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PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2026

**TOWNSHIP OF PARSIPPANY-TROY HILLS
STATE OF NEW JERSEY**

\$55,225,000 BOND ANTICIPATION NOTE, SERIES 2026
consisting of a
\$4,100,000 Bond Anticipation Note (General Capital);
\$30,725,000 Bond Anticipation Note (Water Utility);
\$18,600,000 Bond Anticipation Note (Sewer Utility); and
\$1,800,000 Bond Anticipation Note (Golf Utility)

(Book-Entry Note) (Parity Bid) (Non-Callable)

Dated: Date of Delivery

Maturity Date: October 26, 2027

Coupon: _____ %

Price: _____

CUSIP No.: _____

This Official Statement has been prepared by the Township of Parsippany-Troy Hills, a municipal corporation of the State of New Jersey (the "Township") to provide information on its \$55,225,000 Bond Anticipation Note, Series 2026 consisting of a \$4,100,000 Bond Anticipation Note (General Capital); \$30,725,000 Bond Anticipation Note (Water Utility); \$18,600,000 Bond Anticipation Note (Sewer Utility); and \$1,800,000 Bond Anticipation Note (Golf Utility) (the "Note"). Select information is presented on this cover page and the following page for the convenience of the user. To make an informed decision regarding the Note, a prospective purchaser should read this Official Statement in its entirety.

Credit Rating Moody's: "MIG 1" (See "Credit Rating" herein).

Federal Tax Exemption Assuming continuing compliance by the Township with certain covenants described herein under current law, interest on the Note is exempt from federal income taxation. Interest on the Note is not includable when calculating the federal alternative minimum tax.

State Tax Exemption Interest on the Note, and any gain from the sale thereof, is not includable in gross income under the New Jersey Gross Income Tax Act.

Redemption The Note is not subject to redemption prior to its stated maturity.

Security The Note will be a valid and legally binding general obligation of the Township and, unless paid from other sources, will be payable from *ad valorem* taxes to be levied upon all the taxable property within the Township without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally.

Purpose Proceeds from the sale and issuance of the Note will be used by the Township as described herein.

Denominations Increments of \$5,000, plus integral multiples of \$1,000 in excess thereof.

Bond Counsel JP Capizzi LLC
Union City, New Jersey

Closing On or about October 26, 2026.

Book-Entry System The Depository Trust Company
Brooklyn, New York

Issuer Contact Angelica Sabatini, Chief Financial Officer
(973) 263-4284

**ELECTRONIC PROPOSALS SUBMITTED VIA THE PARITY ELECTRONIC BIDDING SYSTEM
WILL BE RECEIVED FOR THE NOTE UNTIL 11:30 AM ON OCTOBER 14, 2026.
ALL PROPOSALS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE NOTE.**

**TOWNSHIP OF PARSIPPANY-TROY HILLS
STATE OF NEW JERSEY**

MAYOR

Pulkit Desai

TOWNSHIP COUNCIL

Judy Hernandez
Diya Patel
Paul Carifi, Jr.
Matt McGrath
Matthew Kavanagh

TOWNSHIP OFFICIALS

Khaled Madin, Clerk / Business Administrator
Angelica Sabatini, Chief Financial Officer

TOWNSHIP ATTORNEY

Scarinci Hollenbeck, LLC
Little Falls, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

BOND COUNSEL

JP Capizzi LLC
Union City, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by 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 Note by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

The information which is set forth herein has been provided by the Township and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township. References in this Official Statement to the State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township during normal business hours. This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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.

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**OFFICIAL STATEMENT
RELATING TO
TOWNSHIP OF PARSIPPANY-TROY HILLS
STATE OF NEW JERSEY**

**\$55,225,000 BOND ANTICIPATION NOTE, SERIES 2026
consisting of a
\$4,100,000 Bond Anticipation Note (General Capital);
\$30,725,000 Bond Anticipation Note (Water Utility);
\$18,600,000 Bond Anticipation Note (Sewer Utility); and
\$1,800,000 Bond Anticipation Note (Golf Utility)**

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page hereof and the appendices hereto, has been prepared by the Township of Parsippany-Troy Hills (the "Township"), a municipal corporation of the State of New Jersey (the "State") and provides certain information regarding the financial and economic condition of the Township in connection with the sale of its \$55,225,000 Bond Anticipation Note, Series 2026 consisting of a \$4,100,000 Bond Anticipation Note (General Capital); \$30,725,000 Bond Anticipation Note (Water Utility); \$18,600,000 Bond Anticipation Note (Sewer Utility); and \$1,800,000 Bond Anticipation Note (Golf Utility) (the "Note"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and its distribution and use in connection with the sale of the Note has been authorized by the Township.

This Official Statement contains specific information relating to the Note including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Township.

DESCRIPTION OF THE NOTE

General Description

The Note will be issued in the aggregate principal amount of \$55,225,000. The Note will be dated October 26, 2026; mature on October 26, 2027; numbered 2026-1; and bear interest at the interest rate of ____% per annum (computed on the basis of a 360-day year) payable at maturity.

Denominations and Place of Payment

The Note shall be issued in fully registered form to The Depository Trust Company, Brooklyn, New York ("DTC"), and registered in the name of DTC's nominee, Cede & Co. DTC

will hold the Note and not physically distribute note certificates to the DTC participants or beneficial owners of the Note.

Principal of and interest on the Note will be paid by the Township, or its designee in its capacity as paying agent (the "Paying Agent"), to DTC at maturity.

The Note may be purchased in increments of \$5,000, plus integral multiples of \$1,000 in excess thereof. Purchasers of the Note will not receive note certificates representing their beneficial ownership interest in the amount of Note purchased.

So long as Cede & Co. is the registered owner of the Note, references herein (except under the captions "Tax Matters" and "Secondary Market Disclosure") to the registered owner(s) shall mean Cede & Co. and shall not mean the beneficial owners of the Note. See "Book-Entry System" herein.

Redemption

The Note is not subject to redemption prior to its stated maturity.

Book-Entry System

DTC will act as securities depository for the Note (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Ratings, acting through Standard & Poor's Financial Services LLC, of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (a "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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, 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 Securities at any time by giving reasonable notice to the Township or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security 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, Security certificates will be printed and delivered to DTC.

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.

Discontinuance of Book-Entry System

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Note, the following provisions shall apply: (i) the Note shall be exchanged for an equal aggregate principal amount of notes (in any authorized denomination, and in the same maturity of the Note) (the "Substitute Note") upon surrender thereof at the office of the Township / Paying Agent; (ii) the transfer of the Note shall be registered on the books maintained by the Township / Paying Agent, for such purposes only upon the surrender of the Note to the Township / Paying Agent, together with duly executed assignments in a form satisfactory to the Township / Paying Agent; and (iii) for every exchange or registration of transfer of the Note, the Paying Agent, if any, shall be reimbursed by the Township for any charges required to be paid by the Paying Agent with respect to any such Substitute Note.

Principal and Interest on the Note, when due, shall be paid to the registered owners of the Note upon surrender thereof to the Township / Paying Agent.

AUTHORIZATION AND PURPOSE OF THE NOTE

The Note is to be issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1, et seq.) (the "Local Bond Law"). The Note is authorized by the following resolutions of the Township: Resolution No. R2026-220 adopted on September 15, 2026 and the bond ordinances referred to therein and set forth below, each in all respects duly approved

and published as required by law; and Resolution No. R2026-221 adopted on September 15, 2026.

The bond ordinances included in the sale of the Note were published in full or in summary form after adoption, along with the statement required by the Local Bond Law that the 20-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced began to run from the date of the first publication of such 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 or the execution or the delivery of the Note by the Township.

The proceeds of the Note will be used to (i) refund \$48,946,397.71 of a \$50,190,000 Bond Anticipation Note, Series 2025 (together with \$3,309,625.63 pursuant to a budget appropriation) that matures on October 27, 2026 and (ii) obtain \$6,278,602.29 new money.

The improvements / purposes to be funded in the sale of the Note are as follows:

General Capital

Principal Amount of Notes To Be Sold	Bond Ordinance Number	Improvements / Purposes Authorized and Bond Ordinance Adoption Date
\$3,408.32	2006:08	Various capital improvements and purposes. Finally adopted 05/24/06
\$999,500	2014:27	Various capital improvements and purposes. Finally adopted 08/21/14
\$1,000,000	2015:22	Various capital improvements and purposes. Finally adopted 09/15/15
\$120,406.79	2016:16	Various capital improvements and purposes. Finally adopted 07/19/16
\$600,943.63	2018:05	Various capital improvements and purposes. Finally adopted 04/17/18
\$1,285,441.26	2018:17	Various capital improvements and

		purposes.
		Finally adopted 09/11/18
\$300	2019:09	Various capital improvements and purposes.
		Finally adopted 04/16/19
\$90,000	2025:19	Various capital improvements and purposes.
		Finally adopted 10/21/25
\$4,100,000		

Water Utility

Principal Amount of Notes To Be Sold	Bond Ordinance Number	Improvements / Purposes Authorized and Bond Ordinance Adoption Date
		Various capital improvements and purposes for the Water Utility.
\$9,346,000	2021:20	Finally adopted 09/07/21
		Various capital improvements and purposes for the Water Utility.
\$3,972,000	2022:14	Finally adopted 05/17/22
		Various capital improvements and purposes for the Water Utility.
\$5,012,000	2022:31	Finally adopted 10/18/22
		Various capital improvements and purposes for the Water Utility.
\$7,220,000	2023:04	Finally adopted 04/18/23
		Various capital improvements and purposes for the Water Utility.
\$5,175,000	2024:08	

Finally adopted 05/21/24

\$30,725,000

Sewer Utility

Principal Amount of Notes To Be Sold	Bond Ordinance Number	Improvements / Purposes Authorized and Bond Ordinance Adoption Date
\$1,898,000	2022:12	Various capital improvements and purposes for the Sewer Utility. Finally adopted 05/17/22
\$5,702,000	2022:29	Various capital improvements and purposes for the Sewer Utility. Finally adopted 10/18/22
\$6,000,000	2023:17	Various capital improvements and purposes for the Sewer Utility. Finally adopted 09/19/23
\$3,000,000	2024:15	Various capital improvements and purposes for the Sewer Utility. Finally adopted 09/24/24
\$2,000,000	2025:21	Various capital improvements and purposes for the Sewer Utility. Finally adopted 10/21/25
\$18,600,000		

Golf Utility

Principal Amount of Notes To Be Sold	Bond Ordinance Number	Improvements / Purposes Authorized and Bond Ordinance Adoption Date
\$1,044,397.71	2022:28	Various capital improvements and purposes for the Golf Utility.

		Finally adopted 10/18/22
\$205,000	2023:15	Various capital improvements and purposes for the Golf Utility.
		Finally adopted 09/19/23
\$372,000	2024:12	Various capital improvements and purposes for the Golf Utility.
		Finally adopted 08/20/24
\$178,602.29	2025:22	Various capital improvements and purposes for the Golf Utility.
		Finally adopted 10/21/25
\$1,800,000		

SECURITY AND SOURCE OF PAYMENT

The Note will be a valid and legally binding general obligation of the Township and, unless paid from other sources, will be payable from *ad valorem* taxes to be levied upon all the taxable property within the Township without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally.

SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION

Set forth below is a summary of various statutory provisions and requirements relevant to the Township's debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

Legal Framework

The Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1, et seq.) (the "Local Bond Law") governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limit

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5%, in the case of a municipality, and 2%, in

the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last 3 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 State Board of Taxation.

Exceptions to Debt Limit - Extensions of Credit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the "Local Finance Board"), a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, a local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

Bond Anticipation Notes

Pursuant to the Local Bond Law, a local unit may sell short-term notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Any such note is designated a "bond anticipation note". Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes are full faith and credit obligations of the local unit; may be issued for a period not exceeding 1 year; and may be renewed from time to time for a period that does not exceed 1 year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within 2 years and the final principal payment due within 20 years of an issue's date. No principal payment may be larger than a prior year's principal payment.

Refunding Bonds

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for

the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a 2/3 vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount to collectively 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within 120 days of the close of the fiscal year in which they were issued.

School Debt Subject to Voter Approval

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

Local Budget Law

The foundation of the State local finance system is the annual cash basis budget. Under the Local Budget Law of the State of New Jersey (N.J.S.A. 40A:4-1, et seq.) (the "Local Budget Law"), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the "Division"). Certain items of revenue and appropriation are regulated by law. The proposed budget cannot be finally adopted until it is certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary 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 (deficit) must be raised in the succeeding year's budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See "Tax Assessment and Collection Procedure" herein.

Appropriations Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 states that "no officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose" (emphasis added).

Appropriation Caps

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. 40A:4-45.3), and is commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by federal and state laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by 2.5% or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less,

thereby producing the basic CAP, which then may be increased by certain known increases in revenues and federal or state expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage rate up to, but not to exceed, 3.5%. A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

The Cost-of-Living Adjustment applicable to SFY 2026 budgets is 2.0% The Township finally adopted Ordinance No. 2026:15 on April 21, 2026 electing to increase its final appropriations by 3.5% for SFY 2026.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposed restrictions upon the allowable annual increase in the tax levy. In general, municipalities have their tax levies limited to a 2% increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of 2%; increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least 50%) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

A provision in the Local Budget Law (N.J.S.A. 40A:4-26) provides that: “[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [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”.

In addition, budget amendments must be approved by the Director, except that federal and state categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29, which governs the anticipation of delinquent tax collections, provides that: “[t]he maximum which may be

anticipated is the sum produced by the 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”.

N.J.S.A. 40A:4-41 provides, with regard to current taxes, that: “[r]eceipts 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 the last day of the preceding fiscal year”.

This provision and N.J.S.A. 40A:4-40 require that an additional amount, commonly known or referred to as 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. The reserve requirement is calculated as follows:

The levy required to balance the budget, divided by the prior year’s percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey authorizes any municipality to sell its “total property tax levy” to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein.

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year’s tax rate is struck by a county’s board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

Emergency Appropriations/Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. 40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year’s budget. When such appropriations would exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost or floods, which may be amortized over 3 years and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption; the repair and reconstruction of private property damaged by flood or hurricane; tax map preparation; re-evaluation programs; revision and codification of ordinances; master plan preparations; drainage map preparation for flood control purposes; studies and planning associated with the construction and installation of sanitary sewers; authorized expenses of a consolidated commission; contractually required severance liabilities resulting from the layoff or retirement of employees; the preparation of sanitary and storm system maps; liabilities incurred to the Department of Labor and Workforce Development

for the reimbursement of unemployment benefits paid to former employees; non-recurring expenses incurred by a municipality to implement consolidation with another municipality or municipalities; the immediate preparation, response, recovery and restoration of public services during such time as a public health emergency; a deficit in prior year operations experienced by any municipality, utility, or enterprise during, or in the fiscal year immediately following, a fiscal year in which a public health emergency has been declared by the Governor in response to COVID-19, all of which projects set forth in this clause (ii) may be amortized over 5 years except projects relating to COVID-19 deficits, which may be amortized over a period of up to 10 years with the approval of the Local Finance Board (N.J.S.A. 40A:4-53, -54, -55 and -55.1). Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under the CAP Law, emergency appropriations aggregating less than 3% of the previous year's final current operating appropriations may be raised in the portion of the local unit's budget outside the CAP if approved by at least 2/3 of the members of the governing body and the Director. Emergency appropriations that aggregate more than 3% of the previous year's final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or state grants and other statutorily permitted items are outside the CAP.

Budget Transfers

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. 40A:4-58 until the last 2 months of the fiscal year. Appropriation reserves may also be transferred during the first 3 months of the year to the previous year's budget (N.J.S.A. 40A:4-59). Both types of transfers require a 2/3 vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriations, or (b) from appropriations for contingent expenses, deferred charges, cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal Public 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.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt, and may from time to time amend, rules and regulations for capital budgets, which rules and regulations must

require a statement of capital undertakings underway or projected for a period not greater than the next ensuing 6 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 3 or 6 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 by the annual operating budget if the items were detailed.

Fiscal Year Adjustment Law

Chapter 75 of the Pamphlet Laws of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. 40A:4-3.1). Municipalities that change fiscal years must adopt a 6 month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the 6 month transition budget (N.J.S.A. 40A:2-51.2). The law provides that the deficit in the 6 month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the 6 month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to 1 year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for 2 successive years; which has a deficit greater than 4% of its tax levy for 2 successive years; which has failed to make payments due and owing to the State, county, municipality or special district for 2 consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds 25% of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law (as hereinafter defined) which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Assessment and Collection Procedure

A municipality is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county, municipality and the school districts located therein. The levying of taxes is for a fiscal year, which starts January 1 and ends December 31. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits 100% of the county taxes, payable quarterly on February 15, May 15, August 15 and November 15.

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income approach where appropriate. Current assessments are the result 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 do not keep pace with the changing values.

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

Tax bills are sent in June of the current fiscal year. Taxes are payable in 4 quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either 1/4 or 1/2 of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These penalties and interest are the highest permitted under State statutes. Delinquent taxes open for 1 year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to February 1 in each year, a municipality 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 Board on or before April 1 of the current tax year for its review. The County Board has the authority after a hearing to increase, 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 believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court appeals tend to take

several years to conclude by settlement or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations. The payment of tax appeal judgments may also be provided for through the issuance of refunding bonds or refunding notes pursuant to a maturity schedule approved by the Local Finance Board.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law of the State of New Jersey (N.J.S.A. 40A:5-1, et seq.) (the "Local Fiscal Affairs 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 and commissions.

An independent examination of the local unit's accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvements of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

A local unit's funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. 40A:5-15.1.

Basis of Accounting

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

Fixed Assets - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. Fixed assets used in governmental operations are accounted for in the General Fixed Assets Account Group.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, state and private grants, certain federal or state mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit's various departments.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act (11 U.S.C. 401, et seq.), as amended by P.L. 94-260; the Bankruptcy Reform Act of 1978 (P.L. 95-598), as amended by P.L. 100-597; the Bankruptcy Reform Act of 1994 (P.L. 103-394); and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized by applicable state law; directs such a petitioner to file with the court a list of a 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 3 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 2/3 in amount or more than 1/2 in number of the listed creditors. These amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Township expects to resort to the provisions of the Bankruptcy Act or that, if it did, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Note.

NO DEFAULT

There is no record of default in the payment of principal of or interest on bonds or notes of the Township.

ABSENCE OF MATERIAL LITIGATION

In the opinion of Scarinci Hollenbeck, LLC, Little Falls, New Jersey (the "Township Attorney"), the duly chosen, qualified and acting attorney for the Township, no litigation of any nature is now pending, or to the best of their knowledge, information and belief threatened, restraining or enjoining the issuance or delivery of the Note or the levy or collection of any taxes to pay the interest on or principal of the Note, or in any manner questioning the authority or

proceedings for the issuance of the Note or for the levy or collection of said taxes; neither the corporate existence or boundaries of the Township nor the title of any of the present officers thereof to their respective offices is being contested; and no authority or proceedings for the issuance of the Note has or have been repealed, revoked or rescinded. Additionally, in the opinion of the Township Attorney, no litigation of any nature is now pending, or to the best of their knowledge, information and belief threatened, by or against the Township wherein an adverse judgement or ruling would have a material adverse impact on the financial condition of the Township or which is not otherwise adequately covered by insurance. A signed statement to that effect will be supplied upon delivery of the Note.

TAX MATTERS

Federal

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Note under the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of JP Capizzi LLC, Union City, New Jersey ("Bond Counsel") to be delivered at the time of original issuance of the Note, assuming continuing compliance by the Township with its covenant, under current law, interest on the Note is not includable in gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Note.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order to assure that interest on the Note will be, and remains, excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Note be rebated to the federal government. Noncompliance with such requirements may cause interest on the Note to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Township will deliver an Arbitrage and Tax Certificate concurrently with the issuance of the Note, which will contain provisions and covenants relating to its compliance with the requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Note, and Bond Counsel has assumed compliance by the Township with its covenant to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Note under the Code. The Note is not a "private activity bond" as defined in the Code.

