

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 9, 2025

NEW ISSUE

RATINGS: Moody's: "Aa2" (Bonds)
"MIG 1" (Notes)
(See "RATINGS" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township (as defined herein) with certain covenants described herein, interest on the Obligations (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that under existing laws of the State of New Jersey, interest on the Obligations (as defined herein) and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Township in its Tax Certificate (as defined herein), assume continuing compliance by the Township with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

TOWNSHIP OF PARSIPPANY-TROY HILLS
IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY

\$36,744,000*
GENERAL IMPROVEMENT BONDS, SERIES 2025
(Book-Entry) (Callable)

Dated: Date of Delivery
Due: October 15,
as shown on the inside front cover

\$50,190,000
BOND ANTICIPATION NOTES, SERIES 2025
Consisting of
\$31,540,000 Water Utility Notes,
\$16,956,000 Sewer Utility Notes, and
\$1,694,000 Golf and Recreational Utility Notes
(Book-Entry) (Non-Callable)

Dated: Date of Delivery
Due: October 27, 2026

The \$36,744,000* General Improvement Bonds, Series 2025 (the "Bonds"), of the Township of Parsippany-Troy Hills, in the County of Morris, State of New Jersey (the "Township"), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository for the Bonds. See "DESCRIPTION OF THE OBLIGATIONS – Book-Entry System" herein.

Interest on the Bonds will be payable semiannually on April 15 and October 15 (each an "Interest Payment Date") in each year until maturity or earlier redemption, commencing on April 15, 2026. Principal of and interest due on the Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds) preceding an Interest Payment Date. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE OBLIGATIONS – Redemption" herein.

The Bonds are valid and legally binding general obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The \$50,190,000 Bond Anticipation Notes, Series 2025, consisting of \$31,540,000 Water Utility Notes (the "Water Utility Notes"), \$16,956,000 Sewer Utility Notes (the "Sewer Utility Notes"), and \$1,694,000 Golf and Recreational Utility Notes (the "Golf and Recreational Utility Notes" and, together with the Water Utility Notes and the Sewer Utility Notes, the "Notes" and, together with the Bonds, the "Obligations"), will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of DTC, which will act as securities depository for the Notes. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date of the Notes set forth above. See "DESCRIPTION OF THE OBLIGATIONS – Book-Entry System" herein. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Notes are valid and legally binding general obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued or the sale of the notes, and, if not so paid, are payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property located within the Township without limitation as to rate or amount.

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

The Obligations are offered when, as and if issued, and delivered to the Underwriters (as defined herein), subject to prior sale, withdrawal or modification of the offer without notice and to the approval of the legality thereof by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney, Michael B. Lavery, Esq. of Lavery, Selvaggi & Cohen, P.C., Hackettstown, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Obligations. Delivery of the Obligations is anticipated to be via DTC in Brooklyn, New York on or about October 28, 2025.

BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION VIA THE PARITY ELECTRONIC BID SYSTEM ON THURSDAY, OCTOBER 16, 2025 UNTIL 11:00 A.M. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

BID PROPOSALS FOR THE NOTES WILL BE ACCEPTED BY EMAIL: BMORRIS@MUNIADVISORS.COM OR ELECTRONIC SUBMISSION VIA THE PARITY ELECTRONIC BID SYSTEM ON THURSDAY, OCTOBER 16, 2025 UNTIL 11:15 A.M. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Preliminary, subject to change.

**TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY**

\$36,744,000* GENERAL IMPROVEMENT BONDS, SERIES 2025

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIPS**

<u>Year</u> <u>(October 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$2,004,000	%	%	
2027	2,990,000			
2028	3,750,000			
2029	4,000,000			
2030	4,000,000			
2031	4,000,000			
2032	4,000,000			
2033	4,000,000			
2034	4,000,000			
2035	4,000,000			

\$50,190,000 BOND ANTICIPATION NOTES, SERIES 2025

Consisting of
\$31,540,000 Water Utility Notes,
\$16,956,000 Sewer Utility Notes, and
\$1,694,000 Golf and Recreational Utility Notes

INTEREST RATE: ____% **YIELD: ____%** **CUSIP**:** _____

* Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bond and Note holders only at the time of issuance of the Obligations and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Obligations as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Obligations.

**TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS, NEW JERSEY**

MAYOR

James R. Barberio

TOWNSHIP COUNCIL MEMBERS

Paul Carifi, Jr., President
Frank Neglia, Vice President
Justin Musella
Judy Hernandez
Matt McGrath

TOWNSHIP ADMINISTRATOR

Jamie Cryan

CHIEF FINANCIAL OFFICER

Angelica Sabatini

TOWNSHIP CLERK

Khaled Madin

TOWNSHIP ATTORNEY

Lavery, Selvaggi & Cohen, P.C.
Hackettstown, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

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

The information contained herein has been provided by the Township, DTC and other sources deemed reliable by the Township; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Township, such information is not to be construed as a representation or warranty by the Township.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create an implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The Township has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of, and exceptions to, statements made herein. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information included herein, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of the relevance, materiality or importance thereof, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Obligations, the Underwriters (as defined herein) may engage in transactions intended to stabilize the price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Obligations are offered to the public by the Underwriters and the yields resulting therefrom may vary from the initial public offering prices or yields on the inside cover page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
Relating to the
TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY
\$36,744,000* GENERAL IMPROVEMENT BONDS, SERIES 2025

\$50,190,000 BOND ANTICIPATION NOTES, SERIES 2025
Consisting of
\$31,540,000 Water Utility Notes,
\$16,956,000 Sewer Utility Notes, and
\$1,694,000 Golf and Recreational Utility Notes

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Parsippany-Troy Hills (the “Township”), in the County of Morris (the “County”), State of New Jersey (the “State”), in connection with the sale and the issuance of: (i) \$36,744,000* General Improvement Bonds, Series 2025 (the “Bonds”); and (ii) \$50,190,000 Bond Anticipation Notes, Series 2025, consisting of \$31,540,000 Water Utility Notes (the “Water Utility Notes”), \$16,956,000 Sewer Utility Notes (the “Sewer Utility Notes”), and \$1,694,000 Golf and Recreational Utility Notes (the “Golf and Recreational Utility Notes” and, together with the Water Utility Notes and the Sewer Utility Notes, the “Notes” and, together with the Bonds, the “Obligations”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

This Official Statement contains specific information relating to the Obligations including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

DESCRIPTION OF THE OBLIGATIONS

General Description

The Bonds will be dated their date of delivery, will mature on October 15 in the years and in the amounts set forth on the inside front cover page hereof, and will bear the interest from their dated date. Interest on the Bonds will be payable semiannually on April 15 and October 15 (each an “Interest Payment Date”) in each year until maturity or earlier redemption, commencing on April 15, 2026 at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited

* Preliminary, subject to change.

to the participants of DTC as listed on the records of DTC as of each April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds) preceding an Interest Payment Date. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York (“DTC”) and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign), as nominee for DTC.

The Notes are dated, will mature on the date and in the amount set forth on the front cover page hereof, and will bear interest payable at the interest rate as set forth on the inside front cover page hereof. Interest shall be computed on the basis of a 360-day year of twelve 30-day calendar months. The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued may be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Notes. The Notes are issuable as a fully registered book-entry note. The Notes may be purchased in book-entry form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity of the Notes.

Book-Entry System*

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing

* Source: The Depository Trust Company.

corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

Redemption proceeds, if any, and principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BOND OR NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE OBLIGATIONS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

Discontinuation of Book-Entry System

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

Redemption

The Bonds

The Bonds maturing prior to October 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 15, 2033 are redeemable at the option of the Township in whole or in part on any date on or after October 15, 2032 upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption (“Notice of Redemption”) shall be given by first class mail, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, in a sealed envelope with postage prepaid to the owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. So long as The Depository Trust Company (or any successor thereto) (the “Securities Depository”) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its Participants or any failure of any Participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be redeemed by the Township in inverse order of maturity and within any maturity shall be selected by the Township by lot. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued and unpaid interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

The Notes

The Notes are not subject to redemption prior to their stated maturity.

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

The Bonds

The Bonds have been authorized and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the “Local Bond Law”), various bond ordinances adopted by the Township Council of the Township referred to in the chart below, approved by the Mayor, and published by law, and by a resolution adopted by the Township Council of the Township on September 25, 2025 (the “Resolution”).

Proceeds from the sale and issuance of the Bonds will be used by the Township to: (i) currently refund the \$25,569,000 General Improvement Notes of the Township, dated and issued on October 30, 2024 and maturing on October 29, 2025; (ii) provide new money to permanently finance various capital improvements in the amount of \$11,175,000; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Total Amount Funded by Bond Proceeds
#2019-09	Various capital improvements, finally adopted April 16, 2019.	\$36,500
#2020-24	Various capital improvements, finally adopted July 21, 2020.	707,635
#2022-13	Various capital improvements, finally adopted May 17, 2022.	1,906,665

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Total Amount Funded by Bond Proceeds
#2022-30	Various capital improvements, finally adopted October 18, 2022.	7,718,200
#2023-05	Various capital improvements, finally adopted April 18, 2023.	2,400,000
#2023-16	Various capital improvements, finally adopted September 19, 2023.	8,800,000
#2024-04	Various capital improvements, finally adopted March 19, 2024.	4,000,000
#2024-13	Various capital improvements, finally adopted August 20, 2024	7,784,000
#2025-09	Various capital improvements, finally adopted June 3, 2025.	<u>3,391,000</u>
	Total:	<u>\$36,744,000</u>

The Notes

The Notes have been authorized and are being issued pursuant to (i) the Local Bond Law, (ii) various bond ordinances adopted by the Township Council of the Township referred to in the charts below, approved by the Mayor, and published by law, and (iii) by a Resolution.

The Water Utility Notes

Proceeds from the sale and issuance of the Water Utility Notes will be used by the Township to: (i) currently refund the \$26,240,000 Water Utility Notes of the Township, dated and issued on October 30, 2024 and maturing on October 29, 2025; (ii) provide \$5,300,000 in new money to temporarily finance various capital improvements for the water utility in and by the Township; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Water Utility Notes.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Total Amount of Notes to be Issued
#2021-20	Improvements to water utility system, finally adopted September 7, 2021.	\$9,700,000
#2022-14	Improvements to water utility system, finally adopted May 17, 2022.	4,150,000
#2022-31	Improvements to water utility system, finally adopted October 18, 2022.	5,170,000
#2023-04	Improvements to water utility system, finally adopted April 18, 2023.	7,220,000
#2024-08	Improvements to water utility system, finally adopted May 21, 2024.	<u>5,300,000</u>
	Total:	<u>\$31,540,000</u>

The Sewer Utility Notes

Proceeds from the sale and issuance of the Sewer Utility Notes will be used by the Township to: (i) currently refund the \$13,956,000 Sewer Utility Notes of the Township, dated and issued on October 30, 2024 and maturing on October 29, 2025; (ii) provide \$3,000,000 in new money to temporarily finance various capital improvements for the sewer utility in and by the Township; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Sewer Utility Notes.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Amount of Notes to be Issued
#2017-12	Various sewer utility improvements, finally adopted July 11, 2017.	\$36,000
#2022-12	Various sewer utility improvements, finally adopted May 17, 2022.	1,980,000
#2022-29	Various sewer utility improvements, finally adopted October 18, 2022.	5,940,000
#2023-17	Various sewer utility improvements, finally adopted September 19, 2023.	6,000,000
#2024-15	Various sewer utility improvements, finally adopted September 24, 2024.	<u>3,000,000</u>
	Total:	<u>\$16,956,000</u>

The Golf and Recreational Utility Notes

Proceeds from the sale and issuance of the Golf and Recreational Utility Notes will be used by the Township to: (i) currently refund the \$1,000,000 Golf and Recreational Utility Notes of the Township, dated and issued on October 30, 2024 and maturing on October 29, 2025; (ii) provide \$694,000 in new money to temporarily finance various capital improvements for the golf utility in and by the Township; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Golf and Recreational Utility Notes.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Amount of Notes to be Issued
#2022-28	Various improvements and the purchase of various equipment, finally adopted October 18, 2022.	\$1,117,000
#2023-15	Various improvements and the purchase of various equipment, finally adopted September 19, 2023.	205,000
#2024-12	Various improvements and the purchase of various equipment, finally adopted August 20, 2024.	<u>372,000</u>
	Total:	<u>\$1,694,000</u>

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

The Notes are valid and legally binding general obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, or the sale of the notes, and, if not so paid, are payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property located within the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2025.

CERTAIN RISK FACTORS

Recent Healthcare Developments

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township received \$5,527,527.00 from the Plan. The deadline to obligate the funds was December 31, 2024 and the deadline to spend the funds is December 31, 2026, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation is \$9,813,191,212.67.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was 1.070%. As noted above, the statutory limit is 3.5%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, payment of compensated absences and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a

result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

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

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the Township to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Obligations in order for the interest on the Obligations to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the

interest on the Obligations to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Obligations. The Township will represent in its tax certificate (the “Tax Certificate”) relating to the Obligations that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the representations and covenants in the Tax Certificate described above, interest on the Obligations is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

[Original Issue Premium]

[The Bonds maturing on October 15 in the years ____ through ____, inclusive (collectively, the “Premium Bonds”) were purchased at a premium (“original issue premium”) over the stated principal amounts of the Bonds. For Federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser’s basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.]

[Original Issue Discount]

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years ____ through ____, inclusive (collectively, the “Discount Bonds”) and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to the Obligations

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

of the Obligations should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Obligations and any gain on the sale thereof are not includable in gross income of the holders thereof under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal tax-exempt status of interest on the Obligations and the State tax-exempt status of interest on the Obligations, gain from the sale or other disposition of the Obligations, the market value of the Obligations or the marketability of the Obligations. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Obligations. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance and delivery of the Obligations and assumes no obligation to update its opinion after such date to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Obligations as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix “C” for the complete text of the proposed forms of Bond Counsel’s legal opinions with respect to the Obligations.

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE OBLIGATIONS.

QUALIFIED OBLIGATIONS

The Obligations will not be designated as “qualified obligations” within the meaning of Section 265(b)(3) of the Code.

FINANCIAL STATEMENTS

Appendix “B” contains audited financial statements of the Township for the years ended December 31, 2024, 2023, and 2022. Such audited financial statements of the Township were audited by Nisivoccia LLP, Mount Arlington, New Jersey (the “Auditor”) as stated in their report appearing in Appendix “B” to this Official Statement. These are a summary of the audited financial statements and a full copy of the audited financial statements is on file with the Township. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of

the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – Financial Statements of the Township of Parsippany-Troy Hills, in the County of Morris, State of New Jersey”.

