

NEW ISSUE

Rating: S&P: "AA"
See "RATING" herein

In the opinion of Inglesino, Pearlman, Wyciskala & Taylor, LLC, Bond Counsel, assuming continuing compliance by the Township with certain covenants described herein, under existing statutes and court decisions, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, ("the Code"). In the further opinion of Bond Counsel, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals and corporations; such interest, however, is included in adjusted current earnings in the computation of alternative minimum taxable income for purposes of the alternative minimum tax imposed by the Code on certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$22,500,000
TOWNSHIP OF PARSIPPANY-TROY HILLS,
In the County of Morris, New Jersey

GENERAL OBLIGATION BONDS

consisting of:

\$14,425,000 General Improvement Bonds
\$1,988,000 Water Utility Bonds
\$4,003,300 Sewer Utility Bonds and
\$758,700 Golf and Recreation Utility Bonds
\$ 1,325,000 General Obligation Refunding Bonds
(Callable)
(Book-Entry Issue)

Dated: Date of Delivery

Due: November 1, as shown on the inside front cover

The \$22,500,000 General Obligation Bonds, consisting of \$14,425,000 General Improvement Bonds, \$1,988,000 Water Utility Bonds, \$4,003,300 in Sewer Utility Bonds and \$758,700 in Golf and Recreation Utility Bonds, and \$1,325,000 in General Obligation Refunding Bonds, (together, the "Bonds") 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, New York, New York, which will act as Securities Depository. See "Book-Entry Only System" herein.

Interest on the Bonds will be payable semiannually on the first day of May and November in each year until maturity, commencing May 1, 2011. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Township or its designated Paying Agent. Interest on the Bonds will be credited to the Participants of the Depository Trust Company as listed on the records of the Depository Trust Company as of each next preceding April 15th and October 15th (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to redemption prior to their stated maturities as set forth herein.

The Bonds are valid and legally binding obligations of the Township of Parsippany, in the County of Morris and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount. The Bonds are not a debt of the State of New Jersey or any political subdivision thereof than the Township.

BID PROPOSALS WILL BE ACCEPTED ON
TUESDAY, OCTOBER 26, 2010, 11:00 A.M.
BY ELECTRONIC SUBMISSION VIA THE PARITY ELECTRONIC BID SYSTEM ("PARITY")
OF i-DEAL LLC ("i-DEAL") OR
ALTERNATIVELY BY SEALED PROPOSAL DELIVERED
TO THE TOWNSHIP CHIEF FINANCIAL OFFICER
AT THE MUNICIPAL BUILDING, 1001 PARSIPPANY BOULEVARD
PARSIPPANY, NEW JERSEY 07054 ON
TUESDAY, OCTOBER 26, 201, 11:00 A.M.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
REFER TO THE ENCLOSED NOTICE OF SALE

SCHEDULE OF MATURITIES

GENERAL OBLIGATION BONDS

The Bonds will mature on November 1st, in each of the years as follows:

	General Improvement Bonds	Water Utility Bonds	Sewer Utility Bonds	Golf and Recreational Utility Bonds	General Obligation Refunding Bonds	Total	Interest Rate	Price or Yield
Year	Principal	Principal	Principal	Principal	Principal	Principal		
2011	\$625,000	\$90,000	\$185,000	\$40,000	\$265,000	\$1,205,000		
2012	1,150,000	90,000	185,000	40,000	265,000	1,730,000		
2013	1,150,000	100,000	275,000	40,000	265,000	1,830,000		
2014	1,150,000	153,000	298,300	40,000	265,000	1,906,300		
2015	1,150,000	165,000	305,000	53,700	265,000	1,938,700		
2016	1,150,000	165,000	310,000	55,000		1,680,000		
2017	1,150,000	175,000	310,000	55,000		1,690,000		
2018	1,150,000	175,000	325,000	60,000		1,710,000		
2019	1,150,000	175,000	350,000	60,000		1,735,000		
2020	1,150,000	175,000	350,000	75,000		1,750,000		
2021	1,150,000	175,000	370,000	80,000		1,775,000		
2022	1,150,000	175,000	370,000	80,000		1,775,000		
2023	1,150,000	175,000	370,000	80,000		1,775,000		
Total	\$14,425,000	\$1,988,000	\$4,003,300	\$758,700	\$1,325,000	\$22,500,000		

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

MAYOR

James R. Barberio

TOWNSHIP COUNCIL

Anne F. Grossi	President
John M. Fox	Vice-President
John Cesaro	Councilperson
Michael J. dePierro	Councilperson
Brian Stanton	Councilperson

TOWNSHIP ADMINISTRATOR

Jasmine Lim

CHIEF FINANCIAL OFFICER / TOWNSHIP TREASURER

Ruby A. Malcolm, CPA

TOWNSHIP CLERK

Judith I. Silver

TOWNSHIP COUNSEL

Inglesino, Pearlman, Wyciskala & Taylor, LLC

TOWNSHIP AUDITOR

Samuel Klein and Company

BOND COUNSEL

Inglesino, Pearlman, Wyciskala & Taylor, LLC

No dealer, broker or salesperson or other person has been authorized by the Township of Parsippany-Troy Hills to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information set forth herein has been obtained from sources other than the Township that are believed to be reliable, but such sources are not guaranteed as to accuracy or completeness by the Township. Such information is not to be construed as a representation of the Township.

The presentation of information is intended to show recent historic information and, except as expressly stated otherwise, 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, will necessarily continue or be repeated in the future.

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

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or an agreement between the Township of Parsippany-Troy Hills and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information, estimates and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement or any sale of the Bonds made hereunder shall not, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

Inglesino, Pearlman, Wyciskla & Taylor LLC has not participated in the preparation of this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, expresses no opinion with respect thereto.

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OFFICIAL STATEMENT

**of the
\$22,500,000 GENERAL OBLIGATION BONDS**

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

Consisting of:

**\$14,425,000 General Improvement Bonds
\$1,988,000 Water Utility Bonds
\$4,003,300 Sewer Utility Bonds
\$758,700 Golf and Recreation Utility Bonds and
\$ 1,325,000 General Obligation Refunding Bonds
(Callable)
(Book-Entry Issue)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, 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"), and provides certain information relating to the Township in connection with the sale of its \$22,500,000 General Obligation Bonds, consisting of \$14,425,000 General Improvement Bonds, \$1,988,000 Water Utility, \$4,003,300 Sewer Utility Bonds, \$758,700 Golf and Recreation Utility Bonds, and \$1,325,000 General Obligation Refunding Bonds (collectively, the "Bonds"). Summaries and explanations of statutes, laws and documents contained herein do not purport to be complete and reference is made to said statutes, laws and documents for full and complete statements of their provisions. Data contained herein has been obtained or constructed from documents of the State, the County, the Township and other sources considered reliable. This Official Statement has been executed on behalf of the Township by the Chief Financial Officer/Treasurer and may be distributed in connection with the sale of the Bonds described herein.

DESCRIPTION OF THE BONDS

The Bonds will be dated, will mature and will bear interest payable at maturity as set forth on the inside front cover page hereof.

The Bonds will be issued as one certificate for each separate series of Bonds book entry only form and are registered in the name of Cede & Co, as nominee for this Depository Trust Company ("DTC") New York, New York. Interest on the Bonds is calculated on the basis of a 30-day month and a 360-day year. Both the principal of and interest on the Bonds will be payable in lawful money of the United States of America.

Interest and principal on the Bonds is payable to the DTC by the Township on behalf of the registered owners thereof as shown on the registration books (the "Register") of the Township kept for that purpose in offices of the Chief Financial Officer/Treasurer of the Township if said Bonds are registered. The Bonds as to principal and interest, when due, will be payable at the principal office of the Township as Paying Agent designated on the Bonds upon presentation and surrender of the Bonds.

REDEMPTION

The Bonds maturing prior to November 1, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after November 1, 2020 are redeemable at the option of the Township in whole or in part on any date, on or after November 1, 2019 upon notice as required herein at a redemption price (the "Redemption Price") equal to 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

If less than all of the Bonds outstanding of any maturity shall be called for redemption, such Bonds to be so redeemed shall be selected by the Township by lot.

In the event of any redemption, notice thereof shall be mailed by first class mail, postage prepaid, to the registered owner of any Bonds to be redeemed at the address shown on the registration books of the County not less than thirty (30) days nor more than sixty (60) days prior to the redemption date; provided, however, that failure to mail or receive such notice, or any defect therein, shall not affect the validity of the proceedings for redemption.

If notice of redemption has been given by mail, 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 interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

AUTHORIZATION OF THE BONDS

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of New Jersey, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law") under which the Township is authorized to incur indebtedness, borrow money and issue negotiable obligations. The Bonds are authorized by a resolution adopted by the Council of the Township on October 12, 2010, a refunding bond ordinance (the "Refunding Bond Ordinance") authorizing the payment of amounts owed or owing to others for taxes levied, which tax appeal judgments have been issued against the Township and several bond ordinances (the "Bond Ordinances" and together with the Refunding Bond Ordinance, the "Ordinances") for the purposes set forth herein under "PURPOSE OF THE BONDS". On July 14, 2010, the Local Finance Board in the Division of Local Government Services, New Jersey Department of Community Affairs by resolution approved the adoption of the Refunding Bond Ordinance.

The Ordinances were published in full after adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinance can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Bonds by the Township.

PURPOSE OF THE BONDS

The Bonds are issued pursuant to the various bond ordinances of the Township set forth below:

Ordinance Number	Description	Debt Authorized	Notes to be Retired *	New \$	Amount Not Bonded	Principal Amount of Bonds to be sold
General Improvement Bonds						
04:23	Manor Dam Replacement		22,500.00		22,500.00	
05:07	Various Road Improvements	5,814,000.00	435,000.00	430,000.00		865,000
06:08 amended by 07:53	Various Road Improvements	5,061,402.00		715,000.00	40,000.00	715,000
07:18	Various Improvements	4,767,575.00	2,872,575.00		55,000.00	2,817,575
08:13	Various Improvements	4,945,025.00	3,040,525.00	1,501,250.00	403,250.00	4,541,775
09:24	Various Improvements	5,222,150.00	3,199,400.00	800,000.00	1,222,750.00	3,999,400
10:13	Various Improvements	5,438,275.00		1,486,250.00	3,952,025.00	1,486,250
Total General Improvement		31,248,427.00	9,570,000.00	4,932,500.00	5,695,525.00	14,425,000.00
Water Capital Bonds						
06:09	Various improvements	731,500.00	200,000			200,000.00
07:19	Various improvements	627,000.00		355,500		355,500.00
08:14	Various improvements	342,000.00	285,000	57,000		342,000.00
09:25	Various improvements	940,500.00	370,500	570,000		940,500.00
10:14	Various improvements	342,000.00		150,000	101,750.00	150,000.00
Total Water Capital		2,983,000.00	855,500.00	1,132,500.00	101,750.00	1,988,000.00
Sewer Capital Bonds						
07:20	Various Improvements	529,905.00	239,700.00		47,705.00	239,700.00
08:15	Various Improvements	3,021,000.00	2,798,600.00		222,400.00	2,798,600.00
09:26	Various Improvements	1,805,000.00	965,000.00		840,000.00	965,000.00
Total Sewer Capital		5,355,905.00	4,003,300.00		1,110,105.00	4,003,300.00
Golf & Recreational Bonds						
07:21	Various Improvements	902,500.00	261,500.00			261,500.00
08:16	Various Improvements	451,250.00	213,750.00	187,500.00	50,000.00	401,250.00
09:27	Various Improvements	143,450.00	95,950.00		47,500.00	95,950.00
Total Golf & Recreational Bonds		1,497,200.00	571,200.00	187,500.00	97,500.00	758,700.00
10:12	Tax Appeal Bonds	1,325,000.00		1,325,000.00		1,325,000.00
	TOTAL ALL FUNDS	42,409,532.00	15,000,000.00	7,577,500.00	7,004,880.00	22,500,000.00

* All Notes to be retired

The Bonds are being issued to: (i) permanently finance the costs of the various projects described above; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

THE DTC BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

DTC, the world's largest 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. DTC is owned by the users of regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on 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 will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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 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 PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry Only 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 Bonds 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 interest of the Beneficial Owners might be adversely affected if the book-entry only 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 only system.

In the event that the book-entry only system for the Bonds is discontinued, the Township has, pursuant to the Resolution, provided that upon receipt of the Bond certificates from DTC and the Participant information, the Township will execute and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

SECURITY FOR THE BONDS

The Bonds will be valid and binding general obligations of the Township and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable property within the Township without limitation as to rate or amount. The Township is required to include the total amount of interest and debt redemption charges on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual municipal budget. The enforceability of rights or remedies with respect to the Bonds, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

The Bonds are not a debt or obligation, legal or otherwise of the State or any political subdivision thereof, other than the Township.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds 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.

Debt Limits (N.J.S.A. 40A:2-6)

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as 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 its boundaries, as annually determined by the Director of Taxation, Department of the Treasury, State of New Jersey (the "State Director of Taxation").

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Township has not exceeded its statutory debt limit. As of December 31, 2009, the statutory net debt as a percentage of average equalized valuation was 0.727%. As noted above, the statutory limit is 3-1/2%.

Exceptions to Debt Limits - Extensions of Credit

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 described below. 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 to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory debt limit may be issued by the Township to fund certain Bonds issued for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility and assessment purposes) plus 2/3 of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds of any school district.

No Default

The Township has never defaulted in the payment of any bonds, nor are any payments of principal or interest on the Township's indebtedness past due.

Short-Term Financing

The Township may sell short-term "Bond Anticipation Notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds. 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.

School Debt Subject to Voter Approval

State law permits the school district upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The 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 an operating 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 ("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.

A local unit is authorized to issue Emergency Bonds and Special Emergency Bonds pursuant to the Local Budget Law.