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

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

Bank 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 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, 80% of such interest may be deducted as a business expense by such institutions.

The Note 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.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax exempt obligations. There can be no assurance that legislation enacted or proposed, or an audit initiated or concluded by the IRS involving the Note or other tax exempt obligations, after the issue date of the Note will not have an adverse effect on the tax exempt status or market price of the Note.

State

In the opinion of Bond Counsel, under current law interest on the Note, and any gain on the sale thereof, is not includable in gross income under the New Jersey Gross Income Tax Act.

ALL PROSPECTIVE PURCHASERS OF THE NOTE SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE GIVEN THEIR PARTICULAR TAX CIRCUMSTANCES.

SECONDARY MARKET DISCLOSURE

The Township will enter into a written Secondary Market Disclosure Undertaking in order to comply with the secondary market disclosure requirements contemplated by Rule 15c2-12 adopted by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"). A form of the Secondary Market Disclosure Undertaking to be delivered at closing is set forth in Appendix D hereto. Notices of Material Events shall be filed with www.emma.msrb.org ("EMMA").

The Township has entered into prior undertakings in accordance with the Rule with respect to bonds and notes previously issued by the Township.

The Township has engaged NW Financial Group, LLC, Bloomfield, New Jersey to serve as continuing disclosure agent to assist the Township in complying with the requirements of the Rule.

CREDIT RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a credit rating of "MIG 1" to the Note. This credit rating reflects only the view of Moody's and an explanation thereof may be obtained only from Moody's. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the Township to Moody's. Generally, Moody's bases its credit ratings on the information and materials so furnished and on its investigations, studies and assumptions.

There is no assurance any such credit rating will remain in effect for any given period of time or that any such credit rating will not be revised downward, suspended or withdrawn entirely by a credit rating agency if, in the judgment of such credit rating agency, circumstances so warrant. Any such downward revision, suspension or withdrawal of a credit rating may have an adverse effect on the market price or the marketability of the Note. The Township has not undertaken any responsibility to oppose any such downward revision, suspension or withdrawal of a credit rating.

LEGALITY

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Note are subject to the approval of JP Capizzi LLC, Union City, New Jersey ("Bond Counsel"), whose approving opinion will be delivered with the Note substantially in the form set forth in Appendix C hereto. Except to the extent necessary to issue its approving opinion as to the validity of the Note and the exemption of the interest earned on the Note from taxation, Bond Counsel has made no inquiry of any Township officials or other persons as to any financial information, documents, statements or materials, and has not independently verified any such financial information, documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Note. Accordingly, Bond Counsel will not express any opinion with respect to the accuracy or completeness of any such financial information, documents, statements or materials.

Bond Counsel has reviewed the statements made in the Official Statement under the captions entitled "Description of the Note" (other than the information pertaining to DTC and Book-Entry System), "Authorization and Purpose of the Note", "Municipal Bankruptcy", "Tax Matters", "Secondary Market Disclosure" (first paragraph only) and "Legality". Bond Counsel has neither reviewed nor made any independent verification of the accuracy or completeness of any other portions of the Official Statement, and will not express any opinion with respect to such portions.

Certain legal matters will be passed upon for the Township by the Township Attorney. The Township Attorney has reviewed the statements made in the Official Statement under the caption entitled "Absence of Material Litigation". The Township Attorney has neither reviewed nor made any independent verification of the accuracy or completeness of any other portions of the Official Statement, and will not express any opinion with respect to such portions.

FINANCIAL STATEMENTS

The financial statements of the Township as of, and for the fiscal years ended, December 31, 2025, 2024 and 2023 set forth in Appendix B are presented by Nisivoccia LLP, Mount Arlington, New Jersey (the “Auditor”). Accordingly, the Auditor takes responsibility for their Independent Auditor’s Report, and the audited financial information specified therein.

The Auditor has reviewed the statements made in the Official Statement under the caption entitled “Appendix B”. The Auditor has neither reviewed nor made any independent verification of the accuracy or completeness of any other portions of the Official Statement, and will not express any opinion with respect to such portions.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey (the “Municipal Advisor”) served as municipal advisor to the Township with respect to the issuance of the Note and assisted in matters relating to the planning, structuring and issuance of the Note. The Municipal Advisor has not independently verified any financial information, documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Note. The Municipal Advisor is a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Chief Financial Officer of the Township, Angelica Sabatini via telephone: (973) 263-4284 or e-mail: asabatini@parsippany.net; the Municipal Advisor, Heather Litzebauer via telephone: (201) 937-7224 or e-mail: hlitzebauer@nwfinancial.com; or, the Bond Counsel, Jason P. Capizzi, Esq. via telephone: (201) 546-9200 or e-mail: jason@jpcapizzi.com.

MISCELLANEOUS

All information used in the preparation of this Official Statement and the Appendices hereto has been obtained from sources which the Township considers to be reliable. However, the Township makes no warranty, guaranty or other representation with respect to the accuracy and completeness of any such information.

Upon request, the Chief Financial Officer of the Township will confirm to the purchasers of the Note, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Township herein, 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 such descriptions and statements, in light of the circumstances under which they were made, not misleading.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as part of any contract with the holders of the Note.

This Official Statement has been duly executed on behalf of the Township by its Chief Financial Officer.

TOWNSHIP OF PARSIPPANY-TROY HILLS

By: _____
Angelica Sabatini
Chief Financial Officer

Dated: October __, 2026

Appendix A

GENERAL INFORMATION REGARDING THE TOWNSHIP

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.

Employment and Unemployment Comparisons

For the years 2021 to 2025, the New Jersey Department of Labor reported the following annual average employment information for the Township of Parsippany-Troy Hills, County of Morris and the State of New Jersey:

Township of Parsippany-Troy Hills

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2025	31,043	29,748	1,295	4.20%
2024	31,731	30,587	1,145	3.60%
2023	31,493	30,467	1,026	3.30%
2022	30,811	29,918	893	2.90%
2021	29,954	28,455	1,499	5.00%

County of Morris

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2025	275,993	263,944	12,049	4.40%
2024	279,349	269,026	10,323	3.70%
2023	277,601	267,970	9,631	3.50%
2022	270,692	262,237	8,455	3.10%
2021	262,746	248,792	13,954	5.30%

State of New Jersey

Year	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
2025	4,905,633	4,648,499	257,134	5.20%
2024	4,898,008	4,676,064	221,944	4.50%
2023	4,867,113	4,659,779	207,334	4.30%
2022	4,756,002	4,572,879	183,123	3.90%
2021	4,654,243	4,342,075	312,168	6.70%

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

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

Per Capita Income

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

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

Population

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

Source: U.S. Census Bureau

Largest Taxpayers

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

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

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

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

Major Employers

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

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

Source: Township of Parsippany-Troy Hills Planning Department

PROPERTY VALUATIONS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Assessed Valuation *	<u>\$ 7,347,550,100</u>	<u>\$7,320,045,550</u>	<u>\$ 7,308,004,700</u>	<u>\$ 7,293,668,250</u>	<u>\$7,271,860,000</u>
County Equalized Valuation	<u>\$10,344,324,638</u>	<u>\$9,682,497,518</u>	<u>\$9,544,087,196</u>	<u>\$9,031,356,386</u>	<u>\$8,852,907,709</u>
County Equalized Ratio	71.03%	75.60%	76.72%	80.76%	82.14%

* Does not include tax exempt property

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

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

ASSESSED VALUATION OF REAL PROPERTY BY CLASS

<u>Classification</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Residential	\$ 4,515,858,800	\$4,498,599,237	\$ 4,491,831,103	\$ 4,478,840,120	\$ 4,463,438,020
Apartment	575,559,600	529,981,800	514,059,000	471,686,800	458,049,100
Farm	-	313,063	312,397	311,780	311,780
Commercial	1,834,203,500	1,904,784,500	1,922,269,800	2,010,952,700	2,029,258,800
Personal Property	355,800	378,750	383,600	404,650	411,600
Vacant Land	113,779,100	99,437,900	94,118,200	53,212,500	59,798,500
Exempt Property	307,793,300	286,550,300	285,030,600	278,259,700	260,592,200
Total	<u>\$ 7,347,550,100</u>	<u>\$7,320,045,550</u>	<u>\$ 7,308,004,700</u>	<u>\$ 7,293,668,250</u>	<u>\$ 7,271,860,000</u>

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

Analysis of Tax Rates per \$100

<u>Rate</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Municipal	\$ 0.868	\$ 0.850	\$ 0.828	\$ 0.799	\$ 0.699
Municipal Library	0.046	0.043	0.043	0.041	0.040
Municipal Open Space	0.021	0.020	0.020	0.020	0.020
County	0.326	0.317	0.325	0.311	0.309
County Open Space	0.009	0.009	0.008	0.008	0.008
Local School	2.182	2.136	2.087	2.052	2.020
Total Tax Rate	<u>\$ 3.452</u>	<u>\$ 3.375</u>	<u>\$ 3.311</u>	<u>\$ 3.231</u>	<u>\$ 3.096</u>

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

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

Comparisons of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy (1)</u>	<u>Collection During Year of Levy (1)</u>	<u>Percent</u>
2025	\$ 260,433,944	\$ 257,312,750	98.80%
2024	253,890,890	252,475,310	99.44%
2023	248,011,634	246,316,305	99.32%
2022	241,654,386	240,085,874	99.35%
2021	231,027,794	229,807,791	99.47%

(1) Includes Fire District Levies.

Source: Township of Parsippany-Troy Hills Tax Collector

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

Delinquent Taxes and Tax Title Liens

For the Years Ended December 31

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2025	\$ 2,623,949	\$ 1,945,112	\$ 4,569,061	1.75%
2024	1,085,266	1,663,460	2,748,726	1.08%
2023	1,370,894	1,491,377	2,862,271	1.15%
2022	1,326,950	1,212,319	2,539,269	1.05%
2021	939,220	1,013,261	1,952,481	0.85%

Source: Township of Parsippany-Troy Hills Tax Collector

Comparative Schedules of Fund Balances

<u>Fund</u>	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Succeeding Year's Budget</u>
Current Fund	2025	\$ 9,399,126	\$ 3,800,000
	2024	11,917,184	6,370,000
	2023	10,294,346	5,400,000
	2022	6,347,745	5,400,000
	2021	1,005,163	-0-
Water Utility Operating	2025	\$ 5,299,335	2,853,000
	2024	4,800,624	1,900,000
	2023	3,881,305	1,600,000
	2022	3,480,545	1,600,000
	2021	3,065,724	1,500,000
Sewer Utility Operating	2025	\$ 15,438,224	\$ 2,900,000
	2024	11,130,417	2,000,000
	2023	7,510,860	1,970,000
	2022	5,650,480	2,200,000
	2021	5,319,360	2,600,000
Golf and Recreation Utility	2025	\$ 1,479,459	\$ 845,000
	2024	1,257,225	682,000
	2023	737,928	500,000
	2022	774,861	500,000
	2021	1,109,759	1,100,000

Source: Township of Parsippany-Troy Hills Finance Department

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

Debt Limit of the Township as of December 31, 2025

Equalized Valuation (2023, 2024 & 2025)	\$ 10,321,685,832
Statutory Borrowing Power (3.50%)	\$ 361,259,004
Statutory Net Debt	<u>105,621,402</u>
Statutory Remaining Borrowing Power	<u><u>\$ 255,637,602</u></u>

Ratio:

Statutory Net Debt to Equalized Valuation 1.023%

Township Indebtedness

STATUTORY DEBT INFORMATION
(As of December 31, 2025)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes:			
Bonds and Notes Issued	\$ 11,725,000		
Less Deductions		\$ 11,725,000	
Net Debt for School Purposes			\$ -0-
Self-Liquidating Purposes:			
Bonds, Loans and Notes Issued	112,475,354		
Bonds, and Notes Authorized but Not Issued	37,229,164		
Less Deductions		149,704,518	
Net Debt for Self -Liquidating Purposes			\$ -0-
Municipal Purposes:			
Bonds, Loans and Notes Issued	88,520,000		
Bonds, and Notes Authorized but Not Issued	17,446,325		
Less Deductions		344,923	
Net Debt for Municipal Purposes			\$ 105,621,402
Total Gross Statutory Debt	<u>\$ 267,395,843</u>		
Total Statutory Deductions		<u>\$ 161,774,441</u>	
Total Net Statutory Debt			<u><u>\$ 105,621,402</u></u>

Source: Township of Parsippany-Troy Hills Finance Department - 2025 Annual Debt Statement

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

Direct and Overlapping Debt Issued and Outstanding as of December 31, 2025

	Direct Debt		Direct and Overlapping Debt	
	Gross	Net	Gross	Net
Direct Debt:				
General Purpose	\$ 105,966,325	\$ 105,621,402	\$ 105,966,325	\$ 105,621,402
Water Utility	68,432,217		68,432,217	
Sewer Utility	75,390,917		75,390,917	
Golf and Recreation Utility	5,881,384		5,881,384	
Overlapping Debt:				
Morris County (1)			25,757,801	25,757,801
School Districts	11,725,000		11,725,000	
Gross Direct Debt	<u>\$ 267,395,843</u>			
Net Direct Debt		<u>\$ 105,621,402</u>		
Gross Direct and Overlapping Debt			<u>\$ 293,153,645</u>	
Net Direct and Overlapping Debt				<u>\$ 131,379,204</u>

(1) The Township's Share (8.158%) is obtained from the County.

Source: Township of Parsippany-Troy Hills Finance Department – 2025 Annual Debt Statement
County of Morris Finance Department – 2025 Annual Debt Statement & Abstract of Ratables

Appendix B

FINANCIAL STATEMENTS

**TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
AND INFORMATION**

YEARS ENDED DECEMBER 31, 2025 AND 2024

WITH

REPORT OF INDEPENDENT AUDITORS

TOWNSHIP OF PARSIPPANY – TROY HILLS
MORRIS COUNTY, NEW JERSEY

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MORRIS COUNTY, NEW JERSEY

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MORRIS COUNTY, NEW JERSEY

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MORRIS COUNTY, NEW JERSEY

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MORRIS COUNTY, NEW JERSEY

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

**PART I
INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS - REGULATORY BASIS**



Independent Auditors' Report

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

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Township of Parsippany-Troy Hills, New Jersey, ("Township") which comprise the balance sheets as of December 31, 2025, and the related statements of operations and changes in fund balance for the year then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Township as of December 31, 2025, and the regulatory basis statements of operations and changes in fund balances for the year then ended and the regulatory basis statements of revenue and statements of expenditures for the year ended December 31, 2025 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2025, or its revenues, expenditures and changes in fund balance thereof for the year then ended.

Basis for Opinions

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

PKF O'CONNOR DAVIES, LLP

20 Commerce Drive, Suite 301 Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Prior Period Financial Statements

The regulatory-basis financial statements of the Township of Parsippany-Troy Hills as of December 31, 2024, were audited by other auditors whose report dated May 27, 2025, expressed an unmodified opinion on those statements in accordance with the financial reporting provisions of the Division. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the restatement as described in Note 20 in the notes to financial statements. The predecessor auditor reported on the financial statements for the year ended December 31, 2024 before the restatement.

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The information included in Part II – Supplementary Information – Regulatory Basis and Part IV – General Comments and Recommendations, as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

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

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auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2026 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
July 14, 2026

Anthony Branco

Anthony Branco, CPA
Registered Municipal Accountant, No. 595



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the regulatory basis financial statements of the Township of Parsippany-Troy Hills ("Township") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 14, 2026 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Report on Internal Control Over Financial Reporting

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

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

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

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

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We identified a control deficiency, described in the accompanying schedule of findings, as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
July 14, 2026

