

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2025

NEW ISSUE – BOOK-ENTRY-ONLY

**RATINGS: Moody's: "Aaa"
S&P: "AAA"**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the County (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

COUNTY OF MORRIS, NEW JERSEY

\$28,179,000* GENERAL OBLIGATION BONDS, SERIES 2025

CONSISTING OF:

\$20,028,000* GENERAL IMPROVEMENT BONDS,

\$2,752,000* PARK BONDS,

\$2,391,000* COUNTY COLLEGE BONDS

AND

\$3,008,000* COUNTY COLLEGE BONDS

(County College Bond Act, P.L. 1971, c. 12, as Amended)

(Non-Callable)

Dated: Date of Delivery

Due: February 1, as shown on inside front cover hereof

The \$28,179,000* aggregate principal amount of General Obligation Bonds, Series 2025 (the "Bonds"), consisting of \$20,028,000* General Improvement Bonds, \$2,752,000* Park Bonds, \$2,391,000* County College Bonds and \$3,008,000* County College Bonds (County College Bond Act, P.L. 1971, c. 12, as amended), are being issued by the County of Morris, New Jersey (the "County"), to (i) finance various capital and park improvements in the County and various county college projects at the County College of Morris and (ii) provide for the costs incurred in connection with the authorization, sale and issuance of the Bonds. See "AUTHORIZATION AND PURPOSE OF THE BONDS" herein.

Interest on the Bonds will be payable semiannually on the first day of February and August in each year until maturity, commencing February 1, 2026. The principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the County or its designated paying agent. Interest on the Bonds will be credited to the DTC Participants (as defined herein) as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds constitute valid and legally binding obligations of the County and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the County for the payment of the principal of and interest due on the Bonds, without limitation as to rate or amount. See "SECURITY FOR THE BONDS" herein.

The Bonds are not subject to optional redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds will be issued as one fully registered bond for each maturity of each series of the Bonds and in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), Brooklyn, New York, an automated depository for securities and clearing house for securities transactions. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form only (without certificates) in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. As long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, reference herein to the registered owner shall mean Cede & Co. and shall not mean Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, is serving as municipal advisor to the County in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form through DTC in Brooklyn, New York, is anticipated to occur on or about June 26, 2025.

ELECTRONIC SUBMISSIONS WILL BE RECEIVED VIA PARITY ON JUNE 5, 2025.

**FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM.**

* Preliminary; subject to change.

COUNTY OF MORRIS, NEW JERSEY

\$28,179,000* GENERAL OBLIGATION BONDS, SERIES 2025

CONSISTING OF:

\$20,028,000* GENERAL IMPROVEMENT BONDS,

\$2,752,000* PARK BONDS,

\$2,391,000* COUNTY COLLEGE BONDS

AND

\$3,008,000* COUNTY COLLEGE BONDS

(County College Bond Act, P.L. 1971, c. 12, as Amended)

**MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>General Improvement Bonds*</u>	<u>Park Bonds*</u>	<u>County College Bonds*</u>	<u>Chapter 12</u>	<u>Combined Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u> ◇
				<u>County College Bonds*</u>				
2026	\$1,978,000	\$312,000	\$354,000	\$445,000	\$3,089,000	%	%	
2027	2,000,000	610,000	410,000	515,000	3,535,000			
2028	2,500,000	610,000	410,000	515,000	4,035,000			
2029	2,600,000	610,000	409,000	516,000	4,135,000			
2030	2,600,000	610,000	409,000	516,000	4,135,000			
2031	2,600,000	--	399,000	501,000	3,500,000			
2032	2,875,000	--	--	--	2,875,000			
2033	2,875,000	--	--	--	2,875,000			

* Preliminary; subject to change.

◇ Registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of the issuance of the Bonds, and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been provided by the County and by other sources that the County believes to be reliable, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the County. Certain information concerning DTC is contained in this Official Statement. Such information has been furnished by DTC. The County has not confirmed the accuracy or completeness of any information relating to DTC, and the County disclaims any responsibility for the accuracy or completeness thereof.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the County from time to time (collectively, the "*Official Statement*"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

Where the Constitution or statutes of the State of New Jersey are referred to, references should be made to such Constitution or statutes for a complete statement of the matters referred to. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.



COUNTY OFFICIALS

Board of County Commissioners

Tayfun Selen
Director of the Board

Stephen H. Shaw
Deputy Director

Douglas R. Cabana	John Krickus
Thomas J. Mastrangelo	Christine Myers
Deborah Smith	

Debra L. Lynch
Clerk of the Board of County Commissioners

Deena Leary
County Administrator

Beti Bauer
Director of Finance/
Chief Financial Officer

John Napolitano, Esq.
County Counsel

ADVISORS TO THE COUNTY

McManimon, Scotland & Baumann, LLC
Bond Counsel

Nisivoccia LLP
Auditor

NW Financial Group, LLC
Municipal Advisor

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OFFICIAL STATEMENT

RELATING TO

COUNTY OF MORRIS, NEW JERSEY

\$28,179,000* GENERAL OBLIGATION BONDS, SERIES 2025

CONSISTING OF:

\$20,028,000* GENERAL IMPROVEMENT BONDS,

\$2,752,000* PARK BONDS,

\$2,391,000* COUNTY COLLEGE BONDS

AND

\$3,008,000* COUNTY COLLEGE BONDS

(County College Bond Act, P.L. 1971, c. 12, as Amended)

INTRODUCTION

The purpose of this Official Statement, including the front and inside front cover pages hereof and appendices attached hereto (the "*Official Statement*"), is to set forth information concerning the County of Morris (the "*County*"), in the State of New Jersey (the "*State*"), in connection with the sale and issuance by the County of its \$28,179,000* aggregate principal amount of General Obligation Bonds, Series 2025, consisting of \$20,028,000* General Improvement Bonds (the "*General Improvement Bonds*"), \$2,752,000* Park Bonds (the "*Park Bonds*"), \$2,391,000* County College Bonds (the "*County College Bonds*") and \$3,008,000* County College Bonds (County College Bond Act, P.L. 1971, c. 12, as amended) (the "*Chapter 12 Bonds*"; and together with the General Improvement Bonds, the Park Bonds and the County College Bonds, the "*Bonds*"). The presentation of information in this Official Statement is intended to show recent historic information and is not necessarily indicative of future continuing trends in the financial position or other affairs of the County.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General

The Bonds will be dated their date of delivery and will mature on February 1 in the years and in the principal amounts set forth on the inside front cover page hereof. The Bonds will bear interest from their dated date payable on February 1 and August 1 of each year until maturity, commencing February 1, 2026, at the rates per annum set forth on the inside front cover page hereof.

As long as The Depository Trust Company, Brooklyn, New York ("*DTC*"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the participants of DTC (the "*DTC Participants*") are the responsibility of DTC, and disbursements of such payments to the hereinafter defined Beneficial Owners of the Bonds are the responsibility of the DTC Participants. For additional information, see "THE BONDS – Book-Entry-Only System" herein.

* Preliminary; subject to change.

Redemption

The Bonds are not subject to redemption prior to their respective maturity dates.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments due on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC to the County. Accordingly, the County does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County or its paying agent, if any, as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or its paying agent, if any, on the payable dates in accordance with their respective holdings shown on DTC's records.

Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC, the paying agent, if any, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or its paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County does not take any responsibility for the accuracy thereof.

THE COUNTY AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "CONTINUING DISCLOSURE UNDERTAKING") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

If the County, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the County will attempt to locate another qualified securities depository. If the County fails to find such a securities depository, or if the County determines, in its sole discretion, that it is in the best interest of the County or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the County undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the County shall notify DTC of the termination of the book-entry-only system.

SECURITY FOR THE BONDS

General

The Bonds are valid and legally binding obligations of the County, and the County has pledged its full faith and credit for the payment of the principal of and interest due on the Bonds. The County is required by law to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of and interest due on the Bonds without limitation as to rate or amount. The County has never defaulted in the payment of either principal or interest on any indebtedness.

County College Bond Act (P.L. 1971, c. 12, as Amended)

On January 27, 2025, the New Jersey Department of Treasury notified the County that it had been awarded \$3,008,549 in "Chapter 12" funding (the "*Award Amount*") pursuant to the County College Bond Act (P.L. 1971, c. 12, as amended) (the "*County College Bond Act*"). Pursuant to the provisions of the County College Bond Act, the State is obligated, subject to annual appropriation, to appropriate and pay annually on behalf of the County an amount equal to one-half of the amount of principal of and interest due on the Award Amount in each year. The amounts paid by the State pursuant to the County College Bond Act are paid directly to the County, as paying agent, for the Chapter 12 Bonds and must be used for the payment of principal of and interest due on such Chapter 12 Bonds. The Chapter 12 Bonds are not a debt or liability of the State. In the event that State appropriations for the payment of the principal of and interest due on the Chapter 12 Bonds are not made, the County will be responsible for appropriating amounts necessary to pay such principal of and interest due on the Chapter 12 Bonds. **The Chapter 12 Bonds issued in excess of the Award Amount, in the amount of \$549, are not subject to the County College Bond Act, the principal of and interest on which will be paid by the County.**

AUTHORIZATION AND PURPOSE OF THE BONDS

General Improvement Bonds

The General Improvement Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "*Local Bond Law*"), the bond ordinances adopted by the Board of County Commissioners and referred to in the chart below and a resolution duly adopted by the Board of County Commissioners on May 14, 2025.

Bond Ordinance Number	Description of Improvement	Amount Funded From Bond Proceeds
953181	Replacement and upgrade of fire sprinkler system.	\$21,000
953269	Bridge design and construction at various locations.	\$60,000
953419	Road and railroad construction and resurfacing for the Department of Public Works.	\$4,000
953455	Bridge design and replacement projects for the Department of Public Works.	\$12,000
954536	Acquisition of response vehicles and the upgrade and replacement of security cameras and related cabling for the Sheriff's Office.	\$53,000
964546	Replacement of electrical systems supporting fire alarm management within various County facilities for the Department of Employee Resources, Division of Risk Management.	\$63,000
953556	Railroad rehabilitation and improvement projects.	\$23,000
953560	Bridge design, rehabilitation projects and drainage improvements at various locations.	\$300,000
953562	Interior building improvements for the Department of Public Works, Buildings and Grounds.	\$149,000
953567	Replacement of the courthouse chiller and hot water heat piping for the Department of Public Works.	\$146,000
953568	Exterior projects and building improvements for the Department of Public Works.	\$106,000
953592	Interior building improvements for the Morris County Public Works, Division of Buildings and Grounds.	\$1,047,000
953594	Repair and/or replacement of heating, ventilation and air-conditioning controls and hot water heat piping for the Department of Public Works, Division of Building and Grounds.	\$247,000
953595	Exterior projects and building improvements for the Department of Public Works, Division of Buildings and Grounds.	\$1,500,000
968584	Building improvements and upgrades to the Morris County School of Technology.	\$1,000
953610	Road and railroad improvements for the Department of Public Works, Division of Engineering and Transportation.	\$64,000
953611	Bridge and drainage design/construction for the Department of Public Works, Division of Engineering and Transportation.	\$1,500,000
964605	Replacement of and upgrades to the fire alarm systems within various County facilities for the Department of Employee Resources, Division of Risk Management.	\$73,000
953619	Road and railroad improvements for the Department of Public Works, Division of Engineering and Transportation.	\$2,851,000
953621	Replacement of vehicles and equipment for the Department of Public Works Motor Service Center.	\$370,000
953627	Bridge and drainage design and construction projects at various locations.	\$800,000
953635	Repairs to the Schuyler Place/Ann-Bank parking garage.	\$475,000
962622	Computer, network, server, security camera and equipment upgrades for the Department of Information Technology.	\$241,000
964628	Replacement and upgrade of equipment for the Board of Elections.	\$75,000
964629	Replacement and purchase of various equipment and vehicles for the Prosecutor's Office.	\$47,000

Bond Ordinance Number	Description of Improvement	Amount Funded From Bond Proceeds
964632	Replacement of and upgrades to the fire alarm systems within various County facilities for the Department of Employee Resources, Division of Risk Management.	\$381,000
953638	Repair and/or replacement of exterior building projects for the Department of Public Works, Division of Buildings and Grounds.	\$234,000
953639	Repair and/or replacement of HVAC equipment at various locations throughout the County for the Department of Public Works, Division of Buildings and Grounds.	\$325,000
953640	Repair and/or replacement of interior building projects for the Department of Public Works.	\$527,000
953641	Replacement of vehicles and equipment for the Department of Public Works, Division of Motor Service Center.	\$1,284,000
953642	Bridge and drainage design and construction projects at various locations.	\$1,000,000
953643	Road and railroad improvements for the Department of Public Works, Division of Engineering and Transportation.	\$1,300,000
954647	Replacement and purchase of various equipment and vehicles for the Morris County Sheriff's Office.	\$54,000
962646	Computer, network, server, system and equipment upgrades for the Department of Information Technology.	\$386,000
964648	Replacement of and upgrades to the fire alarm systems within various County facilities for the Department of Employee Resources, Division of Risk Management.	\$117,000
953659	Repair and/or replacement of HVAC equipment at various locations throughout the County for the Department of Public Works, Division of Buildings and Grounds.	\$242,000
953660	Repair and/or replacement of interior building projects for the Department of Public Works, Division of Buildings and Grounds.	\$440,000
953671	Purchase and/or replacement of vehicles and equipment for Department of Public Works, Division of Motor Services Center.	\$872,000
954673	Replacement and purchase of various equipment and vehicles for the Morris County Sheriff's Office.	\$468,000
962664	Computer, network, server, system and equipment upgrades for the Department of Information Technology.	\$1,647,000
964672	Replacement and purchase of various equipment, vehicles and property upgrades for the Morris County Prosecutor's Office.	\$150,000
964676	Replacement of vehicles for the Department of Human Services, Division of Community Assistance and Resources, Morris Area Paratransit System.	\$90,000
964679	Replacement of and upgrades to the fire alarm systems within various County facilities for the Department of Employee Resources, Division of Risk Management.	\$125,000
968683	Technology infrastructure at the Morris County Career Training Center of the Morris County School of Technology.	\$158,000
TOTALS:		\$20,028,000

Proceeds from the sale and issuance of the General Improvement Bonds will be used by the County to (i) provide \$20,028,000 in new money proceeds to fund the projects set forth above and (ii) pay the costs associated with the authorization, sale and issuance of the General Improvement Bonds.

Park Bonds

The Park Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law, the bond ordinances adopted by the Board of County Commissioners and referred to in the chart below and a resolution duly adopted by the Board of County Commissioners on May 14, 2025.

Bond Ordinance Number	Description of Improvement	Amount Funded From Bond Proceeds
967241	Vehicles and equipment replacement for the Morris County Park Commission.	\$1,075,000
967243	Removal of ash trees for the Morris County Park Commission.	\$144,000
967245	Resurfacing of and improvements to park system roadways for the Morris County Park Commission.	\$171,000
967246	Vehicle and equipment replacement for the Morris County Park Commission.	\$1,162,000
967247	Vehicle and equipment replacement for the Morris County Park Commission.	\$200,000
TOTALS:		\$2,752,000

Proceeds from the sale and issuance of the Park Bonds will be used by the County to (i) provide \$2,752,000 in new money proceeds to fund the county park projects set forth above and (ii) pay the costs associated with the authorization, sale and issuance of the Park Bonds.

County College Bonds

The County College Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law, the bond ordinances adopted by the Board of County Commissioners and referred to in the chart below and a resolution duly adopted by the Board of County Commissioners on May 14, 2025.

Bond Ordinance Number	Description of Improvement	Amount Funded From Bond Proceeds
969601	County's share of building modifications and additions to the County College of Morris.	\$940,000
969710	Design and construction of a new building for the County College of Morris.	\$1,451,000
TOTALS:		\$2,391,000

Proceeds from the sale and issuance of the County College Bonds will be used by the County to (i) provide \$2,391,000 in new money proceeds to fund various capital improvements at the County College of Morris set forth above and (ii) pay the costs associated with the authorization, sale and issuance of the County College Bonds.

