			26,468.58
Police Forfeited Assets			2,081.96
C.O.A.H.			270,510.27
Municipal Open Space			17,098.47
Uniform Fire Safety Act			800.00
Recreation			143,992.00
Storm Recovery			98,266.34
		<u>48,730.02</u>	<u>1,729,262.20</u>
		97,674.02	10,821,441.06

**TOWNSHIP OF MORRIS**  
**TRUST FUNDS**  
**SCHEDULE OF CASH - TREASURER**  
**(Continued)**

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Administrative Expenses		\$ 40,588.00	
Due to State of New Jersey:			
Department of Community Affairs			
State Training Fees			\$ 70,706.00
Due Current Fund:			
Interest Income			9,834.57
Interfund Returned		2,063.56	2,413.66
Anticipated in General Budget:			
Police Outside Detail			40,000.00
Recreation			95,000.00
Special Deposits			4,650.00
Developers' Escrow Deposits			159,799.50
Clients' Escrow Deposits			221,876.18
State Unemployment Insurance			1,867.32
Police Outside Detail			574,384.34
Recycling			10,866.48
Police Forfeited Assets			4,472.49
Municipal Drug Alliance			1,200.00
Municipal Open Space			423,987.87
Recreation			110,433.37
Storm Recovery			44,267.51
		<u>\$ 42,651.56</u>	<u>\$ 1,775,759.29</u>
Balance December 31, 2016	B	<u>\$ 55,022.46</u>	<u>\$ 9,045,681.77</u>

**TOWNSHIP OF MORRIS**  
**TRUST FUNDS**  
**SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 270.96
Increased by:		
Animal Control License Fees - Municipal:		
Dog		\$ 19,610.00
Cat		3,094.00
Late and Other Fees		1,373.00
Interest on Investments and Deposits		9.65
		<u>24,086.65</u>
Animal Control License Fees - State		<u>2,010.00</u>
		26,096.65
		<u>26,367.61</u>
Decreased by:		
Disbursed to:		
Treasurer - Animal Control Fund		24,022.20
State of New Jersey		2,014.80
		<u>26,037.00</u>
Balance December 31, 2016	B	<u><u>\$ 330.61</u></u>

**TOWNSHIP OF MORRIS**  
**ASSESSMENT TRUST FUND**  
**ANALYSIS OF CASH**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Transfers</u>		<u>Balance/</u>
	<u>From</u>	<u>To</u>	<u>(Deficit)</u>
			<u>Dec. 31, 2016</u>
Due General Capital Fund		\$ 44,200.00	\$ 44,200.00
Resurfacing of Old Army Post Road	\$ 44,200.00		(44,200.00)
	<u>\$ 44,200.00</u>	<u>\$ 44,200.00</u>	<u>\$ -0-</u>

**TOWNSHIP OF MORRIS**  
**ANIMAL CONTROL FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 47,146.60
Increased by:		
Collector:		
Animal Control Fees:		
Dog Licenses		\$ 19,610.00
Cat Licenses		3,094.00
Late and Other Fees		1,373.00
Interest on Investments and Deposits		9.65
		24,086.65
Treasurer:		
Interest on Investments and Deposits		207.82
Budget Appropriation		24,500.00
		48,794.47
		95,941.07
Decreased by:		
Animal Control Expenditures		40,588.00
Due to Current Fund - Statutory Excess		8,811.47
		49,399.47
Balance December 31, 2016	B	\$ 46,541.60

License Fees Collected:

<u>Year</u>	
2014	\$ 23,312.60
2015	23,229.00
	\$ 46,541.60
Maximum Allowable Reserve	\$ 46,541.60

**TOWNSHIP OF MORRIS**  
**ASSESSMENT TRUST FUND**  
**SCHEDULE OF ASSESSMENTS AND LIENS RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Confirmed in 2016</u>	<u>Balance Dec. 31, 2016</u>	<u>Balance Pledged to Due to General Capital Fund</u>
Resurfacing of Old Army Post Road	11/9/2016	7	<u>\$ 44,200.00</u>	<u>\$ 44,200.00</u>	<u>\$ 44,200.00</u>
			<u>\$ 44,200.00</u>	<u>\$ 44,200.00</u>	<u>\$ 44,200.00</u>
		<u>Ref.</u>		B	

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
GENERAL CAPITAL FUND

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 5,527,001.95
Increased by Receipts:		
Grants Receivable:		
New Jersey Department of Transportation	\$ 180,000.00	
Budget Appropriation:		
Capital Improvement Fund	442,975.00	
Deferred Charges to Future Taxation Unfunded - Ordinance #16-12	558,000.00	
Capital Fund Balance:		
Grant Received for Fully Funded Ordinance:		
NJ Department of Transportation	49,786.25	
Contributions Received for Fully Funded Ordinances	75,000.00	
Due Current Fund:		
Interest Income	20,951.37	
Improvement Authorization Refunds	1,987.68	
	<hr/>	<hr/>
		1,328,700.30
		6,855,702.25
Decreased by Disbursements:		
Improvement Authorization Expenditures	2,889,429.95	
Reserve for Traffic Lights	10,864.78	
Due Current Fund:		
Interest Income	16,760.04	
Fund Balance Anticipated in Current Fund Budget	40,000.00	
Interfund Returned	2,652.20	
	<hr/>	<hr/>
		2,959,706.97
Balance December 31, 2016	C	<u><u>\$ 3,895,995.28</u></u>

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**

	Balance/ (Deficit) Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 275,018.02		\$ 124,786.25			\$ 40,000.00	\$ 730,921.89	\$ 1,090,726.16
Capital Improvement Fund	84,263.00	\$ 442,975.00				442,975.00	65,000.71	149,263.71
Grants Receivable:								
New Jersey Department of Transportation	(240,000.00)		180,000.00			172,500.00		(232,500.00)
Due Current Fund	2,652.20		20,951.37		\$ 59,412.24		40,000.00	4,191.33
Due Assessment Trust Fund						44,200.00		(44,200.00)
Reserve for:								
Encumbrances	1,477,036.21					1,477,036.21		
Memorial Bricks	6,125.00					6,125.00		
Traffic Lights	12,364.78				10,864.78	1,500.00		
Kahdena Road	11,200.00					11,200.00		
Sidewalks	2,450.00					2,450.00		
Trees	3,250.00							3,250.00
Preliminary Engineering Costs:								
Western Ave Reservoir	3,000.66							3,000.66
Ord.								
No.		Improvement Authorizations						
		<u>General Improvements</u>						
17-99	Various Capital Improvements	162,500.00				162,500.00		
13-01	Various Capital Improvements	95,194.77		\$ 23,105.08			25,811.05	97,900.74
10-02	Various Capital Improvements	9,891.81						9,891.81
13-03	Purchase of Various Equipment & Vehicles & Playground Improvements	17,345.00					4,750.00	22,095.00
04-04	Various Capital Improvements	12,000.00					1,250.00	13,250.00
11-05	Various Capital Improvements	41,744.52				16,744.52		25,000.00
06-06	Various Capital Improvements	25,319.00				2,273.00		23,046.00
20-06	Various Capital Improvements	400.00						400.00
12-07	Various Capital Improvements						44,400.00	44,400.00
22-07	Various Capital Improvements	235.00				235.00		
06-08	Purchase of Fire Department Generators						525.00	525.00
16-08;								
10-14	Various Capital Improvements	622,472.37		149,321.15		23,884.55	67,319.29	516,585.96
14-09	Various Capital Improvements	503,727.61		5,402.92		196,836.25	15,808.13	317,296.57
17-09	Various Projects & Purchases	19,080.00				4,000.00		15,080.00