Anthony Branco

Anthony Branco, CPA
Registered Municipal Accountant, No. 595

FINANCIAL STATEMENTS - REGULATORY BASIS

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

ASSETS AND DEFERRED CHARGES				LIABILITIES, RESERVES AND FUND BALANCE			
	REF.	2025	2024		REF.	2025	2024
Current Fund:				Current Fund:			
Cash and Cash Equivalents - Treasurer	A-4	\$ 19,967,185.49	\$ 24,544,467.20	Appropriation Reserves	A-3, A-13	\$ 5,490,617.10	\$ 5,822,707.03
Change Funds	A-5	1,565.00	1,565.00	Reserve for Encumbrances	A-3, A-19	979,093.32	1,455,766.72
Due from State of NJ- Sr. Cit. Ded	A-17	49,926.47	50,885.64	Accounts Payable	A-14	1,273.36	
				Tax Overpayments	A-15	101,258.15	77,471.46
		<u>20,018,676.96</u>	<u>24,596,917.84</u>	Prepaid Taxes	A-16	3,578,793.48	3,466,485.27
				Due to State of NJ- Various Fees	A-18	155,587.00	51,200.00
Receivables and Other Assets With				Local School Taxes Payable			3.00
Full Reserves:				Reserve for Tax Appeals	A-23	1,575,556.70	1,558,624.70
Taxes Receivable	A-7	2,623,949.29	1,085,265.55	Reserve for Sale of Municipal Assets	A-24	54,678.00	
Tax Title Liens Receivable	A-8	1,945,111.69	1,663,460.05	Reserve for Watershed Moratorium	A-25	55,178.00	55,178.00
Property Acquired for Taxes (At				Interfund Payable	A-12	5.00	2,000,000.00
Assessed Valuation)	A-9	1,428,800.00	1,428,800.00	Special Emergency Notes Payable	A-27	1,388,000.00	2,422,000.00
Revenue Accounts Receivable	A-10	42,008.26	88,326.39			<u>13,380,040.11</u>	<u>16,909,436.18</u>
Other Liens Receivable	A-11	191,926.95	191,926.95				
Interfund Receivable	A-12	30,683.57	44,688.64				
		<u>6,262,479.76</u>	<u>4,502,467.58</u>	Reserve for Receivables	Reserve	6,262,479.76	4,502,467.58
				Fund Balance	A-1	9,399,125.61	11,917,184.02
Deferred Charges:							
Special Emergency (40A:4-53)	A-26	2,760,488.76	4,229,702.36				
		<u>2,760,488.76</u>	<u>4,229,702.36</u>				
Total Current Fund		<u>29,041,645.48</u>	<u>33,329,087.78</u>	Total Current Fund		<u>29,041,645.48</u>	<u>33,329,087.78</u>
Federal and State Grant Fund:				Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	1,110,108.92	1,145,395.64	Reserve for State and Federal Grants:			
Federal and State Grants Receivable	A-28	2,152,713.07	2,727,713.07	Appropriated	A-30	3,262,172.79	3,447,557.14
Interfund Receivable	A-29	5.00		Unappropriated	A-31	654.20	425,551.57
		<u>3,262,826.99</u>	<u>3,873,108.71</u>			<u>3,262,826.99</u>	<u>3,873,108.71</u>
Total Federal and State Grant Fund		<u>3,262,826.99</u>	<u>3,873,108.71</u>	Total Federal and State Grant Fund		<u>3,262,826.99</u>	<u>3,873,108.71</u>
		<u>\$ 32,304,472.47</u>	<u>\$ 37,202,196.49</u>			<u>\$ 32,304,472.47</u>	<u>\$ 37,202,196.49</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	REF.	2025	2024
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Appropriated	A-2	\$ 6,370,000.00	\$ 5,400,000.00
Miscellaneous Revenues Anticipated	A-2	22,677,078.28	22,755,746.45
Receipts from Delinquent Taxes	A-2	1,115,306.14	1,377,408.18
Receipts from Current Taxes	A-2	257,311,613.83	252,475,310.40
Non-Budget Revenue	A-2	528,392.09	242,827.59
Other Credits to Income:			
Interfund Loan Returns	A-12	44,688.64	60,726.12
Accounts Payable Cancelled			22,657.27
Tax Overpayments Cancelled			33,801.44
Unexpended Balances of Appropriation Reserves	A-13	1,833,007.66	2,403,168.16
Refund of Prior Year Expenditures	A-4	21,766.97	
Total Revenues and Other Income		<u>289,901,853.61</u>	<u>284,771,645.61</u>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	35,028,010.00	34,745,378.00
Other Expenses	A-3	32,810,533.43	31,737,536.69
Capital Improvements	A-3	100,000.00	100,000.00
Municipal Debt Service	A-3	13,914,120.00	13,630,924.96
Statutory Expenditures	A-3	9,243,175.00	9,040,506.60
Deferred Charges- Emergency Authorization	A-3	1,469,213.60	1,306,406.00
Interfund Loan Advanced			44,688.64
Prior Year Sr. Cit. and Vet. Ded.			
Disallowed by Collector (Net)	A-17	11,279.30	11,750.00
County Taxes	A-20	24,622,850.17	23,853,564.35
Local District School Tax	A-21	160,322,884.00	156,341,086.00
Special District Taxes	A-22	6,221,789.00	5,648,627.00
Open Space Taxes	A-22A	1,469,510.02	1,470,842.46
Reserve for Tax Appeals	A-23	800,000.00	1,000,000.00
Refund of Prior Year Revenue	A-4	36,547.50	72,497.00
Total Expenditures		<u>286,049,912.02</u>	<u>279,003,807.70</u>
Excess in Revenue over Expenditures		3,851,941.59	5,767,837.91
Adjustments to Excess Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Special Emergency Authorization (40A:4-53)			1,255,000.00
Statutory Excess to Fund Balance		3,851,941.59	7,022,837.91
Balance - January 1	A	<u>11,917,184.02</u>	<u>10,294,346.11</u>
		15,769,125.61	17,317,184.02
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>6,370,000.00</u>	<u>5,400,000.00</u>
Balance - December 31	A	<u>\$ 9,399,125.61</u>	<u>\$ 11,917,184.02</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	ANTICIPATED BUDGET	N.J.S.A. 40A:4-87	TOTAL BUDGET	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 6,370,000.00		\$ 6,370,000.00	\$ 6,370,000.00	
Total Surplus Anticipated	6,370,000.00	-	6,370,000.00	6,370,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	89,900.00		89,900.00	97,055.00	\$ 7,155.00
Other	275,000.00		275,000.00	284,514.00	9,514.00
Fees and Permits	925,000.00		925,000.00	1,366,401.79	441,401.79
Fines and Costs:			-		
Municipal Court	300,000.00		300,000.00	542,431.32	242,431.32
Interest and Costs on Taxes	350,000.00		350,000.00	355,833.55	5,833.55
Interest on Investments and Deposits	1,500,000.00		1,500,000.00	1,673,338.91	173,338.91
Garbage and Trash Removal	1,646,000.00		1,646,000.00	1,826,014.24	180,014.24
Community Center Revenue - Concession Rents	220,000.00		220,000.00	303,925.00	83,925.00
Ambulance Service Billing	1,400,000.00		1,400,000.00	1,599,045.30	199,045.30
Lease of Township Assets	750,000.00		750,000.00	602,651.65	(147,348.35)
Payment in Lieu of Taxes - BT Property, LLC (UPS)	800,070.00		800,070.00	827,355.00	27,285.00
Hotel Use and Occupancy Tax	1,900,000.00		1,900,000.00	2,177,317.95	277,317.95
Subtotal - Local Revenues	10,155,970.00		10,155,970.00	11,655,883.71	1,499,913.71
Energy Receipts Tax	4,548,623.00		4,548,623.00	4,548,623.26	0.26
Watershed Aid	55,178.00		55,178.00	55,178.00	
Subtotal - State Aid Revenues	4,603,801.00		4,603,801.00	4,603,801.26	0.26
Dedicated Uniform Construction Code Fees:					
Uniform Construction Code Fees	3,000,000.00		3,000,000.00	4,441,337.36	1,441,337.36
Subtotal - Uniform Construction Code Revenues	3,000,000.00		3,000,000.00	4,441,337.36	1,441,337.36
Interlocal:					
Shared Services - Municipal Court	158,916.00		158,916.00	158,916.00	
Subtotal - Interlocal Revenues	158,916.00		158,916.00	158,916.00	-
Public and Private Revenues Off-Set with Appropriations:					
State Body Armor Replacement Program	7,413.55		7,413.55	7,413.55	
Bulletproof Vest Partnership	5,028.03		5,028.03	5,028.03	
Emergency Management Performance	10,000.00		10,000.00	10,000.00	
Highway Safety Grants	21,140.00		21,140.00	21,140.00	
National Opioid Settlement	374,159.99		374,159.99	374,159.99	
Cable Television Grant	14,000.00		14,000.00	14,000.00	
Clean Communities Program		\$ 143,958.37	143,958.37	143,958.37	
Recycling Tonnage Grant		121,208.24	121,208.24	121,208.24	
Bulletproof Vest Partnership		9,707.97	9,707.97	9,707.97	
Highway Safety Grants		8,715.00	8,715.00	8,715.00	
Emergency Management Performance Grants		10,000.00	10,000.00	10,000.00	
National Opioid Grant		102,017.68	102,017.68	102,017.68	
Recreation Opportunities for Individuals with Disabilities		20,000.00	20,000.00	20,000.00	
Subtotal - Public and Private Revenues	431,741.57	415,607.26	847,348.83	847,348.83	-
Other Special Items Offset With Appropriations:					
Uniform Fire Safety Act	215,000.00		215,000.00	209,705.32	(5,294.68)
Cablevision Franchise Fees	245,085.80		245,085.80	245,085.80	
Reserve for Debt Service	265,000.00		265,000.00	265,000.00	
Reserve for Police Outside Employment	250,000.00		250,000.00	250,000.00	
Subtotal - Other Special Item Revenues	975,085.80		975,085.80	969,791.12	(5,294.68)
Total Miscellaneous Revenues	19,325,514.37	415,607.26	19,741,121.63	22,677,078.28	2,935,956.65
Receipts from Delinquent Taxes	1,085,000.00		1,085,000.00	1,115,306.14	30,306.14
Subtotal General Revenues	26,780,514.37	415,607.26	27,196,121.63	30,162,384.42	2,966,262.79
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes					
Including Reserve for Uncollected Taxes	63,840,071.40		63,840,071.40	62,345,721.64	(1,494,349.76)
Addition to Local District School Tax					
Minimum Library Tax	3,428,859.00		3,428,859.00	3,428,859.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	67,268,930.40		67,268,930.40	65,774,580.64	(1,494,349.76)
Total General Revenues	94,049,444.77	415,607.26	94,465,052.03	95,936,965.06	1,471,913.03
Non-Budget Revenues				528,392.09	528,392.09
	\$ 94,049,444.77	\$ 415,607.26	\$ 94,465,052.03	\$ 96,465,357.15	\$ 2,000,305.12

Ref.

A-3

A-3

A-1

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

ANALYSIS OF REALIZED REVENUES

REF.

Allocation of Current Tax Collections:

2025 Collections	A-7	\$	253,655,515.14	
Prepaid Taxes Applied	A-7		3,466,485.27	
State Share of Sr. Citizens' and Veterans' Deductions Allowed	A-7		<u>189,613.42</u>	
	A-1			\$ 257,311,613.83
Allocated to:				
Local District School Tax and County Taxes	A-7		192,637,033.19	
Reserve for Tax Appeals	A-23		<u>800,000.00</u>	
				63,874,580.64
Add: Reserve for Uncollected Taxes	A-3		<u>1,900,000.00</u>	
Amount for Support of Municipal Budget	A-2			\$ <u><u>65,774,580.64</u></u>

Receipts from Delinquent Taxes:

Delinquent Taxes	A-7	\$	1,035,402.02	
Tax Title Liens	A-8		<u>79,904.12</u>	
	A-1			\$ <u><u>1,115,306.14</u></u>

Analysis of Miscellaneous Revenue Not Anticipated:

PILOT- District 1515		\$	296,821.97	
Clerk's Office			3,700.00	
Health Department			730.00	
Tax Collector			6,179.88	
Tax Assessor			1,870.00	
Zoning Board of Adjustment			1,200.00	
Planning Board			700.00	
Police Department			20,784.00	
Public Works			26,250.00	
Engineering Department			20.00	
Finance Department			147,755.42	
Administration			75.00	
Mayor's Office			1,977.91	
Recreation Department			189.00	
Other			<u>20,138.91</u>	
	A-1			\$ <u><u>528,392.09</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED
Operations Within "CAPS"					
GENERAL GOVERNMENT:					
Executive:					
Salaries and Wages	\$ 216,518.00	\$ 131,518.00	\$ 82,850.42	\$ 3,554.96	\$ 48,667.58
Other Expenses	137,700.00	137,700.00	86,782.20		47,362.84
Administration:					
Salaries and Wages	642,374.00	535,874.00	461,752.65		74,121.35
Other Expenses	99,800.00	69,800.00	14,522.69	643.61	54,633.70
Township Council					
Salaries and Wages	46,627.00	46,627.00	46,626.12		0.88
Other Expenses	3,675.00	3,675.00	1,583.36		2,091.64
Township Clerk:					
Salaries and Wages	278,482.00	287,482.00	280,722.81		6,759.19
Other Expenses	104,600.00	104,600.00	95,954.86		8,645.14
Grant Writer: Other Expenses					
Other Expenses	40,000.00	25,000.00	21,600.00		3,400.00
Finance Administration					
Salaries and Wages	270,148.00	170,148.00	135,688.18		34,459.82
Other Expenses	138,900.00	153,900.00	127,425.04	6,229.98	20,244.98
Annual Audit					
Other Expenses	116,764.00	101,764.00	94,457.28		7,306.72
Tax Collection					
Salaries and Wages	128,999.00	125,499.00	89,672.53		35,826.47
Other Expenses	36,900.00	36,900.00	24,904.50	60.00	11,935.50
Tax Assessment Administration					
Salaries and Wages	353,702.00	362,702.00	360,360.52		2,341.48
Other Expenses	68,700.00	68,700.00	58,062.34	882.86	9,754.80
Legal Services and Costs					
Other Expenses	625,000.00	595,000.00	389,840.98	4,833.75	200,325.27
Engineering Services and Costs:					
Salaries and Wages	496,491.00	496,491.00	425,653.10		70,837.90
Other Expenses	71,770.00	71,770.00	39,908.34	8,714.31	23,147.35
LAND USE ADMINISTRATION:					
Department of Planning					
Salaries and Wages	60,759.00	63,759.00	61,850.08		1,908.92
Other Expenses	82,300.00	82,300.00	27,042.59	7,849.18	47,408.23
Board of Adjustment					
Salaries and Wages	84,535.00	84,535.00	84,533.94		1.06
Other Expenses	31,250.00	31,250.00	12,880.24	3,639.56	14,730.20
INSURANCES:					
Unemployment Insurance	100,000.00	100,000.00	100,000.00		
Liability Insurance	967,000.00	967,000.00	966,977.00		23.00
Workers Compensation	870,400.00	940,400.00	940,400.00		
Employee Health and Group Life	11,856,000.00	11,856,000.00	11,665,138.53	2,237.90	188,623.57
Health Benefit Waivers	95,000.00	95,000.00	76,015.00		18,985.00

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
PUBLIC SAFETY:					
Police Department					
Salaries and Wages	\$ 17,811,840.00	\$ 17,061,840.00	\$ 15,833,639.27		\$ 1,228,200.73
Other Expenses	1,461,140.00	1,461,140.00	1,056,013.87	\$ 216,259.70	188,866.43
Office of Emergency Management					
Salaries and Wages	44,139.00	44,139.00	33,980.12		10,158.88
Other Expenses	79,100.00	79,100.00	19,193.30	11,253.44	48,653.26
Aid to First Aid Organization	300,000.00	300,000.00	300,000.00		
Fire Prevention Bureau					
Salaries and Wages	424,877.00	425,877.00	402,815.19		23,061.81
Other Expenses	63,087.00	63,087.00	48,322.40	1,105.57	13,659.03
Municipal Prosecutor					
Salaries and Wages	6,000.00	6,000.00			6,000.00
Other Expenses	40,000.00	40,000.00	30,250.00	2,750.00	7,000.00
Municipal Court					
Salaries and Wages	627,146.00	627,146.00	541,923.14	250.00	84,972.86
Other Expenses	32,250.00	32,250.00	16,939.44	1,253.27	14,057.29
Public Defender					
Other Expenses	30,000.00	30,000.00	550.00		29,450.00
Information Technology					
Other Expenses	201,400.00	201,400.00	83,122.83	31,387.33	86,889.84
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	2,118,110.00	2,238,110.00	2,183,431.22		54,678.78
Other Expenses	789,000.00	789,000.00	700,348.69	52,872.68	35,778.63
Sanitation and Recycling					
Salaries and Wages	2,861,626.00	2,861,626.00	2,515,055.46		346,570.54
Other Expenses	819,900.00	714,900.00	468,059.82	24,916.02	221,924.16
Buildings and Grounds					
Salaries and Wages	317,752.00	328,752.00	325,007.76		3,744.24
Other Expenses	204,300.00	204,300.00	144,260.19	52,965.21	7,074.60
Vehicle Maintenance:					
Other Expenses	979,850.00	979,850.00	841,117.43	60,708.85	78,023.72
Condominium Costs	325,000.00	385,000.00	282,169.48		102,830.52
HEALTH AND HUMAN SERVICES:					
Public Health Services					
Salaries and Wages	558,823.00	558,823.00	526,285.04		32,537.96
Other Expenses	138,977.00	138,977.00	94,335.97	4,451.58	40,189.45
Office of Social Services					
Salaries and Wages	511,781.00	513,781.00	512,059.53		1,721.47
Other Expenses	45,300.00	45,300.00	37,400.23	1,785.54	6,114.23
Animal Control					
Other Expenses	200,000.00	200,000.00	200,000.00		
Contribution to Day Care Center	60,000.00	60,000.00	45,000.00		15,000.00
Ambulance Services:					
Salaries and Wages	1,366,766.00	1,371,766.00	1,358,503.49		13,262.51
Other Expenses	436,667.00	436,667.00	275,770.14	67,856.84	93,040.02

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
PARKS AND RECREATION:					
Recreation Services:					
Salaries and Wages	\$ 741,202.00	\$ 641,202.00	\$ 603,430.24		\$ 37,771.76
Other Expenses	499,300.00	499,300.00	334,059.08	\$ 62,877.36	102,363.56
Maintenance of Parks:					
Salaries and Wages	2,443,362.00	2,243,362.00	2,087,531.14		155,830.86
Other Expenses	373,500.00	373,500.00	63,415.73	188,545.37	121,538.90
CODE ENFORCEMENT & ADMINISTRATION					
Housing Code Enforcement					
Salaries and Wages	291,259.00	291,259.00	241,765.43		49,493.57
Other Expenses	37,030.00	37,030.00	25,785.71	905.55	10,338.74
Zoning Code Enforcement					
Salaries and Wages	382,786.00	382,786.00	371,331.79		11,454.21
Other Expenses	16,130.00	16,130.00	9,080.27	203.57	6,846.16
UTILITIES:					
Utilities and Gasoline	2,400,000.00	2,400,000.00	1,966,783.28	132,574.32	300,642.40
Solid Waste Disposal Costs	2,350,000.00	2,400,000.00	2,080,778.95		319,221.05
LANDFILL MAINTENANCE:					
Salaries and Wages	15,000.00	15,000.00	10,414.03		4,585.97
Other Expenses	61,500.00	61,500.00	18,407.71	21,717.48	21,374.81
UNIFORM CONSTRUCTION CODE:					
Construction Official					
Salaries and Wages	1,821,906.00	1,846,906.00	1,771,474.16		75,431.84
Other Expenses	291,307.00	291,307.00	226,223.11	3,807.53	61,276.36
UNCLASSIFIED					
Accumulated Absence Liabilities	10,000.00	1,170,000.00	1,166,656.93		3,343.07
SFSP Fire District Adjustments	18,948.00	18,948.00	18,948.00		
Total Operations Within "CAPS"	62,632,455.00	62,632,455.00	56,644,844.87	979,093.32	5,008,516.81
DETAIL					
Salaries and Wages	35,028,010.00	35,028,010.00	32,591,029.29	250.00	2,436,730.71
Other Expenses	27,604,445.00	27,604,445.00	24,053,815.58	978,843.32	2,571,786.10
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System (PERS)	2,550,153.00	2,550,153.00	2,550,153.00		
Social Security System (O.A.S.I)	1,868,600.00	1,868,600.00	1,751,011.91		117,588.09
Police/ Firemen's Retirement System (PFRS)	4,807,422.00	4,807,422.00	4,807,422.00		
DCRP	17,000.00	17,000.00	11,787.80		5,212.20
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	9,243,175.00	9,243,175.00	9,120,374.71		122,800.29
Total General Appropriations for Municipal Purposes Within "CAPS"	71,875,630.00	71,875,630.00	65,765,219.58	979,093.32	5,131,317.10

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (PL 1985, c82)	\$ 3,906,859.00	\$ 3,906,859.00	\$ 3,906,759.00		\$ 100.00
Length of Service Award Program	60,000.00	60,000.00			60,000.00
Insurance- Employee Group Health	299,000.00	299,000.00			299,000.00
Total Other Operations Excluded from "CAPS"	4,265,859.00	4,265,859.00	3,906,759.00	-	359,100.00
Shared Service Agreements: Health Officer	92,880.60	92,880.60	92,680.60		200.00
Total Interlocal Municipal Service Agreements	92,880.60	92,880.60	92,680.60	-	200.00
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Bulletproof Vest Partnership Grant	5,028.03	5,028.03	5,028.03		
Emergency Management Performance	10,000.00	10,000.00	10,000.00		
Law and Public Safety - Div. of Highway Traffic Safety	21,140.00	21,140.00	21,140.00		
State Body Armor Replacement Program	7,413.55	7,413.55	7,413.55		
National Opioid Settlement	374,159.99	374,159.99	374,159.99		
Cable Television Grant	14,000.00	14,000.00	14,000.00		
Clean Communities Program		143,958.37	143,958.37		
Recycling Tonnage Grant		121,208.24	121,208.24		
Bulletproof Vest Partnership		9,707.97	9,707.97		
Highway Safety Grants		8,715.00	8,715.00		
Emergency Management Performance Grants		10,000.00	10,000.00		
National Opioid Grant		102,017.68	102,017.68		
Recreation Opportunities for Individuals with Disabilities		20,000.00	20,000.00		
Total Public and Private Revenues Offset by Revenues	431,741.57	847,348.83	847,348.83		-
Total Operations Excluded From "CAPS"	4,790,481.17	5,206,088.43	4,846,788.43	-	359,300.00
<u>DETAIL</u>					
Other Expenses	4,790,481.17	5,206,088.43	4,846,788.43		359,300.00
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		-
Total Capital Improvements - Excluded from "CAPS"	100,000.00	100,000.00	100,000.00	-	-
<u>MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	10,535,000.00	10,535,000.00	10,535,000.00		
Interest on Bonds	2,244,475.00	2,244,475.00	2,244,475.00		
Interest on Notes	1,019,919.00	1,019,919.00	1,019,919.00		
Special Emergency Note Interest	114,726.00	114,726.00	114,726.00		
Total Mun. Debt Service - Excl. from "CAPS"	13,914,120.00	13,914,120.00	13,914,120.00	-	-