Tax Anticipation Bonds are limited in amount by law and must be paid off in full within 120 days after 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.

Municipal "CAP" Law and State Budget "CAP" Law

A Statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.) commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c.89, which revised and made permanent the "Cap Law". While the revised "Cap Law" is more restrictive on the ability of a municipality to increase its overall appropriations, 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 2.5% or the "Index Rate", whichever is less. The "Index Rate" is the rate of annual percentage increase 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.

Additionally, legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment to limit 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. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

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

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon

application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

The Local Budget Law also provides that no budget or amendment thereof shall be adopted by a local unit unless the Director shall have previously certified his 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 Township's calendar year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

Under New Jersey Law, the maximum amount of delinquent tax that may be anticipated to be collected by a local unit in a fiscal year is "the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

With regard to the amount of current taxes that may be anticipated to be collected by a local unit in a fiscal year, New Jersey law provides that "Receipts from the collection of taxes levied or to be levied in the municipality or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31 of such preceding fiscal year."

New Jersey Law also requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget.

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the Township Council. 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, revaluation programs, revision, and codification of ordinances, master plan preparations, 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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year end transfer restriction, they are subject to review and approval by the Township Council.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully

for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

Fiscal Year

The Township's fiscal year is the calendar year.

Capital Budget

In accordance with the Local Budget Law, the Township 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. A re-evaluation of all property in the Township was last completed in 2002 and placed on the 2003 Tax List.

Upon the filing of certified adopted budgets by the Township's Local School District, Fire Districts 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-et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Township. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. The Township has \$87,540.43 in liens as of December 31, 2009.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a

hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

This law regulates the nonbudgetary 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 the Township'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 Township's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2009 is on file with the Township's Clerk and is available on the Township's web site at www.parsippany.net.

CONTINUING DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than nine (9) months after the end of each fiscal year (the "Annual Report") commencing with the fiscal year ending December 31, 2010, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Township with the Municipal Securities Rulemaking Board (the "MSRB"). The notices of material events will be filed by the Township with the MSRB. Such information shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report of the notices of material events is set forth in "Appendix D – Form of Continuing Disclosure Certificate."

The Township never has failed to comply with the terms of any undertaking to provide secondary market disclosure information set forth in SEC Rule 15c2-12.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause 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 to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code.

Assuming the Township observes its covenants with respect to compliance with the Code, Inglesino, Pearlman, Wyciskala & Taylor, LLC, Bond Counsel to the Township, is of the opinion that, under existing statutes and court decisions, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code on individuals and corporations, but that such interest may be included in adjusted current earnings for purposes of computing alternative minimum taxable income with respect to the alternative minimum tax imposed under the Code on certain corporations. See "Certain Federal Tax

Considerations” below.

In the opinion of Bond Counsel, 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.

Certain Federal Tax Considerations

Collateral Federal Tax Consequences. Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds. For certain bonds issued during 2009 and 2010, the American Recovery and Reinvestment Act of 2009 modifies the application of those rules as they apply to financial institutions. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds.

Original Issue Premium. The initial public offering price of certain Bonds may be greater than the stated redemption price thereof at maturity (each a “Premium Bond”). The difference between the initial public offering price for any such Premium Bond and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of a Premium Bond through reductions in the holder's tax basis for the Premium Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bond rather than creating a deductible expense or loss. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of any Premium Bonds.

Original Issue Discount. The initial offering price of certain Bonds may be less than the stated redemption price thereof at maturity (each a “Discount Bond”). The difference between the initial public offering price for any such Discount Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on a Discount Bond accrues to original holders of the Discount Bond over the period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Discount Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of a Discount Bond. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of any Discount Bonds.

Backup Withholding. Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption “TAX MATTERS”. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

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

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

Change in Law and Post-Issuance Events. Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses 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 counsel.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LITIGATION

To the knowledge of the Township Attorney, Inglesino, Pearlman, Wyciskala & Taylor, LLC Parsippany, New Jersey there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds, or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers.

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 institutions, 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 bonds of the Township, including the Bonds, and such Bonds 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 401, 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, 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 debt; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owned 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 1978 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Inglesino, Pearlman, Wyciskala & Taylor, LLC, Parsippany, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. . Certain legal matters will be passed upon for the Underwriter by, _____ Certain legal matters will be reviewed on behalf of the Township by its counsel, Inglesino, Pearlman, Wyciskala & Taylor, LLC Parsippany, New Jersey.

UNDERWRITING

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

RATING

Standard & Poor's Ratings Service (the "Rating Agency") has assigned its municipal bond rating of "AA" to the Bonds based upon the underlying rating of the Township.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. There can be no assurance that the rating 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 rating, may have an adverse effect on the marketability or market price of the Bonds.

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 to the Underwriter by a certificate signed by the Chief Financial Officer/Treasurer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Samuel Klein and Company, Newark, New Jersey, takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Ruby A. Malcolm, Chief Financial Officer/Treasurer (973) 263-4265.

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

This Official Statement has been duly executed and delivered on behalf of the Township by the Chief Financial Officer/Treasurer.

TOWNSHIP OF PARSIPPANY-TROY HILLS

/s/

Ruby A. Malcolm
Chief Financial Officer/Treasurer

Dated:

Appendix A

Certain Economic and Financial Information Relating to the Township of Parsippany-Troy Hills

APPENDIX A
CERTAIN ECONOMIC AND FINANCIAL INFORMATION RELATING TO
THE TOWNSHIP OF PARSIPPANY-TROY HILLS

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.

Additional information is included in Appendix B and such information is derived from certified audits and financial documents and should be used in conjunction with the audit from which they are derived. Unless otherwise stated, all information is from the Township.

The financial statements have been prepared in conformance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs and State of New Jersey. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units.

Building Permits

	<u>Number of Permits</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Residential:					
New	14	27	24	70	54
Additions/Alterations	2176	1916	1992	2128	1,907
Business:					
New	2	2	3	4	5
Additions/Alterations	303	374	321	373	293
Industrial/Factory:					
New					
Additions/Alterations	4	1	5	1	16
Mercantile					
New	2	2	1	1	1
Additions/Alterations	26	18	15	18	24
Educational / Institutional:					
New			1		
Additions/Alterations	19	17	43	32	10
Storage/Accessory					
New	1	1	1		2
Additions/Alterations	10	6	7	1	15
Churches, Restaurants, Entertainment					
New		1			1
Additions/Alterations	32	43	49	40	63
Demolitions/Other	<u>190</u>	<u>239</u>	<u>203</u>	<u>201</u>	<u>245</u>
Total	<u>2779</u>	<u>2647</u>	<u>2665</u>	<u>2869</u>	<u>2,636</u>

Employment and Unemployment Comparisons

For the years 2005 to 2009, 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

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	30,821	28,485	2,336	7.6%
2008	30,858	29,550	1,308	4.2%
2007	30,891	30,056	835	2.7%
2006	31,083	30,131	952	3.1%
2005	30,721	29,802	920	3.0%

County of Morris

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	274,500	254,700	19,800	7.2%
2008	275,214	264,203	11,011	4.0%
2007	272,700	264,500	8,200	3.0%
2006	274,000	264,900	9,100	3.3%
2005	270,900	262,000	8,800	3.3%

State of New Jersey

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,502,800	4,257,000	245,800	5.5%
2007	4,466,300	4,276,600	189,700	4.2%
2006	4,518,000	4,309,000	209,000	4.6%
2005	4,430,373	4,235,937	194,436	4.4%

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

Per Capita Income

<u>Year</u>	<u>Parsippany- Troy Hills</u>	<u>Morris County</u>	<u>New Jersey</u>
2000	\$32,220.00	\$36,964.00	\$27,006.00
1990	22,137.00	25,177.00	18,714.00
1980	9,576.00	9,910.00	8,128.00
1977	6,931.00	7,548.00	6,492.00
1975	5,911.00	6,399.00	5,600.00
1970	\$ 3,878.00	\$ 4,131.00	\$ 3,674.00

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

Median Family Income 2000*

<u>Income Group</u>	<u>Parsippany- Troy Hills</u>	<u>Morris County</u>	<u>New Jersey</u>
\$ - to \$ 10,000	811	5,280	213,939
10,000 to 14,999	522	4,162	143,783
15,000 to 24,999	1,018	9,016	288,606
25,000 to 34,999	1,397	11,528	305,449
35,000 to 49,999	2,830	19,304	437,373
50,000 to 74,999	4,228	32,678	608,244
75,000 to 99,999	3,250	26,978	413,928
100,000 to 149,999	3,467	31,791	391,123
150,000 to 199,999	1,253	13,776	130,492
200,000 to More	<u>852</u>	<u>15,281</u>	<u>132,837</u>
Total Families	<u>19,628</u>	<u>169,794</u>	<u>3,065,774</u>
Median Family Income	<u>\$68,133</u>	<u>\$77,340</u>	<u>\$55,146</u>

*Median Family Income is that level of income where half of the recipients lie above and half lie below.

Source: 2000 Income Census, U.S. Bureau of the Census

Population

	<u>2000</u>	<u>1990</u>	<u>1980</u>
Township of Parsippany-Troy Hills	50,649	48,478	49,868
Morris County	470,212	421,361	407,630
State of New Jersey	8,414,350	7,730,180	7,364,158

Source: U.S. Census of Population

Largest Taxpayers

The ten largest commercial taxpayers in the Township and their 2010 assessed valuation are listed below:

<u>Taxpayer</u>	<u>Land Use</u>	<u>Assessed Value</u>
State Farm Insurance	Office	82,500,000
Knoll Manor Assoc.	Apartment Complex	61,015,400
Teachers Ins ASC of America	Office	60,875,100
OTR-MCC LLC % Deloitte & Touch	Office	57,660,700
One Campus Drive	Office	57,268,000
Lake Lenore % Powder Mill Heights	Office	51,831,300
Sylvan/Campus Rity, LLC	Office	49,101,800
HH FP Portfolio LLC % Highland Hosp	Office	44,762,300
Acquiport Parsippany LLC % Withthrop	Office	43,526,900
Trot Hills Village	Apartment Complex	41,506,500
Total		550,048,000

Source: Township of Parsippany-Troy Hills.
March, 2010

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 Service	Package Delivery	1,927
Automatic Data Processing	Data Processing	1,400
Wyndham	Hotels	1,366
Avis	Car Rental	1,025
Deloitte-Touche.	Accounting	1,000
Realogy	Hotels	900
State Farm	Insurance	870
Tiffany & Co.	Retail – Distribution Warehouse	800
EBI	Medical	580
Common Health	Health Care Communication	555
NY Life Investment Mgt., LLC	Investment	525
Township of Parsippany-Troy Hills	Municipal Government	512
Reckitt Benckiser	Pharmaceutical	500
Novartis	Consumer Health	450
Glaxo Smith-Kline	Health Care	423
AIGS	Claims	399
IMS	Health Care Research	325
Safilo	Manufacturing & Distribution	315
Daiichi Sankyo	Pharmaceutical	300
Delta Dental	Insurance	298
Thebault Co.	Printing Services	247
Dialogic	Computers	225
Medicines Company	Pharmaceutical	200
Prudential	Insurance	200
Daily Record	Newspapers	157
Skanska	Building Contractor	140
J.B. Hanauer	Securities	139

Source: Township of Parsippany-Troy Hills Planning Department
March, 2009

PROPERTY VALUATIONS

(For Years Ended December 31)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuations:					
Real Property*	7,404,684,500	7,487,275,800	7,535,638,200	\$7,577,700,200	\$7,665,305,500
Personal Property	<u>11,066,916</u>	<u>10,866,942</u>	<u>10,448,091</u>	<u>10,582,176</u>	<u>10,660,825</u>
Total Assessed Valuation	<u>7,415,751,416</u>	<u>7,498,142,742</u>	<u>7,546,086,291</u>	<u>7,588,282,176</u>	<u>\$7,675,966,325</u>
County Equalized Valuations	<u>9,607,140,065</u>	<u>9,825,897,971</u>	<u>9,641,096,577</u>	<u>9,300,505,179</u>	<u>\$8,536,439,418</u>
County Equalized Ratio	<u>77.19%</u>	<u>76.31%</u>	<u>78.27%</u>	<u>81.59%</u>	<u>89.92%</u>

* Does not include tax exempt property

Source: Township of Parsippany-Troy Hills
Office of the Assessor, 2010

ASSESSED VALUATION OF REAL PROPERTY BY CLASS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Vacant Land	78,507,700	89,270,400	103,134,600	\$112,099,100	\$128,322,000
Residential	4,405,406,300	4,385,585,100	4,365,430,400	4,323,446,400	4,261,904,000
Farm	329,500	329,500	329,500	329,500	329,500
Commercial	2,246,593,800	2,306,569,900	2,362,622,800	2,433,467,700	2,564,371,800
Industrial	282,858,500	314,532,200	314,532,200	318,309,500	320,330,200
Apartments	390,988,700	390,988,700	389,588,700	390,048,000	390,048,000
Tangible Personal Property	11,066,916	10,866,942	10,448,091	10,582,176	10,660,825
Exempt Property	584,988,900	581,936,200	485,730,900	481,727,700	479,497,300
Totals	<u>8,000,740,316</u>	<u>8,080,078,942</u>	<u>8,031,817,191</u>	<u>8,070,010,076</u>	<u>\$8,155,463,625</u>

Source: Township of Parsippany-Troy Hills
April, 2010

Analysis of Tax Rates per \$100

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Apportionment of Tax Rate:					
Municipal	.562	.517	\$.491	\$.47	\$.45
County	.267	.256	.244	.23	.22
Local School	1.564	1.499	1.417	1.36	1.28
County Open Space	.029	.043	.055	.06	.06
Municipal Open Space	<u>.020</u>	<u>.020</u>	<u>.020</u>	<u>.02</u>	<u>.02</u>
Total Tax Rate	<u>2.442</u>	<u>\$2.335</u>	<u>\$2.227</u>	<u>\$2.14</u>	<u>\$2.03</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.