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**  
**(Continued)**

	Balance/ (Deficit) Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2016	
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
<u>General Improvements</u>									
03-10	Various Improvements	\$ 28,817.09				\$ 28,817.09			
19-10	Various Capital Improvements	698,688.85		\$ 30,500.00		330,369.39	\$ 54,169.60	\$ 391,989.06	
26-10	Purchase of Property	95,000.00						95,000.00	
11-11	Various Capital Improvements	181,354.69				10,000.00		171,354.69	
19-11	Various Capital Improvements	107,108.08		101,346.53		2,416.08	98,834.53	102,180.00	
09-12	Various Capital Improvements	1,146,466.23				92,990.09	4,059.01	1,057,535.15	
16-12	Refunding Bond Ordinance	(1,075,980.82)	\$ 558,000.00					(517,980.82)	
08-13;									
17-14	Various Capital Improvements	484,578.81		51,512.79		231,075.79	46,194.00	248,184.23	
11-13	Various Capital Improvements	513,757.39		23,351.20		311,389.01	23,251.20	202,268.38	
05-14	Purchase of Property	18,000.00						18,000.00	
06-14	Various Capital Improvements	23,925.00		289,645.63			289,645.63	23,925.00	
11-14	Various Capital Improvements	686,526.90	\$ 1,987.68	326,874.03		14,116.12	129,281.92	476,806.35	
20-14	Various Capital Improvements	231,100.00		115,705.37				115,394.63	
10-15	Purchase of a Portion of Property	20,613.04						20,613.04	
21-15	Various Capital Improvements	(780,223.26)		825,271.58			671,736.85	(933,757.99)	
07-16	Various Capital Improvements			126,489.34			718,000.00	591,510.66	
09-16;									
14-16	Various Capital Improvements			3,187.29		20,800.71	277,300.00	253,312.00	
10-16	Various Capital Improvements			773,517.04			293,975.00	(479,542.04)	
<u>Local Improvements</u>									
14-16	Resurfacing of Old Army Post Road			44,200.00			44,200.00		
		<u>\$ 5,527,001.95</u>	<u>\$ 1,000,975.00</u>	<u>\$ 327,725.30</u>	<u>\$ 2,889,429.95</u>	<u>\$ 70,277.02</u>	<u>\$ 3,646,433.81</u>	<u>\$ 3,646,433.81</u>	<u>\$ 3,895,995.28</u>

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance No.	Improvement Description	Ordinance Date	Balance Dec. 31, 2015	2016 Improvement Authorizations	Funded by Budget Appropriation	Improvement Authorizations Canceled	Balance Dec. 31, 2016	Analysis of Balance December 31, 2016	
								Expended	Unexpended Improvement Authorizations
<u>General Improvements</u>									
19-10	Various Capital Improvements	7/21/2010	\$ 504.35			\$ 504.35			
16-12	Refunding Bond Ordinance	11/20/2012	1,116,000.00		\$ 558,000.00		\$ 558,000.00	\$ 517,980.82	\$ 40,019.18
21-15	Various Capital Improvements	6/17/2015	2,880,500.00				2,880,500.00	933,757.99	1,946,742.01
10-16	Various Capital Improvements	5/17/2016		\$ 2,135,525.00			2,135,525.00	479,542.04	1,655,982.96
			<u>\$ 3,997,004.35</u>	<u>\$ 2,135,525.00</u>	<u>\$ 558,000.00</u>	<u>\$ 504.35</u>	<u>\$ 5,574,025.00</u>	<u>\$ 1,931,280.85</u>	<u>\$ 3,642,744.15</u>
		<u>Ref.</u>	C				C		

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015		Capital Improvement Fund	2016 Authorizations			Encumbrances Payable Returned	Improvement Authorizations Canceled	Paid or Charged	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded	New Jersey Department of Transportation Grant	Reappropriated				Funded	Unfunded
<b>General Improvements</b>														
17-99	Various Capital Improvements	5/19/1999	\$ 207,500.00	\$ 162,500.00							\$ 162,500.00			
13-01	Various Capital Improvements	5/16/2001	1,674,000.00	95,194.77					\$ 25,811.05		\$ 23,105.08	\$ 97,900.74		
10-02	Various Capital Improvements	5/15/2002	419,600.00	9,891.81								9,891.81		
13-03	Purchase of Various Equipment & Vehicles & Playground Improvements	5/7/2003	654,900.00	17,345.00						4,750.00			22,095.00	
04-04	Various Capital Improvements	5/5/2004	1,113,200.00	12,000.00						1,250.00			13,250.00	
11-05	Various Capital Improvements	5/4/2005	1,270,850.00	41,744.52							16,744.52		25,000.00	
06-06	Various Capital Improvements	4/19/2006	3,152,200.00	25,319.00							2,273.00		23,046.00	
20-06	Various Capital Improvements	9/20/2006	2,480,600.00	400.00									400.00	
24-06	Memorial Brick Paving Project	10/18/2006	16,375.00											
12-07	Various Capital Improvements	4/18/2007	1,104,700.00							44,400.00			44,400.00	
13-07	Improvements to Municipal Resource Service Bus	4/18/2007	25,000.00											
22-07	Various Capital Improvements	9/19/2007	108,600.00	235.00							235.00			
06-08	Purchase of Fire Department Generators	4/16/2008	60,000.00							525.00			525.00	
16-08;		6/18/2008;	3,588,200.00											
10-14	Various Capital Improvements	5/21/2014		622,472.37						67,319.29	23,884.55	149,321.15	516,585.96	
14-09	Various Capital Improvements	6/17/2009	2,440,500.00	503,727.61						15,808.13	196,836.25	5,402.92	317,296.57	
17-09	Various Projects & Purchases	6/17/2009	71,500.00	19,080.00							4,000.00		15,080.00	
03-10	Various Improvements	3/3/2010	135,000.00	28,817.09							28,817.09			
19-10	Various Capital Improvements	7/21/2010	2,049,200.00	698,688.85	\$ 504.35				\$ (56,012.91)	54,169.60	274,860.83	30,500.00	391,989.06	
26-10	Purchase of Property	11/10/2010	95,000.00	95,000.00									95,000.00	
11-11	Various Capital Improvements	4/13/2011	1,001,354.69	181,354.69					(10,000.00)				171,354.69	
19-11	Various Capital Improvements	6/15/2011	2,538,511.00	107,108.08					(2,416.08)	98,834.53		101,346.53	102,180.00	
09-12	Various Capital Improvements	5/16/2012	4,429,500.00	1,146,466.23					(92,990.09)	4,059.01			1,057,535.15	
16-12	Refunding Bond Ordinance	11/20/2012	2,790,000.00		40,019.18									\$ 40,019.18
08-13;		5/15/2013;	2,455,500.00											
17-14	Various Capital Improvements	8/27/2014		484,578.81					(231,075.79)	46,194.00		51,512.79	248,184.23	
11-13	Various Capital Improvements	6/19/2013	1,004,000.00	513,757.39					(311,389.01)	23,251.20		23,351.20	202,268.38	
05-14	Purchase of Property	3/19/2014	1,225,000.00	18,000.00									18,000.00	
06-14	Various Capital Improvements	4/16/2014	406,100.00	23,925.00						289,645.63		289,645.63	23,925.00	
11-14	Various Capital Improvements	5/21/2014	2,392,000.00	686,526.90					(14,116.12)	129,281.92		324,886.35	476,806.35	
20-14	Various Capital Improvements	9/17/2014	243,000.00	231,100.00								115,705.37	115,394.63	