TOWNSHIP OF PARSIPPANY - TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Emergency Authorization:					
5 Year Emergency Authorization	\$ 460,000.00	\$ 460,000.00	\$ 460,000.00		
Special Emergency Authorizations:					
Retirement Payouts - 2020	126,329.60	126,329.60	126,329.60		
Retirement Payouts - 2021	207,795.00	207,795.00	207,795.00		
Retirement Payouts - 2022	183,570.00	183,570.00	183,570.00		
Retirement Payouts - 2023	240,519.00	240,519.00	240,519.00		
Retirement Payouts - 2024	251,000.00	251,000.00	251,000.00		
Total Deferred Charges- Municipal- Excluded From "CAPS"	1,469,213.60	1,469,213.60	1,469,213.60	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	20,273,814.77	20,689,422.03	20,330,122.03	-	\$ 359,300.00
Subtotal General Appropriations	92,149,444.77	92,565,052.03	86,095,341.61	\$ 979,093.32	5,490,617.10
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00	1,900,000.00		
Total General Appropriations	\$ 94,049,444.77	\$ 94,465,052.03	\$ 87,995,341.61	\$ 979,093.32	\$ 5,490,617.10
Ref.	Below	Below	Below	A	A
Adopted Budget	A-2	\$ 94,049,444.77			
Approp. by N.J.S.A. 40A:4-87	A-2	415,607.26			
		\$ 94,465,052.03			
Disbursed	A-4		\$ 83,778,779.18		
Reserve for Uncollected Taxes	A-2		1,900,000.00		
Deferred Charge - Special Emergency	A-26		1,469,213.60		
Reserve for State and Federal Grants Appropriated	A-29		847,348.83		
			\$ 87,995,341.61		

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST FUNDS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

<u>ASSETS</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Animal Control Fund:				Animal Control Fund:			
Cash	B-1	\$ 136,095.32	\$ 142,365.83	Due to State of New Jersey	B-2	\$ 38.40	\$ 108.60
Change Fund	B-1	50.00	50.00	Due to Current Fund	B-18	30,683.57	44,688.64
				Reserve for Donations	B-3	58,627.55	45,498.60
				Reserve for Animal Control Fund Expenditures	B-4	46,795.80	52,119.99
Total Animal Control Fund		136,145.32	142,415.83	Total Animal Control Fund		136,145.32	142,415.83
Community Development Block Grant Fund				Community Development Block Grant Fund			
Cash	B-1	1,104.25	107.08	Reserve for CDBG Program Expenditures	B-6	1,083,345.51	1,147,856.35
Grant Receivable	B-5	1,082,241.26	1,147,749.27				
Total Community Development Block Grant Fund		1,083,345.51	1,147,856.35	Total Community Development Block Grant Fund		1,083,345.51	1,147,856.35
Municipal Open Space Trust Fund:				Municipal Open Space Trust Fund:			
Cash	B-1	7,034,124.16	8,162,268.84	Reserve for Municipal Open Space Preservation Trust Fund	B-7	7,034,124.16	8,162,268.84
Total Municipal Open Space Trust Fund		7,034,124.16	8,162,268.84	Total Municipal Open Space Trust Fund		7,034,124.16	8,162,268.84
Payroll Agency Fund:				Payroll Agency Fund:			
Cash	B-1	296,140.73	876,147.97	Payroll Deductions Payable	B-17	296,140.73	876,147.97
Total Payroll Agency Fund		296,140.73	876,147.97	Total Payroll Agency Fund		296,140.73	876,147.97
Trust-Other Fund:				Trust-Other Fund:			
Cash	B-1	25,583,195.23	23,297,948.98	Reserve for Premiums at Tax Sale	B-8	466,300.00	1,529,700.00
Cash with Fiscal Agents: Workers' Compensation Plan	B-1	71,175.87	127,718.59	Reserve for Off-Duty Police	B-9	784,636.22	798,334.77
Due from Current Fund			2,000,000.00	Reserve for Employee Health Benefit- Self Insurance Fund	B-10	5,399,517.14	6,841,899.44
Due from Sewer Operating Fund	B-18	4,121.30		Reserve for Workers' Compensation- Self Insurance Fund			127,718.59
Employee Contributions Receivable			64,294.92	Reserve for LOSAP Forfeiture	B-12	189,144.05	223,561.92
				Reserve for State Unemployment Insurance Fund	B-13	53,666.06	395,255.47
				Reserve for Storm Recovery	B-14	742,255.28	542,255.28
				Reserve for Accumulated Sick and Vacation Compensation	B-15	882,622.98	568,000.00
				Reserve for Special Deposits	B-16	17,140,350.67	14,463,237.02
Total Trust-Other Fund		25,658,492.40	25,489,962.49	Total Trust-Other Fund		25,658,492.40	25,489,962.49
		<u>\$ 34,208,248.12</u>	<u>\$ 35,818,651.48</u>			<u>\$ 34,208,248.12</u>	<u>\$ 35,818,651.48</u>

See Accompanying Notes to Financial Statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

<u>ASSETS</u>	<u>REF.</u>	<u>2025</u>	<u>2024</u>
Cash and Investments - Treasurer	C-2, C-3	\$ 20,257,022.83	\$ 19,495,257.54
Grants Receivable	C-4	263,896.35	2,176.35
Deferred Charges to Future Taxation:			
Funded	C-5	88,520,000.00	64,865,000.00
Unfunded	C-6	17,446,325.48	40,438,125.48
		<u>\$ 126,487,244.66</u>	<u>\$ 124,800,559.37</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-7	\$ 88,520,000.00	\$ 63,400,000.00
Refunding Bonds			1,465,000.00
Bond Anticipation Notes			25,569,000.00
Improvement Authorizations:			
Funded	C-9	22,628,606.91	4,348,971.25
Unfunded	C-9	13,476,020.54	27,310,773.93
Capital Improvement Fund	C-10	1,384,397.08	1,967,238.00
Reserve for:			
Deposit for Regional Contribution Agreement	C-11	261,420.19	261,420.19
Developer Contribution	C-11	79,652.68	79,652.68
Payment of Debt Service	C-11	3,850.20	265,206.26
Emergency Preparedness	C-11	122,442.50	122,442.50
Fund Balance	C-1	10,854.56	10,854.56
		<u>\$ 126,487,244.66</u>	<u>\$ 124,800,559.37</u>
 Bonds And Notes Authorized but not Issued	 C-12	 \$ 17,446,325.48	 \$ 14,869,125.48

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2025 and 2024	C	<u>\$ 10,854.56</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

ASSETS	REF.	2025	2024	LIABILITIES, RESERVES AND FUND BALANCE	REF.	2025	2024
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 11,337,610.76	\$ 6,699,156.22	Appropriation Reserves	D-3,D-9	\$ 2,384,511.67	\$ 1,097,675.20
Receivables and Inventory with Full Reserves:				Reserve for Encumbrances	D-3,D-9	408,592.64	370,512.45
Consumer Accounts Receivable	D-6	475,069.75	606,253.56	Accrued Interest Payable	D-15	373,969.93	346,387.15
Water Utility Liens Receivable	D-6A	139,170.07	107,716.63	Water Rent Overpayments	D-16	109,486.28	59,707.32
Inventory	D-6B	428,570.50	1,162,549.30	Prepaid Water Rents	D-17	46,921.54	
		<u>1,042,810.32</u>	<u>1,876,519.49</u>	Reserve for Water Master Plan	D-19	24,250.03	24,250.03
				Reserve for Litigation	D-20	2,690,543.34	
						<u>6,038,275.43</u>	<u>1,898,532.15</u>
				Reserve for Receivables and Inventory	Reserve	1,042,810.32	1,876,519.49
				Fund Balance	D-1	<u>5,299,335.33</u>	<u>4,800,624.07</u>
Total Operating Fund		<u>12,380,421.08</u>	<u>8,575,675.71</u>	Total Operating Fund		<u>12,380,421.08</u>	<u>8,575,675.71</u>
Capital Fund:				Capital Fund:			
Cash and Cash Equivalents	D-4, D-5	21,391,153.46	22,610,911.53	Bond Anticipation Notes	D-13	31,540,000.00	26,240,000.00
Fixed Capital	D-7	48,144,472.26	39,649,472.26	Serial Bonds Payable	D-14	23,235,000.00	24,765,000.00
Fixed Capital Authorized and Uncompleted	D-8	<u>64,205,155.70</u>	<u>62,693,000.00</u>	Improvement Authorizations:			
				Funded	D-10	3,453,361.14	4,281,348.61
				Unfunded	D-10	30,036,804.77	25,778,434.78
				Capital Improvement Fund	D-11	314,498.22	314,498.22
				Reserve for:			
				Payment of Debt Service	D-18	1,108,898.89	951,884.29
				Amortization	D-12	43,717,411.26	42,187,411.26
				Deferred Amortization	D-12A	200,000.00	200,000.00
				Fund Balance	D-1A	<u>134,807.14</u>	<u>234,806.63</u>
Total Capital Fund		<u>133,740,781.42</u>	<u>124,953,383.79</u>	Total Capital Fund		<u>133,740,781.42</u>	<u>124,953,383.79</u>
		<u>\$ 146,121,202.50</u>	<u>\$ 133,529,059.50</u>			<u>\$ 146,121,202.50</u>	<u>\$ 133,529,059.50</u>
Bonds and Notes Authorized but not Issued at December 31, 2025 and 2024, respectively (See Exhibit D-21).						<u>\$ 13,657,216.70</u>	<u>\$ 8,950,061.00</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
 REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2025 AND 2024

<u>REVENUE AND OTHER INCOME</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Fund Balance Utilized	D-2	\$ 1,900,000.00	\$ 1,600,000.00
Water Rents	D-2	12,578,496.76	12,349,571.38
Interest on Investments	D-2	994,028.91	1,288,584.46
Water Utility Capital Fund Balance	D-2	100,000.00	
Reserve for Payment of Debt Service	D-2	300,000.00	300,000.00
Non-Budget Revenues	D-2	750,268.16	218,621.37
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	D-9	978,188.31	712,541.67
 Total Revenues		 17,600,982.14	 16,469,318.88
 <u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	D-3	11,061,268.00	10,247,383.47
Capital Improvements	D-3	95,000.00	95,000.00
Debt Service	D-3	3,516,214.00	3,111,804.16
Deferred Charges and Statutory Expenditures	D-3	496,530.00	495,812.37
Refunds of Prior Year Revenues	D-4	33,258.88	
 Total Expenditures		 15,202,270.88	 13,950,000.00
 Excess in Revenues/Statutory Excess to Fund Balance		 2,398,711.26	 2,519,318.88
 <u>FUND BALANCE</u>			
Balance, January 1,	D	4,800,624.07	3,881,305.19
		7,199,335.33	6,400,624.07
Decreased by:			
Utilization as Anticipated Revenue	D-2	1,900,000.00	1,600,000.00
 Balance, December 31,	D	 \$ 5,299,335.33	 \$ 4,800,624.07

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	D	\$ 234,806.63
Increased by:		
Improvement Authorization Cancellations	D-10	<u>0.51</u>
		234,807.14
Decreased by:		
Appropriation to 2025 Budget Revenue	D-2, D-4	<u>100,000.00</u>
Balance - December 31, 2025	D	<u><u>\$ 134,807.14</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

		2025 BUDGET	REALIZED	EXCESS
Fund Balance Utilized	D-1	\$ 1,900,000.00	\$ 1,900,000.00	
Water Rents	D-1,Below	12,345,000.00	12,578,496.76	\$ 233,496.76
Interest on Investments	D-1,D-4	524,012.00	994,028.91	470,016.91
Water Utility Capital Fund Balance	D-1,D-1A, D-4	100,000.00	100,000.00	
Reserve for Payment of Debt Service	D-1,D-4,D-18	300,000.00	300,000.00	
		<u>\$ 15,169,012.00</u>	<u>\$ 15,872,525.67</u>	<u>\$ 703,513.67</u>
	<u>Ref.</u>	D-3	D-1	
<u>Analysis of Water Rents:</u>				
Cash Received	D-4, D-6		\$ 12,518,693.49	
Water Liens Collected	D-4, D-6A		95.95	
Overpayments Applied	D-16		<u>59,707.32</u>	
	Above		<u>\$ 12,578,496.76</u>	
<u>Unanticipated Revenues</u>	D-1, D-4		<u>\$ 750,268.16</u>	

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED
			PAID OR CHARGED	ENCUMBERED	
Operating:					
Salaries and Wages	\$ 3,544,218.00	\$ 3,544,218.00	\$ 3,163,400.88		\$ 380,817.12
Other Expenses	7,517,050.00	7,517,050.00	5,217,193.91	\$ 408,592.64	1,891,263.45
Capital Improvements:					
Capital Outlay	95,000.00	95,000.00			95,000.00
Debt Service:					
Payment of Bond Principal	1,530,000.00	1,530,000.00	1,530,000.00		
Interest on Bonds	939,529.00	939,529.00	939,529.00		
Interest on Notes	1,046,685.00	1,046,685.00	1,046,685.00		
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	314,530.00	314,530.00	314,530.00		
Social Security System (O.A.S.I.)	182,000.00	182,000.00	164,568.90		17,431.10
	<u>\$ 15,169,012.00</u>	<u>\$ 15,169,012.00</u>	<u>\$ 12,375,907.69</u>	<u>\$ 408,592.64</u>	<u>\$ 2,384,511.67</u>
	Ref.				
	D-2	D-2	Below	D	D
Disbursed	D-4		\$ 10,389,693.69		
Accrued Interest on Bonds and Notes	D-15		<u>1,986,214.00</u>		
	Above		<u>\$ 12,375,907.69</u>		

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

ASSETS	REF.	2025	2024	LIABILITIES, RESERVES AND FUND BALANCE	REF.	2025	2024
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 19,738,992.71	\$ 14,113,468.64	Appropriation Reserves	E-3,E-9	\$ 3,448,695.52	\$ 2,061,128.96
Interfund Receivable			3,427.91	Reserve for Encumbrances	E-3,E-9	286,482.45	302,167.34
		<u>19,738,992.71</u>	<u>14,116,896.55</u>	Accrued Interest Payable	E-16	353,309.55	350,798.53
				Accounts Payable	E-17	908.50	908.50
Receivables and Inventory with Full Reserves:				Sewer Rent Overpayments	E-18	139,344.33	88,230.88
Consumer Accounts Receivable	E-6	754,030.98	1,230,982.78	Prepaid Sewer Rents	E-19	67,906.69	9,645.09
Sewer Utility Liens Receivable	E-6A	110,306.33	109,941.48	Interfund Payable	E-21	<u>4,121.30</u>	
Inventory	E-6B	<u>98,330.60</u>	<u>83,034.99</u>			<u>4,300,768.34</u>	<u>2,812,879.30</u>
		<u>962,667.91</u>	<u>1,423,959.25</u>	Reserve for Receivables and Inventory	Reserve	962,667.91	1,423,959.25
				Fund Balance	E-1	<u>15,438,224.37</u>	<u>11,304,017.25</u>
Total Operating Fund		<u>20,701,660.62</u>	<u>15,540,855.80</u>	Total Operating Fund		<u>20,701,660.62</u>	<u>15,540,855.80</u>
Capital Fund:				Capital Fund:			
Cash and Cash Equivalents	E-4, E-5	24,757,750.94	23,876,286.57	Bond Anticipation Notes	E-13	16,956,000.00	13,956,000.00
Fixed Capital	E-7	145,932,213.33	145,932,213.33	Serial Bonds Payable	E-14	25,865,000.00	27,530,000.00
Fixed Capital Authorized and Uncompleted	E-8	<u>108,533,608.44</u>	<u>100,938,023.14</u>	NJ Environmental Infrastructure Trust Loans Payable #1	E-15	38,275.11	47,571.72
				NJ Environmental Infrastructure Trust Loans Payable #2	E-15A	4,086,475.68	5,167,757.53
				NJ Infrastructure Bank Loan	E-15B	5,295,603.00	5,440,782.00
				Improvement Authorizations:			
				Funded	E-10	10,161,092.35	11,399,795.81
				Unfunded	E-10	36,017,384.90	29,881,511.30
				Capital Improvement Fund	E-11	466,000.00	466,000.00
				Interfund Payable			3,427.91
				Reserve for:			
				Payment of Debt Service	E-20	1,045,226.37	461,918.93
				Amortization	E-12	149,928,665.91	147,027,908.45
				Deferred Amortization	E-12A	29,146,238.61	29,146,238.61
				Fund Balance	E-1A	<u>217,610.78</u>	<u>217,610.78</u>
Total Capital Fund		<u>279,223,572.71</u>	<u>270,746,523.04</u>	Total Capital Fund		<u>279,223,572.71</u>	<u>270,746,523.04</u>
		<u>\$ 299,925,233.33</u>	<u>\$ 286,287,378.84</u>			<u>\$ 299,925,233.33</u>	<u>\$ 286,287,378.84</u>
Bonds and Notes Authorized but not Issued at December 31, 2025 and 2024, respectively (See Exhibit E-22).						<u>\$ 23,149,563.46</u>	<u>\$ 18,553,978.16</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
 REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2025 AND 2024

<u>REVENUE AND OTHER INCOME</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Fund Balance Utilized	E-2	\$ 2,000,000.00	\$ 1,970,000.00
Sewer Rents	E-2	21,788,463.30	20,849,758.80
Septage Removal	E-2	586,412.66	843,904.33
Interest on Investments	E-2	1,467,317.13	1,444,850.16
Reserve for Payment of Debt Service	E-2	260,000.00	260,000.00
Non-Budget Revenues	E-2	1,723,217.20	271,987.48
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	E-9	1,733,807.83	2,114,874.57
Total Revenues		<u>29,559,218.12</u>	<u>27,755,375.34</u>
<u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	E-3	17,886,758.00	16,780,312.68
Debt Service	E-3	4,628,304.00	4,294,954.20
Deferred Charges and Statutory Expenditures	E-3	909,949.00	913,020.62
Refunds of Prior Year Revenues			3,930.31
Total Expenditures		<u>23,425,011.00</u>	<u>21,992,217.81</u>
Excess in Revenues/Statutory Excess to Fund Balance		6,134,207.12	5,763,157.53
<u>FUND BALANCE</u>			
Balance, January 1,	E	<u>11,304,017.25</u>	<u>7,510,859.72</u>
		17,438,224.37	13,274,017.25
Decreased by:			
Utilization as Anticipated Revenue	E-2	<u>2,000,000.00</u>	<u>1,970,000.00</u>
Balance, December 31,	E	<u>\$ 15,438,224.37</u>	<u>\$ 11,304,017.25</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2025 and 2024	E	<u>\$ 217,610.78</u>
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See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	<u>2025 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Utilized	E-1	\$ 2,000,000.00	\$ 2,000,000.00	
Sewer Rents	E-1,Below	20,135,000.00	21,788,463.30	\$ 1,653,463.30
Septage Removal	E-1,E-4	700,000.00	586,412.66	(113,587.34)
Interest on Investments	E-1,E-4	330,011.00	1,467,317.13	1,137,306.13
Reserve for Payment of Debt Service	E-1,E-4,E-20	260,000.00	260,000.00	
		<u>\$ 23,425,011.00</u>	<u>\$ 26,102,193.09</u>	<u>\$ 2,677,182.09</u>

	<u>Ref.</u>	<u>E-3</u>	<u>E-1</u>
<u>Analysis of Sewer Rents:</u>			
Cash Received	E-4		\$ 21,700,790.47
Liens Received	E-6A		150.00
Prepays Applied	E-19		9,645.09
Overpayments Applied	E-18		<u>77,877.74</u>
	Above		<u>\$ 21,788,463.30</u>
<u>Unanticipated Revenues</u>	E-1,E-4		<u>\$ 1,723,217.20</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED
			PAID OR CHARGED	ENCUMBERED	
Operating:					
Salaries and Wages	\$ 4,982,808.00	\$ 4,982,808.00	\$ 4,277,128.07		\$ 705,679.93
Other Expenses	12,903,950.00	12,903,950.00	10,019,702.23	\$ 286,482.45	2,597,765.32
Debt Service:					
Payment of Bond Principal	1,665,000.00	1,665,000.00	1,665,000.00		
Interest on Bonds	1,007,511.00	1,007,511.00	1,007,511.00		
Interest on Notes	556,690.00	556,690.00	556,690.00		
Environmental Infrastructure Loan- Principal	1,235,758.00	1,235,758.00	1,235,758.00		
Environmental Infrastructure Loan- Interest	163,345.00	163,345.00	163,345.00		
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	531,949.00	531,949.00	531,949.00		
Social Security System (O.A.S.I.)	378,000.00	378,000.00	232,749.73		145,250.27
	<u>\$ 23,425,011.00</u>	<u>\$ 23,425,011.00</u>	<u>\$ 19,689,833.03</u>	<u>\$ 286,482.45</u>	<u>\$ 3,448,695.52</u>
	Ref. E-2	E-2	Below	E	E
Disbursed	E-4		\$ 17,958,165.73		
Accrued Int. on Bonds and Loans	E-16		1,727,546.00		
Due to Trust-Other Fund	E-21		<u>4,121.30</u>		
	Above		<u>\$ 19,689,833.03</u>		