LITIGATION

To the best of the knowledge of the Township Attorney, Lavery, Selvaggi & Cohen, P.C., Hackettstown, New Jersey (the “Township Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township. Moreover, to the best of the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided, after taking into account the legal and factual defenses available to the Township and the availability of insurance for such litigation.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE OBLIGATIONS

The Bonds

The Township has covenanted for the benefit of holders of the Bonds and the beneficial holders of the Bonds to provide certain financial information and operating data of the Township on or prior to September 30 of each year and to comply with the provisions of Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix “D” hereto, to be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of the occurrence of certain enumerated events (the “Notices”), as set forth in the Rule, shall be filed with the Municipal Securities Rulemaking Board (the “MSRB”).

The Notes

The Township has covenanted for the benefit of the holders of the Notes to provide the Notices with respect to the Notes. The Notices will be filed by the Township or the Dissemination Agent with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix “D” hereto, to be delivered concurrently with the delivery of the Notes.

The Obligations

The Township has previously entered into secondary market disclosure undertakings in accordance with SEC Rule 15c2-12. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Township, including the Obligations, and such Obligations are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Obligations, the Underwriters shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the Underwriters shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Obligations and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Obligations, and signed by the officers who signed the Obligations, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Obligations or the levy or collection of taxes to pay the principal of the Obligations or the interest thereon,

or questioning the validity of the statutes or the proceedings under which the Obligations are issued, and that neither the corporate existence nor boundaries of the Township, nor the title of any of the officers of the Township to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Obligations are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth in Appendix "C" attached hereto. Certain legal matters will be passed on for the Township by the Township Attorney.

UNDERWRITING

The Bonds

The Bonds have been purchased from the Township at a public sale by _____ (the "Bond Underwriter") at a price of \$ _____ (consisting of the par amount of the Bonds plus a bid premium of \$ _____). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

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

The Notes

The Notes have been purchased from the Township at a public sale by _____ (the "Note Underwriter") at a price of \$ _____ (consisting of the par amount of the Notes plus a bid premium of \$ _____).

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the inside front cover of this Official Statement.

RATINGS

Moody's Ratings (the "Rating Agency") has assigned a rating of "Aa2" to the Bonds and short-term ratings of "MIG 1" to the Notes.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Obligations and the Township. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn

entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Obligations.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Obligations (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Obligations. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the purchasers of the Obligations by a certificate signed by the Mayor and Chief Financial Officer.

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

The Auditor has assisted in the preparation of the financial and statistical information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

Bond Counsel has participated in the review of this Official Statement, but has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the heading entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Angelica Sabatini, Chief Financial Officer, Township of Parsippany-Troy Hills, 1001 Parsippany Boulevard, Parsippany, New Jersey, 07054, (973) 263-4350; Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130; or Bond Counsel, Everett M. Johnson, Esq., of Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge New Jersey, 07095, (732)-855-6149.

MISCELLANEOUS

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

**TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS, STATE OF
NEW JERSEY**

/s/

Angelica Sabatini,
Chief Financial Officer

Dated: October __, 2025

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
PARSIPPANY-TROY HILLS, IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY**

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TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

ECONOMIC AND FINANCIAL INFORMATION

The following material presents certain economic, demographic and financial information on the Township of Parsippany-Troy Hills.

Employment and Unemployment Comparisons

For the years 2020 to 2024, the New Jersey Department of Labor reported the following annual average employment information for the Township of Parsippany-Troy Hills, County of Morris and the State of New Jersey:

Township of Parsippany-Troy Hills

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2024	31,731	30,587	1,145	3.60%
2023	31,493	30,467	1,026	3.30%
2022	30,811	29,918	893	2.90%
2021	29,954	28,455	1,499	5.00%
2020	29,908	27,698	2,210	7.40%

County of Morris

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2024	279,349	269,026	10,323	3.70%
2023	277,601	267,970	9,631	3.50%
2022	270,692	262,237	8,455	3.10%
2021	262,746	248,792	13,954	5.30%
2020	261,458	241,897	19,651	7.50%

State of New Jersey

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2024	4,898,008	4,676,064	221,944	4.50%
2023	4,867,113	4,659,779	207,334	4.30%
2022	4,756,002	4,572,879	183,123	3.90%
2021	4,654,243	4,342,075	312,168	6.70%
2020	4,643,700	4,204,301	439,399	9.50%

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographics and Economic Analysis; Bureau of Labor Force Statistics; Local Area Unemployment Statistics

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

Per Capita Income

<u>Year</u>	<u>Parsippany- Troy Hills</u>	<u>Morris County</u>	<u>New Jersey</u>
2020	\$ 48,530	\$ 58,109	\$ 42,745
2010	38,902	48,252	35,928
2000	32,220	36,964	27,006
1990	22,137	25,177	18,714

Source: United States Department of Commerce, Bureau of the Census

Population

	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>
Township of Parsippany-Troy Hills	56,162	53,238	50,649	48,478
County of Morris	509,285	492,276	470,212	421,361
State of New Jersey	9,288,994	8,791,894	8,414,350	7,730,180

Source: U.S. Census Bureau

Largest Taxpayers

The ten largest commercial taxpayers in the Township and their 2025 assessed valuation are listed below:

<u>Taxpayer</u>	<u>Land Use</u>	<u>Assessed Taxpayer Valuation</u>
Knoll Manor Inc.	Apartment Complex	\$ 72,254,900
100 Jefferson Rd LLC	Industrial	55,820,000
300 Kimball NJ, LLC	Office	53,044,700
MCC Owner LLC c/o P3 Properties (TEVA)	Office	48,875,100
Monarch Owner c/o P3 Properties	Office	48,160,700
Powder Mill Heights	Apartment Complex	47,831,300
PARQ Builders, LLC	Apartment Complex	45,542,400
Parsippany Owners, LLC	Apartment Complex	42,910,000
Troy Hills Village	Apartment Complex	42,906,500
One Campus Drive, LLC (GAF)	Office	39,352,200
Total		<u><u>\$ 496,697,800</u></u>

Source: Township of Parsippany-Troy Hills Office of the Assessor

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

Major Employers

The largest employers in the Township of Parsippany-Troy Hills, based upon their estimate of full time employees, are listed below:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
United Parcel Post	Package Delivery	1,431
TEVA Pharmaceuticals	Pharmaceuticals	1,056
Reckitt Benckiser	Home Products	1,000
Zoetis	Animal Health Company	922
GAF	Roofing Systems	859
ADP	Payroll Services	800
Tiffany & Co	Jewelry Sales	795
T Mobile	Phone services	750
Ferring Pharmaceuticals	Pharmaceuticals	693
Wyndham Worldwide	Hotel Services	628

Source: Township of Parsippany-Troy Hills Planning Department

PROPERTY VALUATIONS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Assessed Valuation *	<u>\$ 7,320,045,550</u>	<u>\$ 7,308,004,700</u>	<u>\$ 7,293,668,250</u>	<u>\$7,271,860,000</u>	<u>\$7,251,292,350</u>
County Equalized Valuation	<u>\$9,544,087,196</u>	<u>\$9,544,087,196</u>	<u>\$9,031,356,386</u>	<u>\$8,852,907,709</u>	<u>\$8,736,294,232</u>
County Equalized Ratio	76.70%	76.72%	80.76%	82.14%	83.00%

* Does not include tax exempt property

Source: Township of Parsippany-Troy Hills Tax Assessor and County of Morris Abstract of Ratable

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

ASSESSED VALUATION OF REAL PROPERTY BY CLASS

<u>Classification</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Residential	\$ 4,498,599,237	\$ 4,491,831,103	\$ 4,478,840,120	\$ 4,463,438,020	\$ 4,458,252,200
Apartment	529,981,800	514,059,000	471,686,800	458,049,100	448,441,100
Farm	313,063	312,397	311,780	311,780	311,374
Commercial	1,904,784,500	1,922,269,800	2,010,952,700	2,029,258,800	2,023,686,000
Personal Property	378,750	383,600	404,650	411,600	415,950
Vacant Land	99,437,900	94,118,200	53,212,500	59,798,500	61,482,400
Exempt Property	286,550,300	285,030,600	278,259,700	260,592,200	259,014,700
Total	<u>\$ 7,320,045,550</u>	<u>\$ 7,308,004,700</u>	<u>\$ 7,293,668,250</u>	<u>\$ 7,271,860,000</u>	<u>\$ 7,251,603,724</u>

Source: Township of Parsippany-Troy Hills Tax Assessor and County of Morris Abstract of Ratable

Analysis of Tax Rates per \$100

<u>Rate</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Municipal	\$ 0.850	\$ 0.828	\$ 0.799	\$ 0.699	\$ 0.668
Municipal Library	0.043	0.043	0.041	0.040	0.040
Municipal Open Space	0.020	0.020	0.020	0.020	0.020
County	0.317	0.325	0.311	0.309	0.304
County Open Space	0.009	0.008	0.008	0.008	0.011
Local School	2.136	2.087	2.052	2.020	1.987
Total Tax Rate	<u>\$ 3.375</u>	<u>\$ 3.311</u>	<u>\$ 3.231</u>	<u>\$ 3.096</u>	<u>\$ 3.030</u>

Not included in the tax rates above are six local Fire District Levies. The rates and charges for those districts are not uniform throughout the Township, however, the total tax levies shown below in dollars do reflect the Fire District Levies.

Source: Township of Parsippany-Troy Hills Tax Collector and Morris County Board of Taxation

Comparisons of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy (1)</u>	<u>Collection During Year of Levy (1)</u>	<u>Percent</u>
2024	\$ 253,890,890	\$ 252,475,310	99.44%
2023	248,011,634	246,316,305	99.32%
2022	241,654,386	240,085,874	99.35%
2021	231,027,794	229,807,791	99.47%
2020	225,247,446	223,825,221	99.37%

(1) Includes Fire District Levies.

Source: Township of Parsippany-Troy Hills Tax Collector

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

Delinquent Taxes and Tax Title Liens

For the Years Ended December 31

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2024	\$ 1,085,266	\$ 1,663,460	\$ 2,748,726	1.14%
2023	1,370,894	1,491,377	2,862,271	1.24%
2022	1,326,950	1,212,319	2,539,269	1.13%
2021	939,220	1,013,261	1,952,481	0.89%
2020	1,162,640	832,101	1,994,741	0.91%

Source: Township of Parsippany-Troy Hills Tax Collector

Comparative Schedules of Fund Balances

<u>Fund</u>	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Succeeding Year's Budget</u>
Current Fund	2024	\$ 11,843,232	\$ 5,400,000
	2023	10,294,346	5,400,000
	2022	6,347,745	5,400,000
	2021	1,005,163	-0-
	2020	1,005,163	-0-
Water Utility Operating	2024	\$ 4,800,624	1,600,000
	2023	3,881,305	1,600,000
	2022	3,480,545	1,600,000
	2021	3,065,724	1,500,000
	2020	1,916,422	1,800,000
Sewer Utility Operating	2024	\$ 1,130,417	\$ 1,970,000
	2023	7,510,860	1,970,000
	2022	5,650,480	2,200,000
	2021	5,319,360	2,600,000
	2020	2,861,654	2,800,000
Golf and Recreation Utility	2024	\$ 1,257,225	\$ 500,000
	2023	737,928	500,000
	2022	774,861	500,000
	2021	1,109,759	1,100,000
	2020	1,706,150	1,234,948

Source: Township of Parsippany-Troy Hills Finance Department

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

Debt Limit of the Township as of December 31, 2024

Equalized Valuation (2022, 2023 & 2024)	\$ 9,813,191,213
Statutory Borrowing Power (3.50%)	\$ 343,461,692
Statutory Net Debt	<u>104,958,266</u>
Statutory Remaining Borrowing Power	<u><u>\$ 238,503,426</u></u>

Ratio:

Statutory Net Debt to Equalized Valuation	1.070%
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Township Indebtedness

STATUTORY DEBT INFORMATION
(As of December 31, 2024)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes:			
Bonds and Notes Issued	\$ 14,290,000		
Less Deductions		\$ 14,290,000	
Net Debt for School Purposes			\$ -0-
Self-Liquidating Purposes:			
Bonds, Loans and Notes Issued	108,652,111		
Bonds, and Notes Authorized but Not Issued	28,198,749		
Less Deductions		136,850,860	
Net Debt for Self -Liquidating Purposes			\$ -0-
Municipal Purposes:			
Bonds, Loans and Notes Issued	90,434,000		
Bonds, and Notes Authorized but Not Issued	14,869,125		
Less Deductions		344,859	
Net Debt for Municipal Purposes			\$ 104,958,266
Total Gross Statutory Debt	<u><u>\$ 256,443,985</u></u>		
Total Statutory Deductions		<u><u>\$ 151,485,719</u></u>	
Total Net Statutory Debt			<u><u>\$ 104,958,266</u></u>

Source: Township of Parsippany-Troy Hills Finance Department - 2024 Annual Debt Statement

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY

Direct and Overlapping Debt Issued and Outstanding as of December 31, 2024

	Direct Debt		Direct and Overlapping Debt	
	Gross	Net	Gross	Net
Direct Debt:				
General Purpose	\$ 105,303,125	\$ 104,958,266	\$ 105,303,125	\$ 104,958,266
Water Utility	59,955,061.00		59,955,061.00	
Sewer Utility	70,696,089.00		70,696,089.00	
Golf and Recreation Utility	6,199,710.00		6,199,710.00	
Overlapping Debt:				
Morris County (1)			25,256,457	25,256,457
School Districts	14,290,000		14,290,000	
Gross Direct Debt	<u>\$ 256,443,985</u>			
Net Direct Debt		<u>\$ 104,958,266</u>		
Gross Direct and Overlapping Debt			<u>\$ 281,700,442</u>	
Net Direct and Overlapping Debt				<u>\$ 130,214,723</u>

(1) The Township's Share (7.790%) is obtained from the County.