**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 84,263.00
Increased by:		
2016 Budget Appropriation		\$ 442,975.00
Due Assessment Trust Fund:		
Assessments Receivable Pledged		44,200.00
Fully Funded Improvement Authorizations Canceled		20,800.71
		<u>507,975.71</u>
		<u>592,238.71</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>442,975.00</u>
Balance December 31, 2016	C	<u><u>\$ 149,263.71</u></u>

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
			Date	Amount				
General Obligation Bonds of 2006	11/15/2006	\$ 9,315,000				\$ 725,000.00	\$ 725,000.00	
General Obligation Bonds of 2009	9/1/2009	6,309,000	9/1/2017	\$ 550,000	2.500%	3,849,000.00	550,000.00	\$ 3,299,000.00
			9/1/2018	550,000	2.750%			
			9/1/2019-20	550,000	3.000%			
			9/1/2021	550,000	3.125%			
			9/1/2022	549,000	3.250%			
General Obligation Refunding Bonds of 2014	7/1/2014	4,261,000	9/15/2017	770,000	4.000%	3,963,000.00	262,000.00	3,701,000.00
			9/15/2018	758,000	4.000%			
			9/15/2019-20	730,000	4.000%			
			9/15/2021	713,000	4.000%			
General Obligation Bonds of 2014	10/15/2014	13,339,000	10/15/2017	1,150,000	2.000%	12,514,000.00	875,000.00	11,639,000.00
			10/15/2018	1,300,000	2.000%			
			10/15/2019	1,350,000	2.000%			
			10/15/2020	1,450,000	2.000%			
			10/15/2021-23	1,600,000	2.000%			
			10/15/2024	1,589,000	2.000%			
						<u>12,514,000.00</u>	<u>875,000.00</u>	<u>11,639,000.00</u>
						<u>\$ 21,051,000.00</u>	<u>\$ 2,412,000.00</u>	<u>\$ 18,639,000.00</u>
<u>Ref.</u>						C		C

**TOWNSHIP OF MORRIS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Funded by Budget Appropriation	Improvement Authorizations Canceled	Balance Dec. 31, 2016
19-10	Various Capital Improvements	\$ 504.35			\$ 504.35	
16-12	Refunding Bond Ordinance	1,116,000.00		\$ 558,000.00		\$ 558,000.00
21-15	Various Capital Improvements	2,880,500.00				2,880,500.00
10-16	Various Capital Improvements		\$ 2,135,525.00			2,135,525.00
		<u>\$ 3,997,004.35</u>	<u>\$ 2,135,525.00</u>	<u>\$ 558,000.00</u>	<u>\$ 504.35</u>	<u>\$ 5,574,025.00</u>

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
SEWER UTILITY FUND

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 11,866,065.92	\$ 6,063,796.43
Increased by Receipts:			
Sewer Utility Collector		\$ 9,030,761.91	
Due Current Fund:			
Interfund Returned		12,249.75	
Due Sewer Utility Capital Fund:			
Interest Earned		32,645.84	
Interest Earned		53,877.86	
Miscellaneous Revenue		15,960.00	
Appropriation Refunds		6,901.62	
Prior Year Refunds		564.20	
NJ Environmental Infrastructure Loans			
Receivable			\$ 404,234.00
Budget Appropriation:			
Capital Improvement Fund			4,350,000.00
Due Sewer Utility Operating Fund:			
Interest Earned			32,645.84
		<u>9,152,961.18</u>	<u>4,786,879.84</u>
		21,019,027.10	10,850,676.27
Decreased by Disbursements:			
2016 Appropriation Expenditures		10,553,758.04	
2015 Appropriation Reserve Expenditures		211,462.35	
Interest on Bonds		315,641.25	
Interest on Loans		47,147.21	
Accounts Payable		688,584.22	
Due Current Fund:			
Fund Balance Anticipated		250,000.00	
Due Sewer Utility Operating Fund:			
Interest Earned			32,645.84
Improvement Authorizations			1,871,665.90
Reserve for Preliminary Expenses -			
Upgrades to Butterworth Sand Filters			2,374.38
		<u>12,066,593.07</u>	<u>1,906,686.12</u>
Balance December 31, 2016	E	<u>\$ 8,952,434.03</u>	<u>\$ 8,943,990.15</u>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2016**

## Increased by Receipts:

## Consumer Accounts Receivable:

Sewer User Charges	\$ 6,838,398.92	
Connection Fees and Permits	73,676.48	
Miscellaneous Revenue	32,294.48	
Sewer User Charges - Borough of Morris Plains Contract	1,519,931.39	
Township of Randolph - Annual Sewer User Charges	566,460.64	
Total Consumer Accounts Receivable		\$ 9,030,761.91