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

ASSETS	REF.	2025	2024	LIABILITIES, RESERVES AND FUND BALANCE	REF.	2025	2024
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 2,364,390.70	\$ 2,073,759.77	Appropriation Reserves	F-3,F-9	\$ 756,323.10	\$ 684,317.55
Interfund Receivable		<u>6,758.95</u>	<u>6,758.95</u>	Reserve for Encumbrances	F-3,F-9	74,865.22	94,189.09
		2,364,390.70	2,080,518.72	Accrued Interest Payable	F-15	36,831.11	36,677.70
Receivables and Inventory with Full Reserves:				Sales Tax Payable	F-16	9,217.46	2,487.26
Consumer Accounts Receivable	F-6	22,252.03	22,252.03	Due to Golf Pro	F-17	<u>7,694.50</u>	<u>5,621.83</u>
Inventory	F-6A	<u>280,809.28</u>	<u>226,723.07</u>			884,931.39	823,293.43
		<u>303,061.31</u>	<u>248,975.10</u>	Reserve for Receivables and Inventory	Reserve	303,061.31	248,975.10
				Fund Balance	F-1	<u>1,479,459.31</u>	<u>1,257,225.29</u>
Total Operating Fund		<u>2,667,452.01</u>	<u>2,329,493.82</u>	Total Operating Fund		<u>2,667,452.01</u>	<u>2,329,493.82</u>
Capital Fund:				Capital Fund:			
Cash and Cash Equivalents	F-4, F-5	571,805.64	742,311.36	Bond Anticipation Notes	F-13	1,694,000.00	1,000,000.00
Fixed Capital	F-7	34,954,043.58	34,316,824.00	Serial Bonds Payable	F-14	3,765,000.00	4,505,000.00
Fixed Capital Authorized and Uncompleted	F-8	<u>2,126,674.05</u>	<u>2,342,219.58</u>	Improvement Authorizations:			
				Funded	F-10	25,325.95	25,325.95
				Unfunded	F-10	663,253.50	808,872.28
				Capital Improvement Fund	F-11	151,303.05	151,303.05
				Interfund Payable			6,758.95
				Reserve for:			
				Payment of Debt Service	F-18	150,595.38	426,049.32
				Amortization	F-12	31,189,043.58	29,922,384.58
				Deferred Amortization	F-12A	10,290.00	536,949.00
				Fund Balance	F-1A	<u>3,711.81</u>	<u>18,711.81</u>
Total Capital Fund		<u>37,652,523.27</u>	<u>37,401,354.94</u>	Total Capital Fund		<u>37,652,523.27</u>	<u>37,401,354.94</u>
		<u>\$ 40,319,975.28</u>	<u>\$ 39,730,848.76</u>			<u>\$ 40,319,975.28</u>	<u>\$ 39,730,848.76</u>
Bonds and Notes Authorized but not Issued at December 31, 2025 and 2024, respectively (See Exhibit F-20).						<u>\$ 422,384.05</u>	<u>\$ 694,710.00</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
 REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2025 AND 2024

<u>REVENUE AND OTHER INCOME</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Fund Balance Utilized	F-2	\$ 682,000.00	\$ 500,000.00
Golf Fees	F-2	4,460,126.10	4,438,883.33
Concession Fees	F-2	336,337.98	386,654.68
Merchandise Sales	F-2	163,836.26	227,779.67
Interest on Investments	F-2	115,900.58	161,906.92
Golf Utility Capital Fund Balance	F-2	15,000.00	
Reserve for Payment of Debt Service	F-2	300,000.00	701,812.50
Non-Budget Revenues	F-2	104,181.82	87,582.73
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	F-9	567,518.28	316,964.45
 Total Revenues		 6,744,901.02	 6,821,584.28
 <u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	F-3	4,777,768.00	4,759,711.58
Debt Service	F-3	726,389.00	701,812.50
Deferred Charges and Statutory Expenditures	F-3	336,510.00	340,763.42
 Total Expenditures		 5,840,667.00	 5,802,287.50
 Excess in Revenues/Statutory Excess to Fund Balance		 904,234.02	 1,019,296.78
 <u>FUND BALANCE</u>			
Balance, January 1,	F	1,257,225.29	737,928.51
		2,161,459.31	1,757,225.29
Decreased by:			
Utilization as Anticipated Revenue	F-2	682,000.00	500,000.00
Balance, December 31,	F	\$ 1,479,459.31	\$ 1,257,225.29

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	F	\$ 18,711.81
Decreased by:		
Appropriation to 2025 Budget Revenue	F-2, F-4	<u>15,000.00</u>
Balance - December 31, 2025	F	<u><u>\$ 3,711.81</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	<u>2025 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Utilized	F-1	\$ 682,000.00	\$ 682,000.00	
Golf Fees	F-1, F-4	4,199,272.00	4,460,126.10	\$ 260,854.10
Concession Fees	F-1, F-4	300,000.00	336,337.98	36,337.98
Merchandise Sales	F-1, F-4	224,395.00	163,836.26	(60,558.74)
Interest on Investments	F-1, F-4	120,000.00	115,900.58	(4,099.42)
Reserve for Payment of Debt Service	F-1, F-4, F-18	300,000.00	300,000.00	
Golf and Recreation Capital Fund Surplus	F-1, F-4	15,000.00	15,000.00	
		<u>\$ 5,840,667.00</u>	<u>\$ 6,073,200.92</u>	<u>\$ 232,533.92</u>

	<u>Ref.</u>	<u>F-3</u>	<u>F-1</u>
<u>Analysis of Golf Fees and Recreation Realized Revenues:</u>			
Golf Fees Collected	F-6		<u>\$ 4,460,126.10</u>
	Above		<u>\$ 4,460,126.10</u>
<u>Unanticipated Revenues</u>	F-1, F-4		<u>\$ 104,181.82</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED
			PAID OR CHARGED	ENCUMBERED	
Operating:					
Salaries and Wages	\$ 2,378,627.00	\$ 2,378,627.00	\$ 2,077,553.74		\$ 301,073.26
Other Expenses	2,399,141.00	2,399,141.00	1,883,162.19	\$ 74,865.22	441,113.59
Debt Service:					
Payment of Bond Principal	590,000.00	590,000.00	590,000.00		
Interest on Bonds	96,500.00	96,500.00	96,500.00		
Interest on Notes	39,889.00	39,889.00	39,889.00		
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	173,510.00	173,510.00	173,510.00		
Social Security System (O.A.S.I.)	163,000.00	163,000.00	148,863.75		14,136.25
	<u>\$ 5,840,667.00</u>	<u>\$ 5,840,667.00</u>	<u>\$ 5,009,478.68</u>	<u>\$ 74,865.22</u>	<u>\$ 756,323.10</u>
	<u>Ref.</u>	<u>F-2</u>	<u>F-2</u>	<u>Below</u>	<u>F</u>
Disbursed	F-4		\$ 4,873,089.68		
Accrued Interest on Bonds and Notes	F-15		136,389.00		
	Above		<u>\$ 5,009,478.68</u>		

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY
 PUBLIC ASSISTANCE FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

<u>ASSETS</u>	<u>REF.</u>	<u>2025</u>	<u>2024</u>
Cash and Investments - Treasurer	G-1	\$ <u>4,885.03</u>	\$ <u>4,708.87</u>
		\$ <u><u>4,885.03</u></u>	\$ <u><u>4,708.87</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Fund Balance	G-1	\$ <u>4,885.03</u>	\$ <u>4,708.87</u>
		\$ <u><u>4,885.03</u></u>	\$ <u><u>4,708.87</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-REGULATORY BASIS
DECEMBER 31, 2025 AND 2024

<u>Governmental Fixed Assets</u>	<u>2025</u>	<u>2024</u>
Land and Improvements	\$ 114,261,584.00	\$ 114,261,584.00
Buildings and Improvements	32,940,200.00	32,940,200.00
Machinery Equipment	<u>46,345,726.13</u>	<u>42,395,524.00</u>
Total Governmental Fixed Assets	<u>\$ 193,547,510.13</u>	<u>\$ 189,597,308.00</u>
 <u>Reserve</u>		
Investments in Governmental Fixed Assets	<u>\$ 193,547,510.13</u>	<u>\$ 189,597,308.00</u>

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds – Trust funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in Trust Funds.

Animal Control Fund – This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Trust Fund – This fund is established to account for the assets and resources which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's water system and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's sanitary sewerage system and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

Golf and Recreation Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's golf and recreation utility and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the golf and recreation utility is accounted for in the capital section of the fund.

Public Assistance Fund – This fund is used to account for receipts and disbursements of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris in a prior year.

General Fixed Assets Account Group – This account group is used to account for all general fixed assets of the Township, other than those accounted for in the Water, Sewer and Golf and Recreation Utility Funds. The Township's infrastructure is not reported in the account group.

Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting"), differ in certain respects from US GAAP applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Property Tax Revenues – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due in the third and fourth quarters is determined by taking the current year's levy less the amount previously charged for the first and second installments, with the remainder being divided

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8.00% per annum, or 18.00% on any delinquency amount in excess of \$1,500.00. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30th of each fiscal year. County taxes are paid quarterly on February 15th, May 15th, August 15th, and November 15th, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues – Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are subject to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become subject to accrual.

Grant and Similar Award Revenues – Federal and State grants, entitlements or shared revenues received, for purposes normally financed through the Current Fund, are recognized when anticipated in the Township's budget. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Budgets and Budgetary Accounting – An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

- Trust Funds
- General Capital Fund
- Water Utility Capital Fund
- Sewer Utility Capital Fund
- Golf and Recreation Utility Capital Fund
- Public Assistance Fund

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity, and line item (salary or other expense) and includes information on the previous year.

The legal level of control for appropriations is exercised at the individual line-item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue in the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line-item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line-item level.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the governing body. US 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, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

Encumbrances – Contractual orders outstanding at December 31 are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under US GAAP.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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 US GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. US GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfund Receivables – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments – Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

Tax Appeals and Other Contingent Losses – Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. US GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985, which differs in certain respects from generally accepted accounting principles and requires the inclusion of a statement of Governmental Fixed Assets of the Township as part of the basic financial statements.

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

Fixed Assets purchased after December 31, 1999 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Accounting for Utility Fund "fixed capital" remains unchanged under N.J.A.C. 5:30-5.6.

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

US GAAP requires that capital assets be recorded in proprietary-type funds, as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Length of Service Awards program (LOSAP) - Financial reporting standards established by the DLGS exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the members of the volunteer fire company and volunteer first aid and rescue squad, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 16 regarding the availability of LOSAP Plan financial information.

Long-term debt – The Township's Long-term debt is stated at face value. The debt is not traded, and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 3 to the financial statements.

Use of Estimates – The preparation of financial statements in accordance with accounting principles and practices prescribed by the Division requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 8 and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2024 Public Employees' Retirement System Report and the 2024 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 8 for these disclosures.

Other Post-Employment Benefits Other Than Pensions – With the implementation of GASB Statement No. 75 for disclosure purposes, the Township has included information for OPEB (Postemployment Benefits Other Than Pensions) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB liabilities is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2024 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 9 for these disclosures.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Data – Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Basic Financial Statements

GASB also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with US GAAP. The Township presents the financial statements listed in the table of contents, which are required by the Division, to be referenced to the supplementary schedules. This practice differs from reporting requirements under US GAAP.

Recent Accounting Standards

The Township does not prepare its financial statements in accordance with accounting principles generally accepted in the United States of America. The adoption of these new standards will not adversely affect the reporting on the Township's financial condition.

The GASB issued Statement No. 102, "*Certain Risk Disclosures*" in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Based upon our audit procedures no disclosures are required pursuant to GASB Statement No. 102.

The GASB issued Statement No. 103, "*Financial Reporting Model Improvements*" in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*" in September 2024. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 105, "*Subsequent Events*" in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

2. DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Township is required to deposit its funds in a depository that protects such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5.00% of average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank for periods ending December 31, 2025 and 2024. At December 31, 2025 and 2024, the book value of the Township's deposits were \$154,622,742.04 and \$151,262,112.77, respectively, as restated, and the bank balance was \$155,050,373.34 and \$155,004,561.77, respectively, as restated. \$945,979.96 and \$4,479,800.77 held in agency and payroll accounts for the years ended December 31, 2025 and 2024 are not covered by GUDPA. The Township's deposits, which are displayed on the various fund balance sheets are categorized as follows:

<u>Depository Account</u>	<u>December 31, 2025</u>	<u>December 31, 2024 (Restated)</u>
Insured - FDIC	\$ 625,410.15	\$ 651,133.00
Insured - GUDPA	<u>153,478,983.23</u>	<u>150,749,775.97</u>
	<u>\$ 154,104,393.38</u>	<u>\$ 151,400,908.97</u>

As of December 31, 2025 and 2024, the Township had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds is assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT

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

The Township's debt as of December 31, is summarized as follows:

	<u>Year 2025</u>	<u>Year 2024</u>
<u>Issued</u>		
General:		
Bonds and Notes	\$ 88,520,000.00	\$ 90,434,000.00
Water Utility:		
Bonds and Notes	54,775,000.00	51,005,000.00
Sewer Utility:		
Bonds and Notes	52,241,353.79	52,142,111.25
Golf and Recreation Utility:		
Bonds and Notes	5,459,000.00	5,505,000.00
Total Issued:	<u>200,995,353.79</u>	<u>199,086,111.25</u>
Less:		
Funds Temporarily Held		
to Pay Bonds and Notes:		
General	344,923.07	606,279.13
Water Utility	1,108,898.89	951,884.29
Sewer Utility	1,045,226.37	461,918.93
Golf and Recreation Utility	150,595.38	426,049.32
Net Debt Issued	<u>198,345,710.08</u>	<u>196,639,979.58</u>
<u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	17,446,325.48	14,869,125.48
Water Utility:		
Bonds and Notes	13,657,216.70	8,950,061.00
Sewer Utility:		
Bonds and Notes	23,149,563.46	18,553,978.16
Golf and Recreation Utility:		
Bonds and Notes	422,384.05	694,710.00
Total Authorized but not Issued	<u>54,675,489.69</u>	<u>43,067,874.64</u>
Net Bonds and Notes Issued and		
Authorized but Not Issued	<u>\$ 253,021,199.77</u>	<u>\$ 239,707,854.22</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.023% at December 31, 2025.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 105,966,325.48	\$ 344,923.07	\$ 105,621,402.41
Utility Debt	149,704,518.00	149,704,518.00	
Local School Purposes	11,725,000.00	11,725,000.00	
Total	<u>\$ 267,395,843.48</u>	<u>\$ 161,774,441.07</u>	<u>\$ 105,621,402.41</u>

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2025 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 361,259,004.11
Net Debt	<u>(105,621,402.41)</u>
Remaining Statutory Borrowing Power	<u>\$ 255,637,601.70</u>

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

Surplus and Cash Receipts from Fees:		
Rent or Other Charges for Year		\$ 16,622,793.83
Deductions:		
Operating and Maintenance Costs	\$ 11,557,798.00	
Debt Service per		
Utility Operating Fund	<u>3,516,214.00</u>	
		<u>15,074,012.00</u>
Excess in Revenue		<u>\$ 1,548,781.83</u>

As there is an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

TOWNSHIP OF PARSIPPANY-TROY HILLS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 and 2024**

3. MUNICIPAL DEBT (continued)

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

Surplus and Cash Receipts from Fees:		
Rent or Other Charges for Year		\$ 27,825,410.29
Deductions:		
Operating and Maintenance Costs	\$ 18,796,707.00	
Debt Service per		
Utility Operating Fund	<u>4,628,304.00</u>	
		<u>23,425,011.00</u>
Excess in Revenue		<u>\$ 4,400,399.29</u>

As there is 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.A. 40A:2-45

Surplus and Cash Receipts from Fees:		
Rent or Other Charges for Year		\$ 6,177,382.74
Deductions:		
Operating and Maintenance Costs	\$ 5,114,278.00	
Debt Service per		
Utility Operating Fund	<u>726,389.00</u>	
		<u>5,840,667.00</u>
Excess in Revenue		<u>\$ 336,715.74</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2025 and 2024 are as follows:

<u>General Obligation Bonds</u>	<u>2025</u>	<u>2024</u>
\$43,827,000.00, 2017 General Improvement Bonds; due in annual installments of \$3,500,000.00 to \$4,000,000.00 through 2030, interest at 2.50% to 3.00%.	\$ 19,010,000.00	\$ 23,010,000.00
\$22,640,000.00, 2019 General Improvement/Open Space Bonds; due in annual installments of \$2,005,000.00 to \$2,195,000.00 through 2029, interest at 2.25% to 4.00%.	8,210,000.00	10,675,000.00
\$12,450,000.00, 2020 General Improvement Bonds; due in annual installments of \$1,240,000.00 through 2031, interest at 2.00% to 3.00%.	7,440,000.00	8,680,000.00
\$22,288,000.00, 2023 General Improvement Bonds, due in annual installments of \$2,330,000.00 to \$2,500,000.00 through 2033, interest at 4.00% to 5.00%.	19,495,000.00	21,035,000.00
\$34,365,000.00, 2025 General Improvement Bonds; due in annual installments of \$1,875,000.00 to \$3,740,000.00 through 2035, interest at 4.00%.	34,365,000.00	
	<u>\$ 88,520,000.00</u>	<u>\$ 63,400,000.00</u>
<u>General Refunding Bonds</u>	<u>2025</u>	<u>2024</u>
\$15,190,000.00, 2012 General Refunding Bonds; final payment of \$1,465,000.00 was made in 2025, interest at 4.00%.	\$ -	\$ 1,465,000.00
	<u>\$ -</u>	<u>\$ 1,465,000.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

Utility Bonds

The Township pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2025 and 2024 are as follows:

<u>Water Utility Fund</u>	<u>2025</u>	<u>2024</u>
\$5,119,000.00, 2018 Water Improvements Bonds, due in annual installments of \$425,000.00 to \$450,000.00 through 2030, interest at 2.50% to 3.00%.	\$ 2,215,000.00	\$ 2,630,000.00
\$7,670,000.00, 2019 Water Improvements Bonds, due in annual installments of \$350,000.00 to \$475,000.00 through 2039, interest at 2.25% to 4.00%.	5,825,000.00	6,175,000.00
\$16,387,000.00, 2023 Water Improvements Bonds, due in annual installments of \$790,000.00 to \$850,000.00 through 2043, interest at 4.00% to 5.00%.	15,195,000.00	15,960,000.00
	<u>\$ 23,235,000.00</u>	<u>\$ 24,765,000.00</u>
<u>Sewer Utility Fund</u>	<u>2025</u>	<u>2024</u>
\$7,197,000.00, 2017 Sewer Improvements Bonds, due in annual installments of \$650,000.00 to \$690,000.00 through 2030, interest at 2.50 to 3.00%.	\$ 3,325,000.00	\$ 3,975,000.00
\$9,570,000.00, 2019 Sewer Improvements Bonds, due in annual installments of \$420,000.00 to \$600,000.00 through 2039, interest at 2.25% to 4.00%.	7,310,000.00	7,720,000.00
\$16,286,000.00, 2023 Sewer Improvements Bonds, due in annual installments of \$630,000.00 to \$900,000.00 through 2043, interest at 4.00% to 5.00%.	15,230,000.00	15,835,000.00
	<u>\$ 25,865,000.00</u>	<u>\$ 27,530,000.00</u>
<u>Golf and Recreation Utility Fund</u>	<u>2025</u>	<u>2024</u>
\$6,683,000.00, 2017 General Improvements Bonds, due in annual installments of \$550,000.00 through 2030, interest at 2.50% to 3.00%.	\$ 2,750,000.00	\$ 3,350,000.00
\$1,645,000.00, 2020 General Improvements Bonds, due in annual installments of \$145,000.00 through 2032, interest at 2.00% to 3.00%.	1,015,000.00	1,155,000.00
	<u>\$ 3,765,000.00</u>	<u>\$ 4,505,000.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