Source: Township of Parsippany-Troy Hills Finance Department – 2024 Annual Debt Statement
County of Morris Finance Department – 2024 Annual Debt Statement & Abstract of Ratables

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APPENDIX B

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS, IN THE
COUNTY OF MORRIS, STATE OF NEW JERSEY**

TOWNSHIP OF PARSIPPANY-TROY HILLS
APPENDIX B
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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Parsippany-Troy Hills
Parsippany, New Jersey

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025 on our consideration of the Township'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 Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 27, 2025

Nisivoccia LLP
NISIVOCIA LLP

Valerie A. Dolan

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash - Checking	\$ 24,544,467.20	\$ 23,160,514.86	\$ 14,744,982.18
	24,544,467.20	23,160,514.86	14,744,982.18
Change Funds	1,565.00	1,565.00	1,565.00
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	50,885.64	51,735.65	53,108.86
	24,596,917.84	23,213,815.51	14,799,656.04
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	1,085,265.55	1,370,894.25	1,326,950.01
Tax Title Liens Receivable	1,663,460.05	1,491,377.29	1,212,319.38
Property Acquired for Taxes at Assessed Valuation	1,428,800.00	1,428,800.00	1,428,800.00
Revenue Accounts Receivable	88,326.39	23,109.18	12,843.14
Other Liens Receivable	191,926.95	191,926.95	191,926.95
Due from:			
Animal Control Fund	44,688.64	60,726.12	9,235.20
Total Receivables and Other Assets With Full Reserves	4,502,467.58	4,566,833.79	4,182,074.68
Deferred Charges:			
Special Emergency Authorization	4,229,702.36	4,281,108.36	4,294,828.62
Total Deferred Charges	4,229,702.36	4,281,108.36	4,294,828.62
Total Regular Fund	33,329,087.78	32,061,757.66	23,276,559.34
Federal and State Grant Fund			
Cash and Cash Equivalents	1,145,395.64	969,292.05	2,118,770.48
Federal and State Grant Receivable	2,727,713.07	2,888,186.77	1,824,210.32
Total Federal and State Grant Fund	3,873,108.71	3,857,478.82	3,942,980.80
TOTAL ASSETS	\$ 37,202,196.49	\$ 35,919,236.48	\$ 27,219,540.14

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	\$ 7,278,473.75	\$ 10,073,896.00	\$ 6,074,037.19
Accounts Payable		2,816,000.00	3,322,000.00
School Taxes Payable	3.00		
Special Emergency Notes Payable	2,422,000.00	1,733,334.82	1,544,136.98
Prepaid Taxes	3,466,485.27	516,615.99	109,063.24
Tax Overpayments	77,471.46		
Due to State of New Jersey:			
Construction Code Fees	49,825.00	155,570.00	75,981.00
Marriage License Fees	1,375.00	1,422.00	25.00
Due to:			
Other Trust Funds	2,000,000.00		
Reserve for:			
Tax Appeals	1,558,624.70	1,379,704.36	1,476,317.77
Accumulated Revenue Unappropriated	55,178.00	55,178.00	55,178.00
Municipal Relief Aid		468,856.59	
	16,909,436.18	17,200,577.76	12,656,739.18
Reserve for Receivables and Other Assets	4,502,467.58	4,566,833.79	4,182,074.68
Fund Balance	11,917,184.02	10,294,346.11	6,437,745.48
	<u>33,329,087.78</u>	<u>32,061,757.66</u>	<u>23,276,559.34</u>
Total Regular Fund			
Federal and State Grant Fund:			
Unappropriated Reserves	425,551.57	185,721.45	15,516.27
Appropriated Reserves	3,447,557.14	3,671,757.37	3,927,464.53
	<u>3,873,108.71</u>	<u>3,857,478.82</u>	<u>3,942,980.80</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 37,202,196.49</u>	<u>\$ 35,919,236.48</u>	<u>\$ 27,219,540.14</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 5,400,000.00	\$ 5,400,000.00	
Miscellaneous Revenue Anticipated	22,755,746.45	24,641,818.06	\$ 27,126,587.22
Receipts from:			
Delinquent Taxes	1,377,408.18	1,319,025.62	953,884.00
Current Taxes	252,475,310.40	246,316,304.53	240,085,873.96
Nonbudget Revenue	242,827.59	199,661.45	1,059,210.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	2,403,168.16	2,546,979.35	2,335,517.72
Tax Overpayments/Accounts Payable Canceled	56,458.71	50,658.77	187,195.68
Appropriated Grant Reserves Canceled		1,847,302.36	
Interfunds and Other Receivables Returned	60,726.12	9,235.20	
Total Income	284,771,645.61	282,330,985.34	271,748,268.63
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes	90,560,752.25	89,008,270.17	86,509,708.26
County Taxes	23,853,564.35	24,344,592.80	23,269,306.63
Local School District Taxes	156,341,086.00	152,541,056.00	149,686,013.00
Open Space Taxes	1,470,842.46	1,464,203.68	1,462,665.45
Special District Taxes	5,648,627.00	5,503,225.00	5,281,418.00
Reserve for Pending Tax Appeals	1,000,000.00	1,000,000.00	1,000,000.00
Federal and State Grants Receivable Canceled		344,574.55	
Prior Year Senior Citizens Deductions Disallowed	11,750.00	10,330.13	15,188.33
Interfunds and Other Receivables Advanced	44,688.64	60,726.12	9,235.20
Refund of Prior Year Revenue	72,497.00		
Total Expenditures	279,003,807.70	274,276,978.45	267,233,534.87
Excess/(Deficit) in Revenue	5,767,837.91	8,054,006.89	4,514,733.76
Adjustments to Excess Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	1,255,000.00	1,202,593.74	917,849.02
Operating Deficit to be Raised in Budget in Succeeding Year			
Statutory Excess to Fund Balance	7,022,837.91	9,256,600.63	5,432,582.78
<u>Fund Balance</u>			
Balance January 1	10,294,346.11	6,437,745.48	\$ 1,005,162.70
	17,317,184.02	15,694,346.11	6,437,745.48
Decreased by:			
Utilized as Anticipated Revenue	5,400,000.00	5,400,000.00	
Balance December 31	\$ 11,917,184.02	\$ 10,294,346.11	\$ 6,437,745.48

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2024		2023	
	Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 5,400,000.00	\$ 5,400,000.00	\$ 5,400,000.00	\$ 5,400,000.00
Miscellaneous Revenue	19,161,327.09	22,755,746.45	19,839,654.71	24,641,818.06
Receipts from Delinquent Taxes	1,200,000.00	1,377,408.18	1,150,000.00	1,319,025.62
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	62,228,625.20	63,845,390.59	60,497,056.75	61,194,315.05
Minimum Library Tax	3,215,800.00	3,215,800.00	3,168,912.00	3,168,912.00
Budget Totals	91,205,752.29	96,594,345.22	90,055,623.46	95,724,070.73
Nonbudget Revenue		242,827.59		199,661.45
	<u>\$ 91,205,752.29</u>	<u>\$ 96,837,172.81</u>	<u>\$ 90,055,623.46</u>	<u>\$ 95,923,732.18</u>

	For the Years Ended December 31,	
	2022	
	Budget After Modification	Realized
Fund Balance Anticipated	\$ -0-	\$ -0-
Miscellaneous Revenue	25,110,758.81	\$ 27,126,587.22
Receipts from Delinquent Taxes	1,053,700.00	953,884.00
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	58,280,084.79	59,232,434.85
Minimum Library Tax	2,995,088.03	2,995,088.03
Budget Totals	87,439,631.63	90,307,994.10
Nonbudget Revenue		1,059,210.05
	<u>\$ 87,439,631.63</u>	<u>\$ 91,367,204.15</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Years Ended December 31,				
2024				
	Budget After Modification	Paid or Charged	Reserved	Cancelled/Over- Expenditures
Operations for Municipal Purposes:				
Salaries and Wages	\$ 34,745,378.00	\$ 32,044,483.67	\$ 2,666,271.35	\$ (34,622.98)
Other Expenses	31,737,536.69	28,684,521.61	3,053,015.08	
Capital Improvements	100,000.00	100,000.00		
Debt Service	13,630,925.00	13,630,924.96		0.04
Deferred Charges and Statutory	10,346,912.60	10,278,114.98	68,797.62	
Total Operations for Municipal Purposes	90,560,752.29	84,738,045.22	5,788,084.05	(34,622.94)
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00		
	<u>\$ 92,460,752.29</u>	<u>\$ 86,638,045.22</u>	<u>\$ 5,788,084.05</u>	<u>\$ (34,622.94)</u>
Adopted Budget	\$ 90,981,625.40			
Special Emergency Authorization	1,255,000.00			
Added by NJSA 40A:4-87	224,126.89			
	<u>\$ 92,460,752.29</u>			
For the Years Ended December 31,				
2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operations for Municipal Purposes:				
Salaries and Wages	\$ 34,599,188.74	\$ 30,234,404.66	\$ 4,364,784.08	
Other Expenses	31,044,628.12	26,703,376.95	4,341,251.17	
Capital Improvements	300,000.00	300,000.00		
Debt Service	12,668,117.50	12,652,760.47		\$ 15,357.03
Deferred Charges and Statutory	10,746,282.84	10,373,507.27	38,185.57	334,590.00
Total Operations for Municipal Purposes	89,358,217.20	80,264,049.35	8,744,220.82	349,947.03
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00		
	<u>\$ 91,258,217.20</u>	<u>\$ 82,164,049.35</u>	<u>\$ 8,744,220.82</u>	<u>\$ 349,947.03</u>
Adopted Budget	\$ 91,258,217.20			
Special Emergency Authorization	917,849.02			
Added by NJSA 40A:4-87	1,654,209.66			
	<u>\$ 93,830,275.88</u>			

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,			
	2022			
	Budget After Modification	Paid or Charged	Reserved	Cancelled/ Overexpended
Operations for Municipal Purposes:				
Salaries and Wages	\$ 32,899,296.78	\$ 30,461,969.11	\$ 2,437,327.67	
Other Expenses	28,697,959.16	26,651,519.70	2,046,439.46	
Capital Improvements	3,100,000.00	3,100,000.00		
Debt Service	12,123,320.00	12,116,599.61		6,720.39
Deferred Charges and Statutory	9,695,852.71	9,621,483.86	74,368.85	
Total Operations for Municipal Purposes	86,516,428.65	81,951,572.28	4,558,135.98	6,720.39
Reserve for Uncollected Taxes	1,841,052.00	1,841,052.00		
	<u>\$ 88,357,480.65</u>	<u>\$ 83,792,624.28</u>	<u>\$ 4,558,135.98</u>	<u>\$ 6,720.39</u>
Adopted Budget	\$ 86,963,726.92			
Special Emergency Authorization	917,849.02			
Added by NJSA 40A:4-87	475,904.71			
	<u>\$ 88,357,480.65</u>			

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	\$ 142,365.83	\$ 159,604.70	\$ 105,686.18
Change Fund	50.00	50.00	50.00
	<u>142,415.83</u>	<u>159,654.70</u>	<u>105,736.18</u>
Other Trust Funds:			
Cash and Cash Equivalents	31,460,324.90	27,844,939.04	24,429,011.54
Assets in the Hands of Plan Administrator:			
Workers' Compensation Plan	127,718.59	120,278.41	123,466.40
Due from Current Fund	2,000,000.00		
Due from Water Utility Operating Fund			150,000.00
Due from Sewer Utility Operating Fund			150,000.00
Due from Payroll	64,294.92		
Federal Grants Receivable	1,147,749.27	937,135.97	845,296.18
	<u>34,800,087.68</u>	<u>28,902,353.42</u>	<u>25,697,774.12</u>
TOTAL ASSETS	<u>\$ 34,942,503.51</u>	<u>\$ 29,062,008.12</u>	<u>\$ 25,803,510.30</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:			
Reserve for Animal Control Expenditures	\$ 45,498.60	\$ 46,437.00	\$ 48,507.00
Reserve for Donations	52,119.99	52,399.18	47,908.18
Due to State of NJ	108.60	92.40	85.80
Due to Current Fund	44,688.64	60,726.12	9,235.20
	<u>142,415.83</u>	<u>159,654.70</u>	<u>105,736.18</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Other Trust Funds:			
Reserve for:			
Special Deposits	\$ 14,463,237.02	\$ 10,391,071.46	\$ 9,235,321.51
Premiums on Tax Sale	1,529,700.00	1,863,600.00	1,916,600.00
Security Deposits			17,111.99
Off Duty Police	798,334.77	762,909.09	754,712.43
Municipal Open Space Preservation Trust Fund	8,162,268.84	7,646,380.73	6,510,097.98
LOSAP	223,561.92	195,085.27	135,085.27
Workers' Compensation - Self Insurance Fund - Municipal			7,867.86
Workers' Compensation - Self Insurance Fund - Contractor	127,718.59	120,278.41	123,466.40
State Unemployment Insurance Fund	395,255.47	895,116.18	968,469.22
Employee Health Benefit Fund - Municipal	6,841,899.44	4,990,521.03	4,035,345.44
National Opioid Reserve			48,144.56
Storm Recovery	542,255.28	542,255.28	542,255.28
Accumulated Sick and Vacation Compensation	568,000.00	558,000.00	558,000.00
Grant Trust Fund Expenditures	1,147,856.35	937,135.97	845,296.18
	<u>34,800,087.68</u>	<u>28,902,353.42</u>	<u>25,697,774.12</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 34,942,503.51</u>	<u>\$ 29,062,008.12</u>	<u>\$ 25,803,510.30</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 19,495,257.54	\$ 14,538,490.93	\$ 8,306,430.45
New Jersey Department of Transportation Grant Receivable	2,176.35	2,176.35	2,176.35
Funded	64,865,000.00	75,293,000.00	62,175,000.00
Unfunded	40,438,125.48	28,654,055.48	40,234,784.48
 TOTAL ASSETS	 \$ 124,800,559.37	 \$ 118,487,722.76	 \$ 110,718,391.28
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 63,400,000.00	\$ 72,358,000.00	\$ 57,780,000.00
Refunding Bonds	1,465,000.00	2,935,000.00	4,395,000.00
Bond Anticipation Notes Payable	25,569,000.00	12,769,000.00	22,849,300.00
Improvement Authorizations:			
Funded	4,348,971.25	5,628,919.90	2,910,982.46
Unfunded	27,310,773.93	21,021,010.00	18,938,972.18
Reserve for:			
Deposit for Regional Contribution Agreement	261,420.19	261,420.19	261,420.19
Developer Contributions	79,652.68	79,652.68	79,652.68
Payment of Debt Service	265,206.26	844,633.93	634,510.30
Emergency Preparedness	122,442.50	122,442.50	122,442.50
Capital Improvement Fund	1,967,238.00	2,456,789.00	2,720,218.00
Fund Balance	10,854.56	10,854.56	25,892.97
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 \$ 124,800,559.37	 \$ 118,487,722.76	 \$ 110,718,391.28