## Decreased by Disbursements:

Paid to Treasurer		<u><u>\$ 9,030,761.91</u></u>
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**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Balance/ (Deficit) Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 554,591.95							\$ 554,591.95
Capital Improvement Fund	14,266.93	\$ 4,350,000.00				\$ 4,300,000.00		64,266.93
Reserve for Encumbrances	783,560.92					783,560.92		
Reserve for Preliminary Expenses - Upgrades to Butterworth Sand Filters	2,444.19				\$ 2,374.38			69.81
NJ Environmental Infrastructure Loans Receivable	(404,234.00)		\$ 404,234.00					
Due Sewer Utility Operating Fund			32,645.84		32,645.84			
<u>Ord. No.</u>		<u>Improvement Authorizations</u>						
22-94; 12-96		Improvement to the Sanitary Sewer System	104,301.97				\$ 0.02	104,301.99
11-01		Infiltration/Inflow Control Improvements	42,740.40			4,241.32	4,821.32	43,320.40
09-02		Various Sewer Improvements					7,379.92	7,379.92
12-05		Various Sewer Improvements	47,466.42		\$ 2,480.00			44,986.42
11-07		Various Sewer Improvements	6,520.70					6,520.70
17-08		Various Sewer Improvements			13,500.00		13,500.00	
15-09		Various Sewer Improvements	90,395.51			671.22		89,724.29
20-10;								
20-11		Various Sewer Improvements	412,993.71					412,993.71
11-11		Various Sewer Improvements	388,477.91			388,477.96	0.05	
17-11;								
25-11		Various Sewer Improvements	491,565.53		101,939.78	303,134.00	88,400.00	174,891.75
08-12;								
01-13		Various Sewer Improvements	610,434.90			123,807.34	147,988.62	634,616.18
12-13		Various Sewer Improvements	54,169.39		3,501.62	49,284.61	561.86	1,945.02
18-14		Replacement of the Sand Filter System at the Butterworth Sewer Plant	74,650.00					74,650.00
22-15		Various Sewer Improvements	2,789,450.00		1,690,579.65		520,909.13	1,619,779.48
07-16		Various Sewer Improvements			41,464.85		869,616.45	828,151.60
08-16		Various Sewer Improvements			18,200.00		4,300,000.00	4,281,800.00
	<u>\$ 6,063,796.43</u>	<u>\$ 4,350,000.00</u>	<u>\$ 436,879.84</u>	<u>\$ 1,871,665.90</u>	<u>\$ 35,020.22</u>	<u>\$ 5,953,177.37</u>	<u>\$ 5,953,177.37</u>	<u>\$ 8,943,990.15</u>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 5,170,625.91
Increased by:		
Sewer User Charges Levied	\$ 6,765,026.69	
Connection Fees and Permits Levied	73,676.48	
Miscellaneous Fees Levied	32,294.48	
Sewer User Charges Levied - Borough of Morris Plains Contract	1,519,931.39	
Township of Randolph - Annual Sewer User Charges Levied	566,460.64	
		8,957,389.68
		14,128,015.59
Decreased by:		
Collections:		
Sewer User Charges:		
Received	6,838,398.92	
Sewer User Charge Overpayments Applied	162.77	
Connection Fees and Permits	73,676.48	
Miscellaneous Fees	32,294.48	
Sewer User Charges - Borough of Morris Plains Contract	1,519,931.39	
Township of Randolph - Annual Sewer User Charges Levied	566,460.64	
		9,030,924.68
Balance December 31, 2016	E	\$ 5,097,090.91

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 83,451,708.34
Decreased by:		
Encumbrances Payable Canceled - Ordinances		<u>160,189.93</u>
Balance December 31, 2016	E	<u>\$ 83,291,518.41</u>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Ordinance		Balance Dec. 31, 2015	2016 Authorizations	Encumbrances Payable Canceled	Balance Dec. 31, 2016
	Date	Amount				
Improvement to the Sanitary Sewer System	9/21/1994;	\$ 295,000.00				
	6/19/1996	590,000.00	\$ 104,301.97		\$ 0.02	\$ 104,301.99
Infiltration/Inflow Control Improvements	5/16/2001	450,000.00	42,740.40	\$ (4,241.32)	4,821.32	43,320.40
Various Sewer Improvements	6/19/2002	300,000.00			7,379.92	7,379.92
Various Sewer Improvements	5/4/2005	1,114,900.00	47,466.42			47,466.42
Various Sewer Improvements	4/18/2007	423,600.00	6,520.70			6,520.70
Various Sewer Improvements	6/17/2009	3,589,300.00	90,395.51	(671.22)		89,724.29
Various Sewer Improvements	7/21/2010;					
	6/15/2011	1,102,000.00	413,076.86			413,076.86
Various Sewer Improvements	4/13/2011	1,377,936.63	388,477.91	(388,477.96)	0.05	
Various Sewer Improvements	6/15/2011;					
	9/21/2011	2,287,911.00	603,734.00	(303,134.00)		300,600.00
Various Sewer Improvements	5/16/2012;	7,687,500.00				
	2/27/2013	500,000.00	1,097,509.88	(123,807.34)	147,988.62	1,121,691.16
Various Sewer Improvements	6/19/2013	775,000.00	54,169.39	(49,284.61)		4,884.78
Replacement of the Sand Filter System at the Butterworth Sewer Plant	5/21/2014	500,000.00	74,650.00			74,650.00
Various Sewer Improvements	6/17/2015	3,334,000.00	2,789,450.00			2,789,450.00
Various Sewer Improvements	5/17/2016	869,616.45		869,616.45		869,616.45
Various Sewer Improvements	5/17/2016	4,300,000.00		4,300,000.00		4,300,000.00
			<u>\$ 5,712,493.04</u>	<u>\$ 4,300,000.00</u>	<u>\$ 160,189.93</u>	<u>\$10,172,682.97</u>

Ref.

E

E

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 69,833.71	\$ 69,833.71		\$ 69,833.71
Other Expenses	587,564.90	587,564.90	\$ 211,462.35	376,102.55
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	5,975.10	5,975.10		5,975.10
	<u>\$ 663,373.71</u>	<u>\$ 663,373.71</u>	<u>\$ 211,462.35</u>	<u>\$ 451,911.36</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:				
Unencumbered	E	\$ 427,521.92		
Encumbered	E	235,851.79		
		<u>\$ 663,373.71</u>		



**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 14,266.93
Increased by:		
2016 Budget Appropriation		4,350,000.00
		<u>4,364,266.93</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		4,300,000.00
		<u>4,300,000.00</u>
Balance December 31, 2016	E	<u><u>\$ 64,266.93</u></u>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 68,398,952.55
Increased by:		
Transfer from Deferred Reserve for Amortization		\$ 130,000.00
Paid by Sewer Utility Operating Budget:		
Serial Bonds		851,000.00
NJ Environmental Infrastructure Trust Loans		386,402.38
		<u>1,367,402.38</u>
Balance December 31, 2016	E	<u>\$ 69,766,354.93</u>

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Ord. No.	Improvement Description	Ordinance Date	Balance Dec. 31, 2015	2016 Authorizations	To Reserve for Amortization Fixed Capital	Balance Dec. 31, 2016
15-09	Various Sewer Improvements	6/17/2009	\$ 50,300.00			\$ 50,300.00
20-10;		7/21/2010;				
20-11	Various Sewer Improvements	6/15/2011	55,000.00			55,000.00
11-11	Various Sewer Improvements	4/13/2011	130,000.00		\$ 130,000.00	
17-11;		6/15/2011;				
25-11	Various Sewer Improvements	9/21/2011	111,911.00			111,911.00
08-12;		5/16/2012;				
01-13	Various Sewer Improvements	2/27/2013	384,500.00			384,500.00
12-13	Various Sewer Improvements	6/19/2013	39,000.00			39,000.00
18-14	Replacement of the Sand Filter System at the Butterworth Sewer Plant	5/21/2014	500,000.00			500,000.00
22-15	Various Sewer Improvements	6/17/2015	3,334,000.00			3,334,000.00
08-16	Various Sewer Improvements	5/17/2016		\$ 4,300,000.00		4,300,000.00
			<u>\$ 4,604,711.00</u>	<u>\$ 4,300,000.00</u>	<u>\$ 130,000.00</u>	<u>\$ 8,774,711.00</u>

Ref.