Utility Loans

The Township pledges revenue from operations to pay debt service on utility loans issued. The utility loans outstanding at December 31, 2025 and 2024 are as follows:

<u>Sewer Utility Loans</u>	<u>2025</u>	<u>2024</u>
\$5,963,000.00: 2010 Trust Loan - Sewer in annual installments of \$388,000.00 to \$433,000.00 through August 2029, interest at 3.50% to 4.00%.	\$ 1,640,000.00	\$ 2,009,000.00
\$13,605,558.00: 2010 Fund Loan - Sewer in annual installments of \$309,630.13 to \$712,281.85 through August 2029, interest at 0.00%.	2,446,475.68	3,158,757.53
\$45,024.00: 2010 Trust Loan - Sewer in annual installments of \$2,794.82 to \$3,141.97 through August 2029, interest at 3.79% to 4.15%.	11,859.43	14,552.19
\$129,876.00: 2010 Fund Loan - Sewer in annual installments of \$6,603.85 to \$6,604.13 through August 2029, interest at 0.00%.	26,415.68	33,019.53
\$2,535,591.00: 2023 Trust Loan - Sewer in annual installments of \$50,000.00 to \$133,403.00 through August 2053, interest at 3.03% to	2,490,591.00	2,535,591.00
\$2,971,977.00: 2023 Fund Loan - Sewer in annual installments of \$100,179.00 through August 2053, interest at 0.00%.	2,805,012.00	2,905,191.00
	<u>\$ 9,420,353.79</u>	<u>\$ 10,656,111.25</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2025 is as follows:

Year	General - Bonds		Water Utility - Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 11,640,000.00	\$ 3,231,874.17	\$ 1,565,000.00	\$ 888,637.50
2027	12,405,000.00	2,848,812.50	1,605,000.00	822,387.50
2028	13,160,000.00	2,387,562.50	1,640,000.00	754,437.50
2029	12,915,000.00	1,919,506.26	1,650,000.00	688,000.00
2030	10,960,000.00	1,496,050.00	1,650,000.00	624,125.00
2031-2035	27,440,000.00	2,931,400.00	6,525,000.00	2,294,593.75
2036-2040			6,050,000.00	1,126,875.00
2041-2045			2,550,000.00	204,000.00
	<u>\$ 88,520,000.00</u>	<u>\$ 14,815,205.43</u>	<u>\$ 23,235,000.00</u>	<u>\$ 7,403,056.25</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 and 2024**

3. MUNICIPAL DEBT (continued)

Year	Sewer Utility - Bonds		Sewer Utility - NJEIT Loans		Sewer Utility - Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,700,000.00	\$ 956,925.00	\$ 1,259,859.52	\$ 153,362.44	\$ 2,959,859.52	\$ 1,110,287.44
2027	1,730,000.00	888,925.00	1,271,968.24	135,233.74	3,001,968.24	1,024,158.74
2028	1,760,000.00	819,625.00	1,291,083.80	116,618.16	3,051,083.80	936,243.16
2029	1,810,000.00	752,812.50	907,555.23	97,235.30	2,717,555.23	850,047.80
2030	2,040,000.00	1,340,687.50	155,179.00	77,034.90	2,195,179.00	1,417,722.40
2031-2035	7,425,000.00	2,502,187.50	840,895.00	338,674.50	8,265,895.00	2,840,862.00
2036-2040	6,700,000.00	1,210,625.00	932,617.00	261,003.70	7,632,617.00	1,471,628.70
2041-2045	2,700,000.00	216,000.00	997,758.00	191,862.26	3,697,758.00	407,862.26
2046-2050			1,073,869.00	112,001.60	1,073,869.00	112,001.60
2051-2055			689,569.00	23,802.46	689,569.00	23,802.46
	<u>\$ 25,865,000.00</u>	<u>\$ 8,687,787.50</u>	<u>\$ 9,420,353.79</u>	<u>\$ 1,506,829.06</u>	<u>\$ 35,285,353.79</u>	<u>\$ 10,194,616.56</u>

Year	Golf and Recreation Utility - Bonds	
	Principal	Interest
2026	\$ 695,000.00	\$ 100,775.00
2027	695,000.00	79,925.00
2028	695,000.00	59,800.00
2029	695,000.00	40,400.00
2030	695,000.00	21,000.00
2031-2035	290,000.00	5,800.00
	<u>\$ 3,765,000.00</u>	<u>\$ 307,700.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for 2025 and 2024 is as follows:

	Balance December 31, 2024	Increases	Reductions	Balance December 31, 2025	Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 64,865,000.00	\$ 34,365,000.00	\$ 10,710,000.00	\$ 88,520,000.00	\$ 11,640,000.00
Water Utility Capital Fund:					
Bonds Payable	24,765,000.00		1,530,000.00	23,235,000.00	1,565,000.00
Sewer Utility Capital Fund:					
Bonds Payable	27,530,000.00		1,665,000.00	25,865,000.00	1,700,000.00
NJEIT Loans Payable	10,656,111.25		1,235,757.46	9,420,353.79	1,259,859.52
Golf and Recreation Utility Capital Fund:					
Bonds Payable	4,505,000.00		740,000.00	3,765,000.00	695,000.00
	<u>\$ 132,321,111.25</u>	<u>\$ 34,365,000.00</u>	<u>\$ 15,880,757.46</u>	<u>\$ 150,805,353.79</u>	<u>\$ 16,859,859.52</u>
	Balance December 31, 2023	Increases	Reductions	Balance December 31, 2024	Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 75,293,000.00		\$ 10,428,000.00	\$ 64,865,000.00	\$ 10,710,000.00
Water Utility Capital Fund:					
Bonds Payable	25,942,000.00		1,177,000.00	24,765,000.00	1,530,000.00
Sewer Utility Capital Fund:					
Bonds Payable	29,031,000.00		1,501,000.00	27,530,000.00	1,665,000.00
NJEIT Loans Payable	11,799,379.88		1,143,268.63	10,656,111.25	1,235,757.46
Golf and Recreation Utility Capital Fund:					
Bonds Payable	5,245,000.00		740,000.00	4,505,000.00	740,000.00
	<u>\$ 147,310,379.88</u>	<u>\$ -</u>	<u>\$ 14,989,268.63</u>	<u>\$ 132,321,111.25</u>	<u>\$ 15,880,757.46</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

Short-Term Debt

The Township's short-term capital debt activity for 2025 and 2024 is as follows:

	Date of Issue	Maturity Date	Interest Rate	Balance, December 31, 2024	Additions	Reductions	Balance, December 31, 2025
Current Fund:							
Special Emergency Notes	10/28/2025	10/27/2026	3.80%	\$ 2,422,000.00	\$ 1,388,000.00	\$ 2,422,000.00	\$ 1,388,000.00
General Capital Fund:							
Bond Anticipation Notes				25,569,000.00		25,569,000.00	
Water Utility Capital Fund:							
Bond Anticipation Notes	10/28/2025	10/27/2026	4.00%	26,240,000.00	31,540,000.00	26,240,000.00	31,540,000.00
Sewer Utility Capital Fund:							
Bond Anticipation Notes	10/28/2025	10/27/2026	4.00%	13,956,000.00	16,956,000.00	13,956,000.00	16,956,000.00
Golf and Recreation Utility Capital Fund:							
Bond Anticipation Notes	10/28/2025	10/27/2026	4.00%	1,000,000.00	1,694,000.00	1,000,000.00	1,694,000.00
Total				<u>\$ 69,187,000.00</u>	<u>\$ 51,578,000.00</u>	<u>\$ 69,187,000.00</u>	<u>\$ 51,578,000.00</u>
				Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024
Current Fund:							
Special Emergency Notes	10/30/2024	10/29/2025	4.75%	\$ 2,316,000.00	\$ 2,422,000.00	\$ 2,316,000.00	\$ 2,422,000.00
General Capital Fund:							
Bond Anticipation Notes	10/30/2024	10/29/2025	4.00%	12,769,000.00	25,569,000.00	12,769,000.00	25,569,000.00
Water Utility Fund:							
Bond Anticipation Notes	10/30/2024	10/29/2025	4.00%	19,020,000.00	26,240,000.00	19,020,000.00	26,240,000.00
Sewer Utility Fund:							
Bond Anticipation Notes	10/30/2024	10/29/2025	4.00%	7,956,000.00	13,956,000.00	7,956,000.00	13,956,000.00
Golf and Recreation Utility Capital Fund:							
Bond Anticipation Notes	10/30/2024	10/29/2025	4.00%		1,000,000.00		1,000,000.00
Total				<u>\$ 42,061,000.00</u>	<u>\$ 69,187,000.00</u>	<u>\$ 42,061,000.00</u>	<u>\$ 69,187,000.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

3. MUNICIPAL DEBT (continued)

New Jersey Environmental Infrastructure Loan (NJEIT)/New Jersey Infrastructure Bank Loan (NJIB)

Loan agreements were entered into by the Township of Parsippany-Troy Hills with the New Jersey Department of Environmental Protection for the purpose of improvements to the wastewater treatment plant in 2010 at an interest rate of 3.00% to 5.00%. Loans payable at December 31, 2025 for the Sewer Utility Capital Fund were \$4,124,750.79.

A loan agreement was entered into by the Township of Parsippany-Troy Hills with the New Jersey Infrastructure Bank (I-Bank) for \$5,507,568.00 to complete improvements of the Sewer Utility System in 2023 at an interest rate of 3.00% to 4.00%. Loans payable at December 31, 2025 for the Sewer Utility Capital Fund were \$5,295,603.00.

Leases

The Township entered into a lease agreement in 2022 for the leasing of 160 electric powered golf carts for a five-year period beginning in 2023 with a unit price per cart per season of \$1,149.16. The total lease payments for 2025 were \$183,865.59. The implied interest rate, based on market conditions for similar agreements, is estimated to range from 3.00% to 5.00%. The following is a summary of lease obligation principal and interest payments to maturity as of December 31, 2025:

Calendar	
Year	Total
2026	\$ 183,865.59
2027	183,865.59
	<u>\$ 367,731.18</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

4. FIXED ASSETS

Governmental Fixed Assets

The following is a summary of changes in the Governmental Fixed Assets as of December 31, 2025 and 2024:

Governmental Fixed Assets

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2025</u>
Land and Land Improvements	\$ 114,261,584.00			\$ 114,261,584.00
Buildings and Building Improvements	32,940,200.00			32,940,200.00
Machinery and Equipment	42,395,524.00	\$ 4,286,266.13	\$ 336,064.00	46,345,726.13
	<u>\$ 189,597,308.00</u>	<u>\$ 4,286,266.13</u>	<u>\$ 336,064.00</u>	<u>\$ 193,547,510.13</u>
	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Land and Land Improvements	\$ 114,261,584.00			\$ 114,261,584.00
Buildings and Building Improvements	32,940,200.00			32,940,200.00
Machinery and Equipment	46,340,551.00	\$ 3,278,459.00	\$ 7,223,486.00	42,395,524.00
	<u>\$ 193,542,335.00</u>	<u>\$ 3,278,459.00</u>	<u>\$ 7,223,486.00</u>	<u>\$ 189,597,308.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

4. FIXED ASSETS (continued)

Utility Fund Fixed Assets

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2025 and 2024:

Utility Fund Fixed Assets

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2025</u>
Water Utility Fund				
Fixed Capital:				
Treatment Facility, Water System and System Improvements	\$ 35,953,563.84	\$ 4,600,000.00		\$ 40,553,563.84
Vehicles and Equipment	3,695,908.42	3,895,000.00		7,590,908.42
	<u>\$ 39,649,472.26</u>	<u>\$ 8,495,000.00</u>	<u>\$ -</u>	<u>\$ 48,144,472.26</u>
Fixed Capital Authorized and Uncompleted:				
Improvements to Water Utility System	<u>\$ 62,693,000.00</u>	<u>\$ 10,007,155.70</u>	<u>\$ 8,495,000.00</u>	<u>\$ 64,205,155.70</u>
	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Water Utility Fund				
Fixed Capital:				
Treatment Facility, Water System and System Improvements	\$ 35,953,563.84			\$ 35,953,563.84
Vehicles and Equipment	3,695,908.42			3,695,908.42
	<u>\$ 39,649,472.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,649,472.26</u>
Fixed Capital Authorized and Uncompleted:				
Improvements to Water Utility System	<u>\$ 57,393,000.00</u>	<u>\$ 5,300,000.00</u>		<u>\$ 62,693,000.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

4. FIXED ASSETS (continued)

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2025</u>
Sewer Utility Fund				
Fixed Capital:				
Treatment Facility, Sewerage System and System Improvements	\$ 141,089,746.31			\$ 141,089,746.31
Vehicles and Equipment	<u>4,842,467.02</u>			<u>4,842,467.02</u>
	<u>\$ 145,932,213.33</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,932,213.33</u>
Fixed Capital Authorized and Uncompleted:				
Improvements to Sewer Utility System	<u>\$ 100,938,023.14</u>	<u>\$ 7,595,585.30</u>	<u>\$ -</u>	<u>\$ 108,533,608.44</u>
	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Sewer Utility Fund				
Fixed Capital:				
Treatment Facility, Sewerage System and System Improvements	\$ 141,089,746.31			\$ 141,089,746.31
Vehicles and Equipment	<u>4,842,467.02</u>			<u>4,842,467.02</u>
	<u>\$ 145,932,213.33</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,932,213.33</u>
Fixed Capital Authorized and Uncompleted:				
Improvements to Sewer Utility System	<u>\$ 85,112,023.14</u>	<u>\$ 15,826,000.00</u>	<u>\$ -</u>	<u>\$ 100,938,023.14</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 and 2024**

4. FIXED ASSETS (continued)

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2025</u>
Golf and Recreation Utility Fund				
Fixed Capital:				
Knoll Facilities and Improvements	\$ 32,170,932.14	\$ 215,000.00		\$ 32,385,932.14
Vehicles and Equipment	<u>2,145,891.86</u>	<u>422,219.58</u>		<u>2,568,111.44</u>
	<u>\$ 34,316,824.00</u>	<u>\$ 637,219.58</u>	<u>\$ -</u>	<u>\$ 34,954,043.58</u>
Fixed Capital Authorized and Uncompleted:				
Knoll Facilities and Improvements	\$ 637,219.58	\$ 421,674.05	\$ 215,000.00	\$ 843,893.63
Vehicles and Equipment	<u>1,705,000.00</u>		<u>422,219.58</u>	<u>1,282,780.42</u>
	<u>\$ 2,342,219.58</u>	<u>\$ 421,674.05</u>	<u>\$ 637,219.58</u>	<u>\$ 2,126,674.05</u>
	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Golf and Recreation Utility Fund				
Fixed Capital:				
Knoll Facilities and Improvements	\$ 32,170,932.14			\$ 32,170,932.14
Vehicles and Equipment	<u>2,145,891.86</u>			<u>2,145,891.86</u>
	<u>\$ 34,316,824.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,316,824.00</u>
Fixed Capital Authorized and Uncompleted:				
Knoll Facilities and Improvements	\$ 637,219.58			\$ 637,219.58
Vehicles and Equipment	<u>1,333,000.00</u>	<u>\$ 372,000.00</u>		<u>1,705,000.00</u>
	<u>\$ 1,970,219.58</u>	<u>\$ 372,000.00</u>	<u>\$ -</u>	<u>\$ 2,342,219.58</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2025, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2025	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:		
Grant Fund		\$ 5.00
Animal Control Fund	\$ 30,683.57	
Grant Fund:		
Current Fund	5.00	
Other Trust Fund:		
Sewer Operating Fund	4,121.30	
Animal Control Trust Fund:		
Current Fund		30,683.57
Sewer Utility Fund:		
Other Trust Fund		4,121.30
	<u>\$ 34,809.87</u>	<u>\$ 34,809.87</u>

As of December 31, 2024, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2024	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:		
Other Trust Fund		\$ 2,000,000.00
Animal Control Fund	\$ 44,688.64	
Other Trust Fund:		
Current Fund	2,000,000.00	
Animal Control Trust Fund:		
Current Fund		44,688.64
Sewer Utility Fund:		
Sewer Operating Fund	3,427.91	
Sewer Capital Fund		3,427.91
Golf and Recreation Utility Fund:		
Golf and Recreation Operating Fund	6,758.95	
Golf and Recreation Capital Fund		6,758.95
	<u>\$ 2,054,875.50</u>	<u>\$ 2,054,875.50</u>

All interfund balances are expected to be liquidated within one year.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

6. FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of Local Government Services, if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year, were as follows:

	2025		2024	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund	\$ 9,399,125.61	\$ 3,800,000.00	\$ 11,917,184.02	\$ 6,370,000.00
Water Utility Operating Fund	\$ 5,299,335.33	\$ 2,853,000.00	\$ 4,800,624.07	\$ 1,900,000.00
Sewer Utility Operating Fund	\$ 15,438,224.37	\$ 2,900,000.00	\$ 11,304,017.25	\$ 2,000,000.00
Golf and Recreation Utility Operating Fund	\$ 1,479,459.31	\$ 845,000.00	\$ 1,257,225.29	\$ 682,000.00

The above fund balance amounts utilized represents the surplus anticipated in the 2026 and 2025 municipal budgets.

7. COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate, with certain restrictions, unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$5,291,649.37 and \$7,904,249.46 at December 31, 2025 and 2024, respectively. This estimate by management is unaudited.

As of December 31, 2025 and 2024, the Township has reserved \$882,622.98 and \$568,000.00 to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the "Division") was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees' Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost-of-living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2024:

	2024
Inactive plan members or beneficiaries currently receiving benefits	193,988
Inactive plan members entitled to but not yet receiving benefits	573
Active plan members	244,324
Total	438,885

Contributing Employers – 1,691

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Significant Legislation

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50.00% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2025, the Township's total payroll for all employees was \$38,376,249.02. For the year ended December 31, 2025, total PERS covered payroll was \$22,032,120.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. The member contribution rate was 7.50% of pensionable compensation in State fiscal year 2024 and 2023. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

The Township's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Township's payments to PERS during the years ending December 31, 2025 consisted of the following:

	2025
Normal Cost	\$ 644,036.00
Amortization of Accrued Liability	2,913,458.00
Total Pension	3,557,494.00
NCGI Premiums	159,260.00
Total Regular Billing	3,716,754.00
LTD Premium	-
Total PERS Payment	\$ 3,716,754.00

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2024, the PERS reported a net pension liability of \$13,702,423,985.00 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$37,114,819.00 or 0.2731431678%, which was a decrease of 0.0069899888% from its proportion measured as of June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources – The following presents a summary of the proportionate share of the State of New Jersey's deferred outflows of resources and deferred inflows of resources attributable to the Township for the year ended June 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 743,478.00	\$ 98,810.00
Changes of assumptions	46,108.00	422,281.00
Net difference between projected and actual investment earnings on pension plan investments		1,720,913.00
Changes in proportion	542,398.00	1,999,843.00
Township contributions subsequent to the measurement date	3,716,754.00	
	<u>\$ 5,048,738.00</u>	<u>\$ 4,241,847.00</u>

\$3,716,754.00 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

Year ended December 31,	Amount
2025	\$ (2,011,573.00)
2026	970,752.00
2027	(1,195,923.00)
2028	(664,675.00)
2029	<u>(8,444.00)</u>
Total	<u>\$ (2,909,863.00)</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2024</u>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.20% adjustment for males and 101.40% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.40% adjustment for males and 99.70% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.70% adjustment for males and 117.20% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 in the following table:

June 30, 2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non - U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100.00% of the actuarially determined contributions for the State employer and 100.00% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – The following presents the Township's proportionate share of the net pension liability of PERS calculated using the discount rate as disclosed below as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 49,731,594.00	\$ 37,114,819.00	\$ 26,956,294.00

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2024 was \$37,740,650,902.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2024 was \$29,413,070,105.00.

Additional information

Collective Local Group balances at June 30, 2024 are as follows:

Collective deferred outflows of resources	\$ 1,079,580,780.00
Collective deferred inflows of resources	1,611,322,898.00
Collective net pension liability- Local Group	13,702,423,985.00
 Township's Proportion	 0.2731431678%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 was \$372,160,096.00. The average of the expected remaining service lives of all plan members is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25.00% by September 30th, at least 50.00% by December 31st, at least 75.00% by March 31^s, and at least 100.00% by June 30th. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits.

Special Funding Situation

The Township is responsible for the actuarially determined annual contributions to the PERS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PERS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PERS indicates that the total Non-employer contributions made to the PERS by the State for the year ended June 30, 2024 was \$61,435,556.00. The portion of that contribution allocated to the Township in 2024 was \$119,658.00 or 0.2744051080%. The June 30, 2024 State special funding situation pension expense of \$53,698,726.00 was actuarially determined and represents the required contribution due from the State for the year.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

The special funding situation net pension liability under the special funding situation was reported at \$114,378,189.00 at June 30, 2024 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Township's allocated shares of the special funding situation pension expense for the year ended June 30, 2024 and its share of the special funding situation Net Pension Liability at that date were \$119,658.00 and \$0.00, respectively.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits ("Division"). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2024:

	2024
Inactive plan members or beneficiaries currently receiving benefits	50,109
Inactive plan members entitled to but not yet receiving benefits	66
Active plan members	41,451
Total	91,626

Contributing Employers – 582

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80.00%. An actuarial certification was also required that the funded levels would remain at or above 80.00% over a 30-year period following the benefit enhancement. In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

For the year ended December 31, 2025, the Township's total payroll for all employees was \$38,376,249.02. For the year ended December 31, 2025, total PFRS covered payroll was \$12,220,998.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.50% of annual compensation to 10.00% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

Township's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Township's payments to PFRS made in the year ending December 31, 2025 consisted of the following:

	2025
Normal Cost	\$ 1,337,407.00
Amortization of Accrued Liability	2,921,961.00
Total Pension	4,259,368.00
NCGI Premiums	141,519.00
Total Regular Billing	4,400,887.00
LTD Premium	-
Total PFRS Payment	\$ 4,400,887.00

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2.00% of final compensation for each year of creditable service, up to 30 years, plus 1.00% for each year of service in excess of 30 years. Members may elect special retirement after achieving 25 years of creditable service, in which case benefits equal 65.00% of final compensation for Tier 1 and Tier 2 members and 60.00% for Tier 3 members, plus 1.00% for each year of creditable service over 25 years, not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits begin at age 55 and are equal to 2.00% of final compensation for each year of service.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation has been enacted that legally obligates the State to contribute on behalf of certain employers. The legislation that legally obligates the State includes Chapter 8, P.L. 2000; Chapter 318, P.L. 2001; Chapter 86, P.L. 2001; Chapter 511, P.L. 1991; Chapter 109, P.L. 1979; Chapter 247, P.L. 1993; and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of local participating employers under this legislation are considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity.

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

At June 30, 2024, the PFRS reported a net pension liability of \$10,326,599,453.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$33,004,214.00, or 0.31960390% which was a decrease of 0.0306969700% from its proportion, measured as of June 30, 2023. The pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

At December 31, 2025, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 2,079,240.00	\$ 1,129,880.00
Changes of assumptions	52,173.00	969,279.00
Net difference between projected and actual investment earnings on pension plan investments		258,318.00
Changes in proportion	1,143,401.00	5,503,188.00
Township contributions subsequent to the measurement date	4,420,887.00	
	<u>\$ 7,695,701.00</u>	<u>\$ 7,860,665.00</u>

\$4,420,887.00 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Year ended December 31,	Amount
2025	\$ (2,393,245.00)
2026	1,138,304.00
2027	(1,521,794.00)
2028	(1,309,047.00)
2029	(465,115.00)
Thereafter	(34,954.00)
Total	<u>\$ (4,585,851.00)</u>

Actuarial Assumptions- The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>June 30, 2024</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25 - 16.25%
	based on years of service
Investment rate of return	7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144.00% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024 are summarized in the following table:

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

<u>June 30, 2024</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid-Cap Equity	4.00%	7.40%
Non - U.S. Developed Large-Cap Equity	9.50%	6.70%
Non - U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Market Large-Cap Equity	6.00%	9.60%
Emerging Market Small-Cap Equity	1.50%	9.60%
U.S Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100.00% of the actuarially determined contributions for the State employer and 100.00% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
PFRS	\$ 56,452,320.00	\$ 33,004,214.00	\$ 25,402,454.00

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2024 was \$34,856,333,876.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 was \$32,847,534,867.00.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Additional Information

Collective Local Group balances at June 30, 2024 are as follows:

Collective deferred outflows of resources	\$ 1,350,388,724.00
Collective deferred inflows of resources	1,421,121,200.00
Collective net pension liability	12,362,466,447.00
Township's Proportion	0.3196039000%

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 was \$775,608,387.00. The average of the expected remaining service lives of all plan members is 6.09, 6.16, 6.22, 6.17, 5.90, and 5.92 years for 2024, 2023, 2022, 2021, 2020 and 2019, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25.00% by September 30th, at least 50.00% by December 31st, at least 75.00% by March 31st, and at least 100.00% by June 30th. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits.

Special Funding Situation

The Township is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2024 was \$234,210,000.00. The portion of that contribution allocated to the Township in 2024 was \$748,544.00, or 0.31960377%. The June 30, 2024 State special funding situation pension expense of \$234,210,235.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,035,866,994.00 at June 30, 2024 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Township's allocated shares of the special funding situation pension expense for the year ended June 30, 2024 and its share of the special funding situation NPL at that date were \$748,545.00 and \$6,506,710.00, respectively.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

8. PENSION PLANS (continued)

Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3.00% of the employee's base salary. Active members contribute 5.50% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.50% for PERS, 10.00% for PFRS and 5.50% for DCRP of employees' base wages.

9. POST-RETIREMENT HEALTH COVERAGE

Township's OPEB Plan Description

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Base plan costs for all benefits for pre-65 and post-65 retirees are based on fully insured premium rates for the 2022 and 2023 plan years. Plan costs are based 100.00% before retiree contributions and assumed to include all administrative expenses and PPACA fees due at this time. The medical and prescription drug costs reflect a combined active and retiree population (pre-65 and post-65); therefore adjustments were necessary to convert the base plan costs into specific pre-65 and post-65 retiree costs to appropriately reflect Medicare integration and plan morbidity.

Retiree Contribution Rates

Contribution rates for future retirees will be based on the State of New Jersey's new contribution formula per implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees' base salary at retirement with a minimum contribution of 1.50% of base salary. Active employees hired prior to implementation of Chapter 78 with less than 20 years of service at implementation had their contribution phased in over a 4-year period. Employees hired on or after June 28, 2011 will have their contribution set at the highest year 4 contribution level. As the 4-year phase in period has expired, all active employees' contribution level is at the highest level.

Contributions for all current and future Police retirees are non-contributory. Non-police current retirees and future retirees with twenty (20) or more years of service at June 28, 2011 are non-contributory (i.e., the Township pays 100.00% of the benefit cost).

Employees Covered by Benefit Terms

As of April 2025, there was a total of 620 active employees and retirees, reflecting the sum of 424 active employees (381 electing coverage and 43 waiving coverage) and 196 retirees including 21 surviving spouses. For valuation purposes, it is assumed that 100.00% of individuals waiving coverage elect coverage in retirement at the coverage tier indicated in the census.

Total OPEB Liability

The Township's OPEB liability of \$207,188,415.00 was measured as of December 31, 2025 and was determined by an actuarial valuation based on census information provided in April 2025.

Actuarial Assumptions and Other Inputs

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

Discount Rate	4.38%
Salary Increases	3.00% per year

The discount rate used was 4.38% which is based on an end of year measurement date of 12/31/25 and is consistent with the prescribed discount interest rate methodology under GASB 74/75. The valuation discount rate was 4.38%.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

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

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2025	\$ 208,786,086.00
Changes for Year:	
Service Cost	2,179,245.00
Interest on total OPEB Liability	8,995,917.00
Change in Assumptions	(5,973,131.00)
Benefit Payments	(6,799,702.00)
Net Changes	(1,597,671.00)
Balance at December 31, 2025	\$ 207,188,415.00

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

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.38 percent) or 1 percentage point higher (5.38 percent) than the current discount rate:

	1% Decrease (3.38%)	Discount Rate (4.38%)	1% Increase (5.38%)
Total OPEB Liability	\$ 247,779,315.00	\$ 207,188,415.00	\$ 176,246,018.00

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

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

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

	<u>1% Decrease</u>	<u>Valuation Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 173,406,745.00	\$ 207,188,415.00	\$ 251,527,160.00

OPEB Expense

For the year ended December 31, 2025, the Township's OPEB expense was \$4,425,864.00 as determined by the actuarial valuation.

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

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

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

Contributions

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

Plan Membership and Contributing Employers

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2024:

	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	28,899
Active plan members	60,691
Total	89,590
Contributing employers	590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$13,028,800,548.00 at June 30, 2024.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

	June 30, 2024
Total OPEB Liability	\$ 17,748,257,548.00
Plan Fiduciary Net Position (Deficit)	(157,187,957.00)
Net OPEB Liability	\$ 17,905,445,505.00
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.89%

Actuarial Assumptions and Other Inputs – The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to 2024 in the measurement:

Inflation	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Rate for All Future Years	2.75% to 6.55%
	Based on Years of Service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%
	Based on Years of Service
Mortality:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Preretirement and postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021 scale.

100.00% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate - The following presents the Township's proportionate share of the net OPEB liability as of June 30, 2024 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	At 1% Decrease (2.93%)	At Current Discount rate (3.93%)	At 1% Increase (4.93%)
Township's proportionate share of the net OPEB liability	\$ 24,321,687.00	\$ 20,878,916.00	\$ 18,121,562.00

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2024, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease	At Current Healthcare Trend Rate	At 1% Increase
Township's proportionate share of the net OPEB liability	\$ 17,659,301.00	\$ 20,878,916.00	\$ 25,018,436.00

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$4,833,833,875.00 at June 30, 2024.

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Township was \$20,878,916.00 at June 30, 2024. These allocated liabilities represent 0.428141% of the State's total Nonemployer OPEB Liability for June 30, 2024. The OPEB Expense attributed to the Township was (\$2,022,814.00) at June 30, 2024.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

10. RISK MANAGEMENT

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

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

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

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

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

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

The December 31, 2025 audit report of the Fund was not filed as of the date of this report.

Summarized selected financial information for the Fund as of December 31, 2024 is as follows:

Total Assets	<u>\$ 116,696,278.00</u>
Net Position	<u>\$ 4,183,027.00</u>
Total Revenue	<u>\$ 34,134,948.00</u>
Total Expenses	<u>\$ 33,354,759.00</u>
Change in Net Position	<u>\$ 780,189.00</u>
Members Dividends	<u>\$ -</u>

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

10. RISK MANAGEMENT (continued)

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

Health Benefits Insurance

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

A. Specific Loss:

The Township will pay the Specific Deductible amount of \$125,000.00 per policy period per covered person.

B. Aggregate Loss:

The maximum aggregate reimbursement is \$1,000,000.00 per policy period.

Processing and payment of claims is administered by Meritain Health.

There is a provision included in the financial statements in the Other Trust Fund – Reserve for Employee Health Benefit Self Insurance Fund for claims incurred but not reported as of December 31, 2025 of \$5,399,517.14, which exceeds the estimated amount for unpaid losses and loss adjustment expenses, provided by the Township Health Insurance Advisor.

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

	2025	2024
Balance, Beginning of the Year	\$ 6,841,899.44	\$ 4,990,521.03
Provision for Insured Events	<u>26,816,485.64</u>	<u>18,181,170.35</u>
	33,658,385.08	23,171,691.38
Claims and Claim Adjustment Expenses:		
Attributable to Insured Events	<u>28,258,867.94</u>	<u>16,329,791.94</u>
Balance, End of Year	<u>\$ 5,399,517.14</u>	<u>\$ 6,841,899.44</u>

Workers’ Compensation

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

A. Specific Loss:

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

There has been no provision included in the financial statements for loss reserves as of December 31, 2025.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

10. RISK MANAGEMENT (continued)

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

	2025	2024
Balance, Beginning of the Year	\$ 127,719.00	\$ 120,278.00
Provision for Insured Events	1,680,657.11	1,673,071.00
	<u>1,808,376.11</u>	<u>1,793,349.00</u>
Claims and Claim Adjustment Expenses:		
Attributable to Insured Events	1,737,199.83	1,665,630.00
	<u>1,737,199.83</u>	<u>1,665,630.00</u>
Balance, End of Year	<u>\$ 71,176.28</u>	<u>\$ 127,719.00</u>

Workers' Compensation Loss Reserves

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of reported losses and loss adjustment expenses as of December 31, 2025. This estimate is based on the estimated ultimate cost of settling the reported claims considering the historical experience, various other industry statistics, including the effects of inflation and other societal or economic factors. The ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess loss insurance and reinsurance coverages.

Loss reserves, at December 31, 2025 and 2024, respectively, which have been estimated by the Fund's Actuary and Servicing Agents, are as follows:

	2025	2024
Case Reserves	<u>\$ 611,678.00</u>	<u>\$ 5,486,213.00</u>

New Jersey Unemployment Compensation Insurance

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

10. RISK MANAGEMENT (continued)

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

Year	Township Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2025		\$ 376,429.45	\$ 718,018.86	\$ 53,666.06
2024	\$ 10,000.00	64,295.29	574,156.00	395,255.47
2023		60,475.00	133,828.00	895,116.18

11. COMMITMENTS AND CONTINGENCIES

The Township is periodically involved in various lawsuits arising in the normal course of the Township's operations including claims for property damage, personal injury and various contract disputes. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position and operations as of December 31, 2025.

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$1,575,556.70, which it believes is sufficient to cover any potential loss.

The Township bills the Township of East Hanover, and three other municipalities for sewer usage. Currently, the Township is in dispute as to how much the Township of East Hanover owes ParsIPPany-Troy Hills. The amount recorded as receivable on the Sewer Utility Operating Fund balance sheet at December 31, 2025 is fully reserved, therefore the possible cancellation of part of the receivable will not impact operations, but would reduce the receivable and offsetting reserve.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

12. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the Township had the following deferred charges:

	Balance December 31, 2025	Required 2026 Budget Appropriation	To be Raised in Subsequent Years' Budgets
Current Fund:			
Special Emergency Appropriations (40A:4-53):			
COVID-19 - Loss of Revenues	\$ 460,000.00	\$ 460,000.00	
Accrued Vacation & Sick Leave Payouts- 2021	207,795.00	207,795.00	
Accrued Vacation & Sick Leave Payouts- 2022	367,139.02	183,570.00	\$ 183,569.02
Accrued Vacation & Sick Leave Payouts- 2023	721,554.74	240,519.00	481,035.74
Accrued Vacation & Sick Leave Payouts- 2024	1,004,000.00	251,000.00	753,000.00
	<u>\$ 2,760,488.76</u>	<u>\$ 1,342,884.00</u>	<u>\$ 1,417,604.76</u>

The appropriation in the 2026 budget is not less than that required by statute.

13. ECONOMIC DEPENDENCY

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

14. TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes If Billed In Full	Abated Taxes
UPS	January 1, 2017	December 31, 2046	\$ 827,355.00	\$ 1,197,765.77	\$ 370,410.77
District 1515	December 30, 2020	December 31, 2054	306,554.17	582,240.99	275,686.82
Total			<u>\$ 1,133,909.17</u>	<u>\$ 1,780,006.76</u>	<u>\$ 646,097.59</u>

15. DEFERRED COMPENSATION PLAN

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

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

16. LENGTH OF SERVICE AWARD PLAN (LOSAP)

The Township has authorized a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Township sponsors the Program, which is administered by a private contractor. As of December 31, 2025 and 2024, there was \$1,163,834.18 and \$1,100,223.37, respectively, held in the LOSAP.

17. LEASE REVENUE

The Township has several lease agreements for the lease of the Township's cell towers with AT&T, T-Mobile, Verizon, and Dish Wireless. The terms of each lease are for five years in length with one additional renewal term of five years, with the exception of the lease agreement with T-Mobile for the cell tower at 3339 Route 46, which has a term of five years with four additional renewal terms of five years. The three leases with AT&T commenced on October 1, 2022. The leases for T-Mobile- 3339 Route 46, T-Mobile- Lackawanna Water Tank, and T-Mobile- Pomeroy Road Water Tank commenced on November 3, 2006, February 15, 2023, and September 26, 2023, respectively. The leases for Verizon- Lackawanna Water Tank, Verizon- Pomeroy Road Water Tank, and Verizon- Vail Road commenced on December 18, 2018, April 1, 2021, and October 1, 2022, respectively. The lease for Dish Wireless- Vail Road and Dish Wireless- Pomeroy Road Water Tank commenced on August 1, 2022 and May 16, 2023, respectively. The base monthly payments range from \$1,916.67 to \$4,889.91, with annual increases of 2.00% per year thereafter. In addition, the Township maintains a residential lease agreement for the property located at 2387 Watnong Terrace, with monthly rental payments of \$500.00. Total lease revenue recognized by the Township for the years ended 2025 and 2024 was approximately \$602,651.65 and \$711,191.00, respectively.

The Township entered into a lease agreement in 2012 with the Morris County Municipal Utilities Authority for the operation of a transfer station located in Parsippany-Troy Hills for a term of twenty-five years. The annual rent consists of a base amount of \$202,758.23 per year, plus one percent (1.00%) of revenues generated from solid waste tonnage disposed of at the facility in excess of 294,192 tons per year. The lessee is obligated to pay monthly installments equal to one-twelfth (1/12) of the fixed annual rent. Rental amounts shall be adjusted annually based on changes in the Consumer Price Index, however, in no event shall the annual rent be less than the amount paid in the preceding year. The total lease payments for 2025 and 2024 were approximately \$275,232.00 and \$260,040.00, respectively.

18. SCHOOL DISTRICT TAXES

Regulations provide for the deferral of not more than 50.00% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

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

19. OPEN SPACE TRUST FUND

The Township created an Open Space Trust Fund with a tax levy of \$0.02 per \$100.00 of assessed valuation in 1989. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2025 and 2024 were \$7,034,124.16 and \$8,162,268.84, respectively.

TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 and 2024

20. PRIOR PERIOD RESTATEMENT

The Township identified an error in the previously issued 2024 financial statements related to the omission of the Payroll Agency Fund cash account and the related Payroll Deductions Payable liability. The schedule below summarizes the restatement:

Trust Funds	December 31, 2024 As Reported	Restatement Amount	December 31, 2024 As Restated
<u>ASSETS</u>			
Payroll Agency Fund:			
Cash	\$ -	\$ 876,147.97	\$ 876,147.97
Total Payroll Agency Fund	<u>\$ -</u>	<u>\$ 876,147.97</u>	<u>\$ 876,147.97</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Payroll Agency Fund:			
Payroll Deductions Payable	\$ -	\$ 876,147.97	\$ 876,147.97
Total Payroll Agency Fund	<u>-</u>	<u>876,147.97</u>	<u>876,147.97</u>

The correction had no effect on previously reported fund balance, change in fund balance or results of operations.