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
Balance January 1,	\$ 10,854.56	\$ 25,892.97	\$ 25,892.97
Increased by:			
Cancellation of Improvement Authorizations		4,961.59	
	10,854.56	30,854.56	25,892.97
Decreased by:			
Utilized as Anticipated Revenue in the Current Fund		20,000.00	
Balance December 31,	<u>\$ 10,854.56</u>	<u>\$ 10,854.56</u>	<u>\$ 25,892.97</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 6,699,156.22	\$ 5,612,986.09	\$ 4,819,219.62
Due from Current Fund			
Due from Water Utility Capital Fund			
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	606,253.56	432,417.10	698,238.40
Water Utility Liens Receivable	107,716.63	109,146.37	77,919.45
Inventory	1,162,549.30	455,589.50	369,640.00
Total Receivables and Inventory with Full Reserves	1,876,519.49	997,152.97	1,145,797.85
Total Operating Fund	8,575,675.71	6,610,139.06	5,965,017.47
Capital Fund:			
Cash and Cash Equivalents	22,610,911.53	25,571,693.90	14,966,476.34
Due from Current Fund			
Fixed Capital	39,649,472.26	39,649,472.26	38,712,449.71
Fixed Capital Authorized and Uncompleted	62,693,000.00	57,393,000.00	47,403,000.00
Total Capital Fund	124,953,383.79	122,614,166.16	101,081,926.05
<u>TOTAL ASSETS</u>	<u>\$ 133,529,059.50</u>	<u>\$ 129,224,305.22</u>	<u>\$ 107,046,943.52</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 1,468,187.65	\$ 1,335,461.41	\$ 987,311.26
Reserve for Water Master Plan	24,250.03	24,250.03	24,250.03
Accrued Interest on Bonds	169,032.29	177,840.63	61,215.63
Accrued Interest on Notes	177,354.86	158,500.00	80,827.50
Water Rent Overpayments	59,707.32	35,628.83	35,070.36
Due to General Trust Fund			150,000.00
	1,898,532.15	1,731,680.90	1,338,674.78
Reserve for Receivables and Inventory	1,876,519.49	997,152.97	1,145,797.85
Fund Balance	4,800,624.07	3,881,305.19	3,480,544.84
Total Operating Fund	8,575,675.71	6,610,139.06	5,965,017.47

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Bond Anticipation Notes Payable	26,240,000.00	19,020,000.00	16,580,000.00
Serial Bonds Payable	24,765,000.00	25,942,000.00	10,440,000.00
Improvement Authorizations:			
Funded	4,281,348.61	6,162,658.81	2,512,295.85
Unfunded	25,778,434.78	28,745,292.55	30,318,874.58
Capital Improvement Fund	314,498.22	314,498.22	314,498.22
Due to Water Utility Operating Fund			
Reserve for:			
Debt Service	951,884.29	984,498.69	507,670.81
Amortization	42,187,411.26	41,010,411.26	38,995,388.71
Deferred Amortization	200,000.00	200,000.00	1,080,000.00
Fund Balance	234,806.63	234,806.63	333,197.88
Total Capital Fund	124,953,383.79	122,614,166.16	101,081,926.05
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 133,529,059.50</u>	<u>\$ 129,224,305.22</u>	<u>\$ 107,046,943.52</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Years Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 1,600,000.00	\$ 1,600,000.00	\$ 1,500,000.00
Rents	12,349,571.38	12,020,857.60	10,642,128.70
Interest on Investments	1,288,584.46	831,920.25	225,198.44
Water Utility Capital Fund Balance		100,000.00	
Miscellaneous Revenue	218,621.37	161,037.58	156,456.34
Reserve for Payment of Debt Services	300,000.00	200,000.00	45,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	712,541.67	357,733.81	574,839.02
Total Income	16,469,318.88	15,271,549.24	13,143,622.50
<u>Expenditures</u>			
Budget Expenditures:			
Operating	10,247,383.47	9,687,596.76	9,324,723.00
Capital Improvements	95,000.00	95,000.00	95,000.00
Debt Service	3,111,804.16	2,195,001.39	1,356,555.28
Statutory Expenditures	495,812.37	493,190.74	452,523.00
Total Expenditures	13,950,000.00	12,470,788.89	11,228,801.28
Excess in Revenue	2,519,318.88	2,800,760.35	1,914,821.22
<u>Fund Balance</u>			
Balance January 1	3,881,305.19	3,480,544.84	3,065,723.62
	6,400,624.07	6,281,305.19	4,980,544.84
Decreased by:			
Utilized as Anticipated Revenue	1,600,000.00	1,600,000.00	1,500,000.00
Prior Year Fund Balance Appropriated as Revenue -Current Fund		800,000.00	
Balance December 31	\$ 4,800,624.07	\$ 3,881,305.19	\$ 3,480,544.84

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance January 1,	\$ 234,806.63	\$ 333,197.88	\$ 333,197.88
Increased by:			
Cancellation of Improvement Authorizations	<u>234,806.63</u>	<u>1,608.75</u> <u>334,806.63</u>	<u>333,197.88</u>
Decreased by:			
Anticipated Revenue in Water Utility Operating Fund Budget	<u></u>	<u>100,000.00</u>	<u></u>
Balance December 31,	<u><u>\$ 234,806.63</u></u>	<u><u>\$ 234,806.63</u></u>	<u><u>\$ 333,197.88</u></u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

For the Years Ended December 31,				
	2024		2023	
	Anticipated	Realized	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 1,600,000.00	\$ 1,600,000.00	\$ 1,600,000.00	\$ 1,600,000.00
Water Rents	11,800,000.00	12,349,571.38	10,500,000.00	12,020,857.60
Interest on Investments	250,000.00	1,288,584.46	80,000.00	831,920.25
Water Capital Fund Balance			100,000.00	100,000.00
Reserve for Payment of Debt Service	300,000.00	300,000.00	200,000.00	200,000.00
	13,950,000.00	15,538,155.84	12,480,000.00	14,752,777.85
Nonbudget Revenue		218,621.37		161,037.58
	<u>\$ 13,950,000.00</u>	<u>\$ 15,756,777.21</u>	<u>\$ 12,480,000.00</u>	<u>\$ 14,913,815.43</u>

For the Years Ended December 31,		
	2022	
	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 1,500,000.00	\$ 1,500,000.00
Water Rents	9,656,446.00	10,642,128.70
Interest on Investments	28,000.00	225,198.44
Water Capital Fund Balance	45,000.00	45,000.00
	11,229,446.00	12,412,327.14
Nonbudget Revenue		156,456.34
	<u>\$ 11,229,446.00</u>	<u>\$ 12,568,783.48</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

For The Years Ended December 31,				
2024				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 3,332,008.47	\$ 2,990,724.31	\$ 341,284.16	
Other Expenses	6,915,375.00	6,168,110.36	747,264.64	
Capital Improvements:				
Capital Improvement Fund	95,000.00	91,606.20	3,393.80	
Debt Service:				
Payment of Bond Principal	1,177,000.00	1,177,000.00		
Interest on Bonds	983,804.16	983,804.16		
Interest on Notes	951,000.00	951,000.00		
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	325,812.37	325,812.37		
Social Security (O.A.S.I.)	170,000.00	164,267.40	5,732.60	
	<u>\$ 13,950,000.00</u>	<u>\$ 12,852,324.80</u>	<u>\$ 1,097,675.20</u>	<u>\$ -0-</u>

For The Years Ended December 31,				
2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 3,134,632.00	\$ 2,962,143.40	\$ 172,488.60	
Other Expenses	6,552,964.76	5,878,543.43	674,421.33	
Capital Improvements:				
Capital Improvement Fund	95,000.00		95,000.00	
Debt Service:				
Payment of Bond Principal	885,000.00	885,000.00		
Payment of Bond Anticipation Notes	193,000.00	193,000.00		
Interest on Bonds	297,212.50	297,212.50		
Interest on Notes	829,000.00	819,788.89		\$ 9,211.11
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	308,190.74	308,190.74		
Social Security (O.A.S.I.)	185,000.00	150,274.15	34,725.85	
	<u>\$ 12,480,000.00</u>	<u>\$ 11,494,153.11</u>	<u>\$ 976,635.78</u>	<u>\$ 9,211.11</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For The Years Ended December 31,			
	2022			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 3,184,200.00	\$ 2,883,360.99	\$ 300,839.01	
Other Expenses	6,140,523.00	5,787,569.76	352,953.24	
Capital Improvements:				
Capital Improvement Fund	95,000.00	91,462.99	3,537.01	
Debt Service:				
Payment of Bond Principal	850,000.00	850,000.00		
Interest on Bonds	317,400.00	317,400.00		
Interest on Notes	189,800.00	189,155.28		\$ 644.72
Statutory Expenditures:				
Contribution to:	271,523.00	271,523.00		
Public Employees' Retirement System	181,000.00	159,521.52	21,478.48	
Social Security (O.A.S.I.)				
	<u>\$ 11,229,446.00</u>	<u>\$ 10,549,993.54</u>	<u>\$ 678,807.74</u>	<u>\$ 644.72</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 14,113,468.64	\$ 10,781,001.80	\$ 8,105,193.59
Due from Sewer Utility Capital Fund	3,427.91		
	<u>14,116,896.55</u>	<u>10,781,001.80</u>	<u>8,105,193.59</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	1,230,982.78	917,712.65	1,265,402.37
Sewer Utility Liens Receivable	109,941.48	112,011.44	108,482.32
Inventory	83,034.99	96,487.61	110,906.00
	<u>1,423,959.25</u>	<u>1,126,211.70</u>	<u>1,484,790.69</u>
Total Receivables and Inventory with Full Reserves			
Total Operating Fund	<u>15,540,855.80</u>	<u>11,907,213.50</u>	<u>9,589,984.28</u>
Capital Fund:			
Cash and Cash Equivalents	23,876,286.57	20,831,488.02	17,018,093.59
NJ Environment Infrastructure Trust Loan Receivable			3,852,017.00
Fixed Capital	145,932,213.33	145,932,213.33	140,640,056.25
Fixed Capital Authorized and Uncompleted	100,938,023.14	85,112,023.14	82,929,321.49
	<u>270,746,523.04</u>	<u>251,875,724.49</u>	<u>244,439,488.33</u>
Total Capital Fund			
<u>TOTAL ASSETS</u>	<u>\$ 286,287,378.84</u>	<u>\$ 263,782,937.99</u>	<u>\$ 254,029,472.61</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Appropriation Reserves	\$ 2,363,296.30	\$ 2,878,356.99	\$ 1,868,120.94
Accounts Payable	908.50	908.50	908.50
Accrued Interest on Loans	71,031.04	39,681.43	45,485.70
Accrued Interest on Notes	94,327.91	66,300.00	84,462.50
Accrued Interest on Bonds	185,439.58	197,770.83	80,266.88
Sewer Rent Overpayments	88,230.88	60,433.25	61,783.71
Prepaid Sewer Rents	9,645.09	26,691.08	163,665.57
Due to Current Fund			150,000.00
	<u>2,812,879.30</u>	<u>3,270,142.08</u>	<u>2,454,693.80</u>
Reserve for Receivables and Inventory	1,423,959.25	1,126,211.70	1,484,790.69
Fund Balance	11,304,017.25	7,510,859.72	5,650,499.79
	<u>15,540,855.80</u>	<u>11,907,213.50</u>	<u>9,589,984.28</u>
Total Operating Fund			

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Bond Anticipation Notes Payable	\$ 13,956,000.00	\$ 7,956,000.00	\$ 16,465,000.00
Serial Bonds Payable	27,530,000.00	29,031,000.00	13,955,000.00
NJ Environmental Infrastructure Trust Loans Payable #1	47,571.72	56,772.50	65,883.04
NJ Environmental Infrastructure Trust Loans Payable #2	5,167,757.53	6,235,039.38	7,293,321.23
NJ Environmental Infrastructure Construction Loan Payable	5,440,782.00	5,507,568.00	8,000,000.00
Improvement Authorizations:			
Funded	11,399,795.81	12,967,930.39	8,603,392.17
Unfunded	29,881,511.30	15,328,217.72	20,029,844.43
Due to Sewer Utility Operating Fund	3,427.91		
Capital Improvement Fund	466,000.00	466,000.00	466,000.00
Reserve for:			
Debt Service	461,918.93	579,707.29	269,950.64
Amortization	147,027,908.45	145,517,707.67	143,425,916.94
Deferred Amortization	29,146,238.61	28,012,170.76	25,672,710.37
Fund Balance	217,610.78	217,610.78	192,469.51
Total Capital Fund	270,746,523.04	251,875,724.49	244,439,488.33
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 286,287,378.84</u>	<u>\$ 263,782,937.99</u>	<u>\$ 254,029,472.61</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 1,970,000.00	\$ 2,200,000.00	\$ 2,600,000.00
Sewer Rents	20,849,758.80	19,996,215.42	17,505,924.67
Septage Removal	843,904.33	725,549.36	840,470.30
Interest on Investments	1,444,850.16	1,018,382.92	272,844.25
Reserve to Pay Debt Services	260,000.00	260,000.00	121,692.00
Nonbudget Revenue	271,987.48	214,705.45	206,645.13
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	2,114,874.57	1,292,392.68	1,846,544.93
Total Income	<u>27,755,375.34</u>	<u>25,707,245.83</u>	<u>23,394,121.28</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating	16,780,312.68	16,020,542.79	15,184,325.00
Debt Service	4,294,954.20	3,755,514.70	3,026,842.43
Deferred Charges and Statutory Expenditures	913,020.62	870,828.41	751,814.00
Refund of Prior Year Revenue	3,930.31		
Total Expenditures	<u>21,992,217.81</u>	<u>20,646,885.90</u>	<u>18,962,981.43</u>
Statutory Excess to Fund Balance	5,763,157.53	5,060,359.93	4,431,139.85
<u>Fund Balance</u>			
Balance January 1	<u>7,510,859.72</u>	<u>5,650,499.79</u>	<u>5,319,359.94</u>
	13,274,017.25	10,710,859.72	9,750,499.79
Decreased by:			
Utilization as Anticipated Revenue	1,970,000.00	2,200,000.00	2,600,000.00
Prior Year Fund Balance Appropriated as Revenue -			
Current Fund	<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>1,500,000.00</u>
Balance December 31	<u>\$ 11,304,017.25</u>	<u>\$ 7,510,859.72</u>	<u>\$ 5,650,499.79</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance January 1,	\$ 217,610.78	\$ 192,469.51	\$ 192,469.51
Increased by:			
Premium on Note Sale			
Improvement Authorizations Cancelled		25,141.27	
	<u>217,610.78</u>	<u>217,610.78</u>	<u>192,469.51</u>
Decreased by:			
Utilized as Anticipated Revenue in Sewer Utility Operating Fund			
Balance December 31,	<u>\$ 217,610.78</u>	<u>\$ 217,610.78</u>	<u>\$ 192,469.51</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized
Operating Fund Balance Anticipated	\$ 1,970,000.00	\$ 1,970,000.00	\$ 2,200,000.00	\$ 2,200,000.00
Sewer Rents	18,900,000.00	20,849,758.80	17,510,000.00	19,996,215.42
Interest on Investments	258,350.00	1,444,850.16	100,000.00	1,018,382.92
Septage Removal	600,000.00	843,904.33	600,000.00	725,549.36
Sewer Capital Fund Balance	260,000.00	260,000.00	260,000.00	260,000.00
	21,988,350.00	25,368,513.29	20,670,000.00	24,200,147.70
Nonbudget Revenue		271,987.48		214,705.45
	<u>\$ 21,988,350.00</u>	<u>\$ 25,640,500.77</u>	<u>\$ 20,670,000.00</u>	<u>\$ 24,414,853.15</u>

