

TOWN OF MORRIS, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2025

TOWN OF MORRIS, CONNECTICUT

JUNE 30, 2025

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CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658

Fax: 203-758-6758

INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Morris, Connecticut
Morris, CT 06763

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Morris Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Morris, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Morris, Connecticut as of June 30, 2025, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 Town of Morris, Connecticut and to meet our 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about The Town of Morris, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we;

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Town of Morris, Connecticut'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 aggregate, which raise substantial doubt about the Town of Morris, Connecticut'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4a through 4f and the required supplemental information relating to pension on pages 40-49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient and appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Morris, Connecticut's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the statement of changes in fund balance – by project, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 on our consideration of the Town of Morris, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Morris, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Morris, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES LLC

Waterbury, Connecticut

A handwritten signature in cursive script that reads "Clermont & Associates, LLC".

November 21, 2025

TOWN OF MORRIS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

This discussion and analysis of the Town of Morris, Connecticut's (the "Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read this MD&A in conjunction with the Town's financial statements.

Financial Highlights

- The net position of our governmental activities decreased by \$166 thousand.
- The net position of our business-type activities decreased by \$91 thousand.
- The General Fund reported a fund balance this year of \$2.3 million.
\$128 thousand more than the General Fund balance reported in the prior year.
- The Town maintained a capital reserve fund balance of \$971 thousand, this increased by
\$227 thousand from the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B, respectively) provide information about the activities of the Town as a whole and present a long-term view of the Town's finances. Fund financial statements are presented in Exhibits C and D. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. In addition, the Town maintains the Morris Sewer Authority as a proprietary fund (Exhibit F, G, and H). The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits A and B. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report on the Town's net position and related changes. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

Government-Wide Financial Statements (continued)

In the Statement of Net Position and the Statement of Activities, the Town reports its activities as follows:

- *Governmental activities* - The Town's basic services are reported here, including general government, public safety, community services, public works, education, public library, and municipal facilities. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - Morris Sewer Authority's activity is reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State Statute. However, the Board of Selectman establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental funds (Exhibits C and D)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits F, G, and H)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- *Fiduciary funds (Exhibits I and J)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities. The Town's net position for governmental activities decreased \$166 thousand from \$10.3 million in 2024 to \$10.1 million in 2025.

Table 1: Net Position (In Thousands)

	Governmental Activities	
	2025	2024
Current and other assets	\$ 4,356,314	3,869,730
Capital assets	7,687,633	7,499,522
Deferred outflows	227,468	194,591
Total assets & deferred outflows	\$ 12,271,415	11,563,843
Current and other liabilities	\$ 629,650	491,404
Deferred inflows	230,834	221,202
Long-term liabilities	1,262,003	535,946
Total liabilities & deferred inflows	\$ 2,122,487	1,248,552
Net position:		
Investment in capital assets	\$ 7,687,633	7,499,522
Restricted	181,133	1,036,114
Unrestricted	2,280,162	1,779,655
Total net position	\$ 10,148,928	10,315,291

Table 2: Change In Net Assets (In Thousands)

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 442,614	256,099
Operating grants and contributions	348,187	510,230
Capital grants and contributions	314,421	644,480
General revenues:		
Property taxes	8,299,960	8,494,852
Grants and contributions not restricted to specific purposes	23,689	72,767
Unrestricted investment earnings and other revenues	186,615	210,950
Other general revenues (and transfers)	14,663	175,287
Total revenues	\$ 9,630,149	10,364,665
Program expenses:		
General government	\$ 1,050,296	1,125,919
Public safety	610,289	547,360
Public works	1,613,865	3,077,891
Public health	31,160	35,947
Culture and recreation	449,488	430,861
Education	6,041,414	5,818,990
Total program expenses	\$ 9,796,512	11,036,968
Increase (decrease) in net position	\$ (166,363)	(672,303)

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$3.5 million which was a \$386 thousand increase from the previous year. Included in this year's total change in fund balance was a \$227 thousand increase in the capital projects fund and a \$128 thousand increase in the general fund. The capital projects fund increase is due to the \$500,000 upgrade to a fire engine in 2024 that is not a project included in 2025. The Town continues to fund the capital project fund through annual general fund appropriations.

Under the American Recovery Plan Act (ARPA), the Town has authorized \$160 thousand to be expended on various projects fully funded by the federal government. As of June 30, 2025, \$620 thousand has been expended.

Proprietary Funds

The report presents the Sewer Authority as a proprietary fund (Exhibit F, G, and H). Under this presentation, the operating loss was \$101 thousand, which included depreciation expense of \$65 thousand. Net fund position at year end included \$1.0 million of net capital investment and \$291 thousand unrestricted.

General Fund Budgetary Highlights

Schedules 1 and 2 show the summary information of budget to actual revenues, expenditures, and changes in undesignated, unreserved fund balance (funds available to be appropriated).

- Property tax collections and fees were significantly more than expected, which provided for an additional \$100 thousand and charges for services were \$217 thousand in revenues over budget.
- All departments expended less than the budgeted amounts with the largest savings in the general government.
- The \$700 thousand transfer into the capital fund caused the reduction in fund balance.
- The unassigned fund balance was \$1.8 million and available to appropriate.

Capital Assets

At June 30, 2025, the Town had approximately \$8.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and sewer lines. The total Town's amount represents a nominal increase (including additions and deductions) of \$92 thousand, net of depreciation expenses.

Table 3: Capital Assets (Net of Depreciation)

		Governmental Activities	
		2025	2024
Land	\$	669,652	669,652
Buildings and improvements		999,534	965,096
Land improvements		977,610	957,315
Machinery and equipment		1,688,101	1,530,203
Infrastructure		3,322,736	3,377,256
Totals	\$	<u>7,657,633</u>	<u>7,499,522</u>
		Business-type Activities	
		2025	2024
Sewer collection system	\$	<u>1,069,767</u>	<u>1,135,597</u>

Long-Term Liabilities

At June 30, 2025, the Town had \$1.3 million in long-term liabilities versus \$535 thousand last year. The increase is the result of the shared costs associated with the regionalization of Regional School District No 20.

Other obligations include accrued vacation pay, sick leave, and net pension. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements. The Town paid off all debt during the 2021 fiscal year and plans to fund future capital improvements through operating surplus to reduce the need for long-term borrowing.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2025-26 budget tax rates.

- The economy in Connecticut and particularly Litchfield County impact development in the Town.
- The continual reductions in State of Connecticut grant revenues as well as the depletion of the American Recovery Funds.
- The Board of Selectmen continue to be diligent in ensuring that services are provided to the Town of Morris residents, and the assets are well maintained while managing costs.
- In June 30, 2024, the Town elected to be part of Regional School District No. 20 beginning for the 2024/2025 school year. The member Towns of this district will include Morris, Warren, Goshen, and Litchfield. The Town continues to work with the member Towns of Regional School District 6 to resolve all outstanding obligations remaining from the closing of Regional School District No. 6.

These indicators along with a projected modest inflationary increase were considered when proposing the General Fund budget for 2025-26.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Treasurer at 3 East Morris Street, Morris, Connecticut, 06763.

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 3,660,739	289,672	3,950,411
Investments	347,090		347,090
Receivables, net	348,485	1,504	349,989
Prepaid expenses			
Capital assets:			
Capital assets, not being depreciated	699,652		699,652
Capital assets, being depreciated, net	6,987,981	1,069,767	8,057,748
Total assets	\$ 12,043,947	1,360,943	13,404,890
Deferred outflows of resources:			
Deferred pension expenses	\$ 227,468		227,468
Total deferred outflows of resources	\$ 227,468	-	227,468
Liabilities:			
Accounts payable and other current liabilities	\$ 393,058	91	393,149
Unearned revenues	126,882		126,882
Noncurrent liabilities:			
Due in one year	109,710		109,710
Due in more than one year	1,262,003		1,262,003
Total liabilities	\$ 1,891,653	91	1,891,744
Deferred inflows of resources:			
Deferred pension credit	\$ 230,834		230,834
Total deferred inflows of resources	\$ 230,834	-	230,834
Net position:			
Invested in capital assets, net of related debt	\$ 7,687,633	1,069,767	8,757,400
Restricted	181,133		181,133
Unrestricted	2,280,162	291,085	2,571,247
Total net position	\$ 10,148,928	1,360,852	11,509,780

* After internal balances have been eliminated

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRIS, CONNECTICUT

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (1,050,296)	365,157			(685,139)		(685,139)
Public safety	(610,289)		13,735		(596,554)		(596,554)
Public works	(1,613,865)	31,910	33,562	314,421	(1,233,972)		(1,233,972)
Public health	(31,160)		14,480		(16,680)		(16,680)
Culture and recreation	(449,488)	45,547	35,796		(368,145)		(368,145)
Education	(6,041,414)		250,614		(5,790,800)		(5,790,800)
Total governmental activities	\$ (9,796,512)	442,614	348,187	314,421	(8,691,290)	-	(8,691,290)
Business-type activities:							
Sewer Authority	\$ (187,224)	85,733				(101,491)	(101,491)
Total business-type activities	\$ (187,224)	85,733	-	-	-	(101,491)	(101,491)
Total primary government	\$ (9,983,736)	528,347	348,187	314,421	(8,691,290)	(101,491)	(8,792,781)
General revenues:							
Property taxes					\$ 8,299,960		8,299,960
Grants and contributions not restricted for specific purposes					23,689		23,689
Unrestricted investment earnings					186,615		186,615
Other unrestricted income					14,663	9,623	24,286
Total general revenues					\$ 8,524,927	9,623	8,534,550
Change in net position					\$ (166,363)	(91,868)	(258,231)
Net position, beginning					10,315,291	1,452,720	11,768,011
Net position, ended					\$ 10,148,928	1,360,852	11,509,780

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRIS, CONNECTICUT

EXHIBIT C

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Capital & Nonrecurring	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,577,425	963,895		119,419	3,660,739
Investments	13,229	304,544		29,317	347,090
Receivables, net	154,864			193,621	348,485
Due from other funds	61,100		77,058	82,696	220,854
Total assets	\$ 2,806,618	1,268,439	77,058	425,053	4,577,168
Liabilities:					
Accounts and other payables	\$ 316,970	76,088			393,058
Payments in advance	15,874		46,386	64,622	126,882
Due to other funds		220,530		324	220,854
Total liabilities	\$ 332,844	296,618	46,386	64,946	740,794
Deferred inflows of resources:					
Unavailable receipts	149,556			168,705	318,261
Total deferred inflows of resources	\$ 149,556	-	-	168,705	318,261
Fund balances:					
Restricted for donor's intentions	\$ 1,725		30,672	189,038	221,435
Committed for:					
Specified use	550,000	619,896			1,169,896
Assigned		351,925		2,364	354,289
Unassigned	1,772,493				1,772,493
Total fund balances	\$ 2,324,218	971,821	30,672	191,402	3,518,113
Total liabilities, deferred inflows of resources and fund balances	\$ 2,806,618	1,268,439	77,058	425,053	

Amounts reported for governmental activities in the Statement of Net Position (**Exhibit A**) are different because:

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	7,687,633
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds.	318,261
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(1,371,713)
Pension costs , including differences between expected and actual pension experiences, change in pension assumptions and net difference between projected and actual pension earnings.	(3,366)
Net position of governmental activities (Exhibit A)	\$ 10,148,928

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Capital Projects	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes and assessments	\$ 8,228,718				8,228,718
Intergovernmental	278,783		160,487	227,634	666,904
Charges for services	409,344			17,276	426,620
Investment income	128,941	55,624		2,050	186,615
Miscellaneous	14,663			35,387	50,050
Total revenues	<u>\$ 9,060,449</u>	<u>55,624</u>	<u>160,487</u>	<u>282,347</u>	<u>9,558,907</u>
Expenditures:					
Current:					
General government	\$ 979,812				979,812
Public safety	521,826			13,735	535,561
Public works	1,022,843			201,692	1,224,535
Public health	20,379		10,000		30,379
Culture and recreation	351,354		14,480	36,128	401,962
Education	5,108,670				5,108,670
Other	227,000				227,000
Capital outlay		528,175	136,007		664,182
Total expenditures	<u>\$ 8,231,884</u>	<u>528,175</u>	<u>160,487</u>	<u>251,555</u>	<u>9,172,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 828,565</u>	<u>(472,551)</u>	<u>-</u>	<u>30,792</u>	<u>386,806</u>
Other financing sources (uses):					
Transfer from other funds	\$ 700,000				700,000
Transfer to other funds	(700,000)				(700,000)
Total other financing sources (uses)	<u>\$ (700,000)</u>	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 128,565</u>	<u>227,449</u>	<u>-</u>	<u>30,792</u>	<u>386,806</u>
Fund balances (deficits) - beginning	<u>2,195,653</u>	<u>744,372</u>	<u>30,672</u>	<u>160,610</u>	<u>3,131,307</u>
Fund balances (deficits) - ended	<u>\$ 2,324,218</u>	<u>971,821</u>	<u>30,672</u>	<u>191,402</u>	<u>3,518,113</u>

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Differences in amounts reported for government-wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$	386,806
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		188,111
Revenues previously recognized in the Statement of Activities that provided current financial resources in the current year.		71,242
The issuance of long-term liabilities provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(835,767)
Pension expenses and credits as a result of changes in assumptions and expectation are recognized in the government-wide financial statements but are not included in the fund financial statements.		<u>23,245</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(166,363)</u></u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2025

	Business-type Activities
	Sewer Authority
Assets:	
Current assets:	
Cash and cash equivalents	\$ 289,672
Receivables, net of allowance	1,504
Total current assets	\$ 291,176
Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 1,069,767
Total noncurrent assets	\$ 1,069,767
Total assets	\$ 1,360,943
Liabilities	
Accounts payable & accrued liabilities	\$ 91
Total liabilities	\$ 91
Net fund position:	
Invested in capital assets, net of related debt	\$ 1,069,767
Unrestricted	291,085
Total net fund position	\$ 1,360,852

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2025

	Business-type Activities
	Sewer Authority
Operating revenues:	
Charges for services and other revenues	\$ 85,733
Total operating revenues	<u>\$ 85,733</u>
Operating expenses:	
Administration and operation	\$ 121,394
Depreciation and amortization	65,830
Total operating expenses	<u>\$ 187,224</u>
Operating income (loss)	<u>\$ (101,491)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 9,623
Total nonoperating revenues (expenses)	<u>\$ 9,623</u>
Change in net fund position	<u>\$ (91,868)</u>
Net fund position, beginning	<u>1,452,720</u>
Net fund position, ended	<u><u>\$ 1,360,852</u></u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2025

	Business-type Activities
	Sewer Authority
Cash flows from operating activities:	
Receipts from customers and users	\$ 90,423
Payments to suppliers	(121,303)
Net cash flows provided by (used in) operating activities	\$ (30,880)
Cash flows from investing activities:	
Interest received on investments	9,623
Net cash provided by (used in) investing activities	\$ 9,623
Net increase (decrease) in cash and cash equivalents	\$ (21,257)
Cash and cash equivalents, beginning	310,929
Cash and cash equivalents, ended	\$ 289,672
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (101,491)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	65,830
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	4,690
Increase (decrease) in accounts payable	91
Net cash flows from operating activities	\$ (30,880)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

	Pension Trust Funds
Assets:	
Cash and cash equivalents	\$ 112,336
Investments, at fair value	<u>2,124,042</u>
Total assets	<u>\$ 2,236,378</u>
Liabilities:	
Accrued expenses	\$ <u>-</u>
Net position:	
Held in trust for benefits and other purposes	<u>\$ 2,236,378</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2025

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Contributions and donations	\$ 178,700
Total contributions	<u>\$ 178,700</u>
Investment earnings:	
Net increase in fair value of investments	\$ 68,512
Interest and dividends	128,829
Less: investment expenses	<u>(16)</u>
Total investment earnings	<u>\$ 197,325</u>
Total additions	<u>\$ 376,025</u>
Deductions:	
Administrative	\$ 13,278
Benefits	<u>151,282</u>
Total deductions	<u>\$ 164,560</u>
Change in net position	\$ 211,465
Net position, beginning	<u>2,024,913</u>
Net position, ended	<u><u>\$ 2,236,378</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Town of Morris, Connecticut (the Town) was incorporated in 1859. It operates under a Selectmen/Town Meeting form of government with a Board of Finance and provides general government, public safety, public works, recreation, health and welfare, and sanitation services.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements.

The following is a summary of the Town's most significant accounting principles.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment of, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Generally, the effect of inter-fund activity, or internal balances, has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if it is collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments, and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenue grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay the liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

The Town reports the following major governmental funds:

The **general fund** is the general operating fund of the Town's government. All unrestricted resources, except those required to be accounted for in other funds, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the Town, which were not paid through a special fund.

The **capital and nonrecurring fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and equipment. Sources of revenue include current tax revenues and government grants.

The **American Recovery Plan** is used to account for the spending under the federal grant the Town received under the American Recovery Plan Act (ARPA).

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

The Town reports the following major proprietary funds:

The ***Morris Sewer Authority (S.A.)*** accounts for the operations of the Town's wastewater treatment system. The Town contracts with the Town of Litchfield, Connecticut's Water Pollution Control Authority to treat sewage collected in Morris, and to maintain sewage pumping stations and collection system. Its collection operations are managed by the S.A. and financed from direct charges to the users of the service.

Additionally, the Town reports the following fund type:

The ***Pension Trust Fund*** is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others. An example includes the Morris Public Library, which maintains the assets received through contributions, fees, and charges of the library.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and proprietary fund financial statements subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

The Town considers cash on hand, deposits, and short-term investments, with an original maturity of three months or less from the date of acquisition.