Comparisons of Tax Levies and Collections

<u>Year</u>	(1) <u>Tax Levy</u>	(1) Collections During <u>Year of Levy</u>	Percentage of <u>Collection</u>
2009	\$178,695,176	\$177,178,889	99.15%
2008	\$171,522,238	\$170,225,464	99.24%
2007	\$165,266,161	\$163,700,458	99.05%
2006	\$158,860,276	\$157,206,735	98.95%
2005	\$150,572,423	\$149,162,482	99.06%

(1) Includes Fire District Levies.

**Delinquent Taxes and Tax Title Liens
For the Years Ended December 31**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	\$87,540	\$1,480,993	\$1,568,533	.87%
2008	\$82,484	\$1,270,453	\$1,352,937	.78%
2007	\$79,224	\$1,541,388	\$1,620,612	.98%
2006	\$75,766	\$1,638,252	\$1,714,018	1.07%
2005	\$72,480	\$1,021,949	\$1,094,429	.72%

Source: Township of Parsippany-Troy Hills

Comparative Schedules of Fund Balances

	<u>Year</u>	<u>Balance December 31</u>	<u>Appropriated in Budgets of Succeeding Year</u>
Current Fund:			
	2009	\$5,588,804	\$3,250,000
	2008	5,441,428	3,300,000
	2007	6,185,187	4,000,000
	2006	5,419,028	3,500,000
	2005	6,333,295	4,000,000
Water Utility Operating Fund:			
	2009	\$169,850	\$60,000
	2008	369,850	200,000
	2007	325,919	200,000
	2006	349,980	250,000
	2005	787,199	528,500
Sewer Utility Operating Fund:			
	2009	\$4,035,497	\$1,250,000
	2008	2,161,756	500,000
	2007	1,241,458	0
	2006	216,696	150,000
	2005	56,809	0
Golf and Recreation Utility Operating Fund:			
	2009	\$336,558	\$275,000
	2008	629,185	550,000
	2007	791,039	350,000
	2006	679,948	600,000
	2005	775,661	400,000

Source: Township of Parsippany-Troy Hills

Debt Limit of the Township as of December 31, 2009

Average Equalized Valuation Basis (2007, 2008 & 2009)	<u>\$ 9,752,107,109</u>
Permitted Debt Limitations (3 1/2%)	\$ 341,323,749
Net Debt Issued and Outstanding	\$ 70,931,928
Remaining Borrowing Power	<u>\$ 270,391,821</u>
Percentage of Net Debt to Average Equalized Valuation	<u>.727%</u>

Township Indebtedness

Debt Statement - December 31, 2009

Total Bonds and Notes for School Purposes	\$45,183,000
Self-Liquidating Indebtedness:	
Bonds Outstanding	16,477,215
Bond Anticipation Notes-Outstanding	5,430,000
New Jersey Environmental Trust 2001A-Water Utility	327,804
Bond Anticipation Notes Authorized but Not Issued	35,578,055
Other Indebtedness:	
Bonds Outstanding	54,377,810
Bond Anticipation Notes-Outstanding	9,570,000
Bond Anticipation Notes Authorized but Not Issued	6,133,782
State of New Jersey Loans Outstanding:	
Green Acres	852,335
Total Gross Debt	173,930,001
Less: Self-Liquidating Debt	57,813,074
Less: Deduction for School Debt	45,183,000
Less: Reserve to Pay Debt Service	1,999
Total Net Debt	<u>\$ 70,931,928</u>

Source: 2009 Annual Debt Statement

Direct and Overlapping Debt Issued and Outstanding As of December 31, 2009

DIRECT DEBT

Bonds and Notes for School Purposes		\$45,183,000
Bonds (Issued):		
General Purpose	54,377,810	
Water Utility	6,060,266	
Sewer Utility	7,592,764	
Golf Course and Recreational Utility	2,824,185	
Total Bonds Issued		\$70,855,025
Bonds Anticipation Notes Outstanding		
General Purpose	9,570,000	
Water Utility	855,500	
Sewer Utility	4,003,300	
Golf Course and Recreational Utility	571,200	
Total Bond Anticipation Notes Outstanding		\$15,000,000
Bonds and Notes Authorized but not issued		
General Purpose	6,133,782	
Water Utility	982,500	
Sewer Utility	34,310,555	
Golf Course and Recreational Utility	285,000	
Total Authorized but not Issued		\$41,711,837
State of New Jersey Loans: Green Acres	852,335	
NJ Environmental Infrastructure Trust 2001A-water utility	327,804	
Total Loans Outstanding		\$1,180,139

GROSS DIRECT DEBT 173,930,001

OVERLAPPING DEBT

Morris County, Township Share (9.50184%)	24,232,681	
Total Overlapping Debt		24,232,681

GROSS DIRECT AND OVERLAPPING DEBT 198,162,682

Less:		
For School Purposes	45,183,000	
Self-Supporting Debt:		
Water Utility	8,226,069	
Sewer Utility	45,906,619	
Golf Course and Recreational Utility	3,680,386	
Reserve to Pay Debt Service	1,999	
Total Deductions		102,998,073

NET DIRECT AND OVERLAPPING DEBT \$ 95,164,609

Source: Township of Parsippany-Troy Hills
County of Morris

Appendix B

Township of Parsippany-Troy Hills Auditor's Report and Financial Statement

APPENDIX B

TOWNSHIP OF PARSIPPANY-TROY HILLS

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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Phone (732) 780-2600
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statutory basis financial statements of the various funds of the

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS

as of and for the years ended December 31, 2009, 2008, 2007 and 2006. These statutory basis financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

These statutory basis financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which 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. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant of these practices are described in Note 1 to the financial statements.

These statutory basis financial statements were prepared for the purpose of inclusion in an official statement for the issuance of General Obligation Bonds consisting of General Improvement Bonds, Water Utility Bonds, Sewer Utility Bonds and Golf and Recreation Utility Bonds and General Obligation Refunding Bonds of the Township of Parsippany-Troy Hills and were abstracted from audit reports issued under the periods referred to above as dated June 17, 2010, June 30, 2009, April 15, 2008 and, June 29, 2007, respectively.

The following funds and account groups which were required to be the subject of our audit for the statutory basis financial statements of the Township of Parsippany-Troy Hills are not required for this purpose and are not included in these special purpose statements:

Public Assistance Trust Fund
Fixed Asset Group of Accounts

The omission of these funds and account groups from the statements presented herein, do not materially affect the financial position of the Township.

In our opinion, because of the municipality's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Parsippany-Troy Hills as of December 31, 2009, 2008, 2007 and 2006 or the results of its operations for the years then ended.

However, in our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the financial position of the Township of Parsippany-Troy Hills in the County of Morris, as of December 31, 2009, 2008, 2007 and 2006, and the results of operations of such funds for the years then ended, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and described in Note 1 to the financial statements.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
June 30, 2009

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

COMPARATIVE BALANCE SHEETS

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Regular Fund</u>				
Cash and Investments	\$ 13,501,053.95	\$ 16,072,735.36	\$ 16,700,880.23	\$ 15,496,757.78
Due from State of New Jersey per Ch. 129, P. L. 1976	65,720.47	68,468.90	66,071.52	68,202.29
	<u>13,566,774.42</u>	<u>16,141,204.26</u>	<u>16,766,951.75</u>	<u>15,564,960.07</u>
Receivables and Other Assets with Full Reserves:				
Delinquent Taxes	1,480,992.52	1,270,453.41	1,541,387.66	1,638,252.11
Tax Title Liens	87,540.43	82,483.93	79,224.37	75,766.29
Other Liens Receivable	192,506.95	191,926.95	191,926.95	191,926.95
Property Acquired for Taxes at Assessed Valuations	1,428,800.00	1,428,800.00	1,428,800.00	1,428,800.00
Revenue Accounts Receivable	473,949.63	451,112.92	488,837.76	333,916.61
Interfunds Receivable				3,761.47
	<u>3,663,789.53</u>	<u>3,424,777.21</u>	<u>3,730,176.74</u>	<u>3,672,423.43</u>
	<u>17,230,563.95</u>	<u>19,565,981.47</u>	<u>20,497,128.49</u>	<u>19,237,383.50</u>
<u>State and Federal Grant Fund</u>				
Cash	228,241.63	222,373.32	230,159.48	212,280.78
State and Federal Grants Receivable	432,907.74	177,382.47	40,753.80	60,885.79
	<u>661,149.37</u>	<u>399,755.79</u>	<u>270,913.28</u>	<u>273,166.57</u>
	<u>\$ 17,891,713.32</u>	<u>\$ 19,965,737.26</u>	<u>\$ 20,768,041.77</u>	<u>\$ 19,510,550.07</u>

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

COMPARATIVE BALANCE SHEETS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>Dec. 31, 2009</u>	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2007</u>	Balance <u>Dec. 31, 2006</u>
<u>Regular Fund</u>				
Liabilities and Reserve:				
Appropriation Reserves	\$ 3,761,411.80	\$ 3,837,294.46	\$ 3,484,128.98	\$ 4,135,728.00
Reserve for Tax Appeals	272,357.13	1,307,442.13	1,934,614.43	1,077,984.43
Accounts Payable	335,000.00	153,555.86	13,416.72	15,194.17
Due to State of New Jersey	18,765.00	28,239.00	16,036.00	13,447.00
Prepaid Taxes	1,459,958.44	1,299,898.82	1,248,151.66	634,534.34
Prepaid Revenue	120,359.60	100,431.64	71,385.50	114,637.25
Tax Overpayments	296,924.14	247,383.78	320,310.81	611,138.68
Interfunds Payable	760,641.83	1,876,691.31	1,412,996.10	1,236,360.68
Accumulated Revenue Unappropriated	808,532.91	1,709,628.29	1,990,196.74	2,186,770.56
County Taxes Payable	144,019.46	139,211.20	90,527.88	120,136.54
	<u>7,977,970.31</u>	<u>10,699,776.49</u>	<u>10,581,764.82</u>	<u>10,145,931.65</u>
Reserve for Receivables and Other Assets	3,663,789.53	3,424,777.21	3,730,176.74	3,672,423.43
Fund Balance	<u>5,588,804.11</u>	<u>5,441,427.77</u>	<u>6,185,186.93</u>	<u>5,419,028.42</u>
	<u>17,230,563.95</u>	<u>19,565,981.47</u>	<u>20,497,128.49</u>	<u>19,237,383.50</u>
 <u>State and Federal Grant Fund</u>				
Deferred Credits:				
Accumulated Revenue Unappropriated	105,142.50	74,620.76	47,545.99	51,503.08
Appropriated Reserves for State and Federal Grants	556,006.87	325,135.03	223,367.29	221,663.49
	<u>661,149.37</u>	<u>399,755.79</u>	<u>270,913.28</u>	<u>273,166.57</u>
	<u>\$ 17,891,713.32</u>	<u>\$ 19,965,737.26</u>	<u>\$ 20,768,041.77</u>	<u>\$ 19,510,550.07</u>

See accompanying notes to financial statements.

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

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income</u>				
Fund Balance Utilized	\$ 3,300,000.00	\$ 4,000,000.00	\$ 3,500,000.00	\$ 4,000,000.00
Receipts from Current Taxes	177,178,888.71	170,225,464.39	163,700,457.97	157,206,735.45
Receipts from Delinquent Taxes	1,248,655.69	1,552,163.39	1,635,582.61	1,027,240.88
Miscellaneous Revenue Anticipated	15,585,973.07	16,805,036.45	17,497,665.84	15,868,508.21
Nonbudget Revenue	752,118.53	689,486.76	670,757.40	695,332.62
Other Credits to Income	1,509,371.76	1,375,740.67	1,783,997.55	748,926.86
	<u>199,575,007.76</u>	<u>194,647,891.66</u>	<u>188,788,461.37</u>	<u>179,546,744.02</u>
<u>Expenditures</u>				
Budget Appropriations	57,259,482.57	57,849,276.76	54,590,524.43	52,657,219.29
Special District Taxes	2,490,039.34	2,434,610.40	2,217,989.41	2,156,599.79
Local School District Tax	112,326,004.00	106,919,998.50	103,009,827.50	98,372,593.00
County Taxes	22,532,872.77	22,635,517.07	22,155,830.78	21,221,600.52
Reserve for Tax Appeals Established			1,000,000.00	474,400.00
Dedicated Open Space Taxes	1,509,262.04	1,518,556.68	1,524,450.86	1,544,688.83
Miscellaneous Other Expenditures	9,970.70	33,691.41	23,679.88	33,908.72
	<u>196,127,631.42</u>	<u>191,391,650.82</u>	<u>184,522,302.86</u>	<u>176,461,010.15</u>
Excess in Revenue	3,447,376.34	3,256,240.84	4,266,158.51	3,085,733.87
<u>Fund Balance</u>				
Balance January 1	5,441,427.77	6,185,186.93	5,419,028.42	6,333,294.55
	8,888,804.11	9,441,427.77	9,685,186.93	9,419,028.42
Decreased by:				
Utilized as Anticipated Revenue	3,300,000.00	4,000,000.00	3,500,000.00	4,000,000.00
Balance December 31	<u>\$ 5,588,804.11</u>	<u>\$ 5,441,427.77</u>	<u>\$ 6,185,186.93</u>	<u>\$ 5,419,028.42</u>

See accompanying notes to financial statements.