	For the Years Ended December 31,	
	2022	
	Budget After Modification	Realized
Operating Fund Balance Anticipated	\$ 2,600,000.00	\$ 260,000.00
Sewer Rents	15,616,390.13	17,505,924.67
Interest on Investments	25,000.00	272,844.25
Septage Removal	600,000.00	840,470.30
Sewer Capital Fund Balance	121,692.00	121,692.00
	18,963,082.13	19,000,931.22
Nonbudget Revenue		206,645.13
	<u>\$ 18,963,082.13</u>	<u>\$ 19,207,576.35</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

For the Years Ended December 31,				
2024				
	Budget Afer Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 4,780,981.67	\$ 4,083,860.27	\$ 697,121.40	
Other Expenses	11,999,331.01	10,775,467.24	1,223,863.77	
Debt Service:				
Payment of Bond Principal	1,501,000.00	1,501,000.00		
Interest on Bonds	1,038,093.75	1,038,031.25		\$ 62.50
Interest on Notes	422,400.00	422,400.00		
Environmental Infrastructure Loan	1,333,522.95	1,333,522.95		
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	543,020.62	543,020.62		
Social Security System (O.A.S.I.)	370,000.00	229,856.21	140,143.79	
	<u>\$ 21,988,350.00</u>	<u>\$ 19,927,158.54</u>	<u>\$ 2,061,128.96</u>	<u>\$ 62.50</u>

For the Years Ended December 31,				
2023				
	Budget Afer Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 4,605,406.00	\$ 3,807,339.14	\$ 798,066.86	
Other Expenses	11,415,136.79	9,647,061.75	1,768,075.04	
Debt Service:				
Payment of Bond Principal	1,210,000.00	1,210,000.00		
Payment of Bond Anticipation Notes	179,000.00	179,000.00		
Interest on Bonds	395,625.00	395,625.00		
Interest on Notes	823,250.00	800,135.90		\$ 23,114.10
Environmental Infrastructure Loan	1,170,753.80	1,170,753.80		
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	521,228.41	521,228.41		
Social Security System (O.A.S.I.)	349,600.00	203,097.95	146,502.05	
	<u>\$ 20,670,000.00</u>	<u>\$ 17,934,241.95</u>	<u>\$ 2,712,643.95</u>	<u>\$ 23,114.10</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	For the Years Ended December 31,			
	2022			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 4,521,692.00	\$ 3,764,717.56	\$ 756,974.44	
Other Expenses	10,662,633.00	9,900,087.82	762,545.18	
Debt Service:				
Payment of Bond Principal	1,205,000.00	1,205,000.00		
Interest on Bonds	424,183.33	424,183.33		
Interest on Notes	227,490.00	227,402.09		\$ 87.91
Environmental Infrastructure Loan	1,170,269.80	1,170,257.01		12.79
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	459,214.00	459,214.00		
Social Security System (O.A.S.I.)	292,600.00	204,091.86	88,508.14	
	<u>\$ 18,963,082.13</u>	<u>\$ 17,354,953.67</u>	<u>\$ 1,608,027.76</u>	<u>\$ 100.70</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 2,073,759.77	\$ 1,192,077.70	\$ 855,459.46
	<u>2,073,759.77</u>	<u>1,192,077.70</u>	<u>855,459.46</u>
Due from Golf and Recreation Utility Capital Fund	6,758.95		
Receivables and Inventory with Full Reserves:			
Revenue Accounts Receivable	22,252.03		
Inventory	226,723.07	419,929.42	258,336.90
Total Receivables and Inventory with Full Receivables	<u>255,734.05</u>	<u>419,929.42</u>	<u>258,336.90</u>
Deferred Charges:			
Emergency Authorization (40A:4-48)			250,000.00
Total Deferred Charges			<u>250,000.00</u>
Total Operating Fund	<u>2,329,493.82</u>	<u>1,612,007.12</u>	<u>1,363,796.36</u>
Capital Fund:			
Cash and Cash Equivalents	742,311.36	954,285.98	2,917,662.35
Fixed Capital	34,316,824.00	34,316,824.00	26,506,344.61
Fixed Capital Authorized and Uncompleted	<u>2,342,219.58</u>	<u>1,970,219.58</u>	<u>9,581,460.00</u>
Total Capital Fund	<u>37,401,354.94</u>	<u>37,241,329.56</u>	<u>39,005,466.96</u>
<u>TOTAL ASSETS</u>	<u>\$ 39,730,848.76</u>	<u>\$ 38,853,336.68</u>	<u>\$ 40,369,263.32</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 778,506.64	\$ 411,250.14	\$ 273,415.12
Sales Tax Payable	2,487.26	2,692.41	113.00
Accrued Interest on Bonds and Notes	36,677.70	34,643.75	40,848.80
Membership Overpayments		3,960.10	15,118.82
Due to Golf Pro	5,621.83	1,602.79	1,102.79
Due to Current Fund			
	823,293.43	454,149.19	330,598.53
Reserve for Receivables and Inventory	248,975.10	419,929.42	258,336.90
Fund Balance	1,257,225.29	737,928.51	774,860.93
Total Operating Fund	2,329,493.82	1,612,007.12	1,363,796.36
Capital Fund:			
Bond Anticipation Notes Payable	1,000,000.00		520,700.00
Serial Bonds Payable	4,505,000.00	5,245,000.00	5,965,000.00
Improvement Authorizations:			
Funded	25,325.95	37,715.95	144,389.00
Unfunded	808,872.28	951,593.35	1,423,947.70
Capital Improvement Fund	151,303.05	151,303.05	161,593.05
Due to Current Fund			
Due to Golf and Recreation Utility Operating Fund	6,758.95		
Due to Golf and Recreation Utility Operating Fund			
Reserve for:			
Preliminary Expenses - Miniature Golf Recreation Facility			
Payment of Debt Service	426,049.32	1,117,671.82	2,303,765.82
Amortization	29,922,384.58	29,182,384.58	28,327,841.61
Deferred Amortization	536,949.00	536,949.00	156,279.00
Fund Balance	18,711.81	18,711.81	1,950.78
Total Capital Fund	37,401,354.94	37,241,329.56	39,005,466.96
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 39,730,848.76</u>	<u>\$ 38,853,336.68</u>	<u>\$ 40,369,263.32</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS CHANGE IN FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	\$ 500,000.00	\$ 500,000.00	\$ 1,090,000.00
Golf Fees	4,438,883.33	3,939,610.54	3,830,307.68
Interest on Investments	161,906.92	186,837.50	72,418.61
Reserve for the Payment of Debt Service	701,812.50	664,410.00	108,481.03
Concessions Fees	386,654.68	341,268.22	
Merchandise Sales	227,779.67	269,375.85	207,968.91
Miscellaneous Revenue	87,582.73	118,636.52	116,344.42
Other Credits to Income:			
Overpayments Canceled		11,158.72	
Unexpended Balance of Appropriation Reserves	316,964.45	175,275.87	470,635.29
Total Income	6,821,584.28	6,206,573.22	5,896,155.94
<u>Expenditures</u>			
Budget Expenditures:			
Operating	4,759,711.58	4,505,439.83	4,421,529.00
Debt Service	701,812.50	658,053.14	644,567.82
Deferred Charges and Statutory Expenditures	340,763.42	580,012.67	324,957.53
Total Expenditures	5,802,287.50	5,743,505.64	5,391,054.35
Excess in Revenue	1,019,296.78	463,067.58	505,101.59
Adjustments to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			250,000.00
Statutory Excess to Fund Balance	1,019,296.78	463,067.58	755,101.59
<u>Fund Balance</u>			
Balance January 1	737,928.51	774,860.93	1,109,759.34
	1,757,225.29	1,237,928.51	1,864,860.93
Decreased by:			
Utilized as Anticipated Revenue	500,000.00	500,000.00	1,090,000.00
Balance December 31	\$ 1,257,225.29	\$ 737,928.51	\$ 774,860.93

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
Balance January 1,	\$ 18,711.81	\$ 1,950.78	\$ 1,950.78
Increased by:			
Cancellation of Improvement Authorizations		16,761.03	
Balance December 31,	<u>\$ 18,711.81</u>	<u>\$ 18,711.81</u>	<u>\$ 1,950.78</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2024		2023	
	Anticipated	Realized	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Golf Fees	3,950,000.00	4,438,883.33	3,830,000.00	3,939,610.54
Interest on Investments	120,000.00	161,906.92	70,000.00	186,837.50
Reserve for the Payment of Debt Service	701,812.50	701,812.50	664,410.00	664,410.00
Concessions Fees	300,000.00	386,654.68	150,000.00	341,268.22
Merchandise Sales	230,475.00	227,779.67	201,000.00	269,375.85
Anticipated Deficit in Golf Utility Fund			334,590.00	
	5,802,287.50	6,417,037.10	5,750,000.00	5,901,502.11
Nonbudget Revenue		87,582.73		118,636.52
	<u>\$ 5,802,287.50</u>	<u>\$ 6,504,619.83</u>	<u>\$ 5,750,000.00</u>	<u>\$ 6,020,138.63</u>

	For the Years Ended December 31,	
	2022	
	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 1,090,000.00	\$ 1,090,000.00
Golf Fees	3,786,000.00	3,830,307.68
Interest on Investments	19,100.00	72,418.61
Reserve for the Payment of Debt Service	108,481.03	108,481.03
Merchandise Sales	140,000.00	207,968.91
	5,143,581.03	5,309,176.23
Nonbudget Revenue		116,344.42
	<u>\$ 5,143,581.03</u>	<u>\$ 5,425,520.65</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

For the Years Ended December 31,				
2024				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,365,190.58	\$ 1,989,573.94	\$ 375,616.64	
Other Expenses	2,394,521.00	2,101,787.27	292,733.73	
Debt Service:				
Payment of Bond Principal	590,000.00	590,000.00		
Interest on Bonds	111,812.50	111,812.50		
Contribution to:				
Public Employees' Retirement System	181,006.87	181,006.87		
Social Security (O.A.S.I.)	159,756.55	143,789.37	15,967.18	
	<u>\$ 5,802,287.50</u>	<u>\$ 5,117,969.95</u>	<u>\$ 684,317.55</u>	<u>\$ -0-</u>
For the Years Ended December 31,				
2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,287,539.02	\$ 2,066,622.40	\$ 220,916.62	
Other Expenses	2,217,900.81	2,098,491.20	119,409.61	
Debt Service:				
Payment of Bond Principal	515,000.00	515,000.00		
Interest on Bonds	123,512.50	119,845.86		\$ 3,666.64
Interest on Notes	26,035.00	23,207.28		2,827.72
Deferred Charges and Statutory Expenditures:				
Overexpenditure of Appropriations	250,000.00	250,000.00		
Contribution to:				
Public Employees' Retirement System	170,012.67	170,012.67		
Social Security (O.A.S.I.)	160,000.00	136,598.52	23,401.48	
	<u>\$ 5,750,000.00</u>	<u>\$ 5,379,777.93</u>	<u>\$ 363,727.71</u>	<u>\$ 6,494.36</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

For the Years Ended December 31,				
2022				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,094,581.00	\$ 2,049,675.15	\$ 44,905.85	
Other Expenses	2,326,948.00	2,198,963.11	127,984.89	
Debt Service:				
Payment of Bond Principal	510,000.00	510,000.00		
Interest on Bonds	130,407.50	129,032.59		\$ 1,374.91
Interest on Notes	6,687.00	5,535.23		1,151.77
Deferred Charges and Statutory Expenditures:				
Overexpenditure of Appropriations	20,172.53	20,172.53		
Contribution to:				
Public Employees' Retirement System	149,785.00	149,785.00		
Social Security (O.A.S.I.)	155,000.00	145,541.32	9,458.68	
	<u>\$ 5,393,581.03</u>	<u>\$ 5,208,704.93</u>	<u>\$ 182,349.42</u>	<u>\$ 2,526.68</u>
Adopted Budget	\$ 5,143,581.03			
Emergency Appropriation	250,000.00			
	<u>5,393,581.03</u>			

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,708.87	\$ 4,497.44	\$ 4,297.93
<u>TOTAL ASSETS</u>	<u>\$ 4,708.87</u>	<u>\$ 4,497.44</u>	<u>\$ 4,297.93</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance	4,708.87	4,497.44	4,297.93
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 4,708.87</u>	<u>\$ 4,497.44</u>	<u>\$ 4,297.93</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Land	\$ 114,261,584.00	\$ 114,261,584.00	\$ 114,261,584.00
Buildings	32,940,200.00	32,940,200.00	32,940,200.00
Machinery and Equipment	42,395,524.00	46,340,551.00	45,139,481.00
<u>TOTAL ASSETS</u>	<u>\$ 189,597,308.00</u>	<u>\$ 193,542,335.00</u>	<u>\$ 192,341,265.00</u>
 <u>RESERVE</u>			
Reserve for Fixed Assets	<u>\$ 189,597,308.00</u>	<u>\$ 193,542,335.00</u>	<u>\$ 192,341,265.00</u>
<u>TOTAL RESERVE</u>	<u>\$ 189,597,308.00</u>	<u>\$ 193,542,335.00</u>	<u>\$ 192,341,265.00</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Parsippany-Troy Hills include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Parsippany-Troy Hills, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Parsippany-Troy Hills do not include the operations of the Municipal Library and first aid organizations.