Investments

Investments are stated at fair value using quoted market prices.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (current portion of interfund loans) or “advances to/from other funds” (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

All trade and property tax receivables, including those for Sewer Authority funds, are shown net of an allowance for uncollectible accounts. Trade account receivables allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives with a capitalization threshold of \$5,000.

<u>Asset</u>	<u>Years</u>
Buildings and improvements	5-40
Land improvements	50
Infrastructure (including sewer system)	30-50
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Deferred outflows/inflows of resources

The Statement of Net Position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The Town reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs, and the net difference between projected and actual pension investment earnings.

The Statement of Net Position (Exhibit A) and the Balance Sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future periods and will not be recognized as revenue until that time. The Town reports advance tax collections in the Statement of Net Position and the Balance Sheet for the government funds. The Town reports a deferred inflow of resources related to pensions in the Statement of Net Position.

A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

Compensated absences

Under the terms of its various union contracts, Town employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The Town recognizes a liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Net pension liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its Statement of Fiduciary Net Position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Long-term obligations

In the government-wide financial statements and proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity and net position

In the government-wide financial statements, net position is classified in the following categories:

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***unrestricted net position*** represents the net position of the Town which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified into five separate categories. The five categories and their general meanings are as follows:

Nonspendable are those net assets that are not in expendable form or are legally or contractually required to be maintained.

Restricted fund balances are defined in the same manner as for the restricted government-wide net assets.

Committed fund balances are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the Town of Morris, which was considered to be the Board of Selectmen.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Assigned fund balances are amounts that are contained by the government's intent to be used as a specific purpose.

Unassigned fund balance is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the above four categories.

Fair value of financial instruments

In accordance with GASB 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

- Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.
- Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability;
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on quoted market prices and are presented in Note 4.

Note 2 - Budgets and Budgetary Accounting

General Fund

The Statement of Revenues, Expenditures, and Changes in Unassigned Fund Balance – Budgetary Basis – Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

- A. Prior to July 1 of each year, the budget is legally enacted through passage of a resolution.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

- B. The Board of Finance is authorized to transfer budgeted amounts between appropriations as deemed appropriate.
- C. Formal budgetary integration is employed as a management control device during the year.
- D. Legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- E. All Town transfers \$20,000 or greater require approval from the Board of Finance and the approval of the Town Meeting.

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-Wide Statement of Net Position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$	699,652
Net capital assets being depreciated		<u>6,987,981</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u><u>7,687,633</u></u>

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Compensated absences	\$	(84,486)
Net pension obligation		(184,017)
Landfill closure		(170,466)
Contingencies and Commitments		(932,744)
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(1,371,713)</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This amount includes the following:

Delinquent property tax and interest	\$	149,556
Notes receivable – Small Cities Grant		<u>168,705</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>318,261</u>

Certain pension costs are recognized in the government-wide financial statements as deferred inflows and outflows but are not due or available for the current period and, therefore, are not recognized in the funds. These amounts include the following:

Town Plan	\$	25,512
Morris Fire Company		(12,204)
Morris Volunteer Fire Department		<u>(16,674)</u>
Net adjustment to increase fund balance to arrive at net position of the government activities	\$	<u>(3,366)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Acquisitions	\$	598,187
Disposals		-
Depreciation		<u>(410,076)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>188,111</u>

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the "Statement of Activities". The details of this difference are as follows:

Net change in compensated absences	\$	(11,749)
Net change in landfill closure		12,342
Net change in pension obligation		96,384
Net change in commitment and contingencies		<u>(932,744)</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u><u>(835,767)</u></u>

Note 4 - Deposits and Investments

The Town's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental funds	\$ 3,660,739		3,660,739
Business-type activities	289,672		289,672
Fiduciary funds	112,336		112,336
Investments:			
Governmental funds		347,090	347,090
Fiduciary funds		<u>2,124,042</u>	<u>2,124,042</u>
Total deposits & investments	<u>\$ 4,062,747</u>	<u>2,471,132</u>	<u>6,533,879</u>

Deposits

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The carrying amounts of the Town's deposits at June 30, 2025, consist of the following:

Bank deposits - checking	\$ 3,630,043
Savings	46,271
Certificates of deposits	386,283
Cash on hand	<u>150</u>
Total deposits	<u>\$ 4,062,747</u>

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Custodial credit risk

As of June 30, 2025, the carrying amount of the Town's deposits had bank balances of approximately \$4,209,647. The amount of the bank balance covered under federal depository insurance was approximately \$730 thousand.

The remaining deposits were uninsured; however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2025, approximately \$370 thousand uninsured deposits were collateralized under the provision.

Investments

Investments are reported at fair value using quoted market prices (Level 1 in the fair value hierarchy). As of June 30, 2025, the Town held the following investments:

Investment Type	Fund	Fair Value	Maturities Less Than 1 Year	3 Year	Risk
State Investment Fund	Capital Reserve	\$ 304,544	304,544		Na
State Investment Fund	General Fund	13,229	13,229		Na
Money Market	Library Fund	303	303		Na
Mutual Funds	Library Fund	29,013	29,013		Na
Money Market	Trust Funds	20,340	20,340		Na
Fixed Income	Trust Funds	172,703	25,658	147,045	AA2
Mutual Funds	Trust Funds	1,319,866	1,319,866		Na
Advisory	Trust Funds	611,133	611,133		Na
Total Investments		\$ 2,471,131	2,324,086	147,045	

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The Town has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by General State Statute, Chapter 112, Section 7-400.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Note 5 - Receivables, Deferred Payments, and Payables

Receivables

The receivables as of June 30, 2025, for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Governmental Funds			Total
	General Fund	Nonmajor Funds	Sewer Authority	
Property taxes	\$ 117,887			117,887
Property tax interest	42,095			42,095
Small city's loan program		168,705		168,705
State grants		24,916		24,916
Sewer use charge			1,504	1,504
Less: allowance	(5,118)			(5,118)
Total receivables (net)	\$ 154,864	193,621	1,504	349,989

Deferred Payments and Unavailable Receipts

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Similar to the government-wide financial statements, Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of deferred revenue and unearned revenues reported in the governmental fund were as follows:

	Unavailable	Payments in Advance
Delinquent property taxes and interest	\$ 149,556	
Prepaid taxes		15,874
Government grants		111,008
Small city's loan program	168,705	
Total deferred payments and unavailable receipts	\$ 318,261	126,882

Payables

Payables as of June 30, 2025 for the Town's individual major funds and non-major funds were as follows:

	Vendors	Payroll	Total
General Fund	\$ 284,199	32,771	316,970
Capital Projects Fund	76,088		76,088
Total payables	\$ 360,287	32,771	393,058

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-fund Receivables and Payables

Inter-fund receivables and payables at June 30, 2025, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 60,777
General Fund	Town Road Aid	324
ARPA Grant Fund	Capital Projects	77,058
Nonmajor	Capital Projects	82,695
Total		<u>\$ 220,854</u>

Inter-fund Transfers

The Town transferred \$700,000 from the general fund to the capital projects fund to be committed for future capital projects.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 669,652			669,652
Total capital assets, not being deprec.	<u>\$ 669,652</u>	<u>-</u>	<u>-</u>	<u>669,652</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 2,531,196	85,100		2,616,296
Land improvements	1,377,159	50,940		1,428,099
Machinery and equipment	3,899,640	283,748		4,183,388
Infrastructure	8,578,208	148,399		8,726,607
Total capital assets being depreciated	<u>\$ 16,386,203</u>	<u>568,187</u>	<u>-</u>	<u>16,954,390</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 1,566,100	50,662		1,616,762
Land improvements	419,844	30,645		450,489
Machinery and equipment	2,369,437	125,850		2,495,287
Infrastructure	5,200,952	202,919		5,403,871
Total accumulated depreciation	<u>\$ 9,556,333</u>	<u>410,076</u>	<u>-</u>	<u>9,966,409</u>
Net capital assets, being depreciated	<u>\$ 6,829,870</u>	<u>158,111</u>	<u>-</u>	<u>6,987,981</u>
Total capital assets, governmental	<u>\$ 7,499,522</u>	<u>158,111</u>	<u>-</u>	<u>7,657,633</u>

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 31,817
Public safety	64,549
Public works	292,307
Public health	10,781
Recreation	10,622
Total depreciation expense	\$ 410,076

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Sewers	\$ 3,281,598		-	3,281,598
Total capital assets being depreciated	3,281,598			3,281,598
Less: accumulated depreciation	2,146,001	65,830		2,211,831
Total capital assets, business-type	\$ 1,135,597	(65,830)	-	1,069,767

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental activities:					
Compensated absences	\$ 72,737	11,749		84,486	
Landfill closure	182,808		12,342	170,466	
Net pension liability	280,401		96,384	184,017	
Commitments and Contingencies		932,744		932,744	109,710
Total governmental activities long-term liabilities	\$ 535,946	944,493	108,726	1,371,713	109,710

Landfill Closure and Post closure Care Costs

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in the long-term debt. The Town's estimated costs to monitor the landfill for the next three years are \$11,750 per year. This amount is based on estimates that are subject to change due to inflation, technology, or applicable laws and regulations.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Regional School District

The Town is a member of Regional School District #20, which provides education for grades kindergarten through twelfth for the Towns of Morris, Goshen, Litchfield, and Warren. As of June 30, 2025, the Regional School District authorized outstanding bonded indebtedness of \$3.4 million to be used to assume the existing debt of the Town of Litchfield's education (\$1.8 million) and the Regional School District No 6 (\$1.6 million) general obligation bonds. The Town of Morris's share of this debt is approximately 14.31%. These are the general obligations of the Regional School District and its Town members.

Note 9 - Commitments and Contingencies

Risk Management

The Town is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. The Town generally obtains commercial insurance for these risks. For all types of commercial coverage, settled claims have not exceeded coverage in any of the past three years.

The Town is a member of the Connecticut Interlock Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention.

The Town received federal and state grants for specific purposes and is subject to review and audit by the grantor agency for compliance and disallowed expenses under the grant. Management believes that such disallowances, if any, will not be material to the financial position of the Town.

Regional School District

Effective July 1, 2024, the Town of Morris joined the Regional School District No. 20 (RSD 20), along with Litchfield, Warren, and Goshen, to provide educational services for grades kindergarten through 12th grade. This was previously provided by Regional School District No. 6 (RSD 6), which included the Towns of Morris, Warran and Goshen.

Upon RSD 6's dissolution, certain liabilities remain, of which the Town of Morris's estimated share is 32.2%. RSD 20 is expected to assume all general obligation debt, while pension obligations remain with former RSD 6 member towns.

The Town plans to enter an interlocal government agreement with Towns of Warren and Goshen to establish a Board of Trustees to oversee the transition and protect vested employee benefits. It is expected that the member Town will make annual contributions to meet the obligations of the outstanding net pension liability.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

A summary of June 30, 2025, actuary valuation is as follows:

	Total	32.2%
<i>Total Pension Liability</i>	2,191,977	705,817
<i>Total Net Position</i>	527,383	169,817
<i>Net Pension Liability</i>	1,664,594	535,999
<i>Actuary determined contribution (2025)</i>	145,322	46,794

Prior to June 30, 2025, RSD 20 notified its member towns of an estimated operating deficit of \$2.7 million. Pursuant to a memorandum of understanding between RSD 20 and the member towns, the deficit will be paid over a three-year period. The Town of Morris's future payments under this agreement are as follows:

<u>Fiscal year ended, June 30,</u>	<u>Scheduled Payment</u>
2026	\$ 109,710
2027	133,530
2028	133,530
Total	\$ 376,770

The RSD 6, Regional School District No 20 ("RSD 20") and the Town of Litchfield Board of Education ("LBE") (collectively referred to as the Associated Boards) entered a Memorandum of Agreement for the purposes of shared costs associated with the regionalization of Regional School District No 20. In accordance with the agreement, beginning July 1, 2023 member Towns of the Associated Board will provide resources and share the costs on-Behalf of RSD 20. The balance of this liability has not been determined but the Town of Morris's share of these costs is 14.71%.

Note 10 - Fund Balance

As of June 30, 2025, the governmental fund balance is composed of the following:

	<u>General</u>	<u>Capital</u>	<u>American Recovery</u>	<u>Nonmajor</u>	<u>Total</u>
Restricted:					
Monument Fund	\$ 1,725				1,725
Donors' intentions			30,672	148,736	179,408
Committed:					
Capital projects		551,526			551,526
Subsequent years expenses	550,000				550,000
Assigned:					
Capital projects		420,295			420,295
Culture and recreation				2,364	2,364
Unassigned	<u>1,772,493</u>			<u>40,302</u>	<u>1,812,795</u>
Total fund balance	<u>\$ 2,324,218</u>	<u>971,821</u>	<u>30,672</u>	<u>191,402</u>	<u>3,518,113</u>

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Note 11 - Employee Retirement Plans

Plan description and benefits provided

The Town is the administrator of three single-employer Public Employee Retirement System (PERS) established and administered to provide pension benefits for its employees and volunteer firefighters. The three PERS are considered to be a part of the Town's financial reporting entity and are included in these financial statements as pension trust funds. The pension plans do not issue stand-alone financial statements.

Town Retirement Plan

The plan covers substantially all full-time union employees of the Town and the Town Clerk. These employees are eligible to participate in the Town plan when they complete one year of eligible service, are a part of the Town's bargaining unit (excluding the Town Clerk) and have attained the age of eighteen. Additionally, the employees cannot be covered by any other retirement program that the Town contributes to, with the exception of the Town of Morris Fire Department. Participants are 100% vested after five years of credited service.

Benefits are 1.6% of final average pay times years of credited service. Normal retirement age is sixty-five. Early retirement is permitted with a reduced benefit.

Management of the plan rests with the PERS Committee, which consists of three voting members. Members of the Committee are appointed by the Board of Selectmen. The appointment requires unanimous Board approval.

Morris Volunteer Fire Department Plan

This defined benefit retirement plan covers substantially all volunteer firefighters who belong to the Morris Volunteer Fire Department ("MVFD"). MVFD volunteer firefighters are eligible to participate in the MVFD plan as of July 1 following the date, they complete one year of eligible service and have reached the age of eighteen.

The Morris Volunteer Fire Department formally disbanded on June 30, 2018. The plan consists of only inactive members as of that date and benefits no longer accrue.

Normal retirement age is sixty-five and benefits are paid monthly. Annual benefits are calculated based on years of service. There is no provision for early retirement.

The death benefit under the plan is equal to the participant's accrued benefits at the date of June 30, 2018, the date the Morris Volunteer Fire Department disbanded. Participants are fully vested after five years of service. Benefits are \$5 per month for each year of credited services. No participant shall accrue more than \$150 per month.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

Morris Fire Company Plan

This defined benefit plan provides benefits to members of the Morris Fire Company who are at least sixty-five years old and complete a minimum of 5 years of service. Annual benefits are calculated based on years of service and include \$15.00 per month for each year of credited service. Credited service years are those years when the member receives 100 points.

Membership in the plans consisted of the following at July 1, 2025, the date of the actuarial valuation applicable to the June 30, 2025, employer actuarially determined contribution:

	<u>Town Plan</u>	<u>MVFD Plan</u>	<u>Morris Fire Company Plan</u>
Retirees and beneficiaries currently receiving benefits	12	5	
Terminated plan members entitled to, but not yet receiving benefits	1	13	
Active plan members	7		37
Total	<u>20</u>	<u>18</u>	<u>37</u>

Summary of significant accounting policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. There are no member contributions. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed through the Town's budgeted expenses.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding policy

The Town is required to contribute the amount necessary to fund the plans. The State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the plans to the Board of Selectmen of the Town of Morris. Members do not contribute to the plans. The Town's contributions to the plans are actuarially determined on an annual basis. The Town has a policy to pay at least the greater of 40% of the actuarially determined employer contribution or 80% of the prior year's actual contribution up to 100% of the actuarially determined employer contribution.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Investments

Investment Policy

The pension plan's policy regarding allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that increases the return on each plan's portfolio with minimal risk exposure to the Pension Funds. The policy states that no more than 10% of each plan's portfolio may be invested in a single security of one corporation. Any security held in the account must be listed on a national and recognized exchange such as NYSE, NASDAQ, AMEX, or OTC.

Rate of Return

For the year ended June 30, 2025, the money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 9.91% for the Town Plan, 9.36% for the Morris Volunteer Fire Department Plan, and 19.55% for the Morris Fire Company Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the plans

The following net pension liabilities were measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025.

The components of the net pension liability of the Town at June 30, 2025 were as follows:

	Town Plan	MVFD Plan	Morris Fire Company Plan
Total pension liability	\$ 2,201,816	107,017	129,029
Plan fiduciary net position	2,087,574	107,016	59,255
Net pension liability (asset)	\$ 114,242	1	69,774
Plan fiduciary net position as a percentage of the total pension liability	94.81%	100%	45.92%

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Actuarial assumptions

The total pension liability was determined by actuarial data as of July 1, 2025, using the following actuarial assumption, applied to all periods included in the measurement:

	Town Plan	MVFD Plan	Morris Fire Company Plan
Inflation	2.25%	2.50%	2.50%
Salary increase	4.00%	N/A	N/A
Investment rate of return	6.00%	6.00%	6.00%

Mortality rates were based on the RP-2014 adjusted for 2006 with MP-2021 mortality improvements.

The actuarial assumptions used in the July 1, 2025; data were based on the results of an actuarial experience study for the period July 1, 2020 - June 30, 2025.

Long-term rate of return

The long-term expected rate of return on pension plan investments 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.

Discount rate

The discount rate used to measure the total pension liability was 5.50% for the Town Plan, the MVFD Plan and the Morris Fire Company Plan.. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

Changes in the net pension liability

Town Plan		Increase (Decrease)		
		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2024	\$	2,087,395	1,881,872	205,523
Changes for the year:				
Service cost	\$	44,281		44,281
Interest cost on total pension liability		115,889		115,889
Difference between expected and actual experience		39,577		39,577
Change in assumptions		58,533		58,533
Employer contributions			160,000	(160,000)
Net investment income			194,411	(194,411)
Administrative expenses			(4,850)	4,850
Benefit payments, including refund of employee contributions		(143,859)	(143,859)	-
Net changes	\$	114,421	205,702	(91,281)
Balances as of June 30, 2025	\$	2,201,816	2,087,574	114,242

MVFD Plan		Increase (Decrease)		
		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2024	\$	105,041	104,654	387
Changes for the year:				
Interest cost on total pension liability	\$	5,826		5,826
Difference between expected and actual experience		502		502
Effects of assumption changes or inputs		3,071		3,071
Employer contributions			4,200	(4,200)
Net investment income			9,785	(9,785)
Administrative expenses			(4,200)	4,200
Benefit payments, including refund of employee contributions		(7,423)	(7,423)	-
Net changes	\$	1,976	2,362	(386)
Balances as of June 30, 2025	\$	107,017	107,016	1

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

Morris Fire Company Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2024	\$ 113,589	39,098	74,491
Changes for the year:			
Service cost	\$ 14,714		14,714
Interest cost on total pension liability	6,531		6,531
Difference between expected and actual experience	(11,821)		(11,821)
Net investment income		9,857	(9,857)
Employer contributions		14,500	(14,500)
Change in assumption	6,016		6,016
Administrative expenses		(4,200)	4,200
Net changes	\$ 15,440	20,157	(4,717)
Balances as of June 30, 2025	\$ 129,029	59,255	69,774

Changes in assumptions or other inputs

Mortality for Pre- and Post-Retirement is calculated using RP-2014 (adjusted) with MP-2021 mortality rates, which is a change from the previously used MP-2020 projected to valuation date using Scale AA.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liabilities of the Plans, calculated using the discount rate of 6.00%, as well as what the net pension liabilities would be if it were calculated using a discount rate that is 1 percent point lower (5.00%) or 1 percent higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Town Plan net pension liability	\$ (105,147)	114,242	376,766
MVFD Plan net pension liability	(11,460)	1	13,898
Morris Fire Company Plan net pension liability	98,088	69,774	47,796

Pension trust funds

The Town maintains three pension trust funds (Town Employees' Plan, Morris Volunteer Fire Department Plan, and the Morris Fire Company Plan) to account for its fiduciary responsibility.

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

The following schedules present the net position held in trust for pension benefits at June 30, 2025, and the changes in net position for the year then ended.

Schedule of Net Position

	Town Plan	MVFD Plan	Morris Fire Company Plan	Total
Assets:				
Cash and cash equivalents	\$ 54,913	56,979	300	112,192
Investments	2,020,682	45,123	58,393	2,124,198
Total assets	\$ 2,075,595	102,102	58,693	2,236,390
Net assets held in trust for pension benefits	\$ 2,075,595	102,102	58,693	2,236,390

Schedule of Changes in Net Position

	Town Retirement Plan	Morris Volunteer Fire Department Plan	Morris Fire Company Plan	Total
Additions:				
Contributions:				
Employer	\$ 160,000	4,200	14,500	178,700
Total contributions	\$ 160,000	4,200	14,500	178,700
Investment income:				
Net appreciation (depreciation) in fair value of investments	\$ 61,869	2,103	4,540	68,512
Interest and dividends	120,591	3,475	4,763	128,829
Less: investment expense	-	-	-	-
Total additions	\$ 342,460	9,778	23,803	376,041
Deductions:				
Administrative costs	\$ 4,850	4,207	4,207	13,264
Benefits	143,887	7,423	-	151,310
Total deductions	\$ 148,737	11,630	4,207	164,574
Net increase	\$ 193,723	(1,852)	19,596	211,467
Net position at beginning of year	1,881,872	103,954	39,097	2,024,923
Net position at end of year	\$ 2,075,595	102,102	58,693	2,236,390

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2025, the Town recognized pension expense of \$46,729 for the Town, Fire Department and Fire Company plans.

Plan Deferred Outflows of Resources			
	Town Plan	MVFD Plan	Morris Fire Company Plan
Net difference between projected and actual earnings on pension plan investments	\$	2,607	
Changes of assumptions	194,206	19,689	10,966
Total	\$ 194,206	22,296	10,966

Plan Deferred Inflows of Resources			
	Town Plan	MVFD Plan	Morris Fire Company Plan
Net difference between projected and actual earnings of plan investments	\$ 68,291		10,034
Differences between expected and actual experience	100,403	38,970	13,136
Total	\$ 168,694	38,970	23,170

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

Year Ended June 30,	Town Retirement Plan	MVFD Retirement Plan	Fire Company Plan
2026	\$ 36,385	3,583	(2,007)
2027	(30,387)	1,127	(2,008)
2028	(18,815)	(1,360)	(1,783)
2029	(5,726)	(1,832)	(592)
2030	14,842	(1,088)	911
Thereafter	29,213	(17,104)	(6,725)
	\$ 25,512	(16,674)	(12,204)

TOWN OF MORRIS, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Note 12 - Subsequent Events

Management has evaluated events subsequent to the date of the financial statements through November 21, 2025, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position date through November 21, 2025 that would require readjustment to the financial statements.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 8,126,376	8,126,376	8,228,718	102,342
Intergovernmental	277,062	277,062	278,783	1,721
Charges for services	191,675	191,675	409,344	217,669
Investment income	40,680	40,680	128,941	88,261
Other revenues	4,724	4,724	14,663	9,939
Total revenues	\$ 8,640,517	8,640,517	9,060,449	419,932
Expenditures:				
Current:				
General government	\$ 1,100,467	1,100,467	979,813	120,654
Public safety	539,965	539,965	521,826	18,139
Public works	1,067,821	1,067,821	1,020,335	47,486
Health and welfare	21,129	21,129	20,379	750
Culture and recreation	365,365	365,365	351,353	14,012
Education	5,108,670	5,108,670	5,108,670	-
Other	287,100	287,100	227,000	60,100
Total expenditures	\$ 8,490,517	8,490,517	8,229,376	261,141
Revenues over (under) expenditures	\$ 150,000	150,000	831,073	681,073
Other financing sources (uses):				
Capital improvement	\$ (700,000)	(700,000)	(700,000)	-
Proceeds from surplus	550,000	550,000	550,000	-
Total other financing sources (uses)	\$ (150,000)	(150,000)	(150,000)	-
Revenues over expenditures and other financing sources (uses)	\$ -	-	681,073	681,073
Appropriations from surplus:				
Reconition of of 2024 prepayment to RSD 20			856,980	
Committed for subsequent year's operating budget			\$ (550,000)	
Net change in unassigned fund balance			\$ 988,053	
Unassigned fund balance, July 1, 2024			784,440	
Unassigned fund balance, June 30, 2025			\$ 1,772,493	

The notes to the financial statements are an integral part of this statement.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - TOWN PLAN
For the Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 44,281	49,141	53,137	56,821	48,021	42,924	46,640	38,395	12,708	19,484
Interest on total pension liability	115,889	118,761	128,519	121,521	118,538	114,145	116,145	103,218	96,471	85,093
Differences between expected and actual exp.	39,577	(43,081)	(171,464)	17,059	27,162	78,313	(96,229)	114,002	68,571	(15,867)
Effect of assumption changes or inputs	58,533	53,962	51,796	55,520	49,366	(5,066)	(5,437)	22,442	-	193,463
Benefit payments	(143,859)	(141,464)	(136,444)	(141,447)	(103,379)	(91,994)	(89,502)	(83,605)	(71,972)	(65,211)
Net change in total pension liability	\$ 114,421	37,319	(74,456)	109,474	139,708	138,322	(28,383)	194,452	105,778	216,962
Total pension liability - beginning	2,087,395	2,050,076	2,124,532	2,015,058	1,875,350	1,737,028	1,765,411	1,570,959	1,465,181	#REF!
Total pension liability - ended	\$ 2,201,816	2,087,395	2,050,076	2,124,532	2,015,058	1,875,350	1,737,028	1,765,411	1,570,959	#REF!
Plan fiduciary net position:										
Contributions - employer	\$ 160,000	160,000	160,000	125,100	166,150	166,150	156,461	74,800	69,000	48,755
Net investment income	194,411	219,259	156,747	(222,526)	402,640	23,789	45,522	30,893	94,965	(10,637)
Benefit payments	(143,859)	(141,464)	(136,444)	(141,447)	(103,379)	(91,994)	(89,502)	(83,605)	(71,972)	(65,211)
Administrative expenses	(4,850)	(4,975)	(4,838)	(7,800)	(4,800)	(5,170)	(5,795)	(4,091)	-	-
Net change in plan fiduciary net position	\$ 205,702	232,820	175,465	(246,673)	460,611	92,775	106,686	17,997	91,993	(27,093)
Plan fiduciary net position - beginning	1,881,872	1,649,052	1,473,587	1,720,260	1,259,649	1,166,874	1,060,188	1,042,191	950,198	#REF!
Plan fiduciary net position - ended	\$ 2,087,574	1,881,872	1,649,052	1,473,587	1,720,260	1,259,649	1,166,874	1,060,188	1,042,191	#REF!
Net pension liability - ended	\$ 114,242	205,523	401,024	650,945	294,798	615,701	570,154	705,223	528,768	#REF!
Plan fiduciary net position/total pension liability	94.81%	90.15%	80.44%	69.36%	85.37%	67.17%	67.18%	60.05%	66.34%	#REF!
Covered-employee payroll	\$ 433,778	417,886	457,360	485,078	491,701	544,916	45,789	466,832	388,213	167,017
Net pension liability/covered-employee payroll	26.34%	49.18%	87.68%	134.19%	59.95%	112.99%	124.52%	151.07%	136.21%	#REF!