E

E

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
			Date	Amount				
Sewer Utility Bonds of 2006	11/15/2006	\$ 3,030,000				\$ 250,000.00	\$ 250,000.00	
Sewer Utility Refunding Bonds of 2008	5/1/2008	2,031,700	5/1/2017	\$ 220,000	4.000%	445,000.00	225,000.00	\$ 220,000.00
Sewer Utility Bonds of 2009	9/1/2009	4,655,000	9/1/2017	150,000	2.500%	3,755,000.00	150,000.00	3,605,000.00
			9/1/2018	230,000	2.750%			
			9/1/2019-20	275,000	3.000%			
			9/1/2021	275,000	3.125%			
			9/1/2022	300,000	3.250%			
			9/1/2023-25	300,000	3.500%			
			9/1/2026-27	300,000	3.625%			
			9/1/2028-29	300,000	3.750%			
Sewer Utility Refunding Bonds of 2014	7/1/2014	1,420,000	9/15/2017	256,000	4.000%	1,322,000.00	86,000.00	1,236,000.00
			9/15/2018	253,000	4.000%			
			9/15/2019-20	242,000	4.000%			
			9/15/2021	243,000	4.000%			
Sewer Utility Bonds of 2014	10/15/2014	4,807,000	10/15/2017	155,000	2.000%	4,667,000.00	140,000.00	4,527,000.00
			10/15/2018	200,000	2.000%			
			10/15/2019	210,000	2.000%			
			10/15/2020	220,000	2.000%			
			10/15/2021	230,000	2.000%			
			10/15/2022	240,000	2.000%			
			10/15/2023	250,000	2.000%			
			10/15/2024	260,000	2.000%			
			10/15/2025	260,000	2.250%			
			10/15/2026	270,000	2.375%			
			10/15/2027-33	280,000	3.000%			
			10/15/2034	272,000	3.000%			

Ref.

E

E

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL**  
**INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 5,122,211.23
Decreased by:		
Matured		386,402.38
Balance December 31, 2016	E	\$ 4,735,808.85

Schedule of Principal and Interest Payments Outstanding December 31, 2016

Payment Number	Due	Fund Loan Principal	Trust Loan Principal	Trust Loan Interest	Loan Balance
					\$ 4,735,808.85
8	2/1/2017	\$ 73,246.01		\$ 21,625.00	4,662,562.84
9	8/1/2017	146,492.03	\$ 55,000.00	21,625.00	4,461,070.81
10	2/1/2018	73,246.01		20,525.00	4,387,824.80
11	8/1/2018	146,492.03	60,000.00	20,525.00	4,181,332.77
12	2/1/2019	73,246.01		19,325.00	4,108,086.76
13	8/1/2019	146,492.03	60,000.00	19,325.00	3,901,594.73
14	2/1/2020	73,246.01		18,125.00	3,828,348.72
15	8/1/2020	146,492.03	65,000.00	18,125.00	3,616,856.69
16	2/1/2021	73,246.01		16,825.00	3,543,610.68
17	8/1/2021	146,492.03	65,000.00	16,825.00	3,332,118.65
18	2/1/2022	73,246.01		15,525.00	3,258,872.64
19	8/1/2022	146,492.03	70,000.00	15,525.00	3,042,380.61
20	2/1/2023	73,246.01		14,125.00	2,969,134.60
21	8/1/2023	146,492.03	70,000.00	14,125.00	2,752,642.57
22	2/1/2024	73,246.01		12,375.00	2,679,396.56
23	8/1/2024	146,492.03	75,000.00	12,375.00	2,457,904.53
24	2/1/2025	73,246.01		10,500.00	2,384,658.52
25	8/1/2025	146,492.03	80,000.00	10,500.00	2,158,166.49
26	2/1/2026	73,246.01		9,300.00	2,084,920.48
27	8/1/2026	146,492.03	80,000.00	9,300.00	1,858,428.45
28	2/1/2027	73,246.01		8,100.00	1,785,182.44
29	8/1/2027	146,492.03	85,000.00	8,100.00	1,553,690.41
30	2/1/2028	73,246.01		6,825.00	1,480,444.40
31	8/1/2028	146,492.03	85,000.00	6,825.00	1,248,952.37
32	2/1/2029	73,246.01		5,550.00	1,175,706.36
33	8/1/2029	146,492.03	90,000.00	5,550.00	939,214.33
34	2/1/2030	73,246.01		4,200.00	865,968.32
35	8/1/2030	146,492.03	90,000.00	4,200.00	629,476.29
36	2/1/2031	73,246.01		2,850.00	556,230.28
37	8/1/2031	146,492.03	95,000.00	2,850.00	314,738.25
38	2/1/2032	73,246.01		1,425.00	241,492.24
39	8/1/2032	146,492.24	95,000.00	1,425.00	
		\$ 3,515,808.85	\$ 1,220,000.00	\$ 374,400.00	

**TOWNSHIP OF MORRIS**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2016</u>
20-10; 20-11	Various Sewer Improvements	\$ 83.15	\$ 83.15
17-11; 25-11	Various Sewer Improvements	112,168.47	112,168.47
08-12; 01-13	Various Sewer Improvements	487,074.98	487,074.98
		<u>\$ 599,326.60</u>	<u>\$ 599,326.60</u>

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
SWIMMING POOL UTILITY FUND

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	F	\$ 105,338.84	\$ 1,637,859.21
Increased by Receipts:			
Swimming Pool Fees		\$ 568,437.50	
Interest Earned		1,395.66	
Miscellaneous Revenue		56,001.90	
Deficit (General Budget)		231,066.42	
Budget Appropriation:			
Capital Improvement Fund			\$ 11,750.00
Due Current Fund:			
Interfund Advanced		70,389.56	
Due Swimming Pool Utility Capital Fund:			
Interest Earned		2,676.61	
Due Swimming Pool Utility Operating Fund:			
Interest Earned			2,676.61
		<u>929,967.65</u>	<u>14,426.61</u>
		1,035,306.49	1,652,285.82
Decreased by Disbursements:			
2016 Appropriation Expenditures		787,553.50	
2015 Appropriation Reserve Expenditures		11,983.19	
Change Fund Advanced		200.00	
Interest on Bonds		80,325.00	
Refund of:			
Swimming Pool Fees		1,780.00	
Miscellaneous Revenue		100.00	
Prior Year Revenue		440.00	
Due Current Fund:			
Interfund Returned		11,379.89	
Due Swimming Pool Utility Operating Fund:			
Interest Earned			2,676.61
Improvement Authorizations			1,558,586.39
		<u>893,761.58</u>	<u>1,561,263.00</u>
Balance December 31, 2016	F	<u>\$ 141,544.91</u>	<u>\$ 91,022.82</u>

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Balance/ (Deficit) Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2016	
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 87.62							\$ 87.62	
Capital Improvement Fund	34,594.68	\$ 11,750.00				\$ 11,750.00		34,594.68	
Due Swimming Pool Utility Operating Fund Reserve for Encumbrances	1,617,177.45		\$ 2,676.61		\$ 2,676.61	1,617,177.45			
<u>Ord. No.</u>									
<u>Improvement Authorizations</u>									
20-02	Improvements to Streeter Pool	9,723.66						9,723.66	
15-13	Improvements to Township Swimming Pools			\$ 2,329.05		\$ 22,738.53		20,409.48	
12-14	Improvements to Township Swimming Pools	65,525.80		1,491,634.07		1,494,438.92		68,330.65	
23-15	Swimming Pool Improvements and Purchase of Equipment	(89,250.00)		60,623.27		100,000.00		(49,873.27)	
11-16	Swimming Pool Improvements and Purchase of Equipment			4,000.00		11,750.00		7,750.00	
		<u>\$ 1,637,859.21</u>	<u>\$ 11,750.00</u>	<u>\$ 2,676.61</u>	<u>\$ 1,558,586.39</u>	<u>\$ 2,676.61</u>	<u>\$ 1,628,927.45</u>	<u>\$ 1,628,927.45</u>	<u>\$ 91,022.82</u>

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ 7,536,705.35
Decreased by:		
Encumbrances Payable Canceled - Ordinances		<u>62,591.06</u>
Balance December 31, 2016	F	<u>\$ 7,474,114.29</u>

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Ordinance		Balance Dec. 31, 2015	2016 Authorizations	Encumbrances Payable Canceled	Balance Dec. 31, 2016
	Date	Amount				
Improvements to Streeter Pool	9/18/2002	\$ 35,000.00	\$ 9,723.66			\$ 9,723.66
Improvements to Township Swimming Pools	7/17/2013	2,010,000.00			\$ 20,409.48	20,409.48
Improvements to Township Swimming Pools	5/21/2014	2,049,000.00	65,575.80		2,804.85	68,380.65
Swimming Pool Improvements and Purchase of Equipment	6/17/2015	215,000.00	115,000.00		39,376.73	154,376.73
Swimming Pool Improvements and Purchase of Equipment	5/17/2016	235,000.00		\$ 235,000.00		235,000.00
			<u>\$ 190,299.46</u>	<u>\$ 235,000.00</u>	<u>\$ 62,591.06</u>	<u>\$ 487,890.52</u>

Ref.

F

F

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY OPERATING FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 2,111.99	\$ 2,111.99		\$ 2,111.99
Other Expenses	14,722.09	14,722.09	\$ 11,983.19	2,738.90
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	973.47	973.47		973.47
	\$ 17,807.55	\$ 17,807.55	\$ 11,983.19	\$ 5,824.36

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:

Unencumbered	F	\$ 6,966.42
Encumbered	F	10,841.13
		\$ 17,807.55

Due to Current Fund

\$ 5,824.36

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2015		2016 Authorizations		Paid or Charged	Encumbrances Payable Returned	Balance Dec. 31, 2016	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue			Funded	Unfunded
20-02	Improvements to Streeter Pool	9/18/2002	\$ 35,000.00	\$ 9,723.66						\$ 9,723.66	
15-13	Improvements to Township Swimming Pools	7/17/2013	2,010,000.00					\$ 2,329.05	\$ 22,738.53	20,409.48	
12-14	Improvements to Township Swimming Pools	5/21/2014	2,049,000.00	65,525.80	\$ 50.00			1,491,634.07	1,494,438.92	68,330.65	\$ 50.00
23-15	Swimming Pool Improvements and Purchase of Equipment	6/17/2015	215,000.00		115,000.00			60,623.27	100,000.00		154,376.73
11-16	Swimming Pool Improvements and Purchase of Equipment	5/17/2016	235,000.00			\$ 11,750.00	\$ 223,250.00	4,000.00		7,750.00	223,250.00
				<u>\$ 75,249.46</u>	<u>\$ 115,050.00</u>	<u>\$ 11,750.00</u>	<u>\$ 223,250.00</u>	<u>\$ 1,558,586.39</u>	<u>\$ 1,617,177.45</u>	<u>\$ 106,213.79</u>	<u>\$ 377,676.73</u>
		<u>Ref.</u>		F	F					F	F

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ 34,594.68
Increased by:		
2016 Budget Appropriation		11,750.00
		<u>46,344.68</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		11,750.00
		<u>11,750.00</u>
Balance December 31, 2016	F	<u><u>\$ 34,594.68</u></u>

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ 3,613,004.81
Increased by:		
Serial Bonds Paid by Swimming Pool Utility Operating Budget		248,500.00
Balance December 31, 2016	F	\$ 3,861,504.81

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Balance Dec. 31, 2016</u>
Improvements to Streeter Pool	9/18/2002	\$ 2,000.00		\$ 2,000.00
Improvements to Township Swimming Pools	5/21/2014	102,950.00		102,950.00
Swimming Pool Improvements and Purchase of Equipment	6/17/2015	10,750.00		10,750.00
Swimming Pool Improvements and Purchase of Equipment	5/17/2016		\$ 11,750.00	11,750.00
		<u>\$ 115,700.00</u>	<u>\$ 11,750.00</u>	<u>\$ 127,450.00</u>
	<u>Ref.</u>	F		F

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
			Date	Amount				
Swimming Pool Bonds of 2009	9/1/2009	\$ 214,000	9/1/2017	\$ 24,000	2.50%	\$ 104,000.00	\$ 20,000.00	\$ 84,000.00
			9/1/2018	30,000	2.75%			
			9/1/2019	30,000	3.00%			
Swimming Pool Refunding Bonds of 2014	7/1/2014	54,000	9/15/2017-18	9,000	4.00%	50,000.00	3,500.00	46,500.00
			9/15/2019	9,500	4.00%			
			9/15/2020	9,000	4.00%			
			9/15/2021	10,000	4.00%			
Swimming Pool Bonds of 2014	10/15/2014	3,855,000	10/15/2017	245,000	2.00%	3,640,000.00	225,000.00	3,415,000.00
			10/15/2018	250,000	2.00%			
			10/15/2019	260,000	2.00%			
			10/15/2020	320,000	2.00%			
			10/15/2021	350,000	2.00%			
			10/15/2022	370,000	2.00%			
			10/15/2023	390,000	2.00%			
			10/15/2024	400,000	2.00%			
			10/15/2025	410,000	2.25%			
			10/15/2026	420,000	2.375%			
						<u>3,640,000.00</u>	<u>225,000.00</u>	<u>3,415,000.00</u>
						<u>\$ 3,794,000.00</u>	<u>\$ 248,500.00</u>	<u>\$ 3,545,500.00</u>
<u>Ref.</u>						F		F

**TOWNSHIP OF MORRIS**  
**SWIMMING POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016
12-14	Improvements to Township Swimming Pools	\$ 50.00		\$ 50.00
23-15	Swimming Pool Improvements and Purchase of Equipment	204,250.00		204,250.00
11-16	Swimming Pool Improvements and Purchase of Equipment		\$ 223,250.00	223,250.00
		<u>\$ 204,300.00</u>	<u>\$ 223,250.00</u>	<u>\$ 427,550.00</u>