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

B. Description of Funds

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

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

B. Description of Funds (Cont'd)

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

Water Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

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

Golf and Recreation Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Golf and Recreation Utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris in a prior year.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

C. Basis of Accounting (Cont'd)

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

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted or authorized in an ordinance; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Township is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Township acquires and owns a fixed asset and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows would be recorded.

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

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

- E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

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

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds, except the Water, Sewer and Golf and Recreation Utility, is recorded as an expenditure at the time individual items are purchased. The cost of the Water, Sewer, and Golf and Recreation Utility Operating Fund inventory is included on the respective balance sheet and is offset by a reserve.

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

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

Property and equipment purchased by the Water, Sewer and Golf and Recreation Utility Funds are recorded in their respective capital accounts at cost. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2024	2023	2022
<u>Issued</u>			
General:			
Bonds and Notes	\$ 90,434,000	\$ 88,062,000	\$ 85,024,300
Water Utility:			
Bonds and Notes	51,005,000	44,962,000	27,020,000
Sewer Utility:			
Bonds, Loans and Notes	52,142,111	48,786,380	45,779,204
Golf and Recreation Utility:			
Bonds and Notes	5,505,000	5,245,000	6,485,700
Total Issued	<u>199,086,111</u>	<u>187,055,380</u>	<u>164,309,204</u>
Less:			
Funds Temporarily Held			
to Pay Bonds and Notes:			
General	344,859	924,287	714,163
Water Utility	951,884	984,499	507,671
Sewer Utility	461,919	579,707	269,951
Golf and Recreation Utility	426,049	1,117,672	2,303,766
Total Deductions	<u>2,184,711</u>	<u>3,606,165</u>	<u>3,795,551</u>
Net Debt Issued	<u>196,901,400</u>	<u>183,449,215</u>	<u>160,513,653</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2024	2023	2022
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 14,869,125	\$ 15,885,055	\$ 17,385,484
Water Utility:			
Bonds and Notes	8,950,061	10,870,061	19,020,061
Sewer Utility:			
Bonds, Loans and Notes	18,553,978	8,727,978	8,691,546
Golf and Recreation Utility:			
Bonds and Notes	694,710	1,322,710	1,117,984
Total Authorized but not Issued	<u>43,067,874</u>	<u>36,805,804</u>	<u>46,215,075</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 239,969,274</u>	<u>\$ 220,255,019</u>	<u>\$ 206,728,728</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Serial Bonds:				
General Capital Fund	\$ 62,175,000	\$ 22,288,000	\$ 9,170,000	\$ 75,293,000
Water Utility Capital Fund	10,440,000	16,387,000	885,000	25,942,000
Sewer Utility Capital Fund	13,955,000	16,286,000	1,210,000	29,031,000
Golf and Recreation Utility Capital Fund	5,965,000		720,000	5,245,000
Bond Anticipation Notes:				
General Capital Fund	22,849,300	12,769,000	22,849,300	12,769,000
Water Utility Capital Fund	16,580,000	19,020,000	16,580,000	19,020,000
Sewer Utility Capital Fund	16,465,000	7,956,000	16,465,000	7,956,000
Golf and Recreation Utility Capital Fund	520,700		520,700	
Loans Payable:				
Sewer Utility Capital Fund: NJEIT/NJIB Loans	<u>15,359,204</u>		<u>3,559,824</u>	<u>11,799,380</u>
Total	<u>\$ 164,309,204</u>	<u>\$ 94,706,000</u>	<u>\$ 71,959,824</u>	<u>\$ 187,055,380</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Serial Bonds:				
General Capital Fund	\$ 75,293,000		\$ 10,428,000	\$ 64,865,000
Water Utility Capital Fund	25,942,000		1,177,000	24,765,000
Sewer Utility Capital Fund	29,031,000		1,501,000	27,530,000
Golf and Recreation Utility Capital Fund	5,245,000		740,000	4,505,000
Bond Anticipation Notes:				
General Capital Fund	12,769,000	\$ 25,569,000	12,769,000	25,569,000
Water Utility Capital Fund	19,020,000	26,240,000	19,020,000	26,240,000
Sewer Utility Capital Fund	7,956,000	13,956,000	7,956,000	13,956,000
Golf and Recreation Utility Capital Fund		1,000,000		1,000,000
Loans Payable:				
Sewer Utility Capital Fund:				
NJ Environmental Infrastructure Loan	11,799,380		1,143,269	10,656,111
Total	<u>\$ 187,055,380</u>	<u>\$ 66,765,000</u>	<u>\$ 54,734,269</u>	<u>\$ 199,086,111</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.0696%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 14,290,000	\$ 14,290,000	
Water Utility Debt	59,955,061	59,955,061	
Sewer Utility Debt	70,696,089	70,696,089	
Golf and Recreation Utility Debt	6,199,710	6,199,710	
General Debt	105,303,125	344,859	\$ 104,958,266
	<u>\$ 256,443,985</u>	<u>\$ 151,485,719</u>	<u>\$ 104,958,266</u>

Net Debt: \$104,958,266 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$9,813,191,213 = 1.0696%.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 343,461,692
Net Debt	<u>104,958,266</u>
Remaining Borrowing Power	<u><u>\$ 238,503,426</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 15,756,777
Deductions:	
Operating and Maintenance Cost	\$ 10,743,196
Debt Service	<u>3,111,804</u>
	<u>13,855,000</u>
Excess in Revenue	<u><u>\$ 1,901,777</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 25,640,501
Deductions:	
Operating and Maintenance Cost	\$ 17,693,333
Debt Service	<u>4,294,954</u>
	<u>21,988,287</u>
Excess in Revenue	<u><u>\$ 3,652,214</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 6,504,620
Deductions:	
Operating and Maintenance Cost	\$ 5,100,475
Debt Service	<u>701,813</u>
	<u>5,802,288</u>
Excess in Revenue	<u><u>\$ 702,332</u></u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

Year Ended December 31,	General		Water Utility	
	Principal	Interest	Principal	Interest
2025	\$ 10,710,000	\$ 2,272,912	\$ 1,530,000	\$ 951,262
2026	9,765,000	1,906,913	1,565,000	888,638
2027	9,610,000	1,549,212	1,605,000	822,387
2028	9,645,000	1,199,763	1,640,000	754,438
2029	9,175,000	872,306	1,650,000	688,000
2030-2034	15,960,000	1,285,850	6,875,000	2,555,344
2035-2039			6,500,000	1,354,250
2040-2043			3,400,000	340,000
	<u>\$ 64,865,000</u>	<u>\$ 9,086,956</u>	<u>\$ 24,765,000</u>	<u>\$ 8,354,319</u>

Year Ended December 31,	Sewer Utility		Golf and Recreation Utility	
	Principal	Interest	Principal	Interest
2025	\$ 2,905,757	\$ 1,190,500	\$ 740,000	\$ 120,050
2026	2,959,860	1,110,287	695,000	100,775
2027	3,001,968	1,024,159	695,000	79,925
2028	3,056,084	936,243	695,000	59,800
2029	2,717,555	850,048	695,000	40,400
2030-2034	8,855,895	3,150,924	985,000	26,800
2035-2039	8,182,617	1,735,791		
2040-2044	4,597,758	566,511		
2045-2049	1,073,869	128,867		
2050-2053	834,748	39,286		
	<u>\$ 38,186,111</u>	<u>\$ 10,732,616</u>	<u>\$ 4,505,000</u>	<u>\$ 427,750</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2024

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2024</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
	<u>Date</u>	<u>Amount</u>		
Refunding Bonds	7/15/2025	\$ 1,465,000	4.00%	\$ 1,465,000
General Improvements	9/15/2025	4,000,000	2.50%	
	9/15/2026-28	4,000,000	3.00%	
	9/15/2029	3,500,000	3.00%	
	9/15/2030	3,510,000	2.50%	23,010,000
General Improvements	5/1/2025	2,465,000	4.00%	
	5/1/2026	2,195,000	4.00%	
	5/1/2027-28	2,005,000	4.00%	
	5/1/2029	2,005,000	2.25%	10,675,000
General Improvements	6/1/2025-27	1,240,000	3.00%	
	6/1/2028-31	1,240,000	2.00%	8,680,000
General Improvements	11/1/2025	1,540,000	5.00%	
	11/1/2026	2,330,000	5.00%	
	11/1/2027	2,365,000	5.00%	
	11/1/2028	2,400,000	5.00%	
	11/1/2029	2,430,000	5.00%	
	11/1/2030	2,470,000	5.00%	
	11/1/2031-32	2,500,000	5.00%	
	11/1/2033	2,500,000	4.00%	21,035,000
				<u>\$ 64,865,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2024</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
	<u>Date</u>	<u>Amount</u>		
Various Capital Improvements	10/29/2025	\$ 25,569,000	4.00%	<u>\$ 25,569,000</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2024 (Cont'd)

Water Utility Capital Fund

<u>Serial Bonds</u>	<u>Maturities of Bonds</u>			
	<u>Outstanding Dec. 31, 2024</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Water Improvements	9/15/2025	\$ 415,000	2.50%	
	9/15/2026	425,000	3.00%	
	9/15/2027	440,000	3.00%	
	9/15/2028-29	450,000	3.00%	
	9/15/2030	450,000	2.50%	\$ 2,630,000
Water Improvements	5/1/2025-28	350,000	4.00%	
	5/1/2029-30	350,000	2.25%	
	5/1/2031	475,000	2.25%	
	5/1/2032-36	450,000	2.25%	
	5/1/2037-39	450,000	3.00%	6,175,000
Water Improvements	11/1/2025	765,000	5.00%	
	11/1/2026	790,000	5.00%	
	11/1/2027	815,000	5.00%	
	11/1/2028	840,000	5.00%	
	11/1/2029-32	850,000	5.00%	
	5/1/2033-43	850,000	4.00%	15,960,000
				<u>\$ 24,765,000</u>

Bond Anticipation Notes

<u>Bond Anticipation Notes</u>	Maturities of Notes			
	<u>Outstanding Dec. 31, 2024</u>		Interest	Balance
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2024</u>
Improvements to Water Utility	10/29/2025	\$ 26,240,000	4.00%	<u>\$ 26,240,000</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2024 (Cont'd)
Sewer Utility Capital Fund

<u>Serial Bonds</u>	Maturities of Bonds			
	Outstanding Dec. 31, 2024		Interest	Balance
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2024</u>
Sewer Improvements	9/15/2025	\$ 650,000	2.50%	
	9/15/2026-27	650,000	3.00%	
	9/15/2028	660,000	3.00%	
	9/15/2029	675,000	3.00%	
	9/15/2030	690,000	2.50%	\$ 3,975,000
Sewer Improvements	5/1/2025	410,000.00	4.00%	
	5/1/2026	420,000.00	4.00%	
	5/1/2027	430,000.00	4.00%	
	5/1/2028	435,000.00	4.00%	
	5/1/2029-30	450,000.00	2.25%	
	5/1/2031	600,000.00	2.25%	
	5/1/2032-33	600,000.00	2.50%	
	5/1/2034	575,000.00	2.50%	
	5/1/2035-36	550,000.00	2.50%	
	5/1/2037-39	550,000.00	3.00%	7,720,000
Sewer Improvements	11/1/2025	605,000	5.00%	
	11/1/2026	630,000	5.00%	
	11/1/2027	650,000	5.00%	
	11/1/2028	665,000	5.00%	
	11/1/2029	685,000	5.00%	
	11/1/2030-32	900,000	5.00%	
	11/1/2033-43	900,000	4.00%	15,835,000
				<u>\$ 27,530,000</u>
<u>Loans Payable</u>	Final Maturity Date of			
	NJEIT/NJIB		Interest	Balance
<u>Purpose</u>	<u>Loans Payable</u>		<u>Rate</u>	<u>Dec. 31, 2024</u>
Sewer Improvements	8/1/2029		3.00 -5.00%	\$ 5,215,329
Sewer Improvements	8/1/2053		3.00 -4.00%	5,440,782
				<u>\$ 10,656,111</u>
<u>Bond Anticipation Notes</u>	Maturities of Notes			
	Outstanding Dec. 31, 2024		Interest	Balance
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2024</u>
Various Sewer Improvements	10/29/2025	\$ 13,956,000	4.00%	\$ 13,956,000

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2024 (Cont'd)

Golf and Recreation Utility Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2024</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
	<u>Date</u>	<u>Amount</u>		
General Improvements	9/15/2025	\$ 600,000	2.50%	
	9/15/2026-29	550,000	3.00%	
	9/15/2030	550,000	2.50%	\$ 3,350,000
General Improvements	6/1/2025	140,000	3.00%	
	6/1/2026-27	145,000	3.00%	
	6/1/2028-32	145,000	2.00%	<u>1,155,000</u>
				<u>\$ 4,505,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2024</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
	<u>Date</u>	<u>Amount</u>		
Various Sewer Improvements	10/29/2025	\$ 1,000,000	4.00%	<u>\$ 1,000,000</u>
Total Debt Issued and Outstanding				<u>\$ 199,086,111</u>

N.J. Environmental Infrastructure Loan (NJEIT)/New Jersey Infrastructure Bank Loan(NJIB)

Loan agreements were entered into by the Township of Parsippany-Troy Hills with the New Jersey Department of Environmental Protection for the purpose of improvements to the wastewater treatment plant in 2010 at an interest rate of 3.00% to 5.00%. Loans payable at December 31, 2024 for the Sewer Utility Capital Fund were \$5,215,329.25.

As of December 31, 2023 the Township of Parsippany-Troy Hills entered into a loan agreement with the New Jersey Infrastructure Bank (I-Bank) for \$5,507,568 to complete improvements of the Sewer System funded in 2023 at an interest rate of 3.00% to 4.00%. Loans payable at December 31, 2024 for the Sewer Utility Capital Fund were \$5,440,782.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Refunding Bonds:

On May 15, 2012, the Township issued \$16,115,000 refunding bonds with interest rates ranging from 1.50% to 4.00% to refund \$17,135,000 dated June 1, 2005 with an interest rates ranging from 1.50% to 4.00%. The refunding bonds will mature on July 15, 2012 through July 15, 2025 and constitute an advanced refunding. The refunding met the requirements of an in-substance debt defeasance.