21. RESERVE FOR LITIGATION

During the year ended December 31, 2025, the Township established a Reserve for Litigation within the Water Utility Fund in accordance with Township Resolution R2025-166 authorizing the settlement of PFAS-related litigation involving water providers. Pursuant to the resolution, the Township received settlement proceeds totaling \$2,690,543.34, which were deposited into the reserve to be utilized for costs associated with litigation, environmental remediation, water quality initiatives, and other related purposes as authorized by the Township. The reserve was established to account for the receipt and future use of these settlement funds.

22. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2025 through the date of July 14, 2026, which is the date the financial statements were available to be issued and identified no material financial transactions through the issuance of the audit.

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

PART II

**SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2025**

CURRENT FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2025

	REF.	CURRENT FUND	FEDERAL AND STATE GRANT FUND
Balance - December 31, 2024	A	\$ 24,544,467.20	\$ 1,145,395.64
Increased by Receipts:			
Refunds of Prior Year Expenditures	A-1	\$ 21,766.97	
Petty Cash Returned	A-6	250.00	
Taxes Receivable	A-7	254,690,917.16	
Tax Title Liens Receivable	A-8	79,904.12	
Revenue Accounts Receivable	A-10	21,787,943.54	
Interfund	A-12	1,668,762.47	
Refund of Current Year Expenditures	A-14	150.00	
Tax Overpayments	A-15	132,431.04	
Prepaid Taxes	A-16	3,578,793.48	
State of NJ Sr. Citizen's & Vet. Deductions	A-17	179,293.29	
State of NJ Various Fees	A-18	317,706.00	
Reserve for Sale of Municipal Assets	A-24	54,678.00	
Reserve for Watershed Moratorium	A-25	55,178.00	
Special Emergency Note	A-27	1,388,000.00	
Federal and State Grants Receivable	A-28		\$ 976,892.26
Federal and State Grants Unappropriated	A-31		15,559.20
Due to County- PILOT Payments	A-32	58,944.99	
		<u>284,014,719.06</u>	<u>992,451.46</u>
		308,559,186.26	2,137,847.10
Decreased by Disbursements:			
Prior Years Revenue Refunds	A-1	36,547.50	
Budget Appropriations	A-3	83,778,779.18	
Petty Cash Advanced	A-6	250.00	
Interfund	A-12, A-29	3,109,068.83	1,027,738.18
Appropriation Reserves	A-13	5,444,342.73	
Tax Overpayments	A-15	108,644.35	
State of NJ Various Fees	A-18	213,319.00	
County Taxes	A-20	24,622,850.17	
Local District School Tax	A-21	160,322,887.00	
Special District Tax	A-22	6,221,789.00	
Municipal Open Space Tax	A-22A	1,469,510.02	
Reserve for Tax Appeals	A-23	783,068.00	
Emergency Note Payable	A-27	2,422,000.00	
Due to County- PILOT Payments	A-32	58,944.99	
		<u>288,592,000.77</u>	<u>1,027,738.18</u>
Balance - December 31, 2025	A	<u>\$ 19,967,185.49</u>	<u>\$ 1,110,108.92</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2025 and 2024	A	\$ <u>1,565.00</u>

Schedule A-6

CURRENT FUND
 SCHEDULE OF PETTY CASH FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	A	\$ -
Increased by:		
Petty Cash Advanced	A-4	<u>250.00</u>
Decreased by:		
Petty Cash Returned	A-4	<u>250.00</u>
Balance - December 31, 2025	A	\$ <u>-</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2025

YEAR	BALANCE DECEMBER 31, 2024	TAX LEVY 2025	ADDED BY COLLECTOR	COLLECTIONS BY CASH		STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TRANSFER TO TAX TITLE LIENS	REMITTED OR CANCELLED	BALANCE DECEMBER 31, 2025
				2024	2025				
2023	\$ 3,792.24				\$ 3,792.34				
2024	<u>1,081,473.31</u> 1,085,265.55		\$ <u>11,279.30</u> 11,279.30		<u>1,031,609.68</u> 1,035,402.02			\$ <u>33,907.36</u> 33,907.36	\$ <u>27,235.57</u> 27,235.57
2025		\$ <u>260,433,943.62</u>		\$ <u>3,466,485.27</u>	<u>253,655,515.14</u>	\$ <u>189,613.42</u>	\$ <u>361,555.76</u>	<u>164,060.31</u>	<u>2,596,713.72</u>
Total	\$ <u>1,085,265.55</u>	\$ <u>260,433,943.62</u>	\$ <u>11,279.30</u>	\$ <u>3,466,485.27</u>	\$ <u>254,690,917.16</u>	\$ <u>189,613.42</u>	\$ <u>361,555.76</u>	\$ <u>197,967.67</u>	\$ <u>2,623,949.29</u>
Ref.	A	Reserve	A-1, A-17	A-2, A-16	A-2, A-4	A-2, A-17	A-8	Reserve	A

Analysis of 2025 Property Tax Levy:

	Ref.	
Tax Yield:		
General Purpose	\$ 259,849,227.94	
Added Taxes (54:4-63.1 et seq.)	<u>584,715.68</u>	
	\$ <u>260,433,943.62</u>	

Tax Levy:

Local District School Tax (Abstract)	A-2, A-21	\$ 160,322,884.00
Municipal Open Space	A-2, A-22A	1,469,510.02
County Tax (Abstract)	A-2, A-20	23,921,727.92
County Open Space Tax (Abstract)	A-2, A-20	644,386.60
Special District Tax	A-2, A-22	6,221,789.00
Added County Tax	A-2, A-20	<u>56,735.65</u>
		\$ 192,637,033.19
Local Tax for Mun. Purposes (Abstract)	A-2	\$ 63,840,071.40
Minimum Library Tax Levied		3,428,859.00
Add: Additional Tax Levied		<u>527,980.03</u>
		<u>67,796,910.43</u>
		\$ <u>260,433,943.62</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	A	\$ 1,663,460.05
Increased by:		
Transfers from Taxes Receivable	A-7	<u>361,555.76</u>
		2,025,015.81
Decreased by:		
Cash Receipts	A-4	<u>79,904.12</u>
Balance - December 31, 2025	A	<u><u>\$ 1,945,111.69</u></u>

Schedule A-9

CURRENT FUND
 SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
 (AT ASSESSED VALUATION)
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2025 and 2024	A	<u><u>\$ 1,428,800.00</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	REF.	BALANCE DECEMBER 31, 2024	ACCRUED IN 2025	COLLECTED	BALANCE DECEMBER 31, 2025				
Licenses:									
Alcoholic Beverages	A-2	\$	97,055.00	\$	97,055.00				
Other	A-2		284,514.00		284,514.00				
Fees and Permits	A-2		1,366,401.79		1,366,401.79				
Municipal Court - Fines and Costs	A-2	\$	88,326.39		\$	42,008.26			
Interest and Costs on Taxes	A-2		355,833.55		355,833.55				
Interest on Investments and Deposits	A-2		1,673,338.91		1,673,338.91				
Garbage and Trash Removal	A-2		1,826,014.24		1,826,014.24				
Community Center Revenue - Concession Rents	A-2		303,925.00		303,925.00				
Ambulance Service Billing	A-2		1,599,045.30		1,599,045.30				
Lease of Township Assets	A-2		602,651.65		602,651.65				
Payment in Lieu of Taxes - BT Property, LLC (UPS)	A-2		827,355.00		827,355.00				
Hotel Use and Occupancy Tax	A-2		2,177,317.95		2,177,317.95				
State and Federal Grants and Aid:	A-2								
Energy Receipts Tax	A-2		4,548,623.26		4,548,623.26				
Watershed Aid	A-2		55,178.00		55,178.00				
Uniform Construction Code Fees	A-2		4,441,337.36		4,441,337.36				
Shared Services- Municipal Court	A-2		158,916.00		158,916.00				
Uniform Fire Safety Act	A-2		209,705.32		209,705.32				
Cablevision Franchise Fees	A-2		245,085.80		245,085.80				
Reserve for Debt Service	A-2		265,000.00		265,000.00				
Reserve for Police Outside Employment	A-2		250,000.00		250,000.00				
Total Anticipated Miscellaneous Revenues		88,326.39	21,783,411.32	21,829,729.45	42,008.26				
Miscellaneous Revenues Not Anticipated	A-2		528,392.09	528,392.09					
		\$	88,326.39	\$	22,311,803.41	\$	22,358,121.54	\$	42,008.26
	REF.	A	Reserve	Below	A				
Cash Received	A-4	\$	21,787,943.54						
Reserve for Watershed Moratorium	A-25		55,178.00						
Due from General Capital	A-12		265,000.00						
Due from Trust Fund	A-12		250,000.00						
	Above	\$	22,358,121.54						

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF OTHER LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2025 and 2024	A	<u>\$ 191,926.95</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUND RECEIVABLES/(PAYABLES)
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	BUDGET REVENUES	BUDGET APPROPRIATIONS	CASH RECEIPTS	CASH DISBURSEMENTS	ADJUSTMENTS	BALANCE DECEMBER 31, 2025
Current Fund:							
Interfunds:							
Grant Fund		\$ 1,109,068.83	\$ (1,109,068.83)	\$ (1,109,073.83)	\$ 1,109,068.83		\$ (5.00)
General Capital Fund		265,000.00		(265,000.00)			
Trust - Other Funds	\$ (2,000,000.00)	250,000.00		(250,000.00)	2,000,000.00		
Animal Control Fund	44,688.64			(44,688.64)		\$ 30,683.57	30,683.57
Total	<u>\$ (1,955,311.36)</u>	<u>\$ 1,624,068.83</u>	<u>\$ (1,109,068.83)</u>	<u>\$ (1,668,762.47)</u>	<u>\$ 3,109,068.83</u>	<u>\$ 30,683.57</u>	<u>\$ 30,678.57</u>
Ref.	A	A-2	A-3	A-4	A-4	Reserve	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE - DECEMBER 31, 2024		AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	ENCUMBERED	RESERVED			
APPROPRIATIONS WITHIN "CAPS"					
Executive:					
Salaries and Wages		\$ 23,552.19	\$ 23,552.19		\$ 23,552.19
Other Expenses	\$ 9.99	34,493.28	34,503.27	\$ 10,156.42	24,346.85
Administration:					
Salaries and Wages		160,395.55	60,395.55		60,395.55
Other Expenses	821.00	42,904.66	43,725.66	1,032.03	42,693.63
Township Council					
Salaries and Wages		1,908.18	1,908.18		1,908.18
Other Expenses		2,025.00	2,025.00		2,025.00
Township Clerk:					
Salaries and Wages		1,856.58	1,856.58		1,856.58
Other Expenses	2,023.14	43,261.94	45,285.08	2,329.94	42,955.14
Grant Writer: Other Expenses					
Other Expenses		21,850.00	21,850.00	1,650.00	20,200.00
Finance Administration					
Salaries and Wages		69,879.57	19,879.57		19,879.57
Other Expenses	1,039.29		1,039.29	1,039.29	
Annual Audit					
Other Expenses		222.00	222.00		222.00
Tax Collection					
Salaries and Wages		2,207.66	2,207.66		2,207.66
Other Expenses	1,047.50	9,634.39	10,681.89	1,480.25	9,201.64
Tax Assessment Administration					
Salaries and Wages		16,662.81	16,662.81		16,662.81
Other Expenses	344.45		344.45	244.45	100.00
Legal Services and Costs					
Other Expenses	38,824.23	155,159.15	193,983.38	169,156.38	24,827.00
Engineering Services and Costs:					
Salaries and Wages		78,429.26	78,429.26		78,429.26
Other Expenses	13,106.52	13,804.45	26,910.97	10,205.18	16,705.79
LAND USE ADMINISTRATION:					
Department of Planning					
Salaries and Wages		206.48	206.48		206.48
Other Expenses	10,817.39	40,845.41	51,662.80	13,436.17	38,226.63
Board of Adjustment					
Salaries and Wages		255.01	255.01		255.01
Other Expenses	1,843.08	8,044.49	9,887.57	4,515.85	5,371.72
INSURANCES:					
Unemployment Insurance			150,000.00	150,000.00	
Liability Insurance		5,200.00	5,200.00		5,200.00
Employee Health and Group Life	2,522.20	578,385.56	1,630,907.76	1,630,907.76	
Health Benefit Waivers		60,496.94	10,496.94		10,496.94

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE - DECEMBER 31, 2024		AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	ENCUMBERED	RESERVED			
PUBLIC SAFETY:					
Police Department					
Salaries and Wages		\$ 923,388.10	\$ 473,388.10	\$ 452,778.66	\$ 20,609.44
Other Expenses	\$ 205,852.74	240,863.48	446,716.22	299,323.77	147,392.45
Office of Emergency Management					
Salaries and Wages		8,766.88	8,766.88		8,766.88
Other Expenses	23,287.77	25,539.84	48,827.61	20,557.64	28,269.97
Fire Prevention Bureau					
Salaries and Wages		43,006.86	43,006.86		43,006.86
Other Expenses	3,585.24	5,141.73	8,726.97	5,079.87	3,647.10
Municipal Prosecutor					
Salaries and Wages		40,000.00	40,000.00		40,000.00
Other Expenses	2,750.00	7,000.00	9,750.00	2,750.00	7,000.00
Municipal Court					
Salaries and Wages		63,834.29	63,834.29		63,834.29
Other Expenses	1,946.39	9,817.65	11,764.04	3,311.79	8,452.25
Public Defender					
Other Expenses		29,650.00	29,650.00	29,650.00	
Information Technology					
Other Expenses	98,697.80	57,748.24	156,446.04	86,667.31	69,778.73
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages		322,575.91	172,575.91	155,867.21	16,708.70
Other Expenses	166,023.12	51,174.53	217,197.65	214,100.76	3,096.89
Sanitation and Recycling					
Salaries and Wages		134,139.15	84,139.15	75,000.00	9,139.15
Other Expenses	183,330.77	414,341.95	597,672.72	555,927.57	41,745.15
Buildings and Grounds					
Salaries and Wages		22,188.60	22,188.60		22,188.60
Other Expenses	33,551.07	16,528.41	50,079.48	35,286.54	14,792.94
Vehicle Maintenance:					
Other Expenses	112,244.75	112,937.58	225,182.33	147,005.02	78,177.31
Condominium Costs		13,250.04	13,250.04	12,872.79	377.25
HEALTH AND HUMAN SERVICES:					
Public Health Services					
Salaries and Wages		79,144.37	79,144.37	75,000.00	4,144.37
Other Expenses	4,231.07	18,976.29	23,207.36	5,509.33	17,698.03
Office of Social Services					
Salaries and Wages		3,294.12	3,294.12		3,294.12
Other Expenses	1,609.38	6,897.96	8,507.34	2,282.26	6,225.08
Contribution to Day Care Center		15,400.00	15,400.00	15,000.00	400.00
Ambulance Services:					
Salaries and Wages		109,360.48	109,360.48	100,000.00	9,360.48
Other Expenses	75,357.62	22,412.91	97,770.53	93,714.63	4,055.90
PARKS AND RECREATION:					
Recreation Services:					
Salaries and Wages		196,838.89	46,838.89	2,500.00	44,338.89
Other Expenses	16,637.48	260,612.91	277,250.39	186,223.70	91,026.69
Maintenance of Parks:					
Salaries and Wages		239,281.51	139,281.51	50,000.00	89,281.51
Other Expenses	74,254.93	43,603.20	117,858.13	79,730.47	38,127.66
CODE ENFORCEMENT & ADMINISTRATION					
Housing Code Enforcement					
Salaries and Wages		51,098.70	51,098.70		51,098.70
Other Expenses	7,666.65	20,848.87	28,515.52	9,432.82	19,082.70
Zoning Code Enforcement					
Other Expenses	209.45		209.45	209.45	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE - DECEMBER 31, 2024		AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	ENCUMBERED	RESERVED			
UTILITIES:					
Utilities and Gasoline	\$ 162,523.43	\$ 325,698.63	\$ 388,222.06	\$ 262,090.01	\$ 126,132.05
Solid Waste Disposal Costs	165,748.06	231,688.93	397,436.99	356,345.91	41,091.08
LANDFILL MAINTENANCE:					
Salaries and Wages		20,000.00	20,000.00		20,000.00
Other Expenses	2,245.00	4,862.50	7,107.50	1,995.00	5,112.50
UNIFORM CONSTRUCTION CODE:					
Construction Official					
Salaries and Wages		13,503.26	13,503.26		13,503.26
Other Expenses	18,850.36	127,563.64	146,414.00	53,688.96	92,725.04
UNCLASSIFIED					
Accumulated Absence Liabilities		14,622.98	14,622.98	14,622.98	
SFSP Fire District Adjustments		18,948.00	18,948.00	18,948.00	
Total Operation (Item 8(A)) Within "CAPS"	1,433,001.87	5,738,231.95	7,171,233.82	5,419,626.17	1,751,607.65
Contingent					
Total Operations Within "CAPS"	1,433,001.87	5,738,231.95	7,171,233.82	5,419,626.17	1,751,607.65
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I)		63,265.17	63,265.17	3,075.07	60,190.10
DCRP		5,532.45	5,532.45		5,532.45
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		68,797.62	68,797.62	3,075.07	65,722.55
Total General Appropriations for Municipal Purposes Within "CAPS"	1,433,001.87	5,807,029.57	7,240,031.44	5,422,701.24	1,817,330.20
OPERATIONS EXCLUDED FROM "CAPS"					
Other Operations:					
Maintenance of Free Public Library (PL 1985, c82)		15,677.46	15,677.46		15,677.46
Total Other Operations Excluded from "CAPS"		15,677.46	15,677.46		15,677.46
Shared Service Agreements:					
Health Officer	22,764.85		22,764.85	22,764.85	
Total Interlocal Municipal Service Agreements	22,764.85		22,764.85	22,764.85	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	22,764.85	15,677.46	38,442.31	22,764.85	15,677.46
Total General Appropriations	\$ 1,455,766.72	\$ 5,822,707.03	\$ 7,278,473.75	\$ 5,445,466.09	\$ 1,833,007.66
REF. A, A-19		A		Below	A-1
Cash Disbursed			REF. A-4	\$ 5,444,342.73	
Accounts Payable			A-14	1,123.36	
			Above	\$ 5,445,466.09	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	-
Increased by:			
Other charges	A-4	\$	150.00
Transfers from Appropriation Reserves	A-13	<u>1,123.36</u>	<u>1,273.36</u>
Balance - December 31, 2025	A	<u>\$</u>	<u>1,273.36</u>

CURRENT FUND
 SCHEDULE OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	77,471.46
Increased by:			
Tax Overpayments Collected	A-4	<u>132,431.04</u>	<u>209,902.50</u>
Decreased by:			
Cash Disbursements	A-4	<u>108,644.35</u>	<u>101,258.15</u>
Balance - December 31, 2025	A	<u>\$</u>	<u>101,258.15</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	3,466,485.27
Increased by:			
Collections of 2026 Taxes	A-4		3,578,793.48
			7,045,278.75
Decreased by:			
Applied to 2025 Taxes Receivable	A-7		3,466,485.27
Balance - December 31, 2025	A	\$	3,578,793.48

CURRENT FUND
 SCHEDULE OF DUE FROM STATE OF NEW JERSEY
 SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
 (CHAPTER 129, P.L. 1976)
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	50,885.64
Increased by:			
Deductions per 2024 Tax Duplicate:			
Senior Citizens	A-7	\$	44,750.00
Veterans	A-7		146,000.00
Deductions Allowed by Tax Collector:			
2024 Tax	A-1, A-7		732.88
2025 Tax	A-7		2,250.00
			193,732.88
			244,618.52
Decreased by:			
Collections	A-4		179,293.29
Deductions Disallowed by