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
PARKING LOT UTILITY FUND

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2015	G	\$ 410,926.74		\$ 165,943.65
Increased by Receipts:				
Due Parking Lot Utility Capital Fund:				
Interest Earned		\$ 663.89		
Interest Earned		2,154.17		
Parking Lot Fees and Permits		477,866.05		
Appropriation Refunds		10,167.00		
Due Parking Lot Utility Operating Fund:				
Interest Earned			\$ 663.89	
		<u>490,851.11</u>		<u>663.89</u>
		901,777.85		166,607.54
Decreased by Disbursements:				
2016 Appropriation Expenditures		311,014.59		
2015 Appropriation Reserve Expenditures		7,255.57		
Interest on Bonds		14,747.50		
Due Current Fund:				
Fund Balance Anticipated		40,000.00		
Refund of Parking Lot Fees and Permits		5,472.50		
Due Parking Lot Utility Operating Fund:				
Interest Earned			663.89	
		<u>378,490.16</u>		<u>663.89</u>
Balance December 31, 2016	G	<u>\$ 523,287.69</u>		<u>\$ 165,943.65</u>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	<u>Balance</u> Dec. 31, 2015	<u>Receipts</u> Miscellaneous	<u>Disbursements</u> Miscellaneous	<u>Balance</u> Dec. 31, 2016
Fund Balance	\$ 8,931.95			\$ 8,931.95
Capital Improvement Fund	9,550.00			9,550.00
Due Parking Lot Utility Operating Fund		\$ 663.89	\$ 663.89	
<u>Ord. No.</u>	<u>Improvement Authorizations</u>			
18-11	Improvements to Parking Lot #1	15,752.05		15,752.05
24-15	Improvements to Convent Station Parking Lot	131,709.65		131,709.65
		<u>\$ 165,943.65</u>	<u>\$ 663.89</u>	<u>\$ 165,943.65</u>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

	<u>Ref.</u>	
Balance December 31, 2015	G	<u>\$ 1,587,635.77</u>
Balance December 31, 2016	G	<u><u>\$ 1,587,635.77</u></u>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2016</u>
Improvements to Parking Lot #1	6/15/2011	\$ 300,000.00	\$ 15,752.05	\$ 15,752.05
Improvements to Convent Station Parking Lot	6/17/2015	180,000.00	131,709.65	131,709.65
			<u>\$ 147,461.70</u>	<u>\$ 147,461.70</u>
		<u>Ref.</u>	G	G

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY OPERATING FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 3,565.12	\$ 3,565.12		\$ 3,565.12
Other Expenses	17,533.61	17,533.61	\$ 7,255.57	10,278.04
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	167.48	167.48		167.48
	<u>\$ 21,266.21</u>	<u>\$ 21,266.21</u>	<u>\$ 7,255.57</u>	<u>\$ 14,010.64</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:

Unencumbered	G	\$ 14,664.19
Encumbered	G	6,602.02
		<u>\$ 21,266.21</u>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance No.	Improvement Description	Ordinance		Balance	Balance
		Date	Amount	Dec. 31, 2015 Funded	Dec. 31, 2016 Funded
18-11	Improvements to Parking Lot #1	6/15/2011	\$ 300,000.00	\$ 15,752.05	\$ 15,752.05
24-15	Improvements to Convent Station Parking Lot	6/17/2015	180,000.00	131,709.65	131,709.65
				<u>\$ 147,461.70</u>	<u>\$ 147,461.70</u>
			<u>Ref.</u>	G	G

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015	G	\$ 9,550.00
		<hr/>
Balance December 31, 2016	G	\$ 9,550.00
		<hr/> <hr/>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2015	G	\$ 985,097.47
Increased by:		
Serial Bonds Paid by Parking Lot Utility Operating Budget		<u>103,500.00</u>
Balance December 31, 2016	G	<u>\$ 1,088,597.47</u>

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2016</u>
18-11	Improvements to Parking Lot #1	6/15/2011	\$ 15,000.00	\$ 15,000.00
24-15	Improvements to Convent Station Parking Lot	6/17/2015	<u>180,000.00</u>	<u>180,000.00</u>
			<u>\$ 195,000.00</u>	<u>\$ 195,000.00</u>
		<u>Ref.</u>	G	G

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
			Date	Amount				
Parking Lot Bonds of 2001	7/15/2001	\$ 500,000				\$ 35,000.00	\$ 35,000.00	
Parking Lot Bonds of 2006	11/15/2006	362,000				25,000.00	25,000.00	
Parking Lot Bonds of 2009	9/1/2009	190,000	9/1/2017	\$ 25,000	2.50%			
			9/1/2018	30,000	2.75%			
			9/1/2019	30,000	3.00%	100,000.00	15,000.00	\$ 85,000.00
Parking Lot Refunding Bonds of 2014	7/1/2014	140,000	9/15/2017-18	25,000	4.00%			
			9/15/2019	23,500	4.00%			
			9/15/2020-21	24,000	4.00%	130,000.00	8,500.00	121,500.00
Parking Lot Bonds of 2014	10/15/2014	285,000	10/15/2017-18	25,000	2.00%			
			10/15/2019-21	30,000	2.00%			
			10/15/2022-24	35,000	2.00%	265,000.00	20,000.00	245,000.00
						<u>\$ 555,000.00</u>	<u>\$ 103,500.00</u>	<u>\$ 451,500.00</u>
					Ref.	G		G

**TOWNSHIP OF MORRIS**  
**PARKING LOT UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2016**

NOT APPLICABLE

TOWNSHIP OF MORRIS  
COUNTY OF MORRIS  
2016  
PUBLIC ASSISTANCE FUND

**TOWNSHIP OF MORRIS**  
**PUBLIC ASSISTANCE FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2015	H	\$ 55,815.79
Increased by Receipts:		
Due Current Fund - Interest Earned		<u>223.26</u>
		56,039.05
Decreased by Disbursements:		
Due Current Fund - Interest Earned		<u>223.26</u>
Balance December 31, 2016	H	<u><u>\$ 55,815.79</u></u>

TOWNSHIP OF MORRIS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

**TOWNSHIP OF MORRIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2016**

Federal Department	C.F.D.A. Account Number	State Program Account Number	Program	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO	Amounts Provided to Subrecipients
						From	To		Cumulative Total Expenditures	
U.S. Department of Justice: Office of Justice Programs, Bureau of Justice Assistance	16.607	N/A	Bulletproof Vest Partnership Program	\$ 3,778.50 3,320.44	\$ 3,022.80	01/01/15	12/31/16	\$ 2,371.28 3,073.17	\$ 3,778.50 3,073.17	
					<u>3,022.80</u>			<u>5,444.45</u>	<u>6,851.67</u>	
Office of Community Oriented Policing Services (COPS)	16.710	N/A	COPS in Shops	2,400.00	<u>2,125.00</u>	01/01/16	12/31/16	<u>1,473.28</u>	<u>1,473.28</u>	
Total U.S. Department of Justice					<u>5,147.80</u>			<u>6,917.73</u>	<u>8,324.95</u>	
U.S. Department of Transportation: Pipeline and Hazardous Materials Safety Administration: (Passed through NJ Department of Law and Public Safety)	20.703	100-066-1200- 703-NJSP	Hazardous Materials Emergency Preparedness (HMEP) Training and Planning	15,000.00	<u>15,000.00</u>	01/01/16	12/31/16	<u>15,000.00</u>	<u>15,000.00</u>	
National Highway Traffic Safety Administration: (Passed through NJ Department of Law and Public Safety)	20.601	100-066-1160- 157-DHTS	Drive Sober or Get Pulled Over	5,000.00 4,847.00	<u>4,847.00</u>	01/01/15 01/01/16	12/31/16 12/31/17	212.29 4,847.00	5,000.00 4,847.00	
					<u>4,847.00</u>			<u>5,059.29</u>	<u>9,847.00</u>	
Total U.S. Department of Transportation					<u>19,847.00</u>			<u>20,059.29</u>	<u>24,847.00</u>	
U.S. Department of Homeland Security (Passed through NJ Department of Law and Public Safety)	97.036	100-066-1200- A77-NJSP	Disaster Grants - Public Assistance - F.E.M.A.: October Snowstorm	266,917.08	<u>266,917.08</u>	10/29/11	12/31/11	<u>266,917.08</u> *	<u>266,917.08</u>	
Total U.S. Department of Homeland Security					<u>266,917.08</u>			<u>266,917.08</u>	<u>266,917.08</u>	
<b>TOTAL FEDERAL AWARDS</b>					<u>\$ 291,911.88</u>			<u>\$ 293,894.10</u>	<u>\$ 300,089.03</u>	<u>\$ -0-</u>