Chapter 12 Bonds

The Chapter 12 Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law, and Bond Ordinance #969709 finally adopted by the Board of County Commissioners on April 9, 2025, and entitled, "Bond Ordinance of the County of Morris, New Jersey, Providing for the Design and Construction of a New Building for the County College of Morris, in

and by the County, Appropriating \$3,008,549 Therefor and Authorizing the Issuance of \$3,008,549 Bonds or Notes of the County to Finance the Cost Thereof".

Proceeds from the sale and issuance of the Chapter 12 Bonds will be used by the County to (i) provide \$3,008,000 in new money proceeds to fund various capital improvements at the County College of Morris and (ii) pay the costs associated with the authorization, sale and issuance of the Chapter 12 Bonds.

INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "*Plan*"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the County have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the County. The County cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The County has received \$95,535,125 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S.A. 40A:2-1 *et seq.*)

The Local Bond Law generally governs the issuance of bonds and bond anticipation notes by local units to finance certain capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of capital expenditures. All bonds and bond anticipation notes issued by the County are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the County is limited by statute, subject to the exceptions noted below, to an amount equal to 2% of its average equalized assessed valuation. The equalized valuation basis of the County is set by statute as the average for the last three years of the equalized value

of all taxable property within the County and improvements thereon as stated in the annual debt statement or revision thereof.

Exceptions to Debt Limits – Extensions of Credit

The debt limit of the County may be exceeded with the approval of the Local Finance Board in the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "*Local Finance Board*"), a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the County to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the debt limit may be issued by the County under N.J.S.A. 40A:2-7(g) for purposes permitted under the Local Bond Law if the amount of such obligations (exclusive of utility and assessment obligations) and all others authorized pursuant to such a provision during the then current fiscal year do not exceed an amount equal to 2/3 of the amount budgeted for the retirement of outstanding obligations.

The County's net debt, as of December 31, 2024, was 0.280% compared to the statutory debt limit of 2.00%.

Short-Term Financing

The County may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. Bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period is available following the tenth anniversary date equal to the period from the bond anticipation notes' maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A: 4-1 *et seq.*)

The foundation of the New Jersey local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "*Division*"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "*Director*") prior to final adoption of the budget. The local budget law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full by a county not later than June 30th of the succeeding fiscal year. The County has no tax anticipation notes outstanding and presently does not anticipate issuing such tax anticipation notes.

The Director has no authority over individual operating appropriations unless a specific amount is required by law, but the review function, focusing on anticipated revenue, serves to protect the solvency of all local units.

The budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a county's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

Limitations on Expenditures (N.J.S.A. 40A:4-45.1 *et seq.*)

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures. This law is commonly known as the "Cap Law" (the "*Cap Law*"). The Cap Law provides that the local unit shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year's local unit tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the local unit may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax rate of the local unit for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than 3.5% over the previous year's county tax levy. See N.J.S.A. 40A:4-45.14. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a and 40A:4-45.15b) and Chapter 74 of the Laws of New Jersey of 2004, counties may "Cap" bank under the Local Budget Law. Local units are permitted to appropriate available "Cap Bank" in either of the next two succeeding years' final appropriations if its actual appropriations in a fiscal year are below the allowable Cost-of-Living Adjustment.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the Cap Law limits the obligation of the County to levy *ad valorem* taxes upon all taxable property within the County to pay debt service on its bonds, including the Bonds, or its bond anticipation notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amounts with an offsetting appropriation.

Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. 40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by the Board of County Commissioners. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget.

Under the amended "CAP" law, emergency appropriations aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside the "CAP" if approved by at least two-thirds of the members of the Board of County Commissioners and the Director. Emergency appropriations that aggregate more than 3% of the previous year's final current operating appropriations must be raised within the "CAP". Emergency appropriations for debt service, capital improvements, the County's share of federal or State grants and other statutorily permitted items are outside the "CAP".

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

The Board of County Commissioners may by resolution, adopted by 2/3 vote of the full membership, transfer appropriations from accounts with an excess of funds to those with insufficient funds. However, the statute prohibits the use of appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund or interest and redemption charges.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget for a period not greater than the next ensuing six years. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the Board of County Commissioners setting forth the items and the method of financing or from the annual operating budget if the items were detailed (see "County of Morris Capital Improvement Program" in Appendix A hereto).

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 *et seq.*)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The County's statement is also on file with the Clerk of the Board of County Commissioners.

An independent examination of the County's financial statements must be performed annually by a registered municipal accountant of New Jersey. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director prior to June 30 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

LITIGATION

To the knowledge of John Napolitano, Esq., County Counsel, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the County or the title of any of the present officers. Moreover, to the knowledge of the County Counsel, no litigation is presently pending or threatened that, in the opinion of the County Counsel, would have a material adverse impact on the financial condition of the County if adversely decided.

There are the usual matters of litigation pending against the County, such as workers compensation claims (which are covered by insurance), negligence claims (which are covered or appear to be covered by liability insurance), administrative actions and similar matters, all of which would appear to have a negligible effect, if any, upon the County's financial condition. See Appendix B – "Financial Statements and Independent Auditors' Report" for further discussion on these matters.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the County, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed upon for the County by the County Counsel, John Napolitano, Esq., Morristown, New Jersey.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "*Code*"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The County will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the County ("*Bond Counsel*"), is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "*Discount Bonds*"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "*Premium Bonds*"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or

disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Bank-Qualification

The Bonds **will not** be designated as qualified under Section 265 of the Code by the County for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

CONTINUING DISCLOSURE UNDERTAKING

The County, pursuant to a resolution duly adopted by the Board of County Commissioners on May 14, 2025 (the "*Sale Resolution*"), has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "*Rule*"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the County will provide:

(a) On or prior to September 30 of each year, beginning September 30, 2025, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the County consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the County and certain financial information and operating data, consisting of (i) the County and overlapping indebtedness, including a schedule of outstanding debt issued by the County, (ii) the County's property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the County;

- (13) The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the County, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the County, if any such event reflects financial difficulties.

The term "*Financial Obligation*" as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guaranteed of (i) or (ii); *provided, however*, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to EMMA, notice of failure of the County to provide required annual financial information on or before the date specified in the Sale Resolution.

In the event that the County fails to comply with the above-described undertaking and covenants, the County shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the County from time to time, without the consent of the holders or beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

MUNICIPAL ADVISOR TO THE COUNTY

NW Financial Group, LLC, Bloomfield, New Jersey, has served as municipal advisor to the County with respect to the issuance of the Bonds (the "*Municipal Advisor*"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

RATINGS

Moody's Ratings ("*Moody's*") has assigned a rating of "Aaa" to the Bonds and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("*S&P*"), has assigned a rating of "AAA" to the Bonds based upon the creditworthiness of the County. Such ratings reflect only the views of the respective rating agencies, and an explanation of the significance of such ratings may be obtained only from Moody's and S&P, respectively. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that either rating will be retained for any given period of time or that

either such rating will not be revised downward or withdrawn entirely by either of the rating agencies if, in their individual judgment, circumstances so warrant. Any such downward revision or withdrawal of either such rating may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Bonds have been purchased from the County at a public sale by _____ (the "Underwriter") at a price of \$_____ (consisting of the par amount of the Bonds, *plus* [net] original issue premium in the amount of \$_____, *less* Underwriter's discount in the amount of \$_____). The Underwriter has purchased the Bonds in accordance with the Notice of Sale issued by the County in connection with the sale of the Bonds.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

FINANCIAL STATEMENTS OF THE COUNTY

Included in Appendix B are audited financial statements of the County for the years ended December 31, 2024, 2023 and 2022, and the Independent Auditors' Report thereon dated April 21, 2025. Nisivoccia LLP takes responsibility for the audited financial statements presented in Appendix B to the extent specified in its Independent Auditors' Report in Appendix B.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by a certificate signed by the Commissioner Director and the Director of Finance of the County that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

Nisivoccia LLP has not assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in its Independent Auditors' Report.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

All other information has been obtained from sources that the County considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the County's Municipal Advisor, Heather I. Litzebauer, of NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (201) 656-0115, or to the County's Director of Finance, Beti Bauer, Administration and Records Building, 10 Court Street, P.O. Box 900, Morristown, New Jersey 07963-0900, (973) 285-6085.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the County, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the County since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

This Official Statement has been duly executed and delivered by the Director of Finance for and on behalf of the County.

COUNTY OF MORRIS, NEW JERSEY

By: _____
Beti Bauer
Director of Finance

Dated: June __, 2025

APPENDIX A

CERTAIN GENERAL, DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION CONCERNING THE COUNTY OF MORRIS

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PROFILE - IN BRIEF

COUNTY - MORRIS

COUNTY SEAT - MORRISTOWN

Morris County is situated in the center of northern New Jersey about 25 miles from New York City. The County is served by New Jersey Transit and other railroads. The Morristown airport and several airfields are located within its borders. Interstate Highways 80, 280 and 287 intersect the County. It is world and national headquarters of numerous large industrial and pharmaceutical firms, some of which are listed herein.

Form of Government: Board of County Commissioners

Number of Constituent Municipalities - 39

Population, Estimate 2024 – 523,053

Population, Census 2020 – 509,285

Land Area - Square Miles - 477.80

Net Valuation Taxable on Which Taxes are Apportioned

2022: \$ 101,012,308,075

2023: \$ 107,587,113,864

2024: \$ 117,049,063,732

Tax Rate Per \$100

2022: \$.251

2023: \$.248

2024: \$.240

Tax Levy

2021: \$247,308,746

2022: \$252,921,843

2023: \$266,711,676

2024: \$280,326,358

Distribution of Ratables – 2024

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
Vacant Land	\$ 1,049,600,500	1.08 %
Residential	74,469,835,579	76.29
Farm	810,783,138	0.83
Commercial	13,994,435,830	14.34
Industrial	3,312,948,092	3.39
Apartment	3,973,423,300	4.07
	<u>\$ 97,611,026,439</u>	<u>100.00 %</u>

COUNTY OF MORRIS
SELECT FINANCIAL INFORMATION
AS OF MARCH 31, 2025

1. Schedule of County Debt Service – Permanent Debt:

Principal:	
General	\$ 115,572,000
College	18,823,000
Park	3,910,000
Lease Revenue Bonds	11,075,000
Total	<u>149,380,000</u>
Interest	<u>15,583,916</u>
Total Debt Service on Outstanding Bonds	164,963,916
Loan Payable – State of New Jersey – Principal and Interest	<u>864,297</u>
Total Debt Service	<u><u>\$ 165,828,213</u></u>

2. Statement of Statutory Debt:

Gross Debt	\$ 421,518,752
Less: Deduction	<u>94,681,689</u>
Net Debt	<u><u>\$ 326,837,063</u></u>

3. Budget Revenue:

Anticipated Revenue – Budgeted	\$ 376,553,877
Anticipated Revenue – Realized	124,679,424
Miscellaneous Revenue Not Anticipated	2,797,008

4. Budget Appropriations:

Appropriations – Budgeted	\$ 376,553,877
Appropriations – Paid or Charged	111,474,115

COUNTY OF MORRIS

GENERAL INFORMATION

GOVERNMENTAL STRUCTURE

Morris County is governed by a Board of County Commissioners composed of seven members, all of whom are elected at large. The Administrator is responsible for the day-to-day operation of the County government under the guidelines and policy supervision of the Board.

EDUCATION

There are two (2) four-year universities and a four-year college within the County, a two-year County College and the Morris County School of Technology. The County College, centrally located in Randolph Township, consists of a beautiful 222 acre campus and 15 buildings providing about 577,954 square feet of space. The Spring 2025 enrollment was approximately 2,316 full-time and 3,657 part-time students. The Morris County Vocational School District consists of the Morris County School of Technology, located in Denville, and housing ten (10) full time academies, and six (6) satellite academies: the Academy for Mathematics, Science and Engineering located at Morris Hills High School, the Academy for Performing Arts located at Morris Knolls High School, the Academy for Environmental Science located at Jefferson High School, the Academy for Sports Medicine located at Roxbury High School, the Academy for Business Administration – Early College located at Randolph High School and the Academy for Government and Leadership located at Madison High School. Full-time enrollment consists of 1,293 students among the seven (7) locations. Shared time enrollment is 562 students with ten (10) programs located on the Denville campus, four (4) programs at County College of Morris and one (1) program at Pequannock High School. Adult/evening education enrollment is approximately 622 part-time students and 34 post-secondary full-time students.

WATER SUPPLY SERVICE

The Morris County Municipal Utilities Authority (MCMUA) was formed in 1958 to explore, develop and protect water supply resources for the future needs of Morris County. The MCMUA has provided for the future water supply needs of Morris County through the development of ground water resources.

The MCMUA currently owns and operates four (4) 3.0 MG storage tanks, one (1) 2.0 MG elevated storage tank, two (2) booster pump stations, 30 miles of transmission main and eight (8) groundwater production wells which have a combined diversion of 6.2 MGD. With the development and operation of production wells on the Flanders Valley Golf Course and in the Alamatong Wellfields, the MCMUA has provided a source of supply for municipalities and utilities. These include Randolph, Mine Hill, Roxbury, Jefferson, Mt. Arlington, Denville, Parsippany-Troy Hills, Wharton, Southeast Morris County M.U.A. and N.J. American for distribution to Mendham Township. The MCMUA completed an asset management plan for its water supply system and is implementing a multi-year infrastructure improvement program.

SOLID WASTE

The Morris County Municipal Utilities Authority (MCMUA) was designated by the Board of County Commissioners as the agency to implement the County's Solid Waste Management Plan. The County has adopted a solid waste management strategy that is consistent with State policy. Through a variety of facilities and programs, the MCMUA helps provide Morris County with a long range and reliable solid waste management system. This system is both economically and environmentally sound and adheres to State goals of maximum use of resource recovery and recycling wherever practical.

The MCMUA owns two (2) transfer stations located in the Townships of Mt. Olive and Parsippany-Troy Hills. The MCMUA manages the two (2) facilities which transfer all of Morris County's solid waste to out-of-state landfills. In 2020, the MCMUA sought bids for the purposes of selecting a private company to operate the two transfer stations, provide transportation services from the transfer stations to disposal facilities, and to provide solid waste disposal capacity at licensed and permitted facilities. The MCMUA awarded the transfer station operations, transportation and disposal contracts to J.P. Mascaro and Sons of Audubon, PA. The contract commenced on December 15, 2020 and the term for this arrangement is five (5) years.

The MCMUA provides an all-in-one single-stream recycling program which allows cans, bottles, paper and cardboard to be mixed together for recycling. The MCMUA entered into a marketing agreement with a private company to accept all single-stream recyclable materials at their facility located in Mine Hill Township.

The MCMUA also provides curbside recycling services to participating municipalities. In addition, the MCMUA operates two (2) regional yard waste composting facilities which process leaves, grass and brush and then markets the high quality compost material.

Finally, the MCMUA conducts Household Hazardous Waste Collection Programs and owns and operates a permanent Household Hazardous Waste Facility at the Mt. Olive Transfer Station.

DEPARTMENT OF PUBLIC WORKS

Essential management, professional engineering, design and construction services in support of the construction of buildings, traffic signals, drainage, roads, and bridges are provided through the oversight of the Department of Public Works.

Funding for a public works project is contingent upon the approval of a new capital improvement ordinance and the use of capital funds already on hand. State aid will be sought for several road and bridge projects. In addition, a strong cash position and application of Federal and State grant funds have enabled the County to reduce the need for bonding. This progressive program has resulted in bonding, at attractive interest rates, the construction costs of a variety of County facilities.

LABOR RELATIONS

As of March 11, 2025, the County employed approximately 1,530 employees. Of these, approximately 1,233 were represented by 16 collective bargaining units. The County's negotiations with these units are professionally managed by its Office of Labor Relations.

PARKS AND RECREATION

Recreation and leisure time facilities are integral to the quality of life throughout the County. The Morris County Park System, consisting of approximately 20,607 acres, featuring nine (9) general purpose parks, five (5) outstanding eighteen-hole golf course facilities, a large group picnic recreation complex, an equestrian facility, six (6) historic sites, four (4) outdoor educational centers, a sports arena with three (3) indoor skating rinks, a marina on Lake Hopatcong, five (5) lake recreation areas, two (2) arboreta, over 287 miles of recreational trails, two (2) linear parks protecting streams and four (4) open space land banks, is the largest park system in the County and the largest County Park System in the State. Additionally, Central Park of Morris County, a 300-acre active recreation area comprised of two (2) outdoor inline skating rinks, four (4) artificial turf fields with athletic lights, a youth challenger softball field, a beach volleyball court, a cross country course, an off leash dog park, and a universally accessible children's playground. There are also Municipal, State and National Parks within the County and a number of large natural and man-made lakes.

Morris County has successfully received funding from the State Green Acres Program since its inception in 1961, and on January 16, 1985, the County of Morris was the first local unit in the State to be approved for the Green Acres Trust program. This program was developed by the New Jersey Department of Environmental Protection to assist Local governments in the acquisition, preservation, and improvement of land for recreation. Through the Green Acres Trust Program, the Morris County Park Commission has received funding in the form of grants and low interest loans. Loans are repaid over a ten (10) to twenty (20) year period at 2% simple interest per year. Both Federal and State of New Jersey Transportation Trust Funds have been used to enhance the multiuse trails in Morris County. Additional funding, such as the Morris County Open Space Trust Fund, has allowed the Park Commission to expand certain County Parks, such as Loantaka Brook Reservation, Mahlon Dickerson Reservation, Pyramid Mountain Natural Historical Area, the Waughaw Mountain Greenway, Schooley's Mountain, Silas Condict, Passaic River, Tourne and Hedden County Park, as well as to make other improvements and renovations for universal access, especially to self-supporting, revenue-producing facilities. Grants from the New Jersey Historical commission, the New Jersey Historic Trust and the Federal Government have enabled the Park Commission to restore and preserve historic sites, manage collections, and implement interpretive education and community wellness programs for the public.

The first Morris County Open Space and Farmland Preservation Trust Fund Acquisition was completed in 1994. This fund, which is administered by the Morris County Department of Planning and Public Works, was overwhelmingly approved by a referendum in 1992. In 1998, sixty-five (65) percent of the Morris County voters endorsed a referendum to establish a Park Improvement Trust Fund through a dedicated tax of \$.25% per \$100 of assessed property value. These programs enable the Morris County Park Commission to further expand and develop the County's parks for active and passive public recreational purpose, as well as to protect critical natural resources such as potable water supplies, while preserving beautiful natural areas and important historic sites, which are being used as a focus to promote regional ecotourism.

COUNTY OF MORRIS
COMPARATIVE COUNTY BUDGETS

	2025 (As Adopted on <u>March 26, 2025</u>)	2024 (Including <u>Amendments</u>)
ANTICIPATED REVENUES:		
Fund Balance Utilized	\$ 30,711,156	\$ 30,211,156
State and Federal Grants	6,830,419	34,888,861
Other	<u>44,979,658</u>	<u>41,941,981</u>
	82,521,233	107,041,998
County Tax Levy	<u>294,032,644</u>	<u>280,326,358</u>
	<u>\$ 376,553,877</u>	<u>\$ 387,368,356</u>
APPROPRIATIONS:		
Operations	\$ 301,837,215	\$ 313,535,394
Capital Improvements	2,805,000	4,292,000
Debt Service	41,480,076	40,592,611
Statutory Expenditures	<u>30,431,586</u>	<u>28,948,351</u>
	<u>\$ 376,553,877</u>	<u>\$ 387,368,356</u>

COUNTY OF MORRIS CAPITAL IMPROVEMENT PROGRAM

A tentative six-year Capital Improvement Program (2025-2030) was adopted by the Board of County Commissioners on February 26, 2025, and proposes the following expenditures for 2025 and the next five years.

Road, Railroad and Bridge Improvements	\$ 125,542,995
Courthouse Addition	5,500,000
Environmental Cleanup Work at Various County Facilities	11,480,000
County Building Improvements, Vehicles & Equipment	23,301,000
Ann Street Garage	3,750,000
Morris View Upgrades	4,821,400
Park Commission – Various Improvements, Vehicles & Equipment	12,555,500
Park Commission – Dam Safety Compliance	4,687,000
County College of Morris	30,509,549
Department of Human Services	
Aging, MAPS and Nutrition – Vehicles, Equipment & Office Upgrades	1,329,000
Board of Social Services – New Workstations and Chairs	1,500,000
Board of Social Services – Generator	750,000
Information Services	10,526,301
Bureau of Law Enforcement – Vehicles, Equipment and Facility Improvements	6,146,500
Bureau of Law Enforcement – K9 New Infrastructure	4,871,000
Bureau of Law Enforcement – Correctional Facility Upgrades and Equipment	1,100,000
Department of Law and Public Safety	
Facility Upgrades & Equipment	1,654,507
County Radio System	2,674,945
Morris County School of Technology – Improvements	7,441,000
Mosquito Control	910,000
Risk Management – Fire Alarm & Sprinkler Systems	360,000
Prosecutor	877,784
Morris County MUA – PFAS Treatment Project	2,000,000

Total Six-Year Capital Plan	<u><u>\$ 264,288,481</u></u>
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Anticipated Financing:

Cash and Federal/State Aid	\$ 42,058,932
Issuance of Bond Anticipation Notes and/or Bonds	<u>222,229,549</u>

	<u><u>\$ 264,288,481</u></u>
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PARTIAL LIST OF LARGEST EMPLOYERS

(As of March 31, 2025)

<u>Company</u>	<u>Location</u>	<u>Employees</u>
Atlantic Health System	Various Locations	10,581
U.S. Army Armament Research and Development	Rockaway	6,200
Novartis Corporation	Various Locations	6,178
Barclays	Whippany	4,320
Automatic Data Processing, Inc.	Various Locations	2,600
Accenture	Florham Park	2,134
PricewaterhouseCoopers	Florham Park	1,911
Bayer Healthcare, LLC	Various Locations	1,730
Cigna	Morristown	1,629
Deloitte & Touche	Morristown	1,627
Saint Clare's	Various Locations	1,553
County of Morris	Various Locations	1,484
UPS	Various Locations	1,431
Greystone Psychiatric Center	Various Locations	1,205
Mondelēz International	East Hanover	1,092

PARTIAL LIST OF LARGEST TAXPAYERSⁱⁱ

(As of March 31, 2025)

<u>Name of Taxpayer</u>	<u>Industry</u>	<u>2023 Assessed Valuation</u>	<u>Equalized Valuation</u>
Novartis Corporation	Pharmaceutical	\$350,760,670	\$551,944,406
Point View Campus, LLC	Financial	330,000,000	319,643,549
Pondview Estates Inc.	Real Estate	194,855,800	211,202,905
Rockaway Center Associates	Retail Trade	150,000,000	162,584,002
Oakwood Garden Associates, LLC	Real Estate	121,200,000	160,764,027
Bayer Healthcare, LLC	Pharmaceutical	110,000,000	147,334,583
US Real Estate Holdings, LLC	Real Estate	102,459,700	137,235,066
Sun Valley Plaza, LLC	Real Estate	111,239,800	134,056,158
SDK Village Green, LLC	Real Estate	109,100,000	144,714,153
Center Grove Associates, LLC	Real Estate	95,015,200	113,600,191
KBS II 300-600 Campus Drive, LLC	Real Estate	93,517,700	112,699,084
SM Logistics Mount Olive LLC	Logistics	78,000,000	103,461,998
AbbVie Inc.	Pharmaceutical	70,000,000	97,820,011
Knoll Manor Associates	Real Estate	72,254,900	95,386,007
RG Realty Investors, LLC	Real Estate	75,000,500	94,877,293
LCS - Florham Park Venture			
Property Owner, LLC	Real Estate	77,770,500	93,721,981
ICS Junction NJ LLC	Real Estate	78,110,000	93,321,386
Realogy Holdings Corporation	Real Estate	66,150,000	92,439,911
Atlantic Heath System	Health Care	99,000,000	89,398,591
E Han LLC	Real Estate	53,120,000	83,587,726
DG Roxbury Property Owner LP	Real Estate	64,000,000	82,156,611
Prime Healthcare Services - Saint Clare's	Health Care	58,293,500	78,658,076
R&K Commons LLC	Real Estate	71,070,300	77,032,625
TR Sterling Hanover, LLC	Real Estate	57,264,100	76,699,839
RG-KCI, LLC	Real Estate	63,500,000	76,524,464

ⁱⁱ Beginning with the 2006 Official Statement, the County has changed the presentation of its largest taxpayers to reflect the 25 largest taxpayers by individual properties.

COUNTY OF MORRIS
MEDIAN HOUSEHOLD INCOME ⁱⁱⁱ

<u>Year</u>	<u>Morris County</u>
2023	\$134,579
2010	\$91,469

POPULATION ⁱⁱⁱ

Population Estimate 2024	523,053
Federal Census 2020	509,285
Federal Census 2010	492,276

LABOR FORCE ^{iv}
(Not Seasonally Adjusted)

<u>County</u>	<u>Workforce</u>	<u>Employed</u>	<u>Unemployed</u>
Dec 2024	277,655	268,226	9,429
June 2024	280,689	269,350	11,339
Dec 2023	276,384	267,345	9,039
June 2023	277,852	267,069	10,783
Dec 2022	273,770	266,500	7,270
June 2022	271,137	262,494	8,643
State			
Dec 2024	4,886,545	4,680,237	206,308
June 2024	4,951,078	4,718,956	232,142
Dec 2023	4,864,005	4,663,193	200,812
June 2023	4,911,207	4,690,949	220,258
Dec 2022	4,817,199	4,653,184	164,015
June 2022	4,783,477	4,605,173	178,304

UNEMPLOYMENT ^{iv}
(Not Seasonally Adjusted)

	<u>Morris County</u>	<u>State of New Jersey</u>	<u>U.S.A.</u>
Dec 2024	3.4 %	4.2 %	3.8 %
June 2024	4.0	4.7	4.3
Dec 2023	3.3	4.1	3.5
June 2023	3.9	4.5	3.8
Dec 2022	2.7	3.4	3.3
June 2022	3.2	3.7	3.8

ⁱⁱⁱ Source: U.S. Census Bureau: 2010 and 2020 Decennial Census and 2010 and 2023 American Community Survey, 2024 Population Estimates Program

^{iv} Source: U.S. Dept. of Labor, Bureau of Labor Statistics
United States: Series ID: LNU04000000
New Jersey: Series ID: LAUST3400000000000003, LAUST3400000000000004, LAUST3400000000000005, LAUST3400000000000006
Morris County: Series ID: LAUCN3402700000000003, LAUCN3402700000000004, LAUCN3402700000000005, LAUCN3402700000000006

**ASSESSED VALUATION OF REAL PROPERTY (CONSTITUENT MUNICIPALITIES)
AND EQUALIZED VALUATIONS TAXABLE AND TAX RATES**

Year	State Equalized Valuation of Real Property ^{ix}	County Tax Base^{viii}		
		Assessed Valuation of Real Property	Net Equalized Valuation of Real and Personal Property	Tax Rate Per \$100
2024	\$125,439,232,437	\$97,611,026,439	\$117,049,063,732	.240
2023	115,736,016,092	92,938,919,526	107,587,113,864	.248
2022	106,640,527,243	89,450,070,688	101,012,308,075	.251
2021	100,338,669,895	88,179,254,288	97,605,814,520	.254
2020	96,921,521,724	87,744,672,115	96,974,806,796	.253

CLASSIFICATIONS OF RATABLES - REAL PROPERTY

	2024		2023	
	Assessed Valuation	Percent of Total	Assessed Valuation	Percent of Total
Vacant Land	\$ 1,049,600,500	1.08%	\$ 1,042,034,800	1.12%
Residential	74,469,835,579	76.29	71,728,049,288	77.18
Farm	810,783,138	0.83	781,034,638	0.84
Commercial	13,994,435,830	14.34	12,897,032,900	13.88
Industrial	3,312,948,092	3.39	3,161,203,500	3.40
Apartment	3,973,423,300	4.07	3,329,564,400	3.58
	\$ 97,611,026,439	100.00%	\$ 92,938,919,526	100.00%

TAX COLLECTION PROCESS

County taxes are collected by the constituent municipalities and paid to the County Treasurer. The municipal levy includes all County, school and municipal taxes. Each municipality is required to pay the County Treasurer its share of the County Purpose Tax on the fifteenth day of February, May, August, and November of each year. The County receives 100% of its share of the taxes collected by each municipality from the first taxes collected. If a municipality has not remitted in full to the County its share of omitted and added taxes by December 31 of the year of levy, a municipality has until February 15 of the year immediately following (45 days) to pay in full the amount due to the County.

^{viii} As determined by the Morris County Tax Board.

^{ix} As determined by the New Jersey Division of Taxation.

* Revised as per Tax Court

COUNTY OF MORRIS

STATEMENT OF NET EQUALIZED VALUATION, NET VALUATION TAXABLE TAX RATES & CURRENT TAX COLLECTIONS FOR CONSTITUENT MUNICIPALITIES

AS OF DECEMBER 31, 2024

	Net Equalized Valuation		2024		2024			
	Real & Personal		Municipal Tax Base		Average Ratio of			
	Property on Which County Taxes				Assessed to			
	are Apportioned				True Value		Percentage of Current	
	2024	2023	Net Valuation	General	of Real	Tax Collections*	2024	2023
		Taxable*	Tax Rate	Property				
			Per \$100					
Boonton, Town	\$ 1,535,126,582	\$ 1,438,331,635	\$ 1,100,497,100	\$ 3.38	72.29 %	98.79 %	98.90 %	
Boonton Township	1,090,369,868	1,042,387,894	872,832,300	2.51	80.21	98.57	98.68	
Butler Borough	1,302,367,047	1,218,048,926	1,247,738,091	2.50	96.30	99.28	99.39	
Chatham Borough	3,160,800,519	2,897,437,325	3,092,109,300	1.62	98.05	99.40	99.11	
Chatham Township	4,551,490,534	4,157,929,594	3,461,241,500	1.99	76.08	99.60	99.52	
Chester Borough	472,142,399	437,984,536	467,103,520	2.44	99.21	99.51	99.40	
Chester Township	2,155,055,360	2,022,531,686	1,823,774,669	2.59	84.71	99.25	99.23	
Denville Township	4,206,117,947	3,784,447,039	3,109,423,200	2.76	74.11	99.10	99.20	
Dover, Town	1,786,767,110	1,669,870,783	1,306,383,900	3.27	73.61	98.60	98.72	
East Hanover Township	3,984,622,822	3,492,379,566	2,522,316,339	2.59	63.55	97.67	99.35	
Florham Park Borough	4,674,415,972	3,988,653,048	3,866,199,379	1.62	82.98	98.59	98.71	
Hanover Township	5,279,726,727	5,136,455,374	3,897,397,292	2.03	74.66	98.71	99.22	
Harding Township	2,442,745,319	2,346,331,716	2,094,267,488	1.19	85.79	99.32	99.20	
Jefferson Township	3,341,512,067	3,120,417,982	2,890,979,660	2.90	86.58	98.63	98.48	
Kinnelon Borough	2,473,873,287	2,259,077,532	2,119,058,500	2.90	85.70	99.22	99.04	
Lincoln Park Borough	1,809,969,147	1,651,587,673	1,997,451,100	2.16	110.57	97.91	98.85	
Madison Borough	5,126,529,971	4,438,894,910	3,661,317,500	2.13	71.56	99.60	99.48	
Mendham Borough	1,542,080,373	1,422,680,412	1,264,043,370	2.46	82.06	99.03	99.20	
Mendham Township	2,244,749,115	2,091,377,370	2,256,145,699	1.94	100.54	99.59	99.68	
Mine Hill Township	627,399,653	563,893,535	455,246,600	2.81	72.86	99.54	99.60	
Montville Township	5,767,390,897	5,392,048,037	4,552,921,779	2.62	79.05	99.13	99.29	
Morris Township	6,513,590,653	6,072,084,675	5,431,337,038	2.00	83.70	99.39	99.38	
Morris Plains Borough	1,915,617,212	1,681,807,565	1,488,353,500	2.48	78.17	99.39	99.29	
Morristown, Town	4,342,606,130	2,976,204,956	4,784,090,363	1.58	110.74	98.12	98.46	
Mt. Lakes Borough	1,598,674,903	1,445,988,204	1,526,180,600	2.39	95.55	99.37	99.09	
Mt. Arlington Borough	1,085,481,501	934,712,400	1,067,975,800	2.04	98.46	98.40	97.64	
Mt. Olive Township	4,464,954,225	4,061,474,794	3,363,564,900	3.39	75.39	99.50	99.58	
Netcong Borough	356,864,926	343,170,632	319,744,500	3.42	92.07	98.92	98.49	
Parsippany-Troy Hills Twp.	9,682,497,518	9,544,087,196	7,320,045,550	3.38	75.75	99.44	99.29	
Long Hill Township (Passaic)	2,036,640,524	1,948,726,067	1,962,641,107	2.24	96.59	99.32	99.18	
Pequannock Township	3,367,304,546	3,196,834,517	3,469,701,975	1.83	103.24	99.25	99.39	
Randolph Township	5,271,016,526	4,994,367,657	4,402,782,083	2.83	83.64	99.33	99.45	
Riverdale Borough	1,039,446,547	1,051,284,078	1,022,885,625	1.83	98.84	99.33	99.28	
Rockaway Borough	991,718,420	917,321,536	791,055,087	3.33	80.29	98.81	98.70	
Rockaway Township	5,727,661,719	5,279,761,888	5,273,589,000	2.56	92.26	98.78	99.11	
Roxbury Township	4,569,286,016	4,322,689,311	3,545,864,300	2.75	77.90	98.83	98.98	
Victory Gardens Borough	105,129,370	98,100,264	70,634,500	3.28	67.31	96.84	** 96.84	
Washington Township	3,503,266,069	3,256,819,999	2,829,538,400	2.90	80.87	98.86	98.98	
Wharton Borough	902,054,211	888,911,552	908,074,000	2.80	101.14	98.12	98.43	
	\$ 117,049,063,732	\$ 107,587,113,864	\$ 97,636,506,614					

* Real and Personal Property

** Percentage of Tax Collection not available used 2023

COUNTY OF MORRIS

GROSS DEBT AND NET DEBT OF CONSTITUENT MUNICIPALITIES

AS OF DECEMBER 31, 2024

	Gross Debt			Deductions			Net Debt	Average Valuations	Statutory Percent- Net Debt
	School	Utility	Other	School	Utility	Other			
Boonton, Town of	\$ 12,445,000	\$ 18,223,502	\$ 10,284,522	\$ 12,445,000	\$ 18,223,502	\$ 174,170	\$ 10,110,352	\$ 1,525,236,604	0.66 %
Boonton Township	-	598,500	11,993,752	-	598,500	16,126	11,977,626	1,084,675,302	1.10
Butler Borough	14,228,000	6,054,820	1,904,287	14,228,000	6,054,820	113,788	1,790,499	1,298,665,326	0.14
Chatham Borough	-	5,381,925	20,533,791	-	5,381,925	-	20,533,791	3,158,872,417	0.65
Chatham Township	15,955,934	3,805,533	22,447,000	15,955,934	3,805,533	-	22,447,000	4,441,137,398	0.51
Chester Borough	3,262,778	1,187,000	3,020,330	3,262,778	1,187,000	-	3,020,330	484,853,124	0.62
Chester Township	14,491,469	-	11,672,000	14,491,469	-	2,982	11,669,018	2,153,442,654	0.54
Denville Township	4,138,634	549,641	7,630,600	4,138,634	549,641	-	7,630,600	4,122,053,577	0.19
Dover, Town of	1,332,000	17,009,002	30,929,335	1,332,000	17,009,002	1,247,008	29,682,327	1,777,488,335	1.67
East Hanover Township	24,190,884	7,378,000	52,098,798	24,190,884	7,378,000	-	52,098,798	3,902,674,488	1.34
Florham Park Borough	36,130,731	4,535,000	3,637,000	36,130,731	4,535,000	-	3,637,000	4,499,241,972	0.08
Hanover Township	17,766,147	-	1,500,000	17,766,147	-	-	1,500,000	5,119,190,753	0.03
Harding Township	-	-	3,244,712	-	-	799,438	2,445,274	2,472,586,050	0.10
Jefferson Township	13,260,000	5,395,714	23,691,510	13,260,000	5,395,714	-	23,691,510	3,324,579,704	0.71
Kinnelon Borough	10,980,000	2,142,500	15,417,368	10,980,000	2,142,500	-	15,417,368	2,443,543,349	0.63
Lincoln Park Borough	9,490,000	1,614,065	11,839,262	9,490,000	1,614,065	-	11,839,262	1,820,023,897	0.65
Madison Borough	104,037,685	700,000	14,438,336	104,037,685	700,000	-	14,438,336	4,940,885,668	0.29
Mendham Borough	4,768,026	6,532,090	1,493,218	4,768,026	6,532,090	30,641	1,462,577	1,519,380,403	0.10
Mendham Township	18,015,000	3,891,028	19,255,976	18,015,000	3,891,028	-	19,255,976	2,276,383,157	0.85
Mine Hill Township	4,355,000	2,865,500	2,114,439	4,355,000	2,865,500	-	2,114,439	616,439,201	0.34
Montville Township	14,001,887	22,560,915	18,891,306	14,001,887	22,560,915	1,259,500	17,631,806	5,796,001,522	0.30
Morris Township	-	9,272,148	22,247,003	-	6,802,098	-	24,717,053	6,471,664,446	0.38
Morris Plains Borough	12,460,000	-	10,377,960	12,460,000	-	187,389	10,190,571	1,794,352,008	0.57
Morristown, Town of	-	917,681	51,905,571	-	917,681	28,396,461	23,509,110	4,020,023,923	0.59
Mt. Lakes Borough	16,895,000	-	17,465,960	16,895,000	-	60,504	17,405,456	1,609,963,474	1.08
Mt. Arlington Borough	845,000	-	8,680,966	845,000	-	150	8,680,816	1,080,312,514	0.80
Mt. Olive Township	8,385,000	4,766,370	30,885,506	8,385,000	4,766,370	-	30,885,506	4,393,429,998	0.70
Netcong Borough	867,000	2,663,604	3,651,346	867,000	2,663,604	-	3,651,346	355,153,924	1.03
Parsippany-Troy Hills Twp	14,290,000	136,850,860	105,303,125	14,290,000	136,850,860	526,626	104,776,499	9,813,191,213	1.07
Long Hill Township (Passaic)	9,091,605	-	1,685,426	9,091,605	-	-	1,685,426	2,029,272,519	0.08
Pequannock Township	5,980,000	29,170,000	9,474,538	5,980,000	29,170,000	8,933,802	540,736	3,399,311,400	0.02
Randolph Township	65,136,000	-	21,761,650	65,136,000	-	135,104	21,626,546	5,299,592,110	0.41
Riverdale Borough	18,921,796	4,981,215	5,561,273	18,921,796	4,981,215	150,145	5,411,128	1,053,418,987	0.51
Rockaway Borough	10,252,092	5,445,482	6,232,948	10,252,092	5,445,482	-	6,232,948	978,157,305	0.64
Rockaway Township	5,742,010	6,566,680	16,389,809	5,742,010	6,566,680	226,578	16,163,231	5,719,005,782	0.28
Roxbury Township	4,770,000	8,073,756	3,571,608	4,770,000	8,073,756	-	3,571,608	4,596,258,925	0.08
Victory Gardens Borough	-	-	-	-	-	-	-	106,608,779	0.00
Washington Township	37,716,671	-	11,524,100	37,716,671	-	194,149	11,329,951	3,508,009,914	0.32
Wharton Borough	-	25,070	-	-	25,070	-	-	933,509,802	0.00
	<u>\$ 534,201,349</u>	<u>\$ 319,157,601</u>	<u>\$ 614,756,331</u>	<u>\$ 534,201,349</u>	<u>\$ 316,687,551</u>	<u>\$ 42,454,561</u>	<u>\$ 574,771,820</u>	<u>\$ 115,938,591,924</u>	

COUNTY OF MORRIS
GENERAL, COLLEGE AND PARK IMPROVEMENT
SERIAL BONDS ISSUED AND OUTSTANDING

AS OF MARCH 31, 2025

	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Dates for Bonds Outstanding as of 03/31/25</u>	<u>Amounts</u>	<u>Rate of Interest</u>	<u>Balance 03/31/25</u>
<u>GENERAL:</u>						
General Improvement Bonds 2016	10/25/16	\$ 25,449,000	10/15/25 10/15/26	\$ 3,170,000 2,570,000	2.000 % 2.000	\$ 5,740,000
General Improvement Bonds 2017	07/18/17	29,783,000	01/15/26	4,200,000	3.000	4,200,000
General Improvement Bonds 2018	07/11/18	21,865,000	01/15/26 01/15/27 01/15/28	1,865,000 2,225,000 2,200,000	4.000 4.000 4.000	6,290,000
General Improvement Bonds 2019	06/27/19	24,035,000	02/01/26 02/01/27 02/01/28 02/01/29 02/01/30	2,300,000 2,740,000 1,900,000 2,385,000 2,185,000	4.000 3.000 3.000 3.000 3.000	11,510,000
General Improvement Bonds 2020	07/02/20	28,700,000	02/01/26-27 02/01/28 02/01/29-31 02/01/32	3,000,000 2,700,000 2,600,000 2,500,000	3.000 2.000 2.000 2.000	19,000,000
General Improvement Bonds 2021	07/01/21	37,043,000	02/01/26 02/01/27 02/01/28 02/01/29 02/01/30-33	3,340,000 3,600,000 3,480,000 3,550,000 3,600,000	2.000 2.000 2.000 2.000 2.000	28,370,000
General Improvement Bonds 2023	06/29/23	17,085,000	02/01/26 02/01/27 02/01/28 02/01/29-30 02/01/31	1,800,000 3,600,000 2,000,000 1,950,000 1,945,000	4.000 4.000 4.000 4.000 4.000	13,245,000
General Improvement Bonds 2024	06/27/24	30,247,000	02/01/26 02/01/27 02/01/28 02/01/29 2/1/30-33	3,100,000 4,225,000 4,256,000 3,527,000 3,025,000	3.000 4.000 4.000 4.000 4.000	27,217,000
TOTAL GENERAL BONDS						<u>\$ 115,572,000</u>
<u>COUNTY COLLEGE:</u>						
County College Bonds 2016	10/25/16	\$ 1,910,000	10/15/25-26	\$ 250,000	2.000 %	\$ 500,000
County College Bonds 2017	07/18/17	600,000	01/15/26	60,000	3.000	60,000
County College Bonds 2017 (c.12)	07/18/17	3,000,000	01/15/26	400,000	3.000	400,000
County College Bonds 2018	07/11/18	3,300,000	01/15/26-27	400,000	4.000	800,000

COUNTY OF MORRIS
GENERAL, COLLEGE AND PARK IMPROVEMENT
SERIAL BONDS ISSUED AND OUTSTANDING

AS OF MARCH 31, 2025

	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Dates for Bonds Outstanding as of 03/31/25</u>	<u>Amounts</u>	<u>Rate of Interest</u>	<u>Balance 03/31/25</u>
<u>COUNTY COLLEGE (Cont'd.)</u>						
County College Bonds 2019	06/27/19	\$ 6,700,000	02/01/26 02/01/27-28	\$ 745,000 745,000	4.000 % 3.000	\$ 2,235,000
County College Bonds 2020	07/02/20	1,700,000	02/01/26-27 02/01/28 02/01/29	185,000 185,000 220,000	3.000 2.000 2.000	775,000
Refunding County College Bonds 2021B	02/16/21	3,345,000	02/01/26 02/01/27	660,000 670,000	0.919 1.233	1,330,000
County College Bonds 2021	07/01/21	6,940,000	02/01/26 02/01/27 02/01/28 02/01/29 02/01/30 02/01/31 02/01/32	665,000 800,000 695,000 705,000 725,000 740,000 760,000	2.000 2.000 2.000 2.000 2.000 2.000 2.000	5,090,000
County College Bonds 2022	06/30/22	5,224,000	02/01/26 02/01/27	890,000 920,000	4.000 4.000	1,810,000
County College Bonds 2023	06/29/23	3,982,000	02/01/26 02/01/27 02/01/28	855,000 735,000 875,000	4.000 4.000 4.000	2,465,000
County College Bonds 2024	06/27/24	4,183,000	02/01/26 02/01/27 02/01/28 02/01/29	825,000 845,000 850,000 838,000	3.000 4.000 4.000 4.000	3,358,000
TOTAL COUNTY COLLEGE BONDS						<u>\$ 18,823,000</u>
<u>PARK:</u>						
Park Bonds 2016	10/25/16	\$ 1,641,000	10/15/25-26	\$ 180,000	2.000 %	\$ 360,000
Park Bonds 2018	07/11/18	1,715,000	01/15/26	230,000	4.000	230,000
Park Bonds 2019	06/27/19	1,787,000	02/01/26	255,000	4.000	255,000
Park Bonds 2020	07/02/20	1,581,000	02/01/26	285,000	3.000	285,000
Park Bonds 2021	07/01/21	1,235,000	02/01/26 02/01/27	210,000 215,000	2.000 2.000	425,000
Park Bonds 2024	06/27/24	2,670,000	02/01/26 02/01/27-28 02/01/29	475,000 630,000 620,000	3.000 4.000 4.000	2,355,000
TOTAL PARK BONDS						<u>\$ 3,910,000</u>
TOTAL SERIAL BONDS ISSUED & OUTSTANDING						<u>\$ 138,305,000</u>

COUNTY OF MORRIS

LEASE REVENUE BONDS ISSUED AND OUTSTANDING

AS OF MARCH 31, 2025

	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Dates for Bonds Outstanding as of 03/31/25</u>	<u>Amounts</u>	<u>Rate of Interest</u>	<u>Balance 03/31/25</u>
Guaranteed Pooled Program	02/16/21	\$ 13,960,000	02/01/26	\$ 865,000	0.919 %	\$ 11,075,000
Refunding Lease Revenue Bonds 2021B			02/01/27	870,000	1.233	
			02/01/28	890,000	1.473	
			02/01/29	900,000	1.664	
			02/01/30	910,000	1.764	
			02/01/31	925,000	1.854	
			02/01/32	940,000	1.994	
			02/01/33	970,000	2.104	
			02/01/34	990,000	2.204	
			02/01/35	1,005,000	2.314	
			02/01/36	1,030,000	2.444	
			02/01/37	780,000	2.544	
TOTAL LEASE REVENUE BONDS ISSUED & OUTSTANDING						<u>\$ 11,075,000</u>

**STATEMENT OF STATUTORY NET DEBT
MARCH 31, 2025**

GROSS DEBT

General Bonds - Issued & Outstanding	\$ 115,572,000
County College Bonds - Issued & Outstanding	18,823,000
Lease Bonds Payable	<u>11,075,000</u>
	145,470,000
Park Bonds - Issued & Outstanding	<u>3,910,000</u>
	149,380,000
Bonds & Notes Authorized and Issued by the County Improvement Authority Guaranteed by the County of Morris	53,810,000
Bonds Authorized but not Issued:	
General Improvements:	
Authorized but not Issued	\$183,113,552
Park Improvements:	
Authorized but not Issued	<u>4,424,000</u>
	187,537,552
Debt Authorized by the County Improvement Authority Guaranteed by the County of Morris	30,000,000
Loan Payable to State of New Jersey	<u>791,200</u>
TOTAL GROSS DEBT	421,518,752
Less: Applicable Deductions	
Bonds Authorized and Issued by the County Improvement Authority Guaranteed by the County of Morris	53,810,000
Debt Authorized by the County Improvement Authority Guaranteed by the County of Morris	30,000,000
Bonds & Notes Authorized But Not Issued:	
- Capital Projects for County Colleges (N.J.S.A. 18A:64A-22.1 To N.J.S.A. 18A:64A-22.8)	<u>10,871,689</u>
TOTAL STATUTORY NET DEBT	<u>\$ 326,837,063</u>
Three-year Average (2022-2024) Equalized Valuation of Real Property (Pursuant to N.J.S.A. 54:1-35.1)	\$ 115,938,591,924
Debt Expressed as a Percentage of Average Equalized Valuation of Real Property	.282%
State Equalized Valuation of Real Property for 2024 (Pursuant to N.J.S.A. 54:1-35.1)	<u>\$ 125,439,232,437</u>

STATEMENT OF STATUTORY NET DEBT (Continued)
MARCH 31, 2025

Assessed Valuation Taxable of Real and Personal Property for 2024	<u>\$ 97,636,506,614</u>
Ratio of Assessed Value to True Value of Real and Personal Property – 2024	83.42%
Estimated True (Equalized) Valuation of Real and Personal Property on Which County Taxes are Apportioned - 2024	<u>\$ 117,049,063,732</u>
Debt Expressed as a Percentage of Equalized Valuation of Real and Personal Property on which County Taxes are Apportioned	.279%
Debt Limitation Per N.J.S.A. 40A:2-6 (Counties) 2% of Three-year Average Equalized Valuation	\$ 2,318,771,838
NET DEBT	<u>326,837,063</u>
UNUSED BORROWING MARGIN	<u>\$ 1,991,934,775</u>

**COUNTY OF MORRIS
COUNTY PERMANENT DEBT
AS OF MARCH 31, 2025**

Year	Principal				Interest	Debt Service on	State of New Jersey	Debt Service
	General	College	Park	Total		Outstanding Bonds		
2025	\$3,170,000	\$250,000	\$180,000	\$3,600,000	\$2,246,292	\$5,846,292	\$50,841	\$5,897,133
2026	23,040,000	5,935,000	1,635,000	30,610,000	3,864,677	34,474,677	101,682	34,576,359
2027	20,260,000	5,300,000	845,000	26,405,000	2,953,476	29,358,476	101,682	29,460,158
2028	17,435,000	3,350,000	630,000	21,415,000	2,192,952	23,607,952	101,682	23,709,634
2029	14,912,000	1,763,000	620,000	17,295,000	1,607,009	18,902,009	101,682	19,003,691
2030	14,270,000	725,000		14,995,000	1,144,745	16,139,745	101,682	16,241,427
2031	12,095,000	740,000		12,835,000	757,819	13,592,819	101,682	13,694,501
2032	10,065,000	760,000		10,825,000	441,972	11,266,972	101,682	11,368,654
2033	7,595,000			7,595,000	196,796	7,791,796	101,682	7,893,478
2034	990,000			990,000	79,182	1,069,182		1,069,182
2035	1,005,000			1,005,000	56,644	1,061,644		1,061,644
2036	1,030,000			1,030,000	32,430	1,062,430		1,062,430
2037	780,000			780,000	9,922	789,922		789,922
	<u>\$126,647,000</u>	<u>\$18,823,000</u>	<u>\$3,910,000</u>	<u>\$149,380,000</u>	<u>\$15,583,916</u>	<u>\$164,963,916</u>	<u>\$864,297</u>	<u>\$165,828,213</u>

Note: As of March 31, 2025, the County has paid \$32,400,682 of the \$38,297,815 total debt due for 2025.

APPENDIX B

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

COUNTY OF MORRIS
APPENDIX B
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FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
AND INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

The Honorable Director and Members
of the Board of County Commissioners
County of Morris
Morristown, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the County of Morris (the "County") as of and for the years ended December 31, 2024, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the County as of December 31, 2024, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the County as of December 31, 2024, 2023 and 2022, or the changes in financial position where applicable, thereof for the years then ended.

Basis for Opinions

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

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

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

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

The Honorable Director and Members
of the Board of County Commissioners
County of Morris
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Emphasis of Matter

As discussed in Note V to the financial statements, the County implemented GASB Statement No. 101, *Compensated Absences*, during the year ended December 31, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Mount Arlington, New Jersey
April 21, 2025

Nisiuoccia LLP

COUNTY OF MORRIS
COMPARATIVE BALANCE SHEET
CURRENT FUND

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
General Fund:			
Cash and Cash Equivalents	\$ 155,261,988	\$ 141,605,839	\$ 66,952,929
Investments		8,500,000	70,000,000
Added and Omitted Taxes Receivable	1,054,000	1,081,341	641,587
Interfunds Receivable	4,692,223	3,839,519	3,741,808
Other Receivables	1,771,357	1,564,920	1,749,349
Revolving Fund - Prosecutor	37,000	37,000	37,000
Total General Fund	162,816,568	156,628,619	143,122,673
Grant Fund:			
Cash and Cash Equivalents	63,276,965	44,793,213	83,113,981
Investments		26,000,000	
Federal and State Grants Receivable	60,183,458	66,547,798	63,826,394
Total Grant Fund	123,460,423	137,341,011	146,940,375
<u>TOTAL ASSETS</u>	<u>\$ 286,276,991</u>	<u>\$ 293,969,630</u>	<u>\$ 290,063,048</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Fund:			
Appropriation Reserves (Unencumbered)	\$ 41,755,036	\$ 42,211,040	\$ 33,619,005
Encumbrances Payable and Other Liabilities	44,187,563	44,698,750	42,638,578
Reserve for Receivables	7,554,580	6,522,780	6,169,744
Fund Balance	69,319,389	63,196,049	60,695,346
Total General Fund	162,816,568	156,628,619	143,122,673
Grant Fund:			
Interfunds Payable	4,192,223	3,339,519	3,241,808
Encumbrances Payable	65,229,053	41,852,488	45,116,343
Appropriated Reserves	46,286,183	88,345,710	98,562,660
Unappropriated Reserves	7,752,964	3,803,294	19,564
Total Grant Fund	123,460,423	137,341,011	146,940,375
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 286,276,991</u>	<u>\$ 293,969,630</u>	<u>\$ 290,063,048</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
CURRENT FUND

	For the Years Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 30,211,156	\$ 30,211,156	\$ 28,243,797
Miscellaneous Revenue Anticipated	85,318,786	81,370,496	131,145,327
Receipts from Current Taxes	280,326,358	266,711,676	252,921,843
Nonbudget Revenue	13,958,590	11,670,705	8,095,606
Other Credits to Income	18,580,178	19,144,451	20,466,672
Total Income	<u>428,395,068</u>	<u>409,108,484</u>	<u>440,873,245</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operations	313,985,394	303,806,178	335,881,861
Capital Improvements	4,292,000		2,305,000
Debt Service	40,592,604	40,128,334	41,769,230
Deferred Charges/Statutory Expenditures	28,498,351	28,622,594	26,162,627
Other Debits to Income	4,692,223	3,839,519	3,741,808
Total Expenditures	<u>392,060,572</u>	<u>376,396,625</u>	<u>409,860,526</u>
Statutory Excess to Fund Balance	36,334,496	32,711,859	31,012,719
Balance January 1	<u>63,196,049</u>	<u>60,695,346</u>	<u>57,926,424</u>
	99,530,545	93,407,205	88,939,143
Decreased by:			
Utilized as Anticipated Revenue	<u>30,211,156</u>	<u>30,211,156</u>	<u>28,243,797</u>
Balance December 31	<u><u>\$ 69,319,389</u></u>	<u><u>\$ 63,196,049</u></u>	<u><u>\$ 60,695,346</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE STATEMENT OF REVENUE
CURRENT FUND

	For the Years Ended December 31,					
	2024		2023		2022	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 30,211,156	\$ 30,211,156	\$ 30,211,156	\$ 30,211,156	\$ 28,243,797	\$ 28,243,797
Miscellaneous Revenue Anticipated:						
Local Revenue	23,020,260	31,279,158	22,440,260	26,622,213	22,477,260	29,407,164
State Aid	14,926,011	15,569,689	15,168,382	15,703,252	14,713,040	14,948,096
Public and Private Revenue Offset with Appropriations	34,888,861	35,259,026	34,586,038	35,888,578	82,127,451	81,833,861
Other Special Items	3,995,710	3,210,913	3,439,599	3,156,453	5,635,335	4,956,206
Subtotal Miscellaneous Revenue Anticipated	76,830,842	85,318,786	75,634,279	81,370,496	124,953,086	131,145,327
Amount to be Raised by Taxes for Support of County Budget:						
Local Tax for County Purposes	280,326,358	280,326,358	266,711,676	266,711,676	252,921,843	252,921,843
Total Budget Revenue	387,368,356	395,856,300	372,557,111	378,293,328	406,118,726	412,310,967
Nonbudget Revenue		13,958,590		11,670,705		8,095,606
Grand Total	\$ 387,368,356	\$ 409,814,890	\$ 372,557,111	\$ 389,964,033	\$ 406,118,726	\$ 420,406,573

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE STATEMENT OF EXPENDITURES
CURRENT FUND

For the Years Ended December 31,

	2024			2023			2022		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operations:									
General Government	\$ 28,527,962	\$ 25,239,830	\$ 3,288,132	\$ 27,192,507	\$ 22,808,987	\$ 4,383,520	\$ 25,530,972	\$ 22,587,487	\$ 2,943,485
Code Enforcement	1,207,610	1,119,921	87,689	1,159,990	1,014,114	145,876	1,121,670	937,114	184,556
Insurance	66,126,662	45,178,517	20,948,145	63,918,630	46,397,387	17,521,243	57,580,791	45,196,303	12,384,488
Public Safety	77,603,508	72,712,615	4,890,893	74,562,498	68,677,691	5,884,807	68,725,047	64,370,772	4,354,275
Public Works	22,362,393	19,399,891	2,962,502	21,555,320	17,147,431	4,407,889	20,275,335	17,441,875	2,833,460
Health and Welfare	38,140,905	32,468,225	5,672,680	36,718,574	30,946,089	5,772,485	36,611,280	29,563,130	7,048,150
Parks and Recreation	9,010,762	9,010,762		8,897,074	8,897,074		8,861,162	8,861,162	
Educational	24,370,289	23,676,794	693,495	24,193,104	23,249,606	943,498	23,576,956	22,976,610	600,346
Unclassified	7,703,676	6,148,084	1,555,592	7,054,698	6,210,549	844,149	7,600,057	5,835,533	1,764,524
Public and Private Programs Offset by Revenue	38,901,627	38,462,525	439,102	38,523,783	37,781,328	742,455	85,968,591	85,408,795	559,796
Contingent	30,000	3,639	26,361	30,000	3,341	26,659	30,000	6,675	23,325
Subtotal Operations	313,985,394	273,420,803	40,564,591	303,806,178	263,133,597	40,672,581	335,881,861	303,185,456	32,696,405
Capital Improvements	4,292,000	4,292,000					2,305,000	2,305,000	
County Debt Service	40,592,611	40,592,604		40,128,339	40,128,334		41,769,238	41,769,230	
Deferred Charges and Statutory Expenditures	28,498,351	27,307,906	1,190,445	28,622,594	27,084,134	1,538,460	26,162,627	25,240,027	922,600
	<u>\$ 387,368,356</u>	<u>\$ 345,613,313</u>	<u>\$ 41,755,036</u>	<u>\$ 372,557,111</u>	<u>\$ 330,346,065</u>	<u>\$ 42,211,041</u>	<u>\$ 406,118,726</u>	<u>\$ 372,499,713</u>	<u>\$ 33,619,005</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE BALANCE SHEET
TRUST FUNDS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 127,430,066	\$ 80,930,443	\$ 82,511,028
Investments		41,366,000	36,815,271
Grants Receivable	12,981,133	15,472,889	16,307,135
Added and Omitted Taxes Receivable	29,097	29,159	16,965
<u>TOTAL ASSETS</u>	<u>\$ 140,440,296</u>	<u>\$ 137,798,491</u>	<u>\$ 135,650,399</u>
<u>LIABILITIES AND RESERVES</u>			
Cash Reserves for Various Purposes	\$ 120,530,135	\$ 115,543,972	\$ 112,635,270
Due to Local Government Units	6,499,838	6,174,631	5,799,771
Interfunds Payable	500,000	900,000	900,000
Other Liabilities	12,910,323	15,179,888	16,315,358
<u>TOTAL LIABILITIES AND RESERVES</u>	<u>\$ 140,440,296</u>	<u>\$ 137,798,491</u>	<u>\$ 135,650,399</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE BALANCE SHEET
CAPITAL FUND

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
General Capital:			
Cash and Cash Equivalents	\$ 75,087,480	\$ 45,746,973	\$ 62,087,634
Deferred Charges to Future Taxation	327,821,707	331,733,439	259,597,963
Interfunds Receivable		400,000	400,000
Total General Capital	402,909,187	377,880,412	322,085,597
Park Capital:			
Cash and Cash Equivalents	510,795	1,119,905	1,966,970
Deferred Charges to Future Taxation	8,881,000	7,795,000	7,633,000
Total Park Capital	9,391,795	8,914,905	9,599,970
<u>TOTAL ASSETS</u>	<u>\$ 412,300,982</u>	<u>\$ 386,795,317</u>	<u>\$ 331,685,567</u>

LIABILITIES, RESERVES AND
FUND BALANCE

General Capital:			
Bonds, Loans and Capital Lease Payable	\$ 174,214,704	\$ 170,785,454	\$ 180,269,553
Improvement Authorizations	190,558,859	179,809,621	109,731,877
Cash Reserves for Various Purposes	19,973,053	13,429,326	19,557,174
Various Reserves	10,973,519	6,330,416	4,819,080
Fund Balance	7,189,052	7,525,595	7,707,913
Total General Capital	402,909,187	377,880,412	322,085,597
Park Capital:			
Bonds and Loans Payable	5,619,000	4,758,000	5,971,000
Improvement Authorizations	3,771,352	4,155,506	3,407,486
Fund Balance	1,443	1,399	221,484
Total Park Capital	9,391,795	8,914,905	9,599,970
<u>TOTAL LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>	<u>\$ 412,300,982</u>	<u>\$ 386,795,317</u>	<u>\$ 331,685,567</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE STATEMENT OF GENERAL CAPITAL FUND BALANCE
CAPITAL FUND

	For the Years Ended December 31,		
	2024	2023	2022
Balance January 1	\$ 7,525,595	\$ 7,707,913	\$ 9,817,814
Increased by:			
Premium on Sale of Bonds and Notes	1,112,960	1,002,556	191,267
Reimbursement of Funds:			
County/Municipality Share of Cost		189,153	
Morris County Insurance Fund	8,700		
Cancellation of Improvement Authorizations	80,180	68,996	3,705
Cancellation of Reserve for Debt Service	7,000,000		
MUA Repayment - Other		66,405	66,406
Other Miscellaneous Items	44,577	270	11,932
	<u>8,246,417</u>	<u>1,327,380</u>	<u>273,310</u>
Decreased by:			
State of New Jersey - Chapter 12	30,407	59,698	95,634
Appropriations to Finance:			
Improvement Authorizations	8,552,553	1,450,000	
Other Miscellaneous Items			2,287,577
	<u>8,582,960</u>	<u>1,509,698</u>	<u>2,383,211</u>
Balance December 31	<u>\$ 7,189,052</u>	<u>\$ 7,525,595</u>	<u>\$ 7,707,913</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE STATEMENT OF PARK CAPITAL FUND BALANCE
CAPITAL FUND

	For the Years Ended December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance January 1	<u>\$ 1,399</u>	<u>\$ 221,484</u>	<u>\$ 221,484</u>
Increased by:			
Cancellation of Improvement Authorizations	<u>44</u>	<u>1,399</u>	<u></u>
	<u>44</u>	<u>1,399</u>	<u></u>
Decreased by:			
Appropriations to Finance:			
Current Year Improvement Authorizations	<u></u>	<u>221,484</u>	<u></u>
	<u></u>	<u>221,484</u>	<u></u>
Balance December 31	<u><u>\$ 1,443</u></u>	<u><u>\$ 1,399</u></u>	<u><u>\$ 221,484</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
COMPARATIVE BALANCE SHEET
GENERAL FIXED ASSETS ACCOUNT GROUP

	December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Land	\$ 20,513,620	\$ 20,513,620	\$ 20,513,620
Buildings and Building Improvements	77,979,131	77,979,131	77,979,131
Machinery, Vehicles and Equipment	<u>62,291,787</u>	<u>56,361,675</u>	<u>53,356,655</u>
<u>TOTAL ASSETS</u>	<u>\$ 160,784,538</u>	<u>\$ 154,854,426</u>	<u>\$ 151,849,406</u>
<u>RESERVES</u>			
Investment in General Fixed Assets	<u>\$ 160,784,538</u>	<u>\$ 154,854,426</u>	<u>\$ 151,849,406</u>
<u>TOTAL RESERVES</u>	<u>\$ 160,784,538</u>	<u>\$ 154,854,426</u>	<u>\$ 151,849,406</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Reporting Entity*

Except as noted below, the financial statements of the County of Morris include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County of Morris, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the County of Morris do not include the operations of the County College, County Municipal Utilities Authority, Morris County Improvement Authority, Housing Authority, Park Commission, the Morris County School of Technology, the Office of Temporary Assistance, the Office of the Morris County Clerk, Sheriff and Surrogate, inasmuch as their activities are administered by separate boards or are maintained separately.