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

COMPARATIVE STATEMENTS OF MISCELLANEOUS REVENUE

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Miscellaneous Revenue</u>				
Alcoholic Beverage Licenses	\$ 74,660.00	\$ 74,260.00	\$ 74,660.00	\$ 74,260.00
Other Licenses	155,095.00	146,742.00	160,791.57	137,366.00
Construction Code Official Fees and Permits	1,635,246.25	2,603,671.50	2,139,178.00	1,996,883.00
Other Fees and Permits	881,673.17	840,155.62	1,039,292.49	589,716.56
Municipal Court Fines and Costs	783,470.07	870,396.78	837,987.54	735,468.80
Interest and Costs on Taxes	319,893.45	375,045.89	361,119.82	210,845.22
Interest on Investments and Deposits	243,088.97	431,036.26	919,857.00	661,948.89
Energy Receipts Tax	3,681,502.00	3,413,824.00	3,244,146.00	3,067,230.00
Supplemental Energy Receipts Tax	200,231.00	200,231.00	149,420.00	149,420.00
Legislative Initiative Municipal Block Grant Program			212,124.00	212,124.00
Consolidated Municipal Property Tax Relief Act	1,768,830.00	2,181,395.00	2,455,910.00	2,632,826.00
Municipal Homeland Security			140,000.00	140,000.00
Municipal Tax Assistance			117,426.00	
Watershed Moratorium Offset Aid	55,178.00	55,178.00	55,178.00	55,178.00
Garden State Trust Fund	1,066.00	1,161.87	1,312.69	1,463.51
Payment in Lieu of Taxes - New Jersey Housing				
Finance Agency - Senior Citizen Apartment	144,455.00	144,365.00	144,453.55	144,590.23
Craftsman Farms Rentals				10,251.45
Board of Education - Nursing for Nonpublic Schools				28,885.60
Garbage and Trash Removal Fees	1,458,226.31	1,851,762.66	2,013,907.91	1,914,894.68
Special Police Services	7,970.68	8,280.13	7,659.89	8,340.46
Community Center Concession Rents	153,633.49	166,703.20	163,172.27	166,031.86
Fall Festival Donations		10,000.00	22,420.00	
Hotel Tax	1,675,714.99	2,040,811.82	2,029,784.70	
Cablevision Franchise Fees	198,409.71	184,678.80	160,666.00	153,803.00
Public and Private Programs	632,183.52	358,343.14	220,609.46	240,714.15
Uniform Fire Safety Code (Ch. 383, P.L. 1985)	165,118.31	154,552.90	129,875.32	140,625.01
Reserve to Pay Debt Service		179.00		
Reserve for Developer Contributions - Road				
Improvements		68,233.00		
Rescue and Recovery Contribution	9,000.00	9,000.00		
General Capital Fund Balance	45,000.00	40,000.00	95,000.00	
Hotel Occupancy Fee				1,862,481.64
Ambulance Service Billing	375,382.15	274,555.88	385,290.63	304,673.15
Storm Water Regulation				15,464.00
Accumulated Revenue - Unappropriated	900,945.00	280,473.00	196,423.00	154,023.00
Reserve for Uniform Fire Penalties	20,000.00	20,000.00	20,000.00	17,000.00
Private Contributions - Fall Festival				42,000.00
	<u>\$ 15,585,973.07</u>	<u>\$ 16,805,036.45</u>	<u>\$ 17,497,665.84</u>	<u>\$ 15,868,508.21</u>

See accompanying notes to financial statements.

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

COMPARATIVE STATEMENTS OF BUDGET APPROPRIATIONS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Budget Appropriations</u>				
General Government	\$ 2,639,548.00	\$ 2,815,300.00	\$ 2,678,979.00	\$ 2,761,472.00
Maintenance of Free Public Library	3,295,157.00	3,230,687.00	3,135,186.00	2,881,154.00
Land Use Administration	187,753.00	188,634.00	192,669.00	192,986.00
Code Enforcement and Administration	425,754.00	452,771.00	436,489.00	301,564.00
Insurance	7,296,250.00	6,798,034.00	6,165,831.00	6,542,220.00
Public Safety	15,781,854.45	15,874,059.00	15,201,216.00	14,548,220.00
Public Works	5,992,036.00	6,278,343.00	6,115,072.00	5,912,852.00
Health and Human Services	1,232,493.00	1,341,500.00	1,354,939.00	1,186,715.00
Parks and Recreation	2,494,165.00	2,467,044.00	2,399,821.00	2,427,283.00
Celebration of Public Events	39,000.00	87,000.00	101,000.00	95,000.00
Utilities	2,222,070.00	2,270,200.00	1,872,000.00	1,818,000.00
Solid Waste Disposal Costs	1,550,000.00	1,703,000.00	1,698,250.00	1,700,000.00
Uniform Construction Code	1,669,322.00	1,686,668.00	1,431,291.00	1,511,339.00
Unclassified and Contingent	40,000.00	25,000.00	45,000.00	25,000.00
Deferred Charges			625.00	31,178.50
Statutory Expenditures - Social Security and Pensions	4,310,955.00	4,138,915.01	2,917,811.00	2,142,144.00
Other Operations	60,000.00	70,000.00	70,000.00	60,000.00
Public and Private Programs	639,409.52	358,343.14	220,609.46	240,714.15
Capital Improvements	274,850.00	328,500.00	257,002.00	340,000.00
Debt Service	7,108,865.60	7,735,278.61	8,296,733.97	7,939,377.64
	<u>\$ 57,259,482.57</u>	<u>\$ 57,849,276.76</u>	<u>\$ 54,590,524.43</u>	<u>\$ 52,657,219.29</u>

See accompanying notes to financial statements.

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

COMPARATIVE BALANCE SHEETS

<u>ASSETS</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Animal Control Trust Fund</u>				
Change Fund	\$ 50.00	\$ 50.00	\$ 50.00	\$ 700.00
Due from Municipal Court	75.00			
Interfunds Receivable	25,788.34	60,588.14	48,709.14	36,917.03
	<u>25,913.34</u>	<u>60,638.14</u>	<u>48,759.14</u>	<u>37,617.03</u>
<u>General Trust Fund</u>				
Cash and Investments	12,415,095.39	12,154,423.08	10,862,378.13	7,473,991.92
Assets in the Hands of Plan Administrator:				
Workers' Compensation Plan	19,244.14	30,453.92	26,641.58	23,141.79
Due from Municipal Court	1,877.50	1,126.00	897.50	584.00
Other Accounts Receivable	21,160.00	28,515.00	29,622.13	17,750.44
Interfunds Receivable	261,166.76	799,570.13	332,470.37	266,324.01
	<u>12,718,543.79</u>	<u>13,014,088.13</u>	<u>11,252,009.71</u>	<u>7,781,792.16</u>
<u>Grant Trust Fund</u>				
Federal Grants Receivable	279,664.65	357,231.31	523,034.57	588,355.44
	<u>\$ 13,024,121.78</u>	<u>\$ 13,431,957.58</u>	<u>\$ 11,823,803.42</u>	<u>\$ 8,407,764.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
<u>Animal Control Trust Fund</u>				
Prepaid Licenses	\$ 7,541.60	\$ 6,916.80	\$ 7,559.20	\$ 4,767.00
Due to State of New Jersey	1,252.20	1,164.00	1,321.20	977.40
Due to Municipal Court		770.00	545.00	
Reserves for:				
Contributions	7,241.92	14,336.74	1,946.74	
Animal Trap Security	225.00	1,050.00	1,050.00	1,050.00
Animal Control Trust Fund Expenditures	9,652.62	36,400.60	36,337.00	30,822.63
	<u>25,913.34</u>	<u>60,638.14</u>	<u>48,759.14</u>	<u>37,617.03</u>
<u>General Trust Fund</u>				
Special Deposits	7,535,774.15	7,354,553.77	6,894,285.36	5,329,762.25
Premiums on Tax Sale	360,700.00	349,900.00	467,000.00	228,100.00
Security Deposits	12,040.51	17,857.73	4,476.09	4,387.44
Municipal Open Space Preservation Trust Fund	4,686,554.88	5,187,016.25	3,805,884.95	2,191,055.88
Interfunds Payable		81.84	81.84	81.57
Fund Balance:				
Workers' Compensation	19,244.14	30,453.92	26,641.58	23,141.79
Unemployment Insurance Trust Fund	104,230.31	74,224.62	53,639.89	5,263.23
	<u>12,718,543.79</u>	<u>13,014,088.13</u>	<u>11,252,009.71</u>	<u>7,781,792.16</u>
<u>Grant Trust Fund</u>				
Reserve for Grant Trust Fund Expenditures	279,664.65	357,231.31	523,034.57	588,355.44
	<u>\$ 13,024,121.78</u>	<u>\$ 13,431,957.58</u>	<u>\$ 11,823,803.42</u>	<u>\$ 8,407,764.63</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS

<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
Cash and Investments	\$ 5,724,845.44	\$ 2,139,210.41	\$ 5,795,322.14	\$ 6,544,526.96
Grants Receivable	320,000.00	186,215.00	970,490.00	907,990.00
Interfund Receivable				51.82
Deferred Charges to Future Taxation:				
Funded	55,230,145.16	59,779,232.00	47,290,639.61	52,095,166.91
Unfunded	15,703,781.69	10,481,631.69	22,541,508.69	17,781,183.69
	<u>\$ 76,978,772.29</u>	<u>\$ 72,586,289.10</u>	<u>\$ 76,597,960.44</u>	<u>\$ 77,328,919.38</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
General Serial Bonds	\$ 50,046,000.00	\$ 55,916,000.00	\$ 41,876,000.00	\$ 44,711,000.00
Refunding Bonds	4,331,809.86	2,844,588.50	4,182,964.32	5,943,657.40
Bond Anticipation Notes	9,570,000.00		15,155,000.00	10,638,500.00
Green Acres Trust Acquisition Loan Payable	852,335.30	1,018,643.50	1,231,675.29	1,440,509.51
Improvement Authorizations:				
Funded	1,465,641.12	2,652,540.90	742,049.27	1,243,913.95
Unfunded	10,193,247.08	9,739,738.27	12,933,636.46	12,815,981.16
Capital Improvement Fund	5,357.00	5,357.00	5,357.00	1,530.00
Deposit for Regional Contribution Agreement	261,420.19	261,420.19	261,420.19	261,420.19
Reserve for:				
Grants Receivable				50,000.00
Debt Service	1,998.79	1,998.79	179.00	179.00
Developer Contributions - Road Improvement	96,652.68	96,652.68	164,885.68	125,626.68
Fund Balance	154,310.27	49,349.27	44,793.23	96,601.49
	<u>\$ 76,978,772.29</u>	<u>\$ 72,586,289.10</u>	<u>\$ 76,597,960.44</u>	<u>\$ 77,328,919.38</u>
 Bonds and Notes Authorized but Not Issued	 <u>\$ 6,133,781.69</u>	 <u>\$ 10,481,631.69</u>	 <u>\$ 7,436,403.69</u>	 <u>\$ 7,142,683.69</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #1