As a result of the advance refunding, the Township reduced its total debt service requirement by \$2,320,284 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) over the life of the refunding bonds.

Note 3: Fund Balances Appropriated

Fund Balances at December 31, 2024 which are appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2025 adopted budget were as follows:

Current Fund	\$ 6,370,000
Water Utility Operating Fund	\$ 1,900,000
Sewer Utility Operating Fund	\$ 2,000,000
Golf and Recreation Utility Operating Fund	\$ 682,000

Note 4: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65.

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Township contributions to PERS amounted to \$3,620,137.46 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$126,540.00 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability was \$40,575,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was 0.280%, which was a decrease of 0.008% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2023.

For the year ended December 31, 2024, the Township recognized actual pension expense in the amount of \$3,620,137.46.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 52,820,712	\$ 40,575,534	\$ 30,153,269

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount.

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

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

Township contributions to PFRS amounted to \$4,663,209.00 for the year ended December 31, 2023. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$815,587.00 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$811,212.00.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability for its proportionate share of the net pension liability was \$38,703,983.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was 0.350%, which was a decrease of 0.029% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$7,131,659.00 as of June 30, 2023. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was 0.350%, which was a decrease of 0.029% from its proportion measured as of June 30, 2022 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 38,703,983
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>7,131,659</u>
Total Net Pension Liability	<u>\$ 45,835,642</u>

For the year ended December 31, 2024, the Township recognized total pension expense of \$4,663,209.00.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

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

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 4: Pension Plans (Cont'd)

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

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 63,863,940	\$ 45,835,642	\$ 30,822,376

Pension Plan Fiduciary Net Position – PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$11,468 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$14,712 for the year ended December 31, 2024.

Note 5: School District Taxes

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

The Township of Parsippany-Troy Hills has elected not to defer school taxes.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$8,355,537 at December 31, 2024. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

The reserve for accumulated sick and vacation compensation of \$568,000 reflected on the Other Trust Funds' balance sheet as of December 31, 2024 represents partial funding of the total estimated amount.

Balance Dec. 31, 2023	Net Change	Balance Dec. 31, 2024	Amount Due Within One Year
\$ 7,619,387.29	\$ 736,149.49	\$ 8,355,536.78	\$ -0-

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid Taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	2024	2023	2022
<u>Tax Rate</u>	\$ 3.375	\$ 3.312	\$ 3.231
<u>Apportionment of Tax Rate</u>			
Municipal	0.913	0.890	0.859
County	0.326	0.334	0.319
Local School	2.136	2.088	2.053
<u>Assessed Valuations</u>			
2024	\$ 7,320,045,550		
2023		\$ 7,308,004,700	
2022			\$ 7,293,668,250

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2024	\$ 253,890,890	\$ 252,475,310	99.44%
2023	248,011,634	246,316,305	99.31%
2022	241,654,386	240,085,874	99.35%

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

Note 8: Cash and Cash Equivalents and Investments

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

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

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

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investment section of this footnote.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2024, cash and cash equivalents of the Township of Parsippany-Troy Hills consisted of the following:

<u>Fund</u>	<u>Cash and Cash Equivalents</u>		<u>Cash with Fiscal Agent</u>	<u>Total</u>
	<u>Cash on Hand</u>	<u>Checking Accounts</u>		
Current Fund	\$ 1,565	\$ 24,544,467		\$ 24,546,032
Federal and State Grant Fund		1,145,396		1,145,396
Animal Control Trust Fund	50	142,366		142,416
Other Trust Fund		31,460,325	127,719	31,588,044
General Capital Fund		19,495,258		19,495,258
Water Utility Operating Fund		6,699,156		6,699,156
Water Utility Capital Fund		22,610,912		22,610,912
Sewer Utility Operating Fund		14,113,469		14,113,469
Sewer Utility Capital Fund		23,876,287		23,876,287
Golf and Recreation Utility Operating Fund		2,073,760		2,073,760
Golf and Recreation Utility Capital Fund		742,311		742,311
Public Assistance Fund		4,709		4,709
	<u>\$ 1,615</u>	<u>\$ 146,908,416</u>	<u>\$ 127,719</u>	<u>\$ 147,037,750</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2024, was \$146,910,031 and the bank balance was \$150,652,480. The \$127,718.59 invested with the Plan Administrator: Workers' Compensation Plan is uninsured and unregistered.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township of Parsippany-Troy Hills is a member of the New Jersey Intergovernmental Insurance Fund (the "Fund"). This Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

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

- a.) Liability Other Than Motor Vehicles
- b.) Property Damage Other Than Motor Vehicles
- c.) Motor Vehicle
- d.) Public Officials' Liability/Employment Practices Coverage
- e.) Environmental Coverage

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2024 audit report of the Fund was not filed as of the date of this report. Summarized selected financial information for the Fund as of December 31, 2023 is as follows:

Total Assets	<u>\$ 104,505,470</u>
Net Position	<u>\$ 3,402,838</u>
Total Revenue	<u>\$ 26,862,209</u>
Total Expenses	<u>\$ 23,634,554</u>
Change in Net Position	<u>\$ 3,227,655</u>
Members Dividends	<u>\$ -0-</u>

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

New Jersey Intergovernmental Insurance Fund
RHM Benefits Inc.
55 Madison Avenue, Suite 400
Morristown, NJ 07960
201-317-6821

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management (Cont'd)

The Township is self-insured to the extent of the amounts “deductible” from umbrella insurance coverage for Workers’ Compensation and Health Benefits.

Health Benefits Insurance

Coverage is provided by an excess risk insurance policy, issued by the Sun Life Insurance Company with coverages detailed as follows:

A. Specific Loss:

The Township will pay the Specific Deductible amount of \$125,000 per policy period per covered person.

B. Aggregate Loss:

The maximum aggregate reimbursement is \$1,000,000 per policy period.

Processing and payment of claims is administered by Meritain Health.

There is a provision included in the financial statements in the Other Trust Fund – Reserve for Employee Health Benefit Self Insurance Fund for claims incurred but not reported as of December 31, 2024 of \$6,841,899, which exceeds the estimated amount for unpaid losses and loss adjustment expenses, provided by the Township Health Insurance Advisor.

A summary of activity in the Other Trust Fund Reserve for Employee Health Benefit Self Insurance Fund is detailed as follows:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of the Year	\$ 4,990,521	\$ 4,035,345
Provision for Insured Events	<u>18,181,170</u>	<u>14,880,787</u>
	23,171,691	18,916,132
Claims and Claim Adjustment Expenses		
Attributable to Insured Events	<u>16,329,792</u>	<u>13,925,611</u>
Balance, End of the Year	<u>\$ 6,841,899</u>	<u>\$ 4,990,521</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management (Cont'd)

Workers' Compensation

Umbrella insurance coverage currently in force is carried for excess Workers' Compensation claims with specified limits detailed as follows:

A. Specific Loss:

The Township can pay no more than \$400,000 for each occurrence.

There has been no provision included in the financial statements for loss reserves as of December 31, 2024.

Claims for excess workers' compensation are funded on a cash basis through a loss fund which is administered by D and H Alternative Risk Solutions. A summary of the workers' compensation fund held by the insurance agent is detailed as follows:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of the Year	\$ 120,278	\$ 123,466
Provisions for Insured Events	<u>1,673,071</u>	<u>871,430</u>
	1,793,349	994,896
Claims and Claim Adjustment Expenses Attributable to Insured Events	<u>1,665,630</u>	<u>874,618</u>
Balance, End of the Year	<u><u>\$ 127,719</u></u>	<u><u>\$ 120,278</u></u>

Workers' Compensation Loss Reserves

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of reported losses and loss adjustment expenses as of December 31, 2024. This estimate is based on the estimated ultimate cost of settling the reported claims considering the historical experience, various other industry statistics, including the effects of inflation and other societal or economic factors. The ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess loss insurance and reinsurance coverages. A reserve has been established in the Other Trust Fund Reserve for Workers' Compensation in the amount of \$127,719.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management (Cont'd)

Workers' Compensation Loss Reserves (Cont'd)

Loss reserves, at December 31, 2024 and 2023, respectively, which have been estimated by the Fund's Actuary and Servicing Agents, are as follows:

	<u>2024</u>	<u>2023</u>
Case Reserves	\$ 5,486,213	\$ 5,612,298
Less: Excess Coverage	<u>3,700,340</u>	<u>3,524,317</u>
Total Loss Reserves (Expenses)	<u>\$ 1,785,873</u>	<u>\$ 2,087,981</u>

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 10,000	\$ 64,295	\$ 574,156	\$ 395,255
2023		60,475	133,828	895,116
2022	157,500	58,820	24,585	968,469

Note 10: Deferred Compensation Plan

The Township of Parsippany-Troy Hills offers its employees four deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by American United Life Insurance Company, Metropolitan Life Insurance Company, Lincoln Financial and AXA Equitable Life Insurance Company, are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2024:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 44,689	\$ 2,000,000
Animal Control Fund		44,689
Other Trust Funds	2,000,000	
Sewer Utility Operating Fund	3,428	
Sewer Utility Capital Fund		3,428
Golf and Recreation Utility Operating Fund	6,759	
Golf and Recreation Utility Capital Fund		6,759
	<u>\$ 2,054,876</u>	<u>\$ 2,054,876</u>

The interfund between Current Fund and the Other Trust Funds represents appropriations due to the Other Trust Funds for the self-insurance health benefits. The interfund between Current Fund and Animal Control Fund represents the statutory excess in the Reserve for Animal Control Expenditures and interest on investments due to Current Fund at the end of the year. The interfunds between Sewer Utility Operating and Sewer Utility Capital and Golf and Recreation Utility Operating and Golf Recreation Utility Capital is for interest earnings due at the end of the year.

Note 12: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of the Township's operations including claims for property damage, personal injury and various contract disputes. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position and operations as of December 31, 2024.

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$1,558,625 which it believes is sufficient to cover any potential loss.

The Township bills the Township of East Hanover, and three other municipalities for sewer usage. Currently, the Township is in dispute as to how much the Township of East Hanover owes Parsippany-Troy Hills. The amount recorded as receivable on the Sewer Utility Operating Fund balance sheet at December 31, 2024 is fully reserved, therefore the possible cancellation of part of the receivable will not impact operations, but would reduce the receivable and offsetting reserve.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 13: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the Township had the following deferred charge:

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Required</u> <u>2025 Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>to Years</u> <u>Subsequent</u> <u>Budgets</u>
Current Fund:			
Special Emergency Appropriations	\$ 4,229,702	\$ 1,469,214	\$ 2,760,488

The appropriation in the 2025 budget is not less than that required by statute.

Note 14: Economic Dependency

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

Note 15: Tax Abatements

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

As of December 31, 2024, the Township provides a tax abatement to a redeveloper of BT Property, LLC in the Township pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Township and the redeveloper. The agreement is for a period of 30 years. 2017 was the first year in which the payments under this agreement was effective.

In consideration of the Township granting the redeveloper this tax abatement the developer will be required to pay to the Township an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) - – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) - – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) - – the annual service charge as defined in Stage

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 15: Tax Abatements (Cont'd)

One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater. The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Township as an additional service charge. Additionally, the Township shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Township recognized revenue in the amount of \$800,070 from this annual service charge or payment in lieu of taxes recorded as an anticipated miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$1,171,434 of which \$293,702 would have been for the local municipal tax and municipal open space tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Township has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Township.

Note 16: Postemployment Benefits Other than Pensions (OPEB)

A. General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

Employees who retire from the Township may be eligible for post-employment medical, prescription drug, dental, and vision benefits based on the number of years of service completed. Police officers and their dependents are eligible for both pre-65 and post-65 subsidized retirement coverage, whereas the remaining units receive pre-65 retirement coverage only.

Retiree medical benefits provided by the Township are fully insured through Aetna Health with three plan offerings; Open Access Plus, OA Plus for Supervisors, and Traditional (Passive) PPO. For pharmacy benefits, 3 copay options are available to retirees based on unit. Two dental plans are available to retirees and is self-funded. Vision benefits are also available to retirees and is fully insured through VSP.

Base plan costs for all benefits for pre-65 and post-65 retirees are based on fully insured premium rates for the 2022 and 2023 plan years. Plan costs are based 100% before retiree contributions and assumed to include all administrative expenses and PPACA fees due at this time. The medical and prescription drug costs reflect a combined active and retiree population (pre-65 and post-65); therefore adjustments were necessary to convert the base plan costs into specific pre-65 and post-65 retiree costs to appropriately reflect Medicare integration and plan morbidity.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Retiree Contribution Rates

Contribution rates for future retirees will be based on the State of New Jersey's new contribution formula per implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees' base salary at retirement with a minimum contribution of 1.5% of base salary. Active employees hired prior to implementation of Chapter 78 with less than 20 years of service at implementation had their contribution phased in over a 4-year period. Employees hired on or after June 28, 2011 will have their contribution set at the highest year 4 contribution level. As the 4-year phase in period has expired, all active employees' contribution level is at the highest level.

Contributions for all current and future Police retirees are non-contributory. Non-police current retirees and future retirees with twenty (20) or more years of service at June 28, 2011 are non-contributory (i.e., the Township pays 100% of the benefit cost).

Employees Covered by Benefit Terms

As of April 2025, there was a total of 620 active employees and retirees, reflecting the sum of 424 active employees (381 electing coverage and 43 waiving coverage) and 196 retirees including 21 surviving spouses. For valuation purposes, it is assumed that 100% of individuals waiving coverage elect coverage in retirement at the coverage tier indicated in the census.

Total OPEB Liability

The Township's OPEB liability of \$208,786,086 was measured as of December 31, 2024 and was determined by an actuarial valuation based on census information provided in April 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024 to December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.22%
Salary Increases	3.00% per year

The discount rate used was 4.22% which is based on an end of year measurement date of 12/31/24 and is consistent with the prescribed discount interest rate methodology under GASB 74/75. The valuation discount rate was 4.22%.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The following assumptions are used for annual healthcare cost inflation (trend):

Health Care Trend Rates	Year	Pre 65	Post 65
Year 1 Trend	January 1, 2024	7.00%	7.00%
Ultimate Trend	2034 & Later	4.50%	4.50%
Grading per Year		0.25%	0.25%

The mortality table used for the current valuation was the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The valuation is based on the decrement tables from the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables are based on the July 1, 2018 Annual Report of the Actuary for both PERS and PFRS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2024	\$ 208,465,476
Changes for Year:	
Service Cost	2,228,844
Interest on total OPEB Liability	8,658,836
Change in Assumptions	(4,007,513)
Benefit Payments	<u>(6,559,557)</u>
Net Changes	<u>320,610</u>
Balance at December 31, 2024	<u><u>\$ 208,786,086</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

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

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.22 percent) or 1 percentage higher (5.22 percent) than the current discount rate:

	December 31, 2024		
	1%	Discount Rate	1%
	Decrease		Increase
	(3.22%)	(4.22%)	(5.22%)
Total OPEB Liability	\$ 251,042,744	\$ 208,786,086	\$ 176,757,774

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

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

	December 31, 2024		
	1%	Valuation Healthcare Trend Rates	1%
	Decrease		Increase
Total OPEB Liability	\$ 175,623,944	\$ 208,786,086	\$ 252,323,195

OPEB Expense

For the year ended December 31, 2024, the Township's OPEB expense was \$4,499,014 as determined by the actuarial valuation.