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.

Financial statements for each of the component units may be obtained from the entity's administrative offices.

County College of Morris
 Route 10 and Center Grove Road
 Randolph, NJ 07869

Morris County Municipal Utilities Authority
 214A Center Grove Road
 Randolph, NJ 07869

Morris County Park Commission
 Cultural Center
 300 Mendham Road
 Morris Township, NJ 07960

Morris County School of Technology
 400 East Main Street
 Denville, NJ 07834

Morris County Department of Human Services
 Office of Temporary Assistance
 340 West Hanover Avenue
 Morris Township, NJ 07961-7603

Office of the Morris County Clerk
 Administration and Records Building
 PO Box 315
 Morristown, NJ 07963-0315

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1. *Reporting Entity* (Cont'd)

Office of the Morris County Sheriff
Administration and Records Building
PO Box 900
Morristown, NJ 07963-0900

Office of the Morris County Surrogate
Administration and Records Building
PO Box 900
Morristown, NJ 07963-0900

Morris County Improvement Authority
Administration and Records Building
PO Box 900
Morristown, NJ 07963-0900

Morris County Housing Authority
Morris Mews, 99 Ketch Road
Morris Township, NJ 07960

2. *Description of Funds*

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the County of Morris conform to the accounting practices 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 County accounts for its financial transactions through the following separate funds and account groups which differ from the fund structure required by accounting principles generally accepted in the United States of America.

Current Fund -- resources and expenditures for governmental operations of a general nature, including federal and state grants for operations.

Trust Fund -- receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

Capital Fund -- receipt and disbursement of funds for the acquisition of general and park capital facilities, other than those acquired in their respective current funds.

General Fixed Assets Account Group - historical cost or estimated historical cost of general fixed assets acquired by the County.

3. *Basis of Accounting*

The more significant accounting policies in New Jersey are as follow:

Property Taxes and Other Revenues -- property taxes and other revenues are recognized on a cash basis. Receivables for added and omitted property taxes, interfunds, grants, charges for services provided, and the County's share of collections from constitutional offices are susceptible to accrual and are recorded with offsetting reserves on the balance sheet of the County's Current Fund. Grant revenue is realized in the Capital Funds when improvements are authorized. GAAP requires such revenue to be recognized in the accounting period when it becomes susceptible to accrual, reduced by an allowance for doubtful accounts.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3. *Basis of Accounting* (Cont'd)

Expenditures -- unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures in the Current Fund to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which would be recognized when due. Expenditures, if any, in excess of appropriations, appropriation reserves, or ordinances, become deferred charges which must be raised by future taxes.

Appropriation Reserves -- are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves are not established under GAAP.

Compensated Absences -- expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term liability.

Encumbrances -- contractual orders, at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Insurance Trust Funds -- payments to insurance trust funds for the County's various self-insurance programs are charged to current budget appropriations in the year the appropriation is included in the County budget rather than when the liability is incurred as required by GAAP.

Interfunds -- advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. Interfund receivables in the other funds are not offset by reserves.

Deferred Charges to Future Taxation -- the 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 the debt has been authorized but not permanently financed. A county can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by financed purchases agreements.

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

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

Investments -- Investments are stated at cost.

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

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3. *Basis of Accounting* (Cont'd)

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

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

General Fixed Assets Account Group - general fixed assets are recorded at cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by an "Investment in General 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 and General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current Fund and the General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructure. Fixed assets are reviewed for impairment.

The cash basis of accounting is followed in the trust and capital funds.

Had the County'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 and inventories would not be reflected as expenditures at the time of purchase; investments would be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the County is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the County is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the County acquires and owns a fixed asset and the County's net pension liability and Net OPEB liability and related deferred inflows and outflows would be recorded.

Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current 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 County during the year.

4. *Basic Financial Statements* - The GASB Codification also defines the financial statements of a governmental unit to be presented in the basic financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the County 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 County 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 County limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

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

Deposits:

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

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

- The market value of the collateral must equal five percent of the average daily balance of public funds; and
- In addition if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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 County 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;

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd):

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

As of December 31, 2024, cash and cash equivalents and investments of the County consisted of deposits in savings accounts, demand deposits and certificates of deposit. The carrying amount of the County's cash and cash equivalents and investments was \$421,567,293 at December 31, 2024.

The total of the bank balances of the County's cash and cash equivalents and investments on deposit at December 31, 2024 was \$428,313,500.

As of December 31, 2023, cash and cash equivalents and investments of the County consisted of deposits in savings accounts, demand deposits and certificates of deposit. The carrying amount of the County's cash and cash equivalents and investments was \$390,062,372 at December 31, 2023.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

C. FUND BALANCE APPROPRIATED

\$30,711,156 of the \$69,319,389 fund balance of the Current Fund at December 31, 2024 has been appropriated as an item of revenue in the introduced 2025 County budget.

D. MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY

The Morris County Municipal Utilities Authority (the “MCMUA”) was formed in 1958 to protect the County water supply and to prevent further diversion to areas outside the County. The County has from time to time issued debt on behalf of the MCMUA with an agreement to repay the County. On December 31, 2024, there were no funds due to the County from the MCMUA.

E. COUNTY DEBT

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

The Local Bond Law also provides for the issuance of bond anticipation notes by the County to temporarily finance capital projects.

	December 31,		
	2024	2023	2022
Issued:			
County Improvement Authority Debt			
Debt Guaranteed by the County	\$ 86,050,000	\$ 94,840,000	\$ 126,105,000
General (Including County College and Vocational School):			
Bonds and Loans	162,279,704	158,000,454	166,629,553
Guaranteed Pooled Program:			
Lease Revenue Bonds	11,935,000	12,785,000	13,640,000
Park Commission:			
Bonds and Loans	5,619,000	4,758,000	5,971,000
Total Issued	<u>265,883,704</u>	<u>270,383,454</u>	<u>312,345,553</u>
Authorized but not Issued:			
General:			
Bonds and Notes	156,869,003	163,984,985	80,990,409
Total Authorized but not Issued	<u>156,869,003</u>	<u>163,984,985</u>	<u>80,990,409</u>
Less:			
Capital Projects for County College (N.J.S.A. 18A:64A-22.1 to N.J.S.A. 18A:64A-22.8)	12,476,980	13,103,017	13,843,008
Bonds Authorized by Another Public Body to be Guaranteed by the County	86,050,000	94,840,000	126,105,000
	<u>\$ 324,225,727</u>	<u>\$ 326,425,422</u>	<u>\$ 253,387,954</u>

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

County debt is summarized as follows:

The County statutory net debt at December 31, 2024 was .280%. This percentage, which is calculated in accordance with the required method for the Annual Debt Statement purposes, is based on the following:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 422,752,707</u>	<u>\$ 98,526,980</u>	<u>\$ 324,225,727</u>

Based on the equalized valuation basis per N.J.S.A. 40A:2-2, of \$115,938,591,924, the County's remaining borrowing power under N.J.S.A. 40A:2-6 as of December 31, 2024, is as follows:

2% of Equalized Valuation of Real Property	\$ 2,318,771,838
Net Debt	<u>324,225,727</u>
Remaining Borrowing Power	<u>\$ 1,994,546,111</u>

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

Summary of County Debt Outstanding - Current Year

	<u>Balance 12/31/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/24</u>
Serial Bonds:				
General Capital Fund	\$ 157,083,000	\$ 34,430,000	\$ 30,067,000	\$ 161,446,000
Park Capital Fund	4,758,000	2,670,000	1,809,000	5,619,000
MCIA Guaranteed Pooled Program:				
Lease Revenue Bonds	12,785,000		850,000	11,935,000
Loans Payable:				
General Capital Fund				
NJ DEP Loan	<u>917,454</u>		<u>83,750</u>	<u>833,704</u>
Total	<u>\$ 175,543,454</u>	<u>\$ 37,100,000</u>	<u>\$ 32,809,750</u>	<u>\$ 179,833,704</u>

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

Summary of County Debt Outstanding - Prior Year

	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Serial Bonds:				
General Capital Fund	\$ 165,630,000	\$ 21,067,000	\$ 29,614,000	\$ 157,083,000
Park Capital Fund	5,971,000	427,000	1,640,000	4,758,000
MCIA Guaranteed Pooled Program:				
Lease Revenue Bonds	13,640,000		855,000	12,785,000
Loans Payable:				
General Capital Fund				
NJ DEP Loan	999,553		82,099	917,454
Total	<u>\$ 186,240,553</u>	<u>\$ 21,494,000</u>	<u>\$ 32,191,099</u>	<u>\$ 175,543,454</u>

GUARANTEED DEBT – MORRIS COUNTY IMPROVEMENT AUTHORITY

The Morris County Improvement Authority (the “Authority”) is a public body politic, corporate, organized, and existing under the County Improvement Authorities Law, constituting Chapter 183 of the *Pamphlet* Laws of 160, as Amended and Supplemented, N.J.S.A. 40:37A-1, et seq., and was created by virtue of an ordinance of the County of Morris, New Jersey (the “County”), adopted April 10, 2002. The County fully, unconditionally and irrevocably guarantees the debt issued by the Morris County Improvement Authority. The following are debt issued or authorized by the Authority:

On March 18, 2004, the Morris County Improvement Authority issued \$43,092,000 of County of Morris Guaranteed School District Revenue Bonds. The County adopted a guaranty ordinance on February 11, 2004, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. The County adopted a guaranty ordinance on February 8, 2012 for the purpose of refunding \$30,507,000 of these bonds of which \$28,230,000 were issued on March 28, 2012. The County adopted a guaranty ordinance on May 13, 2020 for the purpose of refunding \$15,475,000 of these bonds of which \$17,615,000 were issued on July 16, 2020.

On August 4, 2004, the Morris County Improvement Authority established a Capital Lease Program, whereby the repayment of the lease is secured by a full unconditional irrevocable guarantee by the County up to a maximum of \$10,000,000. On June 12, 2006 this amount was increased to \$20,000,000 and it was increased an additional \$10,000,000 on June 27, 2007. This authorization to lend up to \$30,000,000 is on a revolving basis. As of December 31, 2024, a balance of \$28,639,689 is available for future leases.

On February 25, 2009, the Morris County Improvement Authority issued \$20,930,000 of 2009 County of Morris Guaranteed Pooled Program Bonds. The County adopted a guaranty ordinance on December 10, 2008, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. The County adopted a guaranty ordinance on April 27, 2016 for the purpose of refunding \$16,575,000 of these bonds of which \$15,535,000 were issued on August 18, 2016.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

GUARANTEED DEBT – MORRIS COUNTY IMPROVEMENT AUTHORITY (Cont'd)

On February 18, 2010, the Morris County Improvement Authority issued \$21,600,000 of 2009 County of Morris Guaranteed Renewable Energy Program Bonds. The County previously adopted a guaranty ordinance on June 8, 2009, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. The County adopted a guaranty ordinance on September 25, 2019 for the purpose of refunding \$8,640,000 of these bonds of which \$8,220,000 were issued on December 4, 2019.

On December 8, 2011, the Morris County Improvement Authority issued \$33,100,000 of 2011 County of Morris Guaranteed Renewable Energy Program Lease Revenue Series 2011A Bonds. The County adopted a guaranty ordinance on May 11, 2011, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. In addition, on May 15, 2012, a \$1,200,000 note was issued (Series 2011B - County of Morris Guaranteed Renewable Energy Program Lease Revenue Note) maturing on January 15, 2013 at an interest rate of 1.062%. The purpose of which was to deposit in a capitalized interest account sufficient dollars to pay the interest on the Series 2011A Bonds on June 15, 2012 and December 15, 2012. The \$1,200,000 note had been extended several times during 2014 and 2015. The note was retired on the final maturity date of May 15, 2016 at an interest rate of 1.03%. The bonds were issued to (i) finance a portion of the costs of the Renewable Energy Projects for each of the Series 2011 Local Units, (ii) reimburse certain Renewable Energy Program development costs paid by the County and the Authority, (iii) pay certain fees and costs incurred by or for Sunlight General Morris Solar, LLC (the "Company") in connection with the Renewable Energy Program, and (iv) pay the various costs of issuing the Series 2011A Bonds. The County adopted a guaranty ordinance on May 26, 2021 for the purpose of refunding \$13,710,000 of these bonds of which \$13,995,000 were issued on July 28, 2021.

On August 30, 2011, the Morris County Improvement Authority issued \$16,490,000 of 2011 County of Morris Guaranteed Loan Program Bonds, of which the County's share of the liability was \$4,700,000. The County adopted a guaranty ordinance on June 8, 2011, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. The County adopted a guaranty ordinance on October 14, 2020 for the purpose of refunding \$7,130,000 of these bonds of which \$7,395,000 were issued on February 16, 2021, of which the County's share of the liability was \$3,490,000.

On June 28, 2012, the Morris County Improvement Authority issued \$28,515,000 of County of Morris Guaranteed Pooled Program Bonds, of which the County's share of the liability was \$23,365,000. The County adopted a guaranty ordinance on May 9, 2012, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County. The County adopted a guaranty ordinance on October 14, 2020 for the purpose of refunding \$15,835,000 of these bonds of which \$16,520,000 were issued on February 16, 2021, of which the County's share of the liability was \$13,815,000.

On March 11, 2020, the Morris County Improvement Authority issued \$10,935,000 of County of Morris Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project). The County adopted a guaranty ordinance on January 22, 2020, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

GUARANTEED DEBT – MORRIS COUNTY IMPROVEMENT AUTHORITY (Cont'd)

On February 16, 2021, the Morris County Improvement Authority issued \$8,930,000 of County of Morris Guaranteed Pooled Program Bonds, Series 2021A (Rockaway Borough Project). The County adopted a guaranty ordinance on October 14, 2020, whereby the payment of principal and interest on the entire bond issuance is secured by a full unconditional irrevocable guarantee by the County.

On May 26, 2021, the Morris County Improvement Authority issued \$5,200,000 of County of Morris Guaranteed Governmental Loan Revenue Bonds, Series 2021 (Whippany Firehouse Project). The County adopted a guaranty ordinance on September 11, 2019, whereby the payment of principal and interest on the entire note issuance is secured by a full unconditional irrevocable guarantee by the County.

As a result of these guarantees, the County is contingently liable should the local governmental units fail to meet their obligations to the Morris County Improvement Authority. In certain situations, in which the local government unit is a school district, the State of New Jersey may also be contingently liable for a portion of the debt. In these situations, the County's guaranty would be in a subordinate position behind the school district and the State of New Jersey. The balance of the guaranty ordinances at December 31, 2024 was \$86,050,000.