<u>ASSETS</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Operating Fund</u>				
Cash and Investments	\$ 857,474.25	\$ 491,975.04	\$ 912,819.98	\$ 604,334.48
Interfunds Receivable	87,887.13	371,231.11	254,993.20	253,675.79
	<u>945,361.38</u>	<u>863,206.15</u>	<u>1,167,813.18</u>	<u>858,010.27</u>
Assets with Full Reserves:				
Consumer Accounts Receivable and Water Utility Liens	227,034.52	573,230.14	704,779.07	506,653.07
Inventory - Materials and Supplies	95,800.00	94,000.00	83,000.00	60,900.00
	<u>322,834.52</u>	<u>667,230.14</u>	<u>787,779.07</u>	<u>567,553.07</u>
Deferred Charges:				
Special Emergency	100,000.00	125,000.00		
Deficit in Operations	7,641.33			
	<u>107,641.33</u>	<u>125,000.00</u>		
	<u>1,375,837.23</u>	<u>1,655,436.29</u>	<u>1,955,592.25</u>	<u>1,425,563.34</u>
<u>Capital Fund</u>				
Cash and Investments	1,396,152.72	783,638.08	622,157.08	708,071.99
Fixed Capital	30,903,448.10	30,903,448.10	30,903,448.10	29,453,448.10
Fixed Capital Authorized and Uncompleted	4,815,000.00	3,825,000.00	3,465,000.00	4,255,000.00
Interfunds Receivable			988.00	
	<u>37,114,600.82</u>	<u>35,512,086.18</u>	<u>34,991,593.18</u>	<u>34,416,520.09</u>
	<u>\$ 38,490,438.05</u>	<u>\$ 37,167,522.47</u>	<u>\$ 36,947,185.43</u>	<u>\$ 35,842,083.43</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Operating Fund</u>				
Appropriation Reserves	\$ 614,628.44	\$ 347,247.05	\$ 673,008.48	\$ 388,235.54
Accounts Payable	30,000.00			
Reserve for Water Master Plan	113,000.00	125,000.00		
Accrued Interest on Bonds	65,604.59	70,354.07	45,475.94	51,193.65
Accrued Interest on Notes	2,376.39		26,665.33	23,692.96
Accrued Interest on Loans	3,697.92	3,906.25	4,135.42	4,364.58
Water Rent Overpayments	53,845.54	71,848.95	91,621.50	40,544.03
Interfunds Payable			988.00	
	<u>883,152.88</u>	<u>618,356.32</u>	<u>841,894.67</u>	<u>508,030.76</u>
Reserve for Receivables and Inventory	322,834.52	667,230.14	787,779.07	567,553.07
Fund Balance	<u>169,849.83</u>	<u>369,849.83</u>	<u>325,918.51</u>	<u>349,979.51</u>
	<u>1,375,837.23</u>	<u>1,655,436.29</u>	<u>1,955,592.25</u>	<u>1,425,563.34</u>
<u>Capital Fund</u>				
Serial Bonds	3,736,000.00	5,676,000.00	4,321,000.00	4,656,000.00
Refunding Bonds	2,324,266.15	1,100,933.17	1,559,399.03	2,089,099.61
Bond Anticipation Notes	855,500.00		1,428,500.00	1,158,500.00
N.J. Environmental Infrastructure Loans Payable	327,803.64	350,284.95	373,120.57	396,310.50
Improvement Authorizations:				
Funded	540,759.57	559,104.42	183,006.70	280,152.64
Unfunded	1,564,015.00	861,561.51	1,017,371.83	837,326.75
Capital Improvement Fund	14,498.22	14,498.22	8,248.22	8,248.22
Reserves for:				
Debt Service	204,438.21	204,438.21	204,438.21	20,323.49
Amortization	26,142,878.31	25,403,729.98	24,577,428.50	23,609,576.99
Deferred Amortization	1,349,500.00	1,300,000.00	1,282,000.00	1,327,973.00
Fund Balance	54,941.72	41,535.72	37,080.12	33,008.89
	<u>37,114,600.82</u>	<u>35,512,086.18</u>	<u>34,991,593.18</u>	<u>34,416,520.09</u>
	<u>\$ 38,490,438.05</u>	<u>\$ 37,167,522.47</u>	<u>\$ 36,947,185.43</u>	<u>\$ 35,842,083.43</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 982,500.00</u>	<u>\$ 897,500.00</u>	<u>\$ 827,000.00</u>	<u>\$ 470,988.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
WATER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income</u>				
Fund Balance Utilized	\$ 200,000.00	\$ 200,000.00	\$ 250,000.00	\$ 528,500.00
Water Rents and Liens	6,011,261.04	6,568,449.47	5,941,859.33	5,664,437.83
Taps and Connections		1,295.00	7,110.00	20,000.00
Interest on Investments	34,097.78	58,610.48	128,859.96	112,171.15
Miscellaneous Revenue Anticipated		44,374.35	158,264.68	48,272.78
Nonbudget Revenue	217,103.99	49,728.91	47,999.38	28,902.33
Other Credits to Income:				
Unexpended Balance of Appropriation				
Reserves	60,205.65	105,822.38	72,519.31	49,922.82
Water Rent Overpayments Cancelled			1,413.99	373.15
	<u>6,522,668.46</u>	<u>7,028,280.59</u>	<u>6,608,026.65</u>	<u>6,452,580.06</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	5,001,638.00	4,700,935.00	4,507,350.00	4,512,466.00
Capital Improvements	49,500.00	24,250.00	33,000.00	78,500.00
Debt Service	1,173,509.79	1,558,027.38	1,630,289.65	1,597,369.13
Deferred Charges and Statutory Expenditures	305,662.00	257,291.00	211,448.00	172,964.00
	<u>6,530,309.79</u>	<u>6,540,503.38</u>	<u>6,382,087.65</u>	<u>6,361,299.13</u>
Prior Year Revenue Refunded	<u>6,530,309.79</u>	<u>6,909,349.27</u>	<u>6,382,087.65</u>	<u>6,361,299.13</u>
Operating Deficit to be Raised in Budget of Succeeding Year	<u>\$ 7,641.33</u>			
Excess in Revenue		118,931.32	225,939.00	91,280.93
Adjustment to Income before Fund Balance:				
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		<u>125,000.00</u>		
Statutory Excess to Fund Balance		243,931.32	225,939.00	91,280.93
<u>Fund Balance</u>				
Balance January 1	<u>\$ 369,849.83</u>	<u>325,918.51</u>	<u>349,979.51</u>	<u>787,198.58</u>
	369,849.83	569,849.83	575,918.51	878,479.51
Decreased by:				
Utilized as Anticipated Revenue	<u>200,000.00</u>	<u>200,000.00</u>	<u>250,000.00</u>	<u>528,500.00</u>
Balance December 31	<u>\$ 169,849.83</u>	<u>\$ 369,849.83</u>	<u>\$ 325,918.51</u>	<u>\$ 349,979.51</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Operating Fund</u>				
Cash and Investments	\$ 5,579,622.64	\$ 2,996,437.14	\$ 2,120,185.85	\$ 600,729.18
Interfunds Receivable	385,194.42	643,618.40	773,225.30	674,242.03
	<u>5,964,817.06</u>	<u>3,640,055.54</u>	<u>2,893,411.15</u>	<u>1,274,971.21</u>
Assets with Full Reserves:				
Sewer Revenue Accounts Receivable	524,977.22	1,214,793.10	1,002,890.70	1,269,421.52
Sewer Liens Receivable	721.81			
Inventory - Materials and Supplies	55,620.00	42,800.78	58,913.54	40,420.82
	<u>581,319.03</u>	<u>1,257,593.88</u>	<u>1,061,804.24</u>	<u>1,309,842.34</u>
	<u>6,546,136.09</u>	<u>4,897,649.42</u>	<u>3,955,215.39</u>	<u>2,584,813.55</u>
<u>Capital Fund</u>				
Cash and Investments	3,646,337.61	434,982.92	774,382.10	900,775.48
Grants Receivable		44,000.00	44,000.00	44,000.00
Fixed Capital	135,423,319.44	132,702,319.44	130,006,319.44	128,312,619.44
Fixed Capital Authorized and Uncompleted	39,566,405.00	7,187,405.00	6,703,405.00	7,840,700.00
	<u>178,636,062.05</u>	<u>140,368,707.36</u>	<u>137,528,106.54</u>	<u>137,098,094.92</u>
	<u>\$ 185,182,198.14</u>	<u>\$ 145,266,356.78</u>	<u>\$ 141,483,321.93</u>	<u>\$ 139,682,908.47</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Operating Fund</u>				
Liabilities:				
Appropriation Reserves	\$ 1,595,938.89	\$ 1,199,504.41	\$ 1,461,610.95	\$ 868,240.67
Accounts Payable	175,905.74	47,000.00		
Accrued Interest on Bonds and Notes	77,979.76	75,052.63	78,630.73	83,309.34
Sewer Overpayments	79,495.99	156,742.32	111,521.93	106,725.62
Interfunds Payable			189.94	
	<u>1,929,320.38</u>	<u>1,478,299.36</u>	<u>1,651,953.55</u>	<u>1,058,275.63</u>
Reserve for Receivables and Inventory	581,319.03	1,257,593.88	1,061,804.24	1,309,842.34
Fund Balance	<u>4,035,496.68</u>	<u>2,161,756.18</u>	<u>1,241,457.60</u>	<u>216,695.58</u>
	<u>6,546,136.09</u>	<u>4,897,649.42</u>	<u>3,955,215.39</u>	<u>2,584,813.55</u>
<u>Capital Fund</u>				
Serial Bonds	3,358,000.00	6,528,000.00	6,218,000.00	6,688,000.00
Refunding Bonds	4,234,764.21	2,526,432.57	4,117,895.40	5,874,223.17
Bond Anticipation Notes	4,003,300.00		557,500.00	344,000.00
Improvement Authorizations:				
Funded	104,686.00	481,084.44	346,872.68	563,384.11
Unfunded	36,733,541.13	3,250,820.00	948,027.69	543,093.52
Capital Improvement Fund	1,023,750.00	23,750.00	23,750.00	23,750.00
Reserves for:				
Grants Receivable		44,000.00	44,000.00	44,000.00
Amortization	128,744,915.23	127,029,186.87	124,793,424.04	122,439,896.27
Deferred Amortization	338,190.00	453,250.00	448,550.00	549,250.00
Fund Balance	<u>94,915.48</u>	<u>32,183.48</u>	<u>30,086.73</u>	<u>28,497.85</u>
	<u>178,636,062.05</u>	<u>140,368,707.36</u>	<u>137,528,106.54</u>	<u>137,098,094.92</u>
	<u>\$ 185,182,198.14</u>	<u>\$ 145,266,356.78</u>	<u>\$ 141,483,321.93</u>	<u>\$ 139,682,908.47</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 34,310,555.00</u>	<u>\$ 3,308,855.00</u>	<u>\$ 530,355.00</u>	<u>\$ 213,950.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income</u>				
Fund Balance Utilized	\$ 500,000.00	\$	\$ 150,000.00	\$
Sewer Rents	15,174,465.97	15,227,558.71	15,083,701.29	13,358,295.52
Septage Removal	534,615.22	367,092.48	640,212.64	680,304.56
Interest on Investments	76,170.60	111,025.70	202,559.28	183,048.46
Capacity and Connection Fees	268,246.88	50,138.07	272,529.33	80,712.71
Reserve for Debt Service	75,384.00	74,000.00	74,692.00	74,692.00
Nonbudget Revenue	70,998.31	54,383.83	31,354.62	31,598.81
Other Credits to Income:				
Sewer Overpayments Cancelled			681.79	2,357.28
Unexpended Balance of Appropriation Reserves	269,461.17	594,743.09	7,671.21	27,329.11
	<u>16,969,342.15</u>	<u>16,478,941.88</u>	<u>16,463,402.16</u>	<u>14,438,338.45</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating:				
Salaries and Wages	3,198,810.00	3,210,375.00	3,257,159.00	3,167,475.00
Other Expenses	6,830,628.00	7,040,403.00	6,641,370.00	5,937,989.00
Capital Improvements	1,095,000.00	159,000.00	26,500.00	60,200.00
Debt Service	2,745,144.26	4,553,081.21	4,684,632.65	4,605,192.19
Deferred Charges and Statutory Expenditures	488,484.00	412,465.00	341,255.00	496,383.72
	<u>14,358,066.26</u>	<u>15,375,324.21</u>	<u>14,950,916.65</u>	<u>14,267,239.91</u>
Prior Year Revenue Refunds	237,535.39	183,319.09	337,723.49	11,212.10
	<u>14,595,601.65</u>	<u>15,558,643.30</u>	<u>15,288,640.14</u>	<u>14,278,452.01</u>
Excess in Revenue	2,373,740.50	920,298.58	1,174,762.02	159,886.44
<u>Fund Balance</u>				
Balance January 1	2,161,756.18	1,241,457.60	216,695.58	56,809.14
	<u>4,535,496.68</u>	<u>2,161,756.18</u>	<u>1,391,457.60</u>	<u>216,695.58</u>
Decreased by:				
Utilized as Anticipated Revenue	500,000.00		150,000.00	
Balance December 31	<u>\$ 4,035,496.68</u>	<u>\$ 2,161,756.18</u>	<u>\$ 1,241,457.60</u>	<u>\$ 216,695.58</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
GOLF AND RECREATION UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #1

<u>ASSETS</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Operating Fund</u>				
Cash and Investments	\$ 1,537,148.40	\$ 982,078.39	\$ 979,904.21	\$ 803,700.80
Interfunds Receivable				5,150.00
	<u>1,537,148.40</u>	<u>982,078.39</u>	<u>979,904.21</u>	<u>808,850.80</u>
 Assets with Full Reserves:				
Revenue Accounts Receivable	53,292.33	36,427.48	28,698.90	46,157.42
	<u>1,590,440.73</u>	<u>1,018,505.87</u>	<u>1,008,603.11</u>	<u>855,008.22</u>
 <u>Capital Fund</u>				
Cash	320,641.47	378,861.94	816,946.62	1,248,469.37
Fixed Capital	22,293,276.61	21,969,276.61	21,467,776.61	21,467,776.61
Fixed Capital Authorized and Uncompleted	3,120,000.00	3,289,000.00	3,315,500.00	2,155,500.00
	<u>25,733,918.08</u>	<u>25,637,138.55</u>	<u>25,600,223.23</u>	<u>24,871,745.98</u>
	<u>\$ 27,324,358.81</u>	<u>\$ 26,655,644.42</u>	<u>\$ 26,608,826.34</u>	<u>\$ 25,726,754.20</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
GOLF AND RECREATION UTILITY FUND