N/A - Not Applicable/Available

\* - Expended in Prior Year(s).

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

**TOWNSHIP OF MORRIS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	\$ 46,666.77		01/01/13	12/31/16	\$ 105.00	\$ 46,666.77
			53,227.97		01/01/15	12/31/16	35,362.20	53,227.97
			60,865.51	\$ 60,865.51	01/01/16	12/31/17	1,190.35	1,190.35
				60,865.51			36,657.55	101,085.09
	Recycling Tonnage Grant	752-042-4900-004-178840	46,175.04		01/01/14	12/31/17	16,718.31	43,173.77
			37,870.85	37,870.85	01/01/16	12/31/17		43,173.77
			37,870.85			16,718.31	43,173.77	
	Environmental Infrastructure Trust and Fund Program	100-042-4860-006-093050	5,762,020.00	404,234.00	01/01/13	12/31/16	190,130.53	5,762,020.00
Total Department of Environmental Protection				502,970.36			243,506.39	5,906,278.86
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-066-1110-260-YYYY	7,845.45		01/01/14	12/31/16	2,687.70	7,845.45
			8,411.47		01/01/14	12/31/17	6,333.65	6,333.65
			4,544.68	4,544.68	01/01/16	12/31/17		
				4,544.68			9,021.35	14,179.10
	Body Armor Replacement Fund	718-066-1020-001-6120	4,211.46		01/01/14	12/31/16	3,855.50	3,855.50
			4,204.54		01/01/15	12/31/17	4,089.25	4,089.25
3,948.54			3,948.54	01/01/16	12/31/17			
			3,948.54			7,944.75	7,944.75	
Total Department of Law and Public Safety				8,493.22			16,966.10	22,123.85
Department of Treasury (Passed through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance Program	100-082-2000-044-995120	48,639.50		07/01/14	06/30/15	22,051.53	36,888.03
			30,325.00	19,241.13	07/01/15	06/30/16	4,854.79	4,854.79
			34,325.00	34,325.00	07/01/16	06/30/17	26,507.55	26,507.55
				53,566.13			53,413.87	68,250.37
Total Department of Treasury				53,566.13			53,413.87	68,250.37

**TOWNSHIP OF MORRIS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Memo
					From	To		Cumulative Total Expenditures
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-046-4240-040000	\$ 3,615.52		01/01/12	12/31/16	\$ 852.70	\$ 3,615.52
			2,058.21		01/01/13	12/31/16	2,058.21	2,058.21
			2,835.85		01/01/14	12/31/16	2,835.85	2,835.85
			4,361.05		01/01/15	12/31/17	341.24	341.24
			3,867.61	\$ 3,867.61	01/01/16	12/31/17		
				3,867.61			6,088.00	8,850.82
Total Department of Health and Senior Services							6,088.00	8,850.82
Department of Transportation	NJ Municipal Trust Fund Authority Act - Spring Brook Road Phase II	480-078-6320-156-609164	199,145.00	49,786.25	01/01/14	12/31/15		199,145.00
			240,000.00	180,000.00	01/01/15	12/31/17		
Total Department of Transportation				229,786.25			-0-	199,145.00
TOTAL STATE AWARDS				\$ 798,683.57			\$ 319,974.36	\$ 6,204,648.90

TOWNSHIP OF MORRIS  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

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 Township of Morris under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township of Morris, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township of Morris.

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 Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. STATE LOANS OUTSTANDING

The Township of Morris has the following loans outstanding as of December 31, 2016:

Sewer Utility Capital Fund:	
NJEIT Loans	<u>\$ 4,735,809</u>

Currently, the Township is in the process of repaying the loan balances.

At December 31, 2016, the Township had received and reported as expended the entire \$5,762,020 of NJEIT Loan funds related to the Woodland Sewer Treatment Plant upgrades project which is now complete.



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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 Township Committee  
 Township of Morris  
 Morris, 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 Township of Morris, in the County of Morris (the "Township") as of, and for the years ended, December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 2, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and Members  
of the Township Committee  
Township of Morris  
Page 2

### **Compliance and Other Matters**

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

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

Mount Arlington, New Jersey  
May 2, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF MORRIS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2016 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

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.

TOWNSHIP OF MORRIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The Township had no prior year audit findings.

TOWNSHIP OF MORRIS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF MORRIS  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

TOWNSHIP OF MORRIS  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

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

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 Township is currently in compliance with the above accounting requirements.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

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

On January 6, 2016, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Township Committee of the Township of Morris, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility charges for the year 2016 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 and utility charges that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on tax delinquencies in excess of \$10,000 at year end.

It appears from a test of the Tax Collector's and Sewer Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 2, 2016 and all eligible properties were transferred to lien.

TOWNSHIP OF MORRIS  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens (Cont'd)

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

<u>Year</u>	<u>Number of Liens</u>
2016	7
2015	6
2014	6

Municipal Court

Effective January 2014, the Township of Morris Municipal Court, along with three other courts, was combined with the Borough of Madison Municipal Court as a Joint Municipal Court.

Other Encumbrances and Accounts Payable

The balance sheets of the Current Fund and Sewer Utility Operating Fund include other encumbrances and accounts payable, respectively, from prior years which have not been reviewed and investigated for continued recognition and proper disposition.

It is recommended that the Township review and investigate all Current Fund other encumbrances and Sewer Utility Operating Fund accounts payable from prior years for continued recognition and proper disposition.

Management's Response

The Current Fund other encumbrances and Sewer Utility Operating Fund accounts payable from prior years will be reviewed for continued recognition and proper disposition. Balances no longer required will be canceled.

Corrective Action Plan

The Township initiated a corrective action plan to resolve the comment and recommendation from the 2015 audit report. The prior year recommendation with regard to Building Department monthly collection reports was resolved.

TOWNSHIP OF MORRIS  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township review and investigate all Current Fund other encumbrances and Sewer Utility Operating Fund accounts payable from prior years for continued recognition and proper disposition.

\* \* \* \* \*