ANALYSIS OF DEBT ISSUED AND OUTSTANDING AT DECEMBER 31, 2024

<u>General Capital Fund</u>		
<u>General Improvement Serial Bonds</u>		
<u>Final Maturity</u>	<u>Rate</u>	
2/1/2025	2.125%	\$ 225,000
1/15/2026	3.000%	8,393,000
10/15/2026	2.000%	5,740,000
1/15/2028	4.000%	9,180,000
2/1/2030	3.000-4.000%	14,135,000
2/1/2031	4.000%	15,145,000
2/1/2032	2.000-3.000%	21,600,000
2/1/2033	2.000-4.000%	61,890,000
General Improvement Serial Bonds Outstanding		<u>\$ 136,308,000</u>

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

<u>County College Bonds (*)</u>		
<u>Final Maturity</u>	<u>Rate</u>	
1/15/2025	2.000-3.000%	\$ 750,000
1/15/2026	3.000%	930,000
10/15/2026	2.000%	500,000
1/15/2027	4.000%	1,280,000
2/1/2027	0.809-4.000%	4,660,000
2/1/2028	3.000-4.000%	6,135,000
2/1/2029	2.000-4.000%	5,143,000
2/1/2032	2.000%	5,740,000
		<u>\$ 25,138,000</u>

* - Includes County College Bonds (Ch. 12)

<u>2021 Lease Revenue Refunding Bonds - MCIA</u>		
<u>Final Maturity</u>	<u>Rate</u>	
2/1/2025	0.809%	\$ 860,000
2/1/2026	0.919%	865,000
2/1/2027	1.233%	870,000
2/1/2028	1.473%	890,000
2/1/2029	1.664%	900,000
2/1/2030	1.764%	910,000
2/1/2031	1.854%	925,000
2/1/2032	1.994%	940,000
2/1/2033	2.104%	970,000
2/1/2034	2.204%	990,000
2/1/2035	2.314%	1,005,000
2/1/2036	2.444%	1,030,000
2/1/2037	2.544%	780,000
2021 Lease Revenue Refunding Bonds Outstanding		<u>\$ 11,935,000</u>

General Capital NJ DEP Loans

<u>Final Maturity</u>	<u>Rate</u>	
8/13/2033	2.000%	\$ 833,704
Total General Capital Fund Bonded Debt and Loans Issued & Outstanding		<u>\$ 174,214,704</u>

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

Park Capital Fund

<u>Final Maturity</u>	<u>Park Serial Bonds</u> <u>Rate</u>	
1/15/2025	3.000%	\$ 210,000
2/1/2025	4.000%	214,000
1/15/2026	4.000%	460,000
2/1/2026	3.000-4.000%	1,070,000
10/15/2026	2.000%	360,000
2/1/2027	2.000%	635,000
2/1/2029	3.000-4.000%	2,670,000
		<u>\$ 5,619,000</u>
Total Bonded Debt and Loans Issued and Outstanding		<u>\$ 179,833,704</u>

Principal and interest payable during the next five years and each five year interval thereafter on serial bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 32,360,000	\$ 4,763,446	\$ 37,123,446
2026	29,745,000	3,659,444	33,404,444
2027	25,535,000	2,757,581	28,292,581
2028	20,525,000	2,008,975	22,533,975
2029	16,395,000	1,437,075	17,832,075
2030-2033	42,505,000	2,028,925	44,533,925
	<u>\$ 167,065,000</u>	<u>\$ 16,655,446</u>	<u>\$ 183,720,446</u>

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

E. COUNTY DEBT (Cont'd)

MORRIS COUNTY IMPROVEMENT AUTHORITY LEASES REVENUE BONDS PAYABLE

On August 30, 2011, the County entered into a lease agreement with the Morris County Improvement Authority in the amount of \$4,700,000. The lease was to fund the construction of an addition to the Public Safety Training Academy. Principal payments to the Improvement Authority commenced August 15, 2012.

On June 28, 2012, the County entered into a lease agreement with the Morris County Improvement Authority in the amount of \$14,865,000. The lease was to fund the construction of an addition to the Public Safety Training Academy. Principal payments to the Improvement Authority commenced February 1, 2013.

During 2021, the Morris County Improvement Authority refunded the 2011 and 2012 lease bonds. Principal payments on the 2021 refunding bonds total \$13,960,000 and principal payments commenced on February 1, 2022.

Principal and interest payable during the next five years and each five year interval thereafter on lease revenue bonds outstanding are as follows:

Year	Principal	Interest	Total Debt Service
2025	\$ 860,000	\$ 212,687	\$ 1,072,687
2026	865,000	205,233	1,070,233
2027	870,000	195,895	1,065,895
2028	890,000	183,977	1,073,977
2029	900,000	169,934	1,069,934
2030-2034	4,735,000	591,589	5,326,589
2035-2037	2,815,000	98,996	2,913,996
	<u>\$ 11,935,000</u>	<u>\$ 1,658,311</u>	<u>\$ 13,593,311</u>

BOND ANTICIPATION NOTES

Under the Local Bond Law, the County may issue bond anticipation notes to temporarily finance capital projects. The notes are full faith and credit obligations of the County. Bond anticipation notes must be paid-off within ten years and five months or retired by the issuance of bonds. There were no Bond Anticipation Notes outstanding as of December 31, 2024.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

F. NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (NJDEP) LOAN PROGRAMS

On January 16, 1985, the County became the first local unit in the State to be approved for the Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation. Through December 31, 2024, the County has no borrowed funds.

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest, on the loans, is at the rate of 2% annually on the outstanding balance. The final payment on the Green Acres Trust Loan was made in 2022.

In June 2010, the County was awarded a Loan from the New Jersey Dam Restoration and Inland Water Project Loan in the amount of \$1,635,201. These funds are being utilized to fund the rehabilitation of the Saffin Pond Dam. Payments commenced in February 2014 and are to continue on a semi-annual basis over a period of 20 years. Interest, on the loan, is at the rate of 2% annually on the outstanding balance. The loan balance as of December 31, 2024 is \$833,704. The County has appropriated \$101,685 in its 2025 introduced budget to fund loan principal and interest payments for the project.

G. PENSION PLANS

County 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).

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

1. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 years or more of service credit before age 62, and Tier 5 with 30 years or more 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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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. County contributions to PERS amounted to \$11,471,614 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$387,712 to the PERS for normal pension benefits on behalf of the County.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2023, the County's liability was \$124,321,447 for its proportionate share of the net pension liability. The net pension liability, which includes certain component units of the County, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the County's proportion was .858%, which was a decrease of 0.028% from its proportion measured as of June 30, 2022. The County has rolled forward the net pension liability with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 pension information in the Notes to the Financial Statements as the June 30, 2024 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the County is \$5,812,311 as of June 30, 2023. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the County was based on a projection of the County's long-term share of contributions to the pension plan relative to

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was 4.760%, which was a decrease of 0.004% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the County recognized \$11,471,614 in actual pension expense. During the fiscal year ended June 30, 2023, the State of New Jersey's expense related to the County for the PERS' special funding situation was \$507,968.

County's Proportionate Share of the Net Pension Liability	\$ 124,321,447
State's Proportionate Share of the Net Pension Liability Associated with the County	<u>5,812,311</u>
Total Net Pension Liability	<u><u>\$ 130,133,758</u></u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

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

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

1. 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 plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the County's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the County'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, 2023		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
County's proportionate share of the NPL	\$ 161,840,072	\$ 124,321,447	\$ 92,388,136

Pension Plan Fiduciary Net Position

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

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

Plan Description

The Police and Firemen's Retirement System of New Jersey (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 PFRS, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

2. 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. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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 employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of 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 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.

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 that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific 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.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

2. 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

County contributions to PFRS amounted to \$9,094,902 for the year ended December 31, 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$1,590,683 to the PFRS for normal pension benefits on behalf of the County, which is more than the contractually required contribution of \$1,582,148.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the County's liability for its proportionate share of the net pension liability was \$75,486,415. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the County's proportion was 0.683%, which was a decrease of 0.051% from its proportion measured as of June 30, 2022. The County has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2023 pension information in the Notes to the Financial Statements as the June 30, 2024 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the County is \$13,909,249 as of June 30, 2023. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the County was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was 0.683%, which was a decrease of 0.051% from its proportion measured as of June 30, 2022 which is the same proportion as the County's.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

County's Proportionate Share of the Net Pension Liability	\$ 75,486,415
State's Proportionate Share of the Net Pension Liability Associated with the County	<u>13,909,249</u>
Total Net Pension Liability	<u><u>\$ 89,395,664</u></u>

For the year ended December 31, 2024, the County recognized total pension expense of \$9,094,902.

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability (including the State's proportionate share of the net pension liability attributable to the County) as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

G. PENSION PLANS (Cont'd)

2. 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 County) to Changes in the Discount Rate (Cont'd)

	June 30, 2023		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
County's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the County	\$ 124,557,205	\$ 89,395,664	\$ 60,114,502

Pension Plan Fiduciary Net Position - PFRS

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

3. 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 County recognized pension expense of \$51,978 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$90,562 for the year ended December 31, 2024.

H. ACCRUED SICK AND VACATION BENEFITS

The County permits employees to accumulate sick and vacation days, which sick time may be taken as required or paid upon retirement and vacation may be taken as time off or paid at a later date at the current rate. Any County employee who retires pursuant to the requirements of his or her retirement program is entitled to the following benefits:

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

H. ACCRUED SICK AND VACATION BENEFITS (Cont'd)

Vacation - All prior accumulated vacation days and a pro-rata amount of the current year's unused vacation time earned by the employee for the calendar year.

Sick Time - All accumulated sick time will be paid based on a percentage and maximum payment specified in the applicable union contract. Employees not represented by a union, will be paid 50% of accumulated sick time, not to exceed \$12,000.

Compensatory Time - The County of Morris has computed the amount of the contingent liability for the unused or accrued vacation and sick time as of December 31, 2024. The County estimates that such liability would be approximately \$11,425,069. The amount is partially reserved in a Reserve for Accumulated Absences, as part of the Dedicated Funds in the amount of \$8,680,637 on the Trust Fund Balance Sheet.

Balance at December 31, 2023 (Restated)	\$ 10,567,737
Net Change	<u>857,332</u>
Balance at December 31, 2024	<u>\$ 11,425,069</u>
Amount Due within One Year	<u>\$ -0-</u>

Benefits paid in any future year will be charged to that year's budget if funds are appropriated or the available reserve funds. The 2024 County Budget did not include a separate appropriation for accrued benefits; however, there were accrued benefits paid in 2024 from certain salary and wage line items.

I. ENCUMBRANCES, ACCOUNTS PAYABLE AND CONTRACTS PAYABLE

Encumbrances existed in the following funds as of December 31:

	December 31,	
	2024	2023
Trust Fund - Reserved for Dedicated Funds	\$ 18,324,643	\$ 15,682,475
General Capital Fund - Improvement Authorizations	18,904,564	24,962,828
Park Capital Fund - Improvement Authorizations	1,278,804	2,878,731

Accounts payable in the Current Fund of \$5,739,158 represents salary and wage payments and related employers' social security paid after December 31, 2024, which was for services performed prior to year end.

Contracts payable of \$22,003,316 in the Current Fund represents \$14,384,061 reserved for the cost of the run off reserves with Cigna; and \$7,619,255 of unsettled labor and other contracts. Contracts payable of \$5,054,027 in the Regular Trust Fund represents awards to various subrecipients for the Community Development Block Grant, Emergency Shelter and Local Home projects.

J. RISK MANAGEMENT

The County of Morris manages its risks through a combination of insurance pool membership and self-insurance.

The County of Morris is a member of the Morris County Insurance Fund. The Fund provides its members with Liability, Property, and Automobile Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

J. RISK MANAGEMENT (Cont'd)

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

The Fund can declare and distribute dividends to members upon approval of the Insurance Commissioners. 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 Morris County Insurance Fund's audit as of December 31, 2024 was not completed as of the date of this report. Summarized, selected financial information for the years ended December 31, 2023 and 2022 for the Fund is as follows:

	2023	2022
Total Assets	\$ 15,313,761	\$ 12,162,608
Net Position	\$ 10,907,485	\$ 8,200,761
Total Operating Revenue	\$ 4,778,950	\$ 4,972,506
Total Operating Expenses	\$ 4,763,972	\$ 3,840,273
Non Operating Revenue	\$ 2,691,746	\$ 1,172,168
Change in Net Position	\$ 2,706,724	\$ 2,304,401
Members Dividends	\$ -0-	\$ -0-

Financial statements for the Fund are available at the offices of the Morris County Treasurer:

County of Morris
Administration & Records Building
4th Floor, CN 900
Morristown, NJ 07963

Health Benefits Insurance

The County currently maintains medical health care insurance with Cigna through a fully insured arrangement. Prescription is also fully insured. As of December 31, 2024, the County has \$14,384,061 in contracts payable and a 2024 appropriation reserve amount of \$20,802,436 to pay any run-off reserves.

Workers' Compensation Insurance

The County is currently self-insured for workers' compensation risks. The County's workers' compensation claim activity is reported in the Trust Funds of the County. The County has not recorded specific case reserves nor has it recorded a reserve for incurred but not reported claims ("IBNR"). The County's actuary has estimated loss reserves at a 90% confidence level, discounted at 3.0% for the years ending December 31, 2024 and 2023, respectively. The County also has purchased excess workers' compensation coverage with a self insured retention of \$500,000. Because the cash basis of accounting is followed for Trust Funds, the County has not recorded these estimated liabilities.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

J. RISK MANAGEMENT (Cont'd)

Workers' Compensation Insurance (Cont'd)

The following is a summary of the Workers' Compensation Insurance activity for the current and previous year:

	2024	2023
Paid Claims	\$ 2,587,924	\$ 2,757,198
Loss Reserves	6,237,486	6,035,916
Self Insured Retention	500,000	500,000

New Jersey Unemployment Compensation Insurance

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County 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 County is billed quarterly for amounts due to the State.

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

Year	County Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2022	\$ 600,000	\$ 450,604	\$ 56,070	\$ 442,259	\$ 6,975,240
2023	650,000	363,819	474,646	474,405	7,989,300
2024	450,000	427,765	621,845	433,746	9,055,164

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

1. State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Benefits Provided

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

The County provides post-retirement benefits, as follows, to County employees who meet the following criteria:

1. Retire after 25 or more years of service with a New Jersey State Retirement System and with at least 15 years of service with the County;
2. Retire after attainment of age 62 with at least 15 or more years of service with the County, for employees hired on or before November 1, 2012 (or later for certain collective bargaining agreements); or
3. Retire under a disability retirement from the New Jersey State Retirement System.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Benefits Provided (Cont'd)

Benefits are provided to the retiree and, if the retiree was hired prior to a certain date, the spouse as well depending on the employee's union affiliation or whether the employee is not affiliated with a union. If the spouse is covered, benefits continue to the surviving spouse after the death of the retiree.

Certain employees hired after certain dates are not eligible for postretirement healthcare benefits. This depends on the union the employee is affiliated with or whether the employee is not affiliated with a union.

A small number of County retirees receive their post retirements benefits under this plan while the majority of the retirees receive post retirement benefits under the County's OPEB plan.

Contributions

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

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information.

Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The County has rolled forward the net OPEB liability as of June 30, 2023 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2023 OPEB information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

At June 30, 2023, the County had a liability of \$493,565 for its proportionate share of the net OPEB liability. At June 30, 2023, the County's proportion was .003289% which was an increase of .00047% from its proportion measured as of June 30, 2022. Additionally, the State's proportionate share of the net OPEB liability attributable to the County at June 30, 2023 was \$51,216,399. At June 30, 2023, the State's proportion related to the County was 1.467900%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

For the year ended June 30, 2023 the County's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$12,281.

Additionally, during the year ended June 30, 2023, the State of New Jersey's OPEB benefit related to the County was \$9,286,534.

The County's actual post retirement payments in 2024 for 2 retired employees were \$19,874.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

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

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Discount Rate

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability Attributable to the County to Changes in the Discount Rate

The following presents the collective net OPEB liability of the County as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the County 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, 2023		
	At 1% Decrease (2.65%)	Current Discount Rate (3.65%)	At 1% Increase (4.65%)
Net OPEB Liability Attributable to the County	\$ 571,706	\$ 493,565	\$ 430,713

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

The following presents the net OPEB liability of the County as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the County would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the County	\$ 419,472	\$ 493,565	\$ 588,426

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

2. General Information about the County's OPEB Plan

Plan Description and Benefits Provided

The County provides post-retirement benefits, as follows, to County employees who meet the following criteria:

1. Retire after 25 or more years of service with a New Jersey State Retirement System and with at least 15 years of service with the County;
2. Retire after attainment of age 62 with at least 15 or more years of service with the County, for employees hired on or before November 1, 2012 (or later for certain collective bargaining agreements); or
3. Retire under a disability retirement from the New Jersey State Retirement System.

Benefits are provided to the retiree and, if the retiree was hired prior to a certain date, the spouse as well depending on the employee's union affiliation or whether the employee is not affiliated with a union. If the spouse is covered, benefits continue to the surviving spouse after the death of the retiree.

Certain employees hired after certain dates are not eligible for postretirement healthcare benefits. This depends on the union the employee is affiliated with or whether the employee is not affiliated with a union.