COMPARATIVE BALANCE SHEETS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Operating Fund</u>				
Appropriation Reserves	\$ 450,943.21	\$ 313,170.03	\$ 161,976.94	\$ 91,369.79
Accounts Payable	60,000.00		275.00	4,671.75
Sales Tax Payable	169.58	154.65	2.94	2,082.70
Accrued Interest on Bonds and Notes	31,833.55	32,086.67	23,254.46	25,791.95
Prepaid Revenue	655,500.00	4,000.00	2,000.00	2,000.00
Membership Overpayments	2,144.30	3,481.95	1,355.78	2,986.88
	<u>1,200,590.64</u>	<u>352,893.30</u>	<u>188,865.12</u>	<u>128,903.07</u>
Reserve for Receivables	53,292.33	36,427.48	28,698.90	46,157.42
Fund Balance	<u>336,557.76</u>	<u>629,185.09</u>	<u>791,039.09</u>	<u>679,947.73</u>
	<u>1,590,440.73</u>	<u>1,018,505.87</u>	<u>1,008,603.11</u>	<u>855,008.22</u>
<u>Capital Fund</u>				
Serial Bonds	1,410,000.00	1,755,000.00	330,000.00	400,000.00
Refunding Bonds	1,414,185.52	1,646,963.36	2,062,541.00	2,466,657.76
Bond Anticipation Notes	571,200.00		859,000.00	859,000.00
Improvement Authorizations:				
Funded	62,666.82	358,520.07	322,060.19	343,634.10
Unfunded	481,808.82	680,877.04	1,349,103.01	859,000.00
Capital Improvement Fund	28,343.05	28,343.05	28,343.05	28,343.05
Reserves for:				
Amortization	20,909,091.09	20,067,313.25	19,461,535.61	18,987,418.85
Deferred Amortization	823,800.00	1,076,250.00	1,167,700.00	910,200.00
Fund Balance	<u>32,822.78</u>	<u>23,871.78</u>	<u>19,940.37</u>	<u>17,492.22</u>
	<u>25,733,918.08</u>	<u>25,637,138.55</u>	<u>25,600,223.23</u>	<u>24,871,745.98</u>
	<u>\$ 27,324,358.81</u>	<u>\$ 26,655,644.42</u>	<u>\$ 26,608,826.34</u>	<u>\$ 25,726,754.20</u>
 <u>Bonds and Notes Authorized but Not Issued</u>				
	<u>\$ 285,000.00</u>	<u>\$ 712,750.00</u>	<u>\$ 902,500.00</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
GOLF AND RECREATION UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income</u>				
Fund Balance Utilized	\$ 550,000.00	\$ 350,000.00	\$ 600,000.00	\$ 400,000.00
Golf Fees	3,399,940.24	3,513,325.82	3,573,824.70	3,156,430.00
Room Rentals	14,645.72	14,324.97	13,525.72	12,814.75
Interest on Investments	38,918.73	93,168.11	183,573.13	110,551.20
Concession - Miscellaneous	896,683.50	794,130.75	756,315.00	720,300.00
Concession - Utilities	37,223.29	39,758.78	38,023.45	37,982.90
Nonbudget Revenue	1,379.15	179.45	1,025.90	6,287.95
Other Credits to Income:				
Unexpended Balance of Appropriation				
Reserves	42,562.45	24,200.38	13,266.26	7,346.08
Accounts Payable Cancelled				54.00
Membership Overpayments Cancelled			441.71	
	<u>4,981,353.08</u>	<u>4,829,088.26</u>	<u>5,179,995.87</u>	<u>4,451,766.88</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	3,734,300.00	3,703,638.00	3,352,118.00	3,113,105.00
Capital Improvements	7,550.00	23,750.00	257,500.00	220,000.00
Debt Service	735,955.41	694,034.26	683,627.51	672,862.79
Statutory Expenditures	246,175.00	219,520.00	175,659.00	141,512.00
	<u>4,723,980.41</u>	<u>4,640,942.26</u>	<u>4,468,904.51</u>	<u>4,147,479.79</u>
Excess in Revenue	257,372.67	188,146.00	711,091.36	304,287.09
<u>Fund Balance</u>				
Balance January 1	629,185.09	791,039.09	679,947.73	775,660.64
	<u>886,557.76</u>	<u>979,185.09</u>	<u>1,391,039.09</u>	<u>1,079,947.73</u>
Decreased by:				
Utilized as Anticipated Revenue	550,000.00	350,000.00	600,000.00	400,000.00
Balance December 31	<u>\$ 336,557.76</u>	<u>\$ 629,185.09</u>	<u>\$ 791,039.09</u>	<u>\$ 679,947.73</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Parsippany-Troy Hills is organized with a Mayor-Council form of government under the provisions of N.J.S. 40:69A-31 et seq. As stated under the statutory reference, the Township shall be governed by an elected council and an elected mayor and by such other officers and employees as may be duly appointed pursuant to this article. The mayor shall be elected by the voters of the municipality and shall serve for a term of four years and the council shall consist of five members who shall also serve a term of four years. The terms of office of the mayor and council members shall begin on January 1st next following their election.

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) establishes certain standards for defining and reporting on the financial entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

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, as required by the provisions of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

B. Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Township of Parsippany-Troy Hills conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are an "Other Comprehensive Basis of Accounting" ("OCBOA") which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and 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 and an account which differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Fund and Grant Trust Fund for specific programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Utilities Funds - Water, Sewer and Golf and Recreation Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township of Parsippany-Troy Hills pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Payroll Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into the Payroll Fund. A Payroll Fund does not exist under GAAP.

Capital Fixed Assets - This account reflects estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulations for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Parsippany-Troy Hills budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures (Continued)

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances

As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at market value on the date of acquisition.

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer Utilities is required, by regulation, to be prepared by Township personnel for inclusion on the Water and Sewer Utilities Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Township of Parsippany-Troy Hills has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Capital fixed assets used in governmental operations (capital fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water, Sewer and the Golf and Recreation Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utilities: (Continued)

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of Parsippany-Troy Hills presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

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 \$25,000,000.00.

B. Investments

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

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

As of December 31, 2009, the Township had funds on deposit in checking, governmental money market funds and investment accounts. The amount on deposit of the Township's Cash and Cash Equivalents as of December 31, 2009 was \$45,782,605.09. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and is calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	<u>\$2.335</u>	<u>\$ 2.227</u>	<u>\$ 2.14</u>	<u>\$ 2.03</u>	<u>\$ 1.90</u>
Apportionment of Tax Rate:					
Municipal	\$0.517	\$ 0.491	\$ 0.47	\$ 0.45	\$ 0.42
County	0.256	0.244	0.23	0.22	0.21
School	1.499	1.417	1.36	1.28	1.20
Municipal Open Space	0.020	0.020	0.02	0.02	0.02
County Open Space	0.043	0.055	0.06	0.06	0.05

Fire District tax rates are not included above.

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2009	\$ 7,498,142,742.00
2008	7,546,086,291.00
2007	7,588,282,376.00
2006	7,675,966,325.00
2005	7,773,465,557.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy*</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2009	\$ 178,695,176.29	\$ 177,178,888.71	99.15 %
2008	171,522,238.16	170,225,464.39	99.24
2007	165,266,161.08	163,700,457.97	99.05
2006	158,860,276.29	157,206,735.45	98.95
2005	150,572,422.62	149,162,482.42	99.06

*Includes Levy for Fire District.

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	\$ 87,540.43	\$ 1,480,992.52	\$ 1,568,532.95	0.87 %
2008	82,483.93	1,270,453.41	1,352,937.34	0.78
2007	79,224.37	1,541,387.66	1,620,612.03	0.98
2006	75,766.29	1,638,252.11	1,714,018.40	1.07
2005	72,479.78	1,021,948.78	1,094,428.56	0.72

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 1,428,800.00
2008	1,428,800.00
2007	1,428,800.00
2006	1,428,800.00
2005	1,428,800.00

5. WATER CONSUMER ACCOUNTS RECEIVABLE

The Township of Parsippany-Troy Hills maintains a utility fund for the billing and collection of water rents. Billings are done on a quarterly basis.

A comparison of Water Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection</u>
2009	\$ 5,664,812.85	\$ 6,011,261.04
2008	6,436,900.54	6,568,449.47
2007	6,139,985.33	5,941,859.33
2006	5,648,323.59	5,664,437.83
2005	5,935,564.09	5,789,415.25

6. SEWER TREATMENT PLANT INCOME

The Township of Parsippany-Troy Hills maintains a utility fund for the billing and collection of sewer rents and septage removal. The Township bills sewer user charges on a quarterly basis and septage removal on a monthly basis.

6. SEWER TREATMENT PLANT INCOME (Continued)

A comparison of billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection</u>
2009	\$ 15,019,265.31	\$ 15,709,081.19
2008	15,806,553.59	15,594,651.19
2007	15,614,475.67	15,723,913.93
2006	14,123,433.40	14,038,600.08
2005	12,213,798.53	12,135,897.67

7. GOLF AND RECREATION FEES

The Township of Parsippany-Troy Hills maintains a utility fund for two golf courses. The Knoll West Golf Course is a private golf course and the Knoll East Golf Course is a public golf course.

A comparison of accrued revenue for the past five years is as follows:

<u>Year</u>	<u>Total</u>	<u>Membership Fees</u>	<u>Other Fees</u>	<u>Cart Rentals</u>
2009	\$ 3,418,755.09	\$ 831,719.00	\$ 2,008,348.40	\$ 578,687.69
2008	3,525,559.64	829,385.30	2,086,312.89	609,861.45
2007	3,558,204.93	827,856.00	2,112,485.39	617,863.54
2006	3,183,098.35	712,641.90	1,841,297.83	629,158.62
2005	3,140,377.98	709,124.61	1,795,907.05	635,346.32

8. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2009	\$ 5,588,804.11	\$ 3,250,000.00 *
	2008	5,441,427.77	3,300,000.00
	2007	6,185,186.93	4,000,000.00
	2006	5,419,028.42	3,500,000.00
	2005	6,333,294.55	4,000,000.00
Water Utility Operating Fund:	2009	169,849.83	60,000.00 *
	2008	369,849.83	200,000.00
	2007	325,918.51	200,000.00
	2006	349,979.51	250,000.00
	2005	787,198.58	528,500.00
Sewer Utility Operating Fund:	2009	4,035,496.68	1,250,000.00 *
	2008	2,161,756.18	500,000.00
	2007	1,241,457.60	-
	2006	216,695.58	150,000.00
	2005	56,809.14	-
Golf and Recreation Utility Operating Fund:	2009	336,557.76	275,000.00 *
	2008	629,185.09	550,000.00
	2007	791,039.09	350,000.00
	2006	679,947.73	600,000.00
	2005	775,660.64	400,000.00

*As introduced.

9. PENSION PLANS

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System is considered a cost sharing multiple-employer plan.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Pension benefits for members enrolled in the system after May 21, 2010 would be based on $1/60^{\text{th}}$ of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member or the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65 years, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

9. PENSION PLANS (Continued)

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 5.5% and 8.5% of their base wages, respectfully. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

Year	PERS		PFRS	
	Township	Employees	Township	Employees
2009	\$ 1,330,019.00	\$ 866,648.99	\$ 2,431,785.00	\$ 947,985.87
2008	1,009,882.40	832,691.80	2,488,481.00	894,268.43
2007	533,160.60	774,640.06	1,568,270.40	883,648.89

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2009 there were no officials or employees enrolled in the DCRP.

11. POST-RETIREMENT BENEFITS

Plan Description

The Township of Parsippany, by contractual agreement, provides certain post-employment benefits to retired employees and their covered eligible dependents which include health insurance, prescription, dental and vision coverage. Eligible employees who retire in the Police and Firemen's Retirement System also receive life insurance coverage.

For the employee to be eligible for such benefits the retiree in the Public Employees' Retirement System must have twenty-five years or more of pension service credits and twenty-five years of service with the Township and the retiree in the Police and Firemen's System must have twenty-five years or more of pension service credits and fifteen years of service with the Township.

Eligible retirees under the Public Employees' Retirement System will receive post-employment benefits until they reach the age of 65. Eligible retirees under the Police and Firemen's Retirement System will receive post-employment benefits for life.

Actuarial Valuations

The Township of Parsippany has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 45, detailed as follows:

Projected Unfunded Accrued Liability as of December 31, 2009	<u>\$ 55,775,069.00</u>
Net OPEB Obligation December 31, 2008	\$ 1,426,909.00
Annual OPEB Cost	<u>3,421,018.00</u>
	4,847,927.00
Contributions Made	<u>1,895,174.00</u>
Net OPEB Obligation December 31, 2009	<u>\$ 2,952,753.00</u>

Other Information*

Active Participants:	
Eligible for Benefits	10
Noneligible for Benefits	410
Inactive Participants	110
Market Value of Assets	\$ -

*This information was not updated since December 31, 2008.

12. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary, and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 63,947,809.86	\$ 58,760,588.50	\$ 61,213,964.32
Loans	852,335.30	1,018,643.50	1,231,675.29
Water Utility Fund:			
Bonds and Notes	6,915,766.15	6,776,933.17	7,308,899.03
Loans	327,803.64	350,284.95	373,120.57
Sewer Utility Fund:			
Bonds and Notes	11,596,064.21	9,054,432.57	10,893,395.40
Golf and Recreation Fund:			
Bonds and Notes	3,395,385.52	3,401,963.36	3,251,541.00
	<u>87,035,164.68</u>	<u>79,362,846.05</u>	<u>84,272,595.61</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	6,133,781.69	10,481,631.69	7,436,403.69
Water Utility:			
Bonds and Notes	982,500.00	897,500.00	827,000.00
Sewer Utility:			
Bonds and Notes	34,310,555.00	3,308,855.00	530,355.00
Golf and Recreation Utility:			
Bonds and Notes	285,000.00	712,750.00	902,500.00
	<u>41,711,836.69</u>	<u>15,400,736.69</u>	<u>9,696,258.69</u>
Total Debt	<u>128,747,001.37</u>	<u>94,763,582.74</u>	<u>93,968,854.30</u>
Less: Cash on Hand:			
General Capital Fund	1,998.79	1,998.79	50,074.00
Water Capital Fund	204,438.21	204,438.21	204,438.21
Federal and State Grants Receivable:			
Sewer Capital Fund		44,000.00	44,000.00
	<u>206,437.00</u>	<u>250,437.00</u>	<u>298,512.21</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 128,540,564.37</u>	<u>\$ 94,513,145.74</u>	<u>\$ 93,670,342.09</u>

12. MUNICIPAL DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Service

The summarized statement of debt condition which follows is prepared in accordance with the required methods of setting up the Annual Debt Statement and indicates a statutory net debt of 0.727%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School	\$ 45,183,000.00	\$ 45,183,000.00	\$
General	70,933,926.85	1,998.79	70,931,928.06
Water Utility	8,226,069.79	8,226,069.79	
Sewer Utility	45,906,619.21	45,906,619.21	
Golf and Recreation Utility	3,680,385.52	3,680,385.52	
	<u>\$ 173,930,001.37</u>	<u>\$ 102,998,073.31</u>	<u>\$ 70,931,928.06</u>

Net debt, \$70,931,928.06, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$9,752,107,109.00 equals 0.727%.

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

3 1/2% of Equalized Valuation Basis	\$ 341,323,748.81
Net Debt	<u>70,931,928.06</u>
Remaining Borrowing Power	<u>\$ 270,391,820.75</u>

Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Fund Balance Utilized and Cash Receipts from Fees, Rents or Other Charges for Year		\$ 6,462,462.81
Deductions:		
Operating and Maintenance Costs	\$ 5,282,300.00	
Debt Service per Water Utility Operating Fund	<u>1,173,509.79</u>	
		<u>6,455,809.79</u>
Excess in Revenue		<u>\$ 6,653.02</u>

There being an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

12. MUNICIPAL DEBT (Continued)

Calculation of "Self-Liquidating Purposes" Sewer Utility per N.J.S. 40A:2-45

Fund Balance Utilized and Cash Receipts from Fees, Rents or Other Charges for Year		\$ 16,699,880.98
Deductions:		
Operating and Maintenance Costs	\$ 10,473,922.00	
Debt Service per Water Utility Operating Fund	<u>2,745,144.26</u>	
		<u>13,219,066.26</u>
Excess in Revenue		<u>\$ 3,480,814.72</u>

There being an excess in revenue, all Sewer Utility Debt is deductible for Debt Statement purposes.