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MVFD PLAN
For the Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$		-	-	-	-	-	2,345	2,347	2,347
Interest on total pension liability	5,826	5,848	5,835	7,217	9,040	10,912	11,306	11,604	10,694	10,694
Differences between expected and actual expense	502	670	(4,186)	(10,852)	(3,435)	(11,347)	(5,710)	(12,456)	5,686	5,686
Effect of assumption changes or inputs	3,071	3,107	2,995	3,133	3,171	(489)	(538)	2,899	-	-
Benefit payments	(7,423)	(4,095)	(4,774)	(30,659)	(34,087)	(9,232)	(12,578)	(5,037)	(5,458)	(5,458)
Net change in total pension liability	\$	1,976	5,530	(130)	(31,161)	(25,311)	(10,156)	(7,520)	(645)	13,269
Total pension liability - beginning	105,041	99,511	99,641	130,802	156,113	166,269	173,789	174,434	161,165	161,165
Total pension liability - ended	\$	107,017	105,041	99,511	99,641	130,802	156,113	166,269	173,789	174,434
Plan fiduciary net position:										
Contributions - employer	\$	4,200	4,000	10,900	7,200	18,450	18,950	24,815	8,000	8,500
Net investment income	9,785	4,044	89	(13,941)	27,441	3,478	4,786	(3,832)	6,013	6,013
Benefit payments	(7,423)	(4,095)	(4,774)	(30,659)	(34,087)	(9,232)	(12,578)	(5,037)	(5,458)	(5,458)
Administrative expenses	(4,200)	(4,100)	(4,350)	6,996	(8,211)	(4,935)	(6,214)	(4,001)	-	-
Net change in plan fiduciary net position	\$	2,362	(151)	1,865	(30,404)	3,593	8,261	10,809	(4,870)	9,055
Plan fiduciary net position - beginning	104,654	104,805	102,940	133,344	129,751	121,490	110,681	115,551	106,496	106,496
Plan fiduciary net position - ended	\$	107,016	104,654	104,805	102,940	133,344	129,751	121,490	110,681	115,551
Net pension liability - ended	\$	1	387	(5,294)	(3,299)	(2,542)	26,362	44,779	63,108	58,883
Plan fiduciary net position/total pension liability	100%	99.63%	105.32%	103.31%	101.94%	83.11%	73.07%	66.24%	66.24%	66.24%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/covered - employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TOWN OF MORRIS, CONNECTICUT

RSI-4

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MFC PLAN
For the Last Four Fiscal Years

	2025	2024	2023	2022
Total pension liability:				
Service cost	\$ 14,714	14,364	10,869	17,402
Interest on total pension liability	6,531	4,851	2,992	3,469
Differences between expected and actual experience	(11,821)	7,999	19,267	(30,537)
Effect of assumption changes or inputs	6,016	5,519	(138)	2,023
Benefit payments		-	-	-
Net change in total pension liability	\$ 15,440	32,733	32,990	(7,643)
Total pension liability - beginning	113,589	80,856	47,866	55,509
Total pension liability - ended	129,029	113,589	80,856	47,866
Plan fiduciary net position:				
Contributions - Town	\$ 14,500	14,000	14,100	14,000
Net investment income	9,857	7,327	1,771	(4)
Administrative expenses	(4,200)	(4,100)	(4,000)	(3,996)
Net change in plan fiduciary net position	\$ 20,157	17,227	11,871	10,000
Plan fiduciary net position - beginning	39,098	21,871	10,000	-
Plan fiduciary net position - ended	\$ 59,255	39,098	21,871	10,000
Net pension liability - ended	\$ 69,774	74,491	58,985	37,866
Plan fiduciary net position as a percentage of total pension liability				
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A

The schedule is intended to show information for ten years. Additional information will be added as it becomes available

SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN PLAN
For the Last Ten Fiscal Years

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Contribution as a Percentage of Covered- employee Payroll
2025	\$ 72,076	160,000	87,924	433,778	36.89%
2024	97,137	160,000	(62,863)	417,886	38.29%
2023	72,586	160,000	(87,414)	457,360	34.98%
2022	94,185	155,100	(60,915)	485,078	31.97%
2021	84,523	166,150	(81,627)	491,701	33.79%
2020	93,815	166,150	(72,335)	544,916	30.49%
2019	71,837	156,461	(84,624)	457,890	34.17%
2018	58,775	74,800	(16,025)	466,832	16.02%
2017	52,626	69,000	(16,374)	388,213	17.77%
2016	37,317	48,755	(11,438)	167,017	29.19%

Notes to Schedule

Valuation date	July 1, 2025
Measurement date	June 30, 2025

Methods and assumptions used
to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll, closed
Remaining amortization period	30 years from 7/1/16
Asset valuation method	Fair market value
Discount rate	6.00%, changed from 6.50% in 2024
Inflation	2.25%
Salary increases	4.00%
Investment rate of return	6.00%, changed from '6.55% in 2024
Retirement age	65
Mortality table	RP 2014 adjusted to 2006
Mortality projection scale (to valuation date)	MP-2021, changed from MP-2020 in 2024

SCHEDULE OF EMPLOYER CONTRIBUTIONS - MVFD PLAN
For the Last Ten Fiscal Years

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Contribution as a Percentage of Covered- employee Payroll
2025	\$	4,200	4,200	N/A	N/A
2024	-	4,000	(4,000)	N/A	N/A
2023	-	10,900	(10,900)	N/A	N/A
2022	2,178	7,200	(5,022)	N/A	N/A
2021	3,648	18,450	(14,802)	N/A	N/A
2020	5,075	18,950	(13,875)	N/A	N/A
2019	6,815	24,815	(18,000)	N/A	N/A
2018	6,784	8,000	(1,216)	N/A	N/A
2017	4,354	8,500	(4,146)	N/A	N/A
2016	4,081	5,981	(1,900)	N/A	N/A

Notes to Schedule

Valuation date

July 1, 2025

Measurement date

June 30, 2025

Methods and assumptions used
to determine contribution rates:

Actuarial cost method

Unit credit

Amortization method

Level percent of payroll, closed

Remaining amortization period

30 years from 7/1/16

Asset valuation method

Fair market value

Discount rate

6.00%, changed from 6.50% in 2024

Inflation

2.50%, changed from 2.75% in 2024

Salary increases

N/A

Investment rate of return

6.00%, changed from 6.50% in 2024

Retirement age

65-70

Mortality table

RP 2014 adjusted to 2006

Mortality projection scale (to valuation date)

MP-2021, changed from MP-2020 in 2024

SCHEDULE OF EMPLOYER CONTRIBUTIONS - MFC PLAN
For the Last Four Fiscal Years

		Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Contribution as a Percentage of Covered- employee Payroll
2025	\$	15,656	14,500	(1,156)	N/A	N/A
2024		11,224	14,000	(2,776)	N/A	N/A
2023		17,119	14,100	3,019	N/A	N/A
2022		13,995	14,000	(5)	N/A	N/A

Notes to Schedule

Valuation date	July 1, 2025
Measurement date	June 30, 2025

Methods and assumptions used
to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years from 7/1/16
Asset valuation method	Fair market value
Discount rate	6.00%, changed from 6.50% in 2024
Inflation	2.50%, changed from 2.75% in 2024
Salary increases	N/A
Investment rate of return	6.00%, changed from 6.50% in 2024
Retirement age	65
Mortality table	RP 2014 adjusted to 2006
Mortality projection scale (to valuation date)	MP-2021, changed from MP-2020 in 2024

The schedule is intended to show information for ten years. Additional information will be added as it becomes available

SCHEDULE OF INVESTMENT RETURNS - TOWN PLAN
For the Last Ten Fiscal Years

	Net Money- Weighted Rate of Return
2025	9.91 %
2024	12.67
2023	10.07
2022	(12.60)
2021	29.50
2020	1.87
2019	3.90
2018	3.04
2017	9.92
2016	(1.10)

SCHEDULE OF INVESTMENT RETURNS - MVFD PLAN
For the Last Ten Fiscal Years

	Net Money- Weighted Rate of Return	
2025	9.36	%
2024	3.86	
2023	0.08	
2022	0.05	
2021	19.71	
2020	2.63	
2019	4.03	
2018	(3.42)	
2017	5.52	
2016	(2.97)	

SCHEDULE OF INVESTMENT RETURNS - MFC PLAN
For the Last Four Fiscal Years

	Net Money- Weighted Rate of Return	
2025	19.55	%
2024	22.35	
2023	8.40	
2022	0.04	

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 1

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive / (Negative)
	Original	Final		
Property taxes:				
Current year's levy	\$ 8,030,976	8,030,976	8,144,406	113,430
Prior year's levy	55,000	55,000	46,004	(8,996)
Interest and penalties	40,400	40,400	38,308	(2,092)
Total property taxes	\$ 8,126,376	8,126,376	8,228,718	102,342
Intergovernmental:				
State grants for education	\$ 250,614	250,614.00	250,614	-
Other state grants	26,448	26,448.00	28,169	1,721
Total intergovernmental	\$ 277,062	277,062	278,783	1,721
Charges for services:				
Licenses and permits	\$ 107,100	107,100	300,658	193,558
Charges for services	57,575	57,575	76,776	19,201
Transfer station	27,000	27,000	31,910	4,910
Total charges for services	\$ 191,675	191,675	409,344	217,669
Investment income	\$ 40,680	40,680	128,941	88,261
Other revenues	\$ 4,724	4,724	14,663	9,939
Other financing resources:				
Proceeds from surplus	\$ 550,000	550,000	550,000	-
Total revenue and other financing sources	\$ 9,190,517	9,190,517	9,610,449	419,932

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 2

Page 1 of 2

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts - Budgetary Basis	Final Budget Positive / (Negative)
General government:				
Board of Finance	\$ 20,250	20,250	20,937	(687)
Board of Appeals - Legal	1,000	1,000	-	1,000
Planning and Zoning	43,839	43,839	52,705	(8,866)
Tax Collector	39,884	39,884	38,339	1,545
Treasurer	89,640	89,640	77,192	12,448
Inland Wetland	7,820	7,820	1,310	6,510
Zoning Appeals Board	6,220	6,220	357	5,863
Town Clerk	89,092	89,092	87,059	2,033
Assessor	83,419	83,419	79,435	3,984
Insurance	113,300	113,300	73,585	39,715
Selectman - Miscellaneous	50,535	50,535	47,017	3,518
Civil Division	80,256	80,256	77,312	2,944
Building Inspector	53,350	53,350	59,038	(5,688)
Other General Government	421,862	421,862	365,527	56,335
Total general government	\$ 1,100,467	1,100,467	979,813	120,654
Public safety:				
Fire Department	\$ 121,511	121,511	111,635	9,876
Fire Marshal	14,600	14,600	11,415	3,185
Board of Selectmen - Safety	388,054	388,054	384,126	3,928
Dog Warden	15,800	15,800	14,650	1,150
Total public safety	\$ 539,965	539,965	521,826	18,139
Public works:				
Highway Department	\$ 778,503	778,503	771,380	7,123
Transfer station	289,318	289,318	248,955	40,363
Total public works	\$ 1,067,821	1,067,821	1,020,335	47,486
Health and welfare:				
Board of Health	\$ 20,629	20,629	20,379	250
Morris Board of Health	500	500	-	500
Total health and welfare	\$ 21,129	21,129	20,379	750
Culture and recreation:				
Beach and recreation	\$ 54,892	54,892	44,664	10,228
Library	127,840	127,840	127,157	683
Community Hall	60,280	60,280	61,330	(1,050)
Senior Center	122,353	122,353	118,202	4,151
Total culture and recreation	\$ 365,365	365,365	351,353	14,012
Education:				
Board of Education	\$ 5,108,670	5,108,670	5,108,670	-
Total education	\$ 5,108,670	5,108,670	5,108,670	-

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 2

Page 2 of 2

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive / (Negative)
	Original	Final		
Other:				
Contingency	\$ 60,000	60,000	-	60,000
Bantam Lake Authority	50	50	-	50
Sandy Beach Commission	8,300	8,300	8,300	-
Pension Commission	179,500	179,500	179,500	-
Pension Commission Fire Department	4,200	4,200	4,200	-
Economic Development	50	50	-	50
Bantam Lake Weed Control	35,000	35,000	35,000	-
Total other	\$ 287,100	287,100	227,000	60,100
Other financing uses:				
Capital improvements	\$ 700,000	700,000	700,000	-
Total other financing uses	\$ 700,000	700,000	700,000	-
Total expenditures and other financing uses	\$ 9,190,517	9,190,517	8,929,376	261,141

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 3

COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2025

	Town Aid Road Fund	Library Fund	Senior Center Fund	Social Services Fund	Recreation Activities Fund	Small Cities Fund	Other Funds	Total
Assets:								
Cash and cash equivalents	\$	23,076	5,175	33,569	12,702	29,897		104,419
Investments		44,317						44,317
Receivables, net						168,705	24,916	193,621
Due from other funds	40,626						42,070	82,696
Total assets	<u>\$ 40,626</u>	<u>67,393</u>	<u>5,175</u>	<u>33,569</u>	<u>12,702</u>	<u>198,602</u>	<u>66,986</u>	<u>425,053</u>
Liabilities:								
Accounts payable	\$							-
Due to other funds	324							324
Payments in advance							64,622	64,622
Total liabilities	<u>\$ 324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,622</u>	<u>64,946</u>
Deferred inflows of resources:								
Unavailable receipts	\$					168,705		168,705
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,705</u>	<u>-</u>	<u>168,705</u>
Fund balance (deficit):								
Restricted	\$ 40,302	67,393	5,175	33,569	12,702	29,897		189,038
Committed								-
Assigned							2,364	2,364
Unassigned								-
Total fund balance (deficit)	<u>\$ 40,302</u>	<u>67,393</u>	<u>5,175</u>	<u>33,569</u>	<u>12,702</u>	<u>29,897</u>	<u>2,364</u>	<u>191,402</u>

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 4

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR FUNDS
For the Year Ended June 30, 2025

	Town Aid Road Fund	Library Fund	Senior Center Fund	Social Services Fund	Recreation Activities Fund	Small Cities Fund	Other Funds	Total
Revenues:								
Intergovernmental	\$ 178,414	1,923					47,297	227,634
Charges for services		4,421			12,855			17,276
Investment income		2,003	5	31	11			2,050
Other		19,393	9,555	6,439				35,387
Total revenues	<u>\$ 178,414</u>	<u>27,740</u>	<u>9,560</u>	<u>6,470</u>	<u>12,866</u>	<u>-</u>	<u>47,297</u>	<u>282,347</u>
Expenditures:								
Public safety	\$						13,735	13,735
Public works	168,130						33,562	201,692
Culture and recreation		16,609	7,377	3,179	8,963			36,128
Other								-
Total expenditures	<u>\$ 168,130</u>	<u>16,609</u>	<u>7,377</u>	<u>3,179</u>	<u>8,963</u>	<u>-</u>	<u>47,297</u>	<u>251,555</u>
Revenue over (under) expenditures	<u>\$ 10,284</u>	<u>11,131</u>	<u>2,183</u>	<u>3,291</u>	<u>3,903</u>	<u>-</u>	<u>-</u>	<u>30,792</u>
Changes in fund balances	\$ 10,284	11,131	2,183	3,291	3,903	-	-	30,792
Fund balances - beginning	30,018	56,262	2,992	30,278	8,799	29,897	2,364	160,610
Fund balances - ended	<u>\$ 40,302</u>	<u>67,393</u>	<u>5,175</u>	<u>33,569</u>	<u>12,702</u>	<u>29,897</u>	<u>2,364</u>	<u>191,402</u>

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 5

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2025

	Town Employee's Plan	MVFD Plan	Morris Fire Company Plan	Total Trust Funds
Assets:				
Cash and cash equivalents	\$ 54,521	56,967	848	112,336
Investments at fair value	2,021,074	45,123	57,845	2,124,042
Total assets	\$ 2,075,595	102,090	58,693	2,236,378
Liabilities:				
Accrued expenses	\$ -	-	-	-
Net position:				
Held in trust for specific purposes	\$ 2,075,595	102,090	58,693	2,236,378

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 6

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
For the Year Ended June 30, 2025

	Town Employees' Plan	MVFD Plan	Morris Fire Company Plan	Total Trust Funds
Additions:				
Contributions	\$ 160,000	4,200	14,500	178,700
Total contributions	<u>\$ 160,000</u>	<u>4,200</u>	<u>14,500</u>	<u>178,700</u>
Investment earnings:				
Net increase (decrease) in fair value	\$ 61,869	2,103	4,540	68,512
Interest and dividends	120,591	3,475	4,763	128,829
Less: investment expense		(8)	(8)	(16)
Total investment earnings	<u>\$ 182,460</u>	<u>5,570</u>	<u>9,295</u>	<u>197,325</u>
Deductions:				
Administrative	\$ 4,878	4,200	4,200	13,278
Benefits	143,859	7,423		151,282
Total deductions	<u>\$ 148,737</u>	<u>11,623</u>	<u>4,200</u>	<u>164,560</u>
Change in net position	<u>\$ 193,723</u>	<u>(1,853)</u>	<u>19,595</u>	<u>211,465</u>
Net position - beginning	<u>1,881,872</u>	<u>103,943</u>	<u>39,098</u>	<u>2,024,913</u>
Net position - ended	<u><u>\$ 2,075,595</u></u>	<u><u>102,090</u></u>	<u><u>58,693</u></u>	<u><u>2,236,378</u></u>

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 7

STATEMENT OF CHANGES IN FUND BALANCE - BY PROJECT
CAPITAL & NONRECURRING FUND
For the Year Ended June 30, 2025

	Beginning Fund Balance	Current Year Appropriations	Transfer In (Out)	Other Revenues	Total Available	Current Year Expenditures	Ended Fund Balance
Committed fund balance:							
Fire Department - Fire Engine #5 upgrade	\$ 20	-			20	-	20
Fire Department - engine #3 replace	150,000	50,000			200,000	-	200,000
Fire Department Parking lot and prop. line	-	-			-	-	-
Fire Department - 2 SCBA packs	736	-			736	-	736
First Selectman - JMS generator	51,718	-			51,718	-	51,718
Highway - E. Shore Road culverts	-	-			-	-	-
Highway - E. Shore Road paving	1	-			1	-	1
Highway - backhoe replacement	90,000	30,000			120,000	(120,000)	-
Highway - 2008 int dump replacement	50,000	50,000			100,000	-	100,000
Highway - Multi use Mower	25,000	15,000			40,000	(39,647)	353
Highway - Fuel tank system	35,000	35,000			70,000	(69,986)	14
Highway - Equipment trailer	-	20,000			20,000	(19,749)	251
Highway - John Weik Bridge	-	100,000			100,000	(69,661)	30,339
Highway - Replace Utility Truck	-	30,000			30,000	-	30,000
Highway - Looking Glass Reclaim & Pave	-	125,000			125,000	(48,250)	76,750
Municipal Building capital maintenance	19,172	25,000			44,172	(19,201)	24,971
Beach & Rec - Recreational Outdoor Courts	-	25,000			25,000	-	25,000
Revaluation	27,868	-			27,868	-	27,868
Selectman - fire pond dredging	967	15,000			15,967	(15,733)	234
Selectman - Eldridge generator	10,000	10,000			20,000	-	20,000
Selectman - Cyber security upgrades	1,921	-			1,921	-	1,921
Selectman - CH Bathroom Renovation	-	30,000			30,000	(29,999)	1
Selectman - CH Parking Lot Sealcoating	-	10,000			10,000	(9,175)	825
Town Clerk upgrade	9,020	-			9,020	-	9,020
Transfer Station concrete wall repl.	421	-			421	-	421
Transfer Station - South Wall Replacement	-	60,000			60,000	(50,940)	9,060
Transfer Station - Utility Vehicle	-	30,000			30,000	(29,535)	465
Highway - Town garage repairs	1,682	-			1,682	(1,000)	682
Senior Center - Shed & Sidewalk	-	10,000			10,000	(5,299)	4,701
Senior Center - Dishwasher	4,545	-			4,545	-	4,545
Total committed fund balance	\$ 478,071	670,000	-	-	1,148,071	(528,175)	619,896
Assigned fund balance:							
Senior Center funds	\$ 183	-			183		183
Unspecified projects	266,118	(670,000)	700,000	55,624	351,742		351,742
Total assigned fund balance	\$ 266,301	(670,000)	700,000	55,624	351,925	-	351,925
Total fund balance	\$ 744,372	-	700,000	55,624	1,499,996	(528,175)	971,821

STATEMENT OF CHANGES IN FUND BALANCE - BY PROJECT
 AMERICAN RECOVERY PLAN ACT
 For the Year Ended June 30, 2025

	Total Appropriations	Previous Year Expenditures	Current Year Expenditures	Interest Income	Total Available
Grant Payments in Advance					
Mini excavator	\$ 100,631	(100,631)			-
NW Transit District	10,000	(10,000)			-
Greenwoods	10,000		(10,000)		-
Affordable Housing	140,000	(86,550)	(53,450)		-
Firehouse HVAC	13,823	(13,823)			-
Firehouse bath/showers	50,658	(850)	(49,250)		558
Morris Fresh Food Grant	8,300	(8,300)			-
Engine 5 replacement	150,000	(150,000)			-
Community Hall HVAC	22,149	(22,149)			-
Recreation access	24,733	(24,733)			-
Morris Historical Society	33,000	(18,570)	(14,430)		-
Friends and Neighbors	8,000	(8,000)			-
MP Library Fund	863	(863)			-
Munson House Remodeling	20,000	(15,730)			4,270
CH Bathroom Remodel	20,000		(6,467)		13,533
Generator - Affordable Housing	66,000		(26,890)		39,110
Total Appropriated	678,157	(460,199)	(160,487)	-	57,471
Less: Appropriations from interest earned	(11,085)				(11,085)
Total grant payments in advance	\$ 667,072	(460,199)	(160,487)	-	46,386
Restricted Funds					
Unspecified projects	\$ 30,672				30,672
Total restricted funds	\$ 30,672	-	-	-	30,672
Total remaining funds	\$ 697,744	(460,199)	(160,487)	-	77,058

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 9

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2025

Grand List Year	Uncollected Balance & New Levy July 1, 2024	Lawful Corrections		Transfers to (Recoveries From) Suspense	Balance to be Collected	Collections				Uncollected Balance June 30, 2025
		Increases	Decreases			Taxes	Interest	Lien Fees	Total	
2009	\$ -	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	5,754	-	-	-	5,754	1,531	2,221	179	3,931	4,223
2016	3,674	-	-	(151)	3,523	-	-	-	-	3,523
2017	4,162	-	-	(488)	3,674	-	-	-	-	3,674
2018	5,412	-	-	(377)	5,035	995	499	-	1,494	4,040
2019	3,810	-	-	-	3,810	1,180	973	-	2,153	2,630
2020	2,166	2,975	-	-	5,141	1,827	1,159	316	3,302	3,314
2021	7,856	430	(949)	(52)	7,285	6,097	2,618	185	8,900	1,188
2022	74,428	962	(3,105)	(1,153)	71,132	58,635	10,213	964	69,812	12,497
Total	\$ 107,262	4,367	(4,054)	(2,221)	105,354	70,265	17,684	1,644	89,593	35,089
2023	8,164,813	76,917	(11,201)	(1,108)	8,229,421	8,146,625	28,044	1,900	8,176,569	82,796
Total	\$ 8,272,075	81,284	(15,255)	(3,329)	8,334,775	8,216,890	45,728	3,544	8,266,162	117,885

TOWN OF MORRIS, CONNECTICUT

SCHEDULE 10

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2025

						Total tax collections (including interest and lien fees) for the year ended June 30, 2025		\$	8,266,162			
						Reimbursement for revenue loss on: Elderly Tax Relief - Freeze			-			
						Base		\$	<u>8,266,162</u>			
						General Purpose	Schools	Sewers	Urban Renewal	Pension Bonding	Total Debt	
Debt limitation:												
2 1/4 times base						\$	18,598,865					
4 1/2 times base								37,197,730				
3 3/4 times base								30,998,108				
3 1/4 times base									26,865,027			
3 times base										24,798,487		
7 times base											57,863,136	
Total debt limitation						\$	<u>18,598,865</u>	<u>37,197,730</u>	<u>30,998,108</u>	<u>26,865,027</u>	<u>24,798,487</u>	<u>57,863,136</u>
Indebtedness:												
Bonds payable						\$	-	-	-	-	-	-
Bonds authorized and unissued							<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness						\$	-	-	-	-	-	-
Less: school construction grants receivable							<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness of the Town						\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt						\$	<u>18,598,865</u>	<u>37,197,730</u>	<u>30,998,108</u>	<u>26,865,027</u>	<u>24,798,487</u>	<u>57,863,136</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To The Board of Finance
Town of Morris, Connecticut
Morris, Connecticut 06763

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Morris, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Morris, Connecticut's basic financial statements, and have issued our report thereon dated November 21, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that we have not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Morris, Connecticut's internal control, and compliance. Accordingly, this communication is not suitable for any other purpose.

CLERMONT & ASSOCIATES LLC

Waterbury, Connecticut

A handwritten signature in cursive script that reads "Clermont & Associates, LLC".

November 21, 2025