Actual retiree payments to 196 retired employees in 2024 were \$9,505,514.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

B. State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

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

Contributions

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

Special Funding Situation

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

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

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

Allocation Methodology

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

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

OPEB Expense

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

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

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2023 was \$15,240,848. At June 30, 2023, the State's proportion related to the Township was .436814%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2023, the State of New Jersey's OPEB benefit related to the Township was \$2,763,464.

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employees' Retirement System (PERS)

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

Police and Firemen's Retirement System (PFRS)

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

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

Mortality:

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% for fiscal year 2023 and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend rate is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

Note 17: Fixed Assets

The following is a summarization of the activity of the Township's fixed assets for the years ended December 31, 2024 and 2023:

	Balance Dec. 31, 2023	Additions	Deletions/ Adjustments	Balance Dec. 31, 2024
Land	\$ 114,261,584			\$ 114,261,584
Buildings	32,940,200			32,940,200
Machinery and Equipment	46,340,551	\$ 3,278,459	\$ (7,223,486)	42,395,524
	<u>\$ 193,542,335</u>	<u>\$ 3,278,459</u>	<u>\$ (7,223,486)</u>	<u>\$ 189,597,308</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Fixed Assets (Cont'd)

	Balance Dec. 31, 2022	Additions	Deletions/ Adjustments	Balance Dec. 31, 2023
Land	\$ 114,261,584			\$ 114,261,584
Buildings	32,940,200			32,940,200
Machinery and Equipment	45,139,481	\$ 2,146,209	\$ (945,139)	46,340,551
	<u>\$ 192,341,265</u>	<u>\$ 2,146,209</u>	<u>\$ (945,139)</u>	<u>\$ 193,542,335</u>

Note 18: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1989. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2024 and 2023 were \$8,162,269 and \$7,646,381. respectively.

Note 19: Leases

The Township has several lease agreements for the lease of the Township's cell towers. The terms of the lease are for five years in length with one additional renewal term of five years. The total lease payments in 2024 were approximately \$711,191.

The Township entered into a lease agreement in 2012 with the Morris County Municipal Utilities Authority for the operation of a transfer station located in Parsippany-Troy Hills for a term of twenty five years. The lease has monthly lease payments and lease payments are increased annually based on the Consumer Price Index. The total lease payments for 2024 were approximately \$260,040.

The Township entered into a lease agreement in 2022 for the leasing of 160 electric powered golf carts for a five year period beginning in 2023 with a unit price per cart per season of \$1,149.16. The total lease payments for 2024 were approximately \$183,866.

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APPENDIX C

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

October ____, 2025

Mayor and Township Council
of the Township of Parsippany-Troy Hills
Parsippany-Troy Hills, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance, execution and delivery of the \$36,744,000* aggregate principal amount of General Improvement Bonds, Series 2025 (the “Bonds”) of the Township of Parsippany-Troy Hills, in the County of Morris (the “Township”), a municipal corporation organized and existing under the laws of the State of New Jersey.

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Township Council of the Township, approved by the Mayor, and published as required by law (the “Ordinances”); and (iii) a resolution duly adopted by the Township Council of the Township on September 25, 2025 (the “Resolution” and together with the Ordinances, the “Authorization Proceedings”).

The Bonds are being issued to (i) refund, on a current basis, prior outstanding general improvement notes of the Township issued in the aggregate principal amount of \$25,569,000 on October 30, 2024 and maturing on October 29, 2025 (the “Prior General Improvement Notes”) and (ii) permanently finance various capital improvements in the amount of \$11,175,000, including paying the costs associated with the issuance of the Bonds.

The Bonds are issued in fully registered, book-entry form, without coupons, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year. Purchases of the Bonds will be made in book-entry form, without certificates, in principal denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof. So long as DTC or its nominee is the registered owner of the

* Preliminary, subject to change

Bonds, payments of the principal of and interest on the Bonds will be made by the Township, as paying agent (or a paying agent duly appointed by the Township), directly to Cede & Co., as nominee for DTC. Disbursal of such payments to DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of April and October in each year, commencing April 15, 2026, until maturity or prior redemption. The Bonds shall mature on October 15 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
2026	\$2,004,000	%	2031	\$4,000,000	%
2027	2,990,000		2032	4,000,000	
2028	3,750,000		2033	4,000,000	
2029	4,000,000		2034	4,000,000	
2030	4,000,000		2035	4,000,000	

*

Preliminary, subject to change

The Bonds maturing prior to October 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 15, 2033 are redeemable at the option of the Township, in whole or in part, on any date on or after October 15, 2032, upon notice as required therein, at one hundred percent (100%) of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

We have examined such matters of law, certified copies of the proceedings, including the Authorization Proceedings for the Bonds, and other documents and proofs relative to the issuance, sale, execution and delivery of the Bonds as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance, sale, execution and delivery of the Bonds pursuant to the Local Bond Law and the Authorization Proceedings, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Township enforceable in accordance with their terms, and (iii) the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem*

taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Township has covenanted in a tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the aforementioned covenants and representations stated in its tax certificate, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

[The Bonds maturing on October 15 in the years _____ through _____, inclusive, (the "Premium Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.]

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years _____ through _____, inclusive, (the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for federal income tax purposes to

the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity).]

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined each of the Bonds, as executed by the Township, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,



90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

October____, 2025

Mayor and Township Council
of the Township of Parsippany-Troy Hills
Parsippany-Troy Hills, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of Parsippany-Troy Hills, in the County of Morris (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, issuance, sale, issuance, execution and delivery of the \$50,190,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 consisting of \$31,540,000 Water Utility Notes (the "Water Utility Notes"), \$16,956,000 Sewer Utility Notes (the "Sewer Utility Notes"), and \$1,694,000 Golf and Recreational Utility Notes (the "Golf and Recreational Utility Notes", and together with the Water Utility Notes and the Sewer Utility Notes, the "Notes") of the Township. The Notes are dated October 28, 2025, mature October 27, 2026, and bear interest at the rate of _____ and _____ hundredths per centum (_____%) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Township Council of the Township (the “Ordinances”), approved by the Mayor, and published as required by law, and (iii) a resolution duly adopted by the Township Council of the Township on September 25, 2025 (the “Resolution” and together with the Ordinances, the “Authorization Proceedings”).

The Water Utility Notes are being issued to (i) refund, on a current basis, prior outstanding water utility notes of the Township issued in the aggregate principal amount of \$26,240,000 on October 30, 2024 and maturing on October 29, 2025 and (ii) temporarily finance the cost of various capital improvements and purposes for the water utility in and by the Township in the amount of \$5,300,000, including paying the costs associated with the issuance of the Water Utility Notes. The Sewer Utility Notes are being issued to (i) refund, on a current basis, prior outstanding sewer utility notes of the Township issued in the aggregate principal amount of \$13,956,000 on October 30, 2024 and maturing on October 29, 2025 and (ii) temporarily finance the cost of various capital improvements and purposes for the sewer utility in and by the Township in the amount of \$3,000,000, including paying the costs associated with the issuance of the Sewer Utility Notes. The Golf and Recreational Utility Notes are being issued to (i) refund, on a current basis, prior outstanding golf and recreational utility notes of the Township issued in the aggregate principal amount of \$1,000,000 on October 30, 2024 and maturing on October 29, 2025 and (ii) temporarily finance the cost of various capital improvements and purposes for the golf utility in and by the Township in the amount of \$694,000, including paying the costs associated with the issuance of the Golf and Recreational Utility Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law and the Authorization Proceedings, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Township, which are enforceable in accordance with their terms, and (iii) the Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Township has covenanted in a tax certificate related to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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APPENDIX D

FORMS OF CERTIFICATES OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated October ____, 2025 (the "Disclosure Certificate") is executed and delivered by the Township of Parsippany-Troy Hills, in the County of Morris, a municipal corporation organized and existing under the laws of the State of New Jersey (the "Township" or the "Issuer") in connection with the issuance of its \$36,744,000* aggregate principal amount of General Improvement Bonds, Series 2025 (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to, among other things, various bond ordinances duly adopted by the Township Council, approved by the Mayor, and published as required by law, and a resolution entitled, "RESOLUTION (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF NOT TO EXCEED \$36,744,000 GENERAL IMPROVEMENT BONDS, SERIES 2025 OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS, IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO, AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$50,190,000 BOND ANTICIPATION NOTES, SERIES 2025 CONSISTING OF \$31,540,000 WATER UTILITY NOTES, SERIES 2025, \$16,956,000 SEWER UTILITY NOTES, SERIES 2025, AND \$1,694,000 GOLF AND RECREATIONAL UTILITY NOTES, SERIES 2025 OF THE TOWNSHIP" (the "Resolution"), being duly adopted by the Township Council of the Township on September 25, 2025. The Township covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Township acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

* Preliminary, subject to change

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which the Township or the Dissemination Agent is authorized by law or contract to remain closed.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Township with the MSRB through EMMA (both as defined below) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Township with the MSRB through EMMA pursuant to Section 5 of this Disclosure Certificate.

“Disclosure Representative” shall mean the Chief Financial Officer of the Township or her designee, or such other person as the Township shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, Phoenix Advisors, Hamilton, New Jersey or any Dissemination Agent subsequently designated in writing by the Township which has filed with the Township a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined below) and approved by the SEC (as defined below) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Township or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

“Financial Obligation” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“National Repository” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC (as defined below) as a repository for purposes of the Rule (as defined below).

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC (as defined below) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriter(s)” shall mean any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Township shall on or prior to September 30 after the end of each fiscal year (currently December 31) until termination of the Township’s reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate, provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2025). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within ten (10) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate to the National Repository and stating the date it was provided to the National Repository.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within ten (10) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Township) to the National Repository in substantially the form attached as Exhibit A hereto.

SECTION 4. Content of Annual Reports. (a) The Township’s Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Township as of December 31 of each year (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles ("GAAP"), and the budget laws of the State.

(2) The most current annual debt statement of the Township (as of December 31); and.

(3) The general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement dated October ____, 2025, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) Township indebtedness and overlapping indebtedness including a schedule of outstanding debt issued by the Township; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Township is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB, through the EMMA system, or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Township shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Township;
13. The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Township shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Township has or obtains knowledge of the occurrence of any of the Listed Events, the Township shall, as soon as possible, for those events that are subject to a materiality determination, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Township determines that the occurrence of a Listed Event has occurred or, for those events that are subject to a materiality determination, would be material, to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Township is not the Dissemination Agent) and the Township shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Township determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Township) and the Dissemination Agent (if the Dissemination Agent is not the Township) shall be instructed by the Township not to report the occurrence unless the Listed Event is not subject to a materiality determination.

(e) If the Dissemination Agent has been instructed in writing by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, with a copy to the Township (if the Dissemination Agent is not the Township). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Township's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an "Obligated Person" (as defined in the Rule). The Township shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent (if the Dissemination Agent is not the Township), which notice shall be filed by the Township or the Dissemination Agent, as applicable, with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) of this Disclosure Certificate.

SECTION 7. Dissemination Agent; Compensation. The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, Hamilton, New Jersey. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Township to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on

the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Township or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable, pursuant to the terms of the Resolution at the time of the amendment. The Township shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 of this Disclosure Certificate. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Township shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Township. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 of this Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Township shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the

event of any failure of the Township to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Township agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Township) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Township further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Township under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt) or electronic transmission (including e-mail) followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Township:

Ms. Angelica Sabatini
Chief Financial Officer
Township of Parsippany-Troy Hills
1001 Parsippany Boulevard
Parsippany, New Jersey 07054
Email: asabatini@parsippany.net

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

Phoenix Advisors
2000 Waterview Drive, Suite 101
Hamilton, New Jersey 08691

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Township and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Township and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with, and governed by, the Laws of the United States of America and the State of New Jersey, as applicable.

**TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS,
STATE OF NEW JERSEY**

By: _____
ANGELICA SABATINI,
Chief Financial Officer

Acknowledged and Accepted by:

PHOENIX ADVISORS,
as Dissemination Agent

Authorized Signatory

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: Township of Parsippany-Troy Hills,
in the County of Morris, State of New Jersey

Name of Issue: \$36,744,000* General Improvement Bonds, Series 2025

Dated: October 28, 2025
(CUSIP Number: 701859____)

Date of Issuance: October 28, 2025

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution and a Continuing Disclosure Certificate for the Bonds dated October 28, 2025, which was executed by the Township and acknowledged and accepted by the Dissemination Agent (the "Certificate"). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Certificate.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Township)

cc: The Township

* Preliminary, subject to change

CONTINUING DISCLOSURE CERTIFICATE

I, ANGELICA SABATINI, Chief Financial Officer of the Township of Parsippany-Troy Hills, in the County of Morris (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of not to exceed \$50,190,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 consisting of \$31,540,000 aggregate principal amount of Water Utility Notes, \$16,956,000 Sewer Utility Notes, and \$1,694,000 Golf and Recreational Utility Notes (collectively, the "Notes"), dated October 28, 2025, and maturing October 27, 2026, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or other material events affecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Township other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB, through the EMMA system, consistent with the Rule.

If the Township (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial

Owners of the Notes, the Township shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

The Township's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Township, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, Hamilton, New Jersey. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this ____ day of October, 2025.

**TOWNSHIP OF PARSIPPANY-TROY HILLS,
IN THE COUNTY OF MORRIS,
STATE OF NEW JERSEY**

**ANGELICA SABATINI,
Chief Financial Officer**

Acknowledged and Accepted by:

**PHOENIX ADVISORS,
as Dissemination Agent**

Authorized Signatory