Calculation of "Self-Liquidating Purposes" Golf and Recreation Utility per N.J.S. 40A:2-45

Fund Balance Utilized and Cash Receipts from Fees, Rents or Other Charges for Year		\$ 4,938,790.63
Deductions:		
Operating and Maintenance Costs	\$ 3,980,475.00	
Debt Service per Water Utility Operating Fund	<u>735,955.41</u>	
		<u>4,716,430.41</u>
Excess in Revenue		<u>\$ 222,360.22</u>

There being an excess in revenue, all Golf and Recreation Utility Debt is deductible for Debt Statement purposes.

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

12. MUNICIPAL DEBT (Continued)

As of December 31, 2009, the Township's long-term debt is as follows:

General Obligation Bonds

Serial Bonds:

\$22,600,000.00, 2002 Bonds due in annual installments of \$1,500,000.00 to \$2,020,000.00 through October, 2017, interest at 3.25% to 4.00%	\$14,005,000.00	
\$23,261,000.00, 2005 Bonds due in annual installments of \$895,000.00 to \$1,570,000.00 through July, 2025, interest at 4.00% to 4.125%	20,041,000.00	
\$17,000,000.00, 2008 Bonds due in annual installments of \$1,300,000.00 to \$2,000,000.00 through July, 2019, interest at 3.25% to 4.00%	<u>16,000,000.00</u>	\$ 50,046,000.00

Refunding Bonds:

\$12,461,000.00, 1992 Capital Appreciation Bonds due in annual installments of \$127,809.86 through April, 2010	127,809.86	
\$21,513,000.00, 1993 Bonds due in annual installments of \$862,000.00 to \$1,597,000.00 through February, 2011, interest at 5.00%	2,459,000.00	
\$2,620,000.00, 2009 Bonds due in annual installments of \$855,000.00 to \$890,000.00 through December, 2011, interest at 2.00% to 4.00%	<u>1,745,000.00</u>	
		<u>4,331,809.86</u>
		<u>\$ 54,377,809.86</u>

12. MUNICIPAL DEBT (Continued)

Water Utility Bonds

Serial Bonds:

\$2,835,000.00, 2002 Bonds due in annual installments of \$190,000.00 to \$250,000.00 through October, 2017, interest at 3.25% to 4.00%	\$ 1,765,000.00	
\$456,000.00, 2005 Bonds due in annual installments of \$25,000.00 to \$40,000.00 through July, 2020, interest at 4.00%	371,000.00	
\$1,700,000.00, 2008 Bonds due in annual installments of \$100,000.00 to \$200,000.00 through July, 2019, interest at 3.25% to 4.00%	<u>1,600,000.00</u>	\$ 3,736,000.00

Refunding Bonds:

\$55,154,000.00, 1992 Capital Appreciation Bonds due in annual installments of \$52,266.15 through April, 2010	52,266.15	
\$3,199,000.00, 1993 Bonds due in annual installments of \$127,000.00 to \$235,000.00 through February, 2011, interest at 5.00%	362,000.00	
\$1,185,000.00, 2003 Bonds due in annual installments of \$110,000.00 to \$125,000.00 through December, 2013, interest at 3.25% to 4.00%	475,000.00	
\$1,630,000.00, 2009 Bonds due in annual installments of \$170,000.00 to \$190,000.00 through December, 2017, interest at 2.00% to 4.125%	<u>1,435,000.00</u>	<u>2,324,266.15</u>
		<u>\$ 6,060,266.15</u>

12. MUNICIPAL DEBT (Continued)

Sewer Utility Bonds

Serial Bonds:

\$2,565,000.00, 2002 Bonds due in annual installments of \$170,000.00 to \$230,000.00 through October, 2017, interest at 3.25% to 4.00%	\$ 1,590,000.00	
\$1,283,000.00, 2005 Bonds due in annual installments of \$75,000.00 to \$115,000.00 through July, 2020, interest at 4.00%	1,028,000.00	
\$800,000.00, 2008 Bonds due in annual installments of \$60,000.00 to \$100,000.00 through July, 2019, interest at 3.25% to 4.00%	<u>740,000.00</u>	\$ 3,358,000.00

Refunding Bonds:

\$24,494,000.00, 1992 Capital Appreciation Bonds due in annual installments of \$250,764.21 through April, 2010	250,764.21	
\$4,068,000.00, 1993 Bonds due in annual installments of \$161,000.00 to \$298,000.00 through February, 2011 interest at 5.00%	459,000.00	
\$2,985,000.00, 2003 Bonds due in annual installments of \$170,000.00 to \$330,000.00 through December, 2013, interest at 3.25% to 4.00%	1,000,000.00	
\$2,871,000.00, 2009 Bonds due in annual installments of \$295,000.00 to \$330,000.00 through December, 2017, interest at 2.00% to 4.125%	<u>2,525,000.00</u>	<u>4,234,764.21</u>
		<u>\$ 7,592,764.21</u>

12. MUNICIPAL DEBT (Continued)

Golf and Recreation Utility Bonds

Serial Bonds:

\$1,500,000.00, 2008 Bonds due in annual installments of \$90,000.00 to \$170,000.00 through July, 2019, interest at 3.25% to 4.00%		\$ 1,410,000.00
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Refunding Bonds:

\$860,474.50, 1992 Capital Appreciation Bonds due in annual installments of \$9,185.52 through April, 2010	\$ 9,185.52	
\$3,805,000.00, 2003 Bonds due in annual installments of \$405,000.00 to \$415,000.00 through December, 2012, interest at 3.25% to 4.00%	1,230,000.00	
\$259,000.00, 2009 Bonds due in annual installments of \$85,000.00 to \$90,000.00 through December, 2011, interest at 2.00% to 4.00%	<u>175,000.00</u>	<u>1,414,185.52</u>
		<u><u>\$ 2,824,185.52</u></u>

Green Acres Trust Loans Payable

The Township of Parsippany-Troy Hills entered into loan agreements with the State of New Jersey, Department of Environmental Protection and Energy under the Green Acres Trust Program to finance part of the acquisition of certain lands at an interest rate of 2.0%.

\$1,500,000.00, 1996 Loan due in semi-annual installments of \$46,637.40 through April, 2016, interest at 2.0%	\$ 565,886.01	
\$664,482.00, 1997 Loan due in semi-annual installments of \$20,659.80 through May, 2017, interest at 2.0%	<u>286,449.29</u>	<u>\$ 852,335.30</u>

N.J. Environmental Infrastructure Trust Loan Payable

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 water system at an interest rate of 4.75% to 5.50%. Loan payable at December 31, 2009 in the amount of \$327,803.64 is detailed as follows:

Trust Share	\$ 175,000.00
Fund Share	<u>152,803.64</u>
	<u><u>\$ 327,803.64</u></u>

12. MUNICIPAL DEBT (Continued)

An amortization schedule detailing principal and interest is detailed as follows:

<u>Calendar Year</u>	<u>Total</u>	<u>2001 Loan</u>	
		<u>Principal</u>	<u>Interest</u>
2010	\$ 31,034.21	\$ 22,159.21	\$ 8,875.00
2011	30,129.91	21,804.91	8,325.00
2012	29,225.59	21,450.59	7,775.00
2013	36,542.28	29,317.28	7,225.00
2014	35,185.81	28,785.81	6,400.00
2015	33,952.66	28,302.66	5,650.00
2016	32,719.52	27,819.52	4,900.00
2017	31,486.36	27,336.36	4,150.00
2018	30,253.22	26,853.22	3,400.00
2019	29,020.07	26,370.07	2,650.00
2020	36,007.91	34,107.91	1,900.00
2021	34,446.10	33,496.10	950.00
	<u>\$ 390,003.64</u>	<u>\$ 327,803.64</u>	<u>\$ 62,200.00</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	11-10-10	2.00 %	<u>\$ 9,570,000.00</u>
Water Capital Fund	11-10-10	2.00	<u>\$ 855,500.00</u>
Sewer Capital Fund	11-10-10	2.00	<u>\$ 4,003,300.00</u>
Golf and Recreation Capital Fund	11-10-10	2.00	<u>\$ 571,200.00</u>

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Original Notes Issued</u>	<u>Legal Installments Due</u>	<u>Permanent Funding Required as of May 1</u>
2009	2012 - 2019	2020

12. MUNICIPAL DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

REFUNDING BONDS

1992 ISSUE

Calendar Year	Total	General		Water Utility		Sewer Utility		Golf and Recreation Utility	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,424,999.98	\$ 127,809.86	\$ 285,440.13	\$ 52,266.15	\$ 118,733.85	\$ 250,764.21	\$ 561,485.79	\$ 9,185.52	\$ 19,314.47

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1993 ISSUE

Calendar Year	Total	General		Water Utility		Sewer Utility	
		Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,240,750.00	\$ 1,597,000.00	\$ 83,025.00	\$ 235,000.00	\$ 12,225.00	\$ 298,000.00	\$ 15,500.00
2011	1,178,750.00	862,000.00	21,550.00	127,000.00	3,175.00	161,000.00	4,025.00
	\$ 3,419,500.00	\$ 2,459,000.00	\$ 104,575.00	\$ 362,000.00	\$ 15,400.00	\$ 459,000.00	\$ 19,525.00

2003 ISSUE

Calendar Year	Total	Water Utility		Sewer Utility		Golf and Recreation Utility	
		Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 937,600.00	\$ 110,000.00	\$ 17,575.00	\$ 325,000.00	\$ 35,912.50	\$ 405,000.00	\$ 44,112.50
2011	930,300.00	120,000.00	14,000.00	330,000.00	25,350.00	410,000.00	30,950.00
2012	750,200.00	120,000.00	9,800.00	175,000.00	13,800.00	415,000.00	16,600.00
2013	306,800.00	125,000.00	5,000.00	170,000.00	6,800.00		
	\$ 2,924,900.00	\$ 475,000.00	\$ 46,375.00	\$ 1,000,000.00	\$ 81,862.50	\$ 1,230,000.00	\$ 91,662.50

12. MUNICIPAL DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

REFUNDING BONDS

2009 ISSUE

Calendar Year	Total	General		Water Utility		Sewer Utility		Golf and Recreation Utility	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,616,493.76	\$ 855,000.00	\$ 66,000.00	\$ 170,000.00	\$ 50,168.76	\$ 295,000.00	\$ 88,625.00	\$ 85,000.00	\$ 6,700.00
2011	1,614,193.76	890,000.00	34,100.00	170,000.00	43,968.76	305,000.00	77,625.00	90,000.00	3,500.00
2012	588,493.76			175,000.00	37,568.76	310,000.00	65,925.00		
2013	583,793.76			175,000.00	34,068.76	315,000.00	59,725.00		
2014	571,600.00			180,000.00	27,900.00	315,000.00	48,700.00		
2015	566,800.00			185,000.00	20,700.00	325,000.00	36,100.00		
2016	556,400.00			190,000.00	13,300.00	330,000.00	23,100.00		
2017	541,450.00			190,000.00	7,837.50	330,000.00	13,612.50		
	<u>\$ 6,639,225.04</u>	<u>\$ 1,745,000.00</u>	<u>\$ 100,100.00</u>	<u>\$ 1,435,000.00</u>	<u>\$ 235,512.54</u>	<u>\$ 2,525,000.00</u>	<u>\$ 413,412.50</u>	<u>\$ 175,000.00</u>	<u>\$ 10,200.00</u>

2010 ISSUE

Calendar Year	Total	General		Water Utility		Sewer Utility	
		Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 197,788.34	\$ 10,000.00	\$ 151,477.79	\$ 19,075.38	\$ 17,235.17		
2011	2,436,950.02	1,547,000.00	412,921.26	199,000.00	52,023.76	179,000.00	47,005.00
2012	2,448,450.02	1,595,000.00	381,981.26	200,000.00	48,043.76	180,000.00	43,425.00
2013	2,474,200.02	1,660,000.00	334,131.26	210,000.00	42,043.76	190,000.00	38,025.00
2014	2,485,500.00	1,720,000.00	286,800.00	215,000.00	36,050.00	195,000.00	32,650.00
2015	2,490,400.00	1,775,000.00	234,300.00	225,000.00	29,450.00	200,000.00	26,650.00
2016	2,508,850.00	1,845,000.00	176,550.00	235,000.00	22,150.00	210,000.00	20,150.00
2017	2,518,300.00	1,940,000.00	95,600.00	240,000.00	11,800.00	220,000.00	10,900.00
	<u>\$ 17,560,438.40</u>	<u>\$ 12,092,000.00</u>	<u>\$ 2,073,761.57</u>	<u>\$ 1,524,000.00</u>	<u>\$ 260,636.66</u>	<u>\$ 1,374,000.00</u>	<u>\$ 236,040.17</u>

The above Schedule of Annual Debt Service has been adjusted for a 2010 Refunding Bond Issue as described in Note 18.