Medical benefits are provided through fully insured plans with CIGNA. There are two plans offered to retirees: a PPO plan and an HMO plan. Prescription drug benefits are provided through fully insured coverage with Cigna. There is a 3-tier co-pay of \$1/\$20/\$35 for retail and \$2/\$40/\$70 for mail-order. Medical benefits coordinate with Medicare. Medicare is primary and the County plan is secondary for retirees eligible for Medicare. Medicare eligible retirees and dependents are required to enroll in Medicare Part B. The County reimburses eligible Medicare retirees and spouses for the full cost of the Medicare Part B premium.

Contributions

The County's portion of postretirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2024 and 2023, the County had approximately 1,520 and 1,509 employees who met eligibility requirements and recognized expenses of approximately \$33,855,918 and \$31,196,659 respectively.

Employees Covered by Benefit Terms

As of January 1, 2024, there were a total of 2,358 active employees and retirees, reflecting the sum of 1,025 active employees and 1,333 retirees and surviving spouses.

Total OPEB Liability

The County's OPEB liability of \$992,015,814 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2024.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

2. General Information about the County's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26% at December 31, 2023
	4.08% at December 31, 2024
Salary Increases	3.50% per annum
Inflation Assumption	2.50% per annum

The selected discount rate was based on the Bond Buyer 20 Bond GO Index as of the measurement date, which represents the average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Health Care Trend Rates	Year	Pre 65 Medical/Prescription Drugs	Post 65 Medical	Medicare Part B
Year 1 Trend	2024	8.50%	4.50%	5.00%
Ultimate Trend	2032 & Later	4.50%	4.50%	5.00%
Grading per Year		0.50%	None	None

Mortality rates were based on the following:

PFRS:

Pre-Retirement: PUB-2010 (S) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2021.

Post-Retirement: PUB-2010 (G) Headcount-Weighted Healthy Annuitant Male/Female Mortality Projected with Scale MP-2021.

Disabled: PUB-2010 (S) Headcount-Weighted Disabled Retiree Male/Female Mortality Projected with Scale MP-2021.

PERS:

Pre-Retirement: PUB-2010 (G) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2021.

Post-Retirement: PUB-2010 (G) Headcount-Weighted Healthy Annuitant Male/Female Mortality Projected with Scale MP-2021.

Disabled: PUB-2010 (G) Headcount-Weighted Disabled Retiree Male/Female Mortality Projected with Scale MP-2021.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

K. POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

2. General Information about the County's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at January 1, 2024	\$ 955,258,942
Changes for Year:	
Service Cost	17,090,749
Interest Cost	31,160,308
Benefit Payments	(33,024,055)
Actuarial Assumption Changes	(46,495,847)
Actuarial Demographic Loss	68,025,717
Net Changes	36,756,872
Balance at December 31, 2024	<u>\$ 992,015,814</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.08 percent) or 1 percentage higher (5.08 percent) than the current discount rate:

	<u>December 31, 2024</u>		
	<u>1% Decrease (3.08%)</u>	<u>Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
Total OPEB Liability	\$ 1,156,954,898	\$ 992,015,814	\$ 860,374,696

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

	<u>December 31, 2024</u>		
	<u>1% Decrease</u>	<u>Valuation Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 846,225,672	\$ 992,015,814	\$ 1,176,860,060

OPEB Expense

For the year ended December 31, 2024, the County's OPEB expense was \$576,986 as determined by the actuarial valuation.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

L. VALUATION OF REAL PROPERTY, NET VALUATION TAXABLE, COUNTY TAX RATE BASE AND COUNTY TAX CALENDAR

<u>Year</u>	<u>State Equalized Valuation of Real Property (1)</u>	<u>Assessed Valuation of Real Property</u>	<u>Net Valuation Taxable of Real and Personal Property</u>	<u>Equalized Valuation of Real and Personal Property</u>	<u>Tax Rate per \$1,000</u>
2020	\$ 96,921,521,724	\$ 87,744,672,115	\$ 87,778,850,678	\$ 96,974,806,796	\$ 2.53
2021	100,338,669,895	88,179,254,288	88,212,050,239	97,605,814,520	2.54
2022	106,640,527,243	89,450,070,688	89,482,413,805	101,012,308,075	2.51
2023	115,736,016,092	92,938,919,526	92,972,239,328	107,587,113,864	2.48
2024	125,439,232,437	97,611,026,439	97,636,506,614	117,049,063,732	2.40

(1) - October 1, State Division of Taxation Equalized Valuation as Utilized for Debt Statements, including Assessed Valuation of Class II Railroad Property.

County Tax Calendar

County taxes are billed approximately two months prior to the respective due dates to the municipalities in the County. The first three quarterly billings are based on an estimate of the current year's levy based on the prior year's taxes. These three quarterly billings are due February 15th, May 15th and August 15th. The fourth quarter's billing reflects an adjustment to the current year's actual levy and is due November 15th.

M. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the County of Morris provided financial support for current operations to the following component units:

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Morris County School of Technology	\$ 6,473,095	\$ 6,398,095
County College of Morris	12,105,000	12,105,000
Morris County Park Commission	9,010,762	8,861,162
	<u>\$ 27,588,857</u>	<u>\$ 27,364,257</u>

These funds are raised through the County's tax levy and disbursed to the county vocational school, the county college and the Park Commission for their operations. There are no amounts due to, or due from, these three entities at December 31, 2024.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

N. CONTINGENT LIABILITIES

The County is involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The County is vigorously contesting 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 County 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. The County is always subject to oversight review, and each grant review would be resolved on a case by case basis.

The 2011A Bonds were refunded in July 2021 by \$13,995,000 Lease Revenue Refunding Bonds, Series 2021 (Federally Taxable). A prior dispute has been settled in connection with the solar improvements funded by the MCIA's \$33,100,000 original par amount of County of Morris Guaranteed Renewable Energy Program Lease Revenue Bonds, Series 2011A (Federally Taxable) ("A Bonds"), and the \$1,200,000 original par amount of the County of Morris Guaranteed Renewable Energy Program Lease Revenue Note, Series 2011B (Federally Taxable) ("B Note"), both issued December 8, 2011 which was paid off by the County of Morris 2016 budget. The prior dispute was between the MCIA, the developer, and the contractor of the solar improvements. The A Bonds and the hereinafter defined 2019 Refunding Bonds are guaranteed by Morris County. Both the A Bonds and the County of Morris Guaranteed Renewable Energy Program Lease Revenue Refunding Bonds, Series 2019 (the "2019 Bonds", refunded "2009 Bonds") are in part reliant on revenues from the sale of SREC's generated by the program. Any deficiency in SREC revenues that result in a debt service insufficiency are also ultimately guaranteed by the County of Morris.

It is anticipated that there may be a shortfall in revenues to cover the \$2,320,418 June 15, 2025 debt service payment in connection with the 2021 Refunding Bonds, and the County intends to satisfy any such shortfall in accordance with the County guaranty. It is anticipated that there will be sufficient revenues to cover the \$25,250 December 15, 2025 debt service payment in connection with the 2021 Refunding Bonds. During 2019, the County refunded the 2009 Bonds and took over as administrator of the project. In connection with these Bonds, it is anticipated there may be a shortfall in revenues available to cover the \$1,373,500 August 15, 2025. The County intends to satisfy the potential shortfall in accordance with the County guaranty and has provided \$3,182,255 in the 2025 budget to cover the total of any shortfall that occurs during 2025 and through February 15, 2026.

The County is currently in dispute over a \$1.66m recoupment notice issued by the State of New Jersey Department of Human Services. The recoupment amount was a result of the State's notice of revised Medicaid rates effective July 1, 2007 to July 1, 2009 and notice of revised FFS case mix rates effective July 1, 2010 to June 30, 2015. These revised rates were issued as a result of an acuity audit of Morris View's 2006 cost report performed in 2009. The County has been disputing the findings of the audit and the resulting revised rates. The County has submitted an appeal with the Appellate Division of Superior Court. The County has recorded a Reserve for Litigation of \$5,318,678 for the potential payout of the recoupment.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

O. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,692,224	\$
Grant Fund		4,192,224
Regular Trust Fund		500,000
	<u>\$ 4,692,224</u>	<u>\$ 4,692,224</u>

The interfund receivable in the General Fund and the interfund payables in the Grant Fund and Regular Trust Fund are due to a normal timing difference between the disbursement and receipt of grant funds as a number of the grants received by the County are on a reimbursement basis.

The most significant interfund activity during the year relates to interest earned in the General Capital Fund and paid to the Current Fund.

P. OPEN SPACE TRUST FUND

On December 22, 1992, the Morris County Open Space and Farmland Preservation Trust Fund was created. Collection of funds for the Trust Fund commenced on July 1, 1993 with a tax equal to one-half cent per \$100 of total county equalized real property valuation. The County Commissioners review the tax rate annually and may set the tax anywhere from \$.00 to \$.05. The levies for 2024 and 2023 were set at 0.625 and 0.625 cents, respectively. In 2012, the Flood Mitigation Program was created as a special sub-program of Open Space for the buyout of flood-prone residential properties.

In 2024, the Trust Fund was divided among the following programs:

- ¼ cent per \$100 of valuation to the Morris County Park Commission for Capital Improvements under the Park Improvement Trust
- ¼ cent per \$100 of valuation to the Historic Preservation Program

The remaining balance of the collected tax was allocated as follows:

100% to municipal and/or qualified charitable conservancy for open space preservation projects

In 2024, the Morris County Open Space Trust Fund approved 3 projects to municipalities and/or non-profit organizations in 3 towns totaling \$3,712,234. Also in 2024, the Flood Mitigation Program did not approve any new projects. Additionally, the Morris County Historic Preservation Trust Fund approved 21 projects to municipalities and non-profit organizations in 16 towns totaling \$3,627,131.

As of 2024, the Morris County Agriculture Development Board has approved 143 projects preserving 8,250 acres of farmland since the inception of the Morris County Farmland Preservation Program in 1987, and the Flood Mitigation Program has approved 157 projects totaling \$13,497,473 since its inception in 2012.

As of 2024, the Morris County Trails Program approved 61 grants totaling \$6,555,996 in 32 municipalities since its inception in 2016.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

P. OPEN SPACE TRUST FUND (Cont'd)

As of December 31, 2024, the balance in the Reserve for Open Space Trust Fund was approximately \$61.36 million of which approximately \$17.52 million has been encumbered for approved Historic Preservation Trust Fund projects.

In 2023, the Trust Fund was divided among the following programs:

- ¼ cent per \$100 of valuation to the Morris County Park Commission for Capital Improvements under the Park Improvement Trust
- ¼ cent per \$100 of valuation to the Historic Preservation Program

The remaining balance of the collected tax was allocated as follows:

100% to municipal and/or qualified charitable conservancy for open space preservation projects

In 2023, the Morris County Open Space Trust Fund approved 1 project to municipalities and/or non-profit organizations in 1 town totaling \$5,000,000. Also in 2023, the Flood Mitigation Program approved 2 projects in 2 towns totaling \$665,625. Additionally, the Morris County Historic Preservation Trust Fund approved 23 projects to municipalities and non-profit organizations in 15 towns totaling \$3,600,000.

As of 2023, the Morris County Agriculture Development Board has approved 142 projects preserving 8,247 acres of farmland since the inception of the Morris County Farmland Preservation Program in 1987, and the Flood Mitigation Program has approved 157 projects totaling \$13,018,562 since its inception in 2012.

As of 2023, the Morris County Trails Program approved 54 grants totaling \$4,684,620 in 28 municipalities since its inception in 2016.

As of December 31, 2023, the balance in the Reserve for Open Space Trust Fund was approximately \$61.62 million of which approximately \$15.25 million has been encumbered for approved Historic Preservation Trust Fund projects.

Q. ECONOMIC DEPENDENCY

The County 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 County's programs and activities.

R. DEFERRED COMPENSATION

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by Great-West, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

S. FIXED ASSETS

	Balance December 31, 2022	Additions	Adjustments/ Deletions	Balance December 31, 2023
Land	\$ 20,513,620	\$	\$	\$ 20,513,620
Building and Building Improvements	77,979,131			77,979,131
Machinery, Vehicles and Equipment	53,356,655	4,894,905	1,889,885	56,361,675
	<u>\$ 151,849,406</u>	<u>\$ 4,894,905</u>	<u>\$ 1,889,885</u>	<u>\$ 154,854,426</u>
	Balance December 31, 2023	Additions	Adjustments/ Deletions	Balance December 31, 2024
Land	\$ 20,513,620	\$	\$	\$ 20,513,620
Building and Building Improvements	77,979,131			77,979,131
Machinery, Vehicles and Equipment	56,361,675	12,663,286	6,733,174	62,291,787
	<u>\$ 154,854,426</u>	<u>\$ 12,663,286</u>	<u>\$ 6,733,174</u>	<u>\$ 160,784,538</u>

T. TAX ABATEMENT

Governmental Accounting Standards Board (GASB) requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

County property tax revenues were potentially reduced by approximately \$1,519,369 under agreements entered into by several municipalities in the County, however, because the County property tax levy is guaranteed to be paid in full by the municipalities, the County collected its full tax levy in 2024. The entities (including nonprofit organizations and redevelopers) under these agreements pay the municipalities an annual service charge or payment in lieu of taxes. Under a certain number of these agreements, the municipalities remit 5% of the annual service charges to the County.

U. LEASES

The County entered into a lease agreement on June 28, 2017 for the Morris View Healthcare Center for a term of 15 years. The lessee has the right to extend the lease for an additional four year term and renew the lease for an additional three sequential ten year terms. The rent in the first year of the term was \$197,283 per month (or \$2,367,396 annually) which increases 2% annually and during any of the three sequential ten year optional renewal terms, the rent shall increase by 2% annually in each subsequent even numbered year of the term. The total lease payments received in 2024 were \$2,666,072.

The County entered into 2 lease agreements for the lease of office space for the County's Probation Offices located in Dover. Both lease terms are for 10 years. The commencement date was September 1, 2017 and the expiration date is August 31, 2027 for both leases. Both leases have monthly lease payments and the lease payments are increased annually based on a per square foot increase on average approximately \$.15/square foot. The total rent for the first year of the leases was approximately \$138,000. The total lease payments for 2024 were approximately \$153,680.

COUNTY OF MORRIS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (Continued)

V. PRIOR PERIOD ADJUSTMENT

GASB Statement No. 101, *Compensated Absences*, was implemented during the year ended December 31, 2024. As required under the standard, the County made a restatement to the amount reported as compensated absences in the notes to the Financial Statements at December 31, 2023.

	Balance at December 31, 2023 as Previously Reported	Change in Accounting Principle	Balance at December 31, 2023 as Restated
Compensated Absences	\$ 12,034,371	\$ (1,466,634)	\$ 10,567,737

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2025

Board of County Commissioners of the
County of Morris, New Jersey

Dear Commissioners:

We have acted as bond counsel to the County of Morris, New Jersey (the "*County*"), in connection with the issuance by the County of \$28,179,000* General Obligation Bonds, Series 2025, consisting of \$20,028,000* General Improvement Bonds (the "*General Improvement Bonds*"), \$2,752,000* Park Bonds (the "*Park Bonds*"), the \$2,391,000* County College Bonds (the "*County College Bonds*") and \$3,008,000* County College Bonds (County College Bond Act, P.L. 1971, c. 12, as Amended) (the "*Chapter 12 Bonds*"; and together with the General Improvement Bonds, the Park Bonds and the County College Bonds, the "*Bonds*"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are authorized and issued pursuant to the Local Bond Law of the State of New Jersey (constituting Chapter 2 of Title 40A of the New Jersey Statutes). The General Improvement Bonds, Park Bonds and the County College Bonds are further authorized and issued pursuant to resolutions of the County adopted May 14, 2025, in all respects duly approved, and the bond ordinances referred to therein, each in all respects duly approved and published as required by law. The Chapter 12 Bonds are further authorized and issued pursuant to Bond Ordinance #969709 of the County adopted April 9, 2025, in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the County, and the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount. The Chapter 12 Bonds are additionally secured by the County College Bond Act, P.L. 1971, c. 12, as amended and supplemented (N.J.S.A. 18A:64A-22.1 *et seq.*)

On the date hereof, the County has covenanted in its Arbitrage and Tax Certificate (the "*Certificate*") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the County continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the County in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

*Preliminary, subject to change.

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