12. MUNICIPAL DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

GENERAL BONDS

Calendar Year	Total	General		Water Utility		Sewer Utility		Golf and Recreation Utility	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 6,336,887.49	\$ 3,695,000.00	\$ 1,670,676.25	\$ 315,000.00	\$ 109,159.37	\$ 305,000.00	\$ 100,026.87	\$ 90,000.00	\$ 52,025.00
2011	4,206,862.50	2,345,000.00	1,314,427.50	130,000.00	69,840.00	135,000.00	63,495.00	100,000.00	49,100.00
2012	4,206,762.50	2,440,000.00	1,227,627.50	130,000.00	65,140.00	140,000.00	58,395.00	100,000.00	45,600.00
2013	4,262,912.50	2,541,000.00	1,137,277.50	131,000.00	60,440.00	148,000.00	53,095.00	150,000.00	42,100.00
2014	4,313,162.50	2,585,000.00	1,043,137.50	235,000.00	55,700.00	160,000.00	47,475.00	150,000.00	36,850.00
2015	4,297,562.50	2,680,000.00	947,237.50	235,000.00	47,300.00	165,000.00	41,425.00	150,000.00	31,600.00
2016	4,293,287.50	2,780,000.00	843,912.50	235,000.00	38,400.00	175,000.00	35,000.00	160,000.00	25,975.00
2017	4,324,387.50	2,925,000.00	736,712.50	235,000.00	29,500.00	180,000.00	28,200.00	170,000.00	19,975.00
2018	4,564,362.50	3,275,000.00	623,962.50	235,000.00	20,600.00	205,000.00	21,200.00	170,000.00	13,600.00
2019	4,463,962.50	3,320,000.00	492,962.50	240,000.00	11,200.00	210,000.00	13,000.00	170,000.00	6,800.00
2020	1,891,362.50	1,370,000.00	360,162.50	40,000.00	1,600.00	115,000.00	4,600.00		
2021	1,720,362.50	1,415,000.00	305,362.50						
2022	1,708,762.50	1,460,000.00	248,762.50						
2023	1,760,362.50	1,570,000.00	190,362.50						
2024	1,697,562.50	1,570,000.00	127,562.50						
2025	1,634,762.50	1,570,000.00	64,762.50						
	<u>\$ 55,683,324.99</u>	<u>\$ 37,541,000.00</u>	<u>\$ 11,334,908.75</u>	<u>\$ 2,161,000.00</u>	<u>\$ 508,879.37</u>	<u>\$ 1,938,000.00</u>	<u>\$ 465,911.87</u>	<u>\$ 1,410,000.00</u>	<u>\$ 323,625.00</u>

The above Schedule of Annual Debt Service has been adjusted for a 2010 Refunding Bond Issue as described in Note 18.

The interest reflected above is on the cash basis for all funds.

12. MUNICIPAL DEBT (Continued)

Green Acres Trust Acquisition Loans

An Amortization Schedule detailing principal and interest is detailed as follows:

Calendar Year	Total	1996 Loan		1997 Loan	
		Principal	Interest	Principal	Interest
2010	\$ 134,594.39	\$ 82,366.85	\$ 10,907.93	\$ 35,768.58	\$ 5,551.03
2011	134,594.40	84,022.42	9,252.36	36,487.53	4,832.09
2012	134,594.39	85,711.28	7,563.51	37,220.92	4,098.68
2013	134,594.38	87,434.07	5,840.71	37,969.06	3,350.54
2014	134,594.38	89,191.50	4,083.28	38,732.24	2,587.36
2015	134,594.40	90,984.25	2,290.53	39,510.77	1,808.85
2016	87,957.01	46,175.64	461.76	40,304.93	1,014.68
2017	20,659.81			20,455.26	204.55
	<u>\$ 916,183.16</u>	<u>\$ 565,886.01</u>	<u>\$ 40,400.08</u>	<u>\$ 286,449.29</u>	<u>\$ 23,447.78</u>

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

<u>Fund</u>	<u>Balance Dec. 31, 2009</u>
General Capital Fund:	
General Improvements	\$ 6,133,781.69
Water Utility Capital Fund:	
General Improvements	982,500.00
Sewer Utility Capital Fund:	
General Improvements	34,310,555.00
Golf and Recreation Utility Capital Fund:	
General Improvements	<u>285,000.00</u>
	<u>\$ 41,711,836.69</u>

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$	\$ 760,641.83
Animal Control Trust Fund	25,788.34	
General Trust Fund	261,166.76	
Water Utility Operating Fund	87,887.13	
Sewer Utility Operating Fund	385,194.42	
Payroll Fund	605.18	
	<u>\$ 760,641.83</u>	<u>\$ 760,641.83</u>

14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheet of the Water Operating Fund:

	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>
Water Operating Fund:		
Special Emergency Authorization	\$ 100,000.00	\$ 25,000.00
Operating Deficit	7,641.33	7,641.33

15. DEFERRED COMPENSATION PLAN

The Township of Parsippany-Troy Hills offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Parsippany-Troy Hills authorized such modifications to their plan by resolution of the Township Council adopted December 15, 1998.

The Administrator for the Township of Parsippany-Troy Hills Deferred Compensation Plan is the American United Life Insurance Company and Metropolitan Life Insurance Company.

16. RISK MANAGEMENT

The Township is self-insured to the extent of the amounts "deductible" from umbrella insurance coverage for Workers' Compensation and Dental Insurance.

The Township was a member of the Horizon Blue Cross Blue Shield Health Insurance Program for major medical coverage for 2009.

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

Specific Loss:

The Township can pay no more than \$450,000.00 for any one accident or occurrence.

Additional coverage for employer's liability for other workers compensation litigation is in effect to the extent of \$1,000,000.00.

There have been no provisions in the financial statements for claims incurred but not reported as of December 31, 2009.

Claims for 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:

Balance December 31, 2008	\$ 30,453.92
Receipts	<u>807,767.32</u>
	838,221.24
Disbursements	<u>818,977.10</u>
Balance December 31, 2009	<u><u>\$ 19,244.14</u></u>

17. CONTINGENT LIABILITIES

a. Compensated Absences

The policy of the Township of Parsippany-Troy Hills concerning sick and vacation benefits is summarized as follows:

Sick Benefit Plan:

Employees in their first year of service can accrue one sick day per month of employment. Those employees who have completed one full year of continuous service are entitled to 15 sick days per year. Unused sick leave may be accumulated without limitation.

Eligible employees, upon retirement, receive compensation for one-half of their accumulated sick days at the rate of compensation then in effect.

Police Officers will receive sixty-six percent of accumulated sick days at the rate of compensation then in effect, with a limit of two hundred days.

Police Officers have the option of taking a terminal leave and receiving compensation on a bi-weekly basis for their prorated number of unused sick days.

17. CONTINGENT LIABILITIES (Continued)

a. Compensated Absences (Continued)

Vacation Plan:

Vacation days are based upon length of service and level of employment. Upon termination, unused vacation days are paid to eligible employees computed on the employee's salary at the time of separation. The employee may elect to utilize all earned vacation days immediately preceding his separation.

It is estimated that the sum of \$6,487,913.13 computed internally at the 2009 salary rates would be payable to 382 officials and employees of the Township of Parsippany-Troy Hills as of December 31, 2009 for accumulated sick and vacation days. This amount was not verified by audit.

Provision for the above are not reflected on the Financial Statements of the Township.

b. Tax Appeals

As of June 15, 2010 there were sixty-six appeals pending before the New Jersey Tax Court with an assessed valuation of \$980,504,200.00. Potential liability was undeterminable. The Township has made provision from tax revenues, in the amount of \$272,357.13, for these appeals in the event that tax reductions are granted.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

c. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2009 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Litigation

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would affect the financial position or results of operations of the Township.

General liability claims currently pending against the Township are being handled by insurance carriers.

18. SUBSEQUENT EVENTS

On May 4, 2010 the Township of Parsippany-Troy Hills issued Refunding Bonds in the sum of \$14,990,000.00 at variable interest rates from 2.00% to 5.00%.

The following principal amounts were defeased from the proceeds of the above issue:

2002 General Bonds	\$ 12,505,000.00
2002 Water Utility Bonds	1,575,000.00
2002 Sewer Utility Bonds	<u>1,420,000.00</u>
	<u>\$ 15,500,000.00</u>

A Schedule of Sources and Uses of Funds relating to the issue can be detailed as follows:

Sources of Funds:	
Par Amount of Bonds	\$ 14,990,000.00
Reoffering Premium	<u>1,051,278.40</u>
	<u>\$ 16,041,278.40</u>
Uses of Funds:	
Costs of Issuance	\$ 112,468.04
Deposit to Escrow Fund	<u>15,928,810.36</u>
	<u>\$ 16,041,278.40</u>

Appendix C

Form of Bond Counsel Opinion

INGLESINO, PEARLMAN, WYCISKALA & TAYLOR, LLC

ATTORNEYS AT LAW

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[Date of Closing]

Township Council of the
Township of Parsippany-Troy Hills, in the
County of Morris, New Jersey

Re: Township of Parsippany-Troy Hills, in the County of Morris, New Jersey
\$22,500,000 General Obligation Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Parsippany-Troy Hills, in the County of Morris, New Jersey (the "Issuer" or the "Township," as appropriate) of its \$22,500,000 General Obligation Bonds, consisting of \$14,425,000 principal amount of General Improvement Bonds, Series 2010, \$1,988,000 principal amount of Water Utility Bonds, Series 2010, \$4,003,300 principal amount of Sewer Utility Bonds, Series 2010, \$758,700 Golf and Recreational Utility Bonds, Series 2010 and \$1,325,000 General Obligation Refunding Bonds, Series 2010 (collectively, the "Bonds"). The Bonds are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Bonds. The Bonds are dated their date of delivery and will mature on November 1, in the amounts, in each of the years and bear interest at the rates, payable on November 1 and May 1, commencing May 1, 2011, as set forth in the table below:

	General Improvement Bonds	Water Utility Bonds	Sewer Utility Bonds	Golf and Recreational Utility Bonds	General Obligation Refunding Bonds	Total	Interest Rate	Price or Yield
Year	Principal*	Principal*	Principal*	Principal*	Principal*	Principal*		
2011	\$625,000	\$90,000	\$185,000	\$40,000	\$265,000	\$1,205,000		
2012	1,150,000	90,000	185,000	40,000	265,000	1,730,000		
2013	1,150,000	100,000	275,000	40,000	265,000	1,830,000		
2014	1,150,000	153,000	298,300	40,000	265,000	1,906,300		
2015	1,150,000	165,000	305,000	53,700	265,000	1,938,700		
2016	1,150,000	165,000	310,000	55,000		1,680,000		
2017	1,150,000	175,000	310,000	55,000		1,690,000		
2018	1,150,000	175,000	325,000	60,000		1,710,000		
2019	1,150,000	175,000	350,000	60,000		1,735,000		
2020	1,150,000	175,000	350,000	75,000		1,750,000		
2021	1,150,000	175,000	370,000	80,000		1,775,000		
2022	1,150,000	175,000	370,000	80,000		1,775,000		
2023	1,150,000	175,000	370,000	80,000		1,775,000		
Total	\$14,425,000	\$1,988,000	\$4,003,300	\$758,700	\$1,325,000	\$22,500,000		

The Bonds will be issued in the form of one certificate for each maturity of each Series of the Bonds each in the aggregate principal amount of such maturity and will be payable as to both principal and interest in lawful money of the United States of America. Each certificate will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository. The certificate will be deposited with DTC which will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchases. Individual purchases may be made 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.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on October 12, 2010, a refunding bond ordinance (the "Refunding Bond Ordinance") and several bond ordinances of the Issuer (collectively, the "Ordinances"). The Bonds are issued for the purpose of providing funds to finance and refinance certain capital improvements as described in the Ordinances (the "Projects"). The Projects were authorized by the Ordinances.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including: (a) copies of the Ordinances; (b) the Resolution, (c) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (d) such other agreements, proceedings, certificates, records, approvals, resolutions, and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Issuer; the Resolution and the Ordinances have been duly authorized and adopted by the Issuer; and the Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Bonds is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the Issuer with its covenants, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. Such interest, however, may be included in adjusted current earnings in computing alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code on certain corporations.

4. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

Township Council of the
Township of Parsippany-Troy Hills, in the
County of Morris, New Jersey
[Date of Closing]
Page 4

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

INGLESINO, PEARLMAN, WYCISKALA
& TAYLOR, LLC

Appendix D

Form of Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Parsippany-Troy Hills, in the County of Morris, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$22,500,000 principal amount of its General Obligation Bonds, consisting of \$14,425,000 principal amount of General Improvement Bonds, \$1,988,000 principal amount of Water Utility Bonds, \$4,003,300 principal amount of Sewer Utility Bonds, Series 2010, \$758,700 Golf and Recreational Utility Bonds, Series 2010 and \$1,325,000 General Obligation Refunding Bonds (collectively, the "Bonds"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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, the following capitalized terms shall have the following meanings:

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

"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 (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2010, provide an Annual Report to the MSRB in an electronic format as prescribed by the MSRB (accompanied by such identifying information as is prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information which has been made available to the public on the MSRB's website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Local Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the Financial Statements of the Local Unit are not available by that date, but only if the unaudited financial statements of the Local Unit are included in the Annual Report. If the Issuer's fiscal year changes, the Issuer shall promptly notify, in writing, the Dissemination Agent and shall disclose such change in its next report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection 3(a) for making available the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying, if applicable, that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be provided pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be provided in the same manner as the Annual Report when they become available.

(b) The financial information and operating data set forth in Appendix A of the Official Statement dated October 26, 2010 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each a "Bond Disclosure Event", if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
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 events affecting the tax-exempt status of the Bonds;
7. modifications to rights of Bondholders;
8. optional, contingent or unscheduled Bond calls;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds; and
11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Bond Disclosure Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Bond Disclosure Event would be material under applicable federal securities laws, the Issuer shall promptly file, in an electronic format as prescribed by the MSRB, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Bond Disclosure Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Bond Disclosure Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer 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 Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer 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 Issuer. 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 for a Bond Disclosure Event under Section 5(c), 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 Issuer 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 notice of occurrence of a Bond Disclosure Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Bond Disclosure Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer 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 Bond Disclosure Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or 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 Issuer 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 Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer 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 Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2010

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: \$22,500,000 General Obligation Bonds, Series 2010

Dated Date: _____, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2010. The Issuer anticipates that the Annual Report will be filed by _____, _____.

Dated: _____

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

By: _____
Name:
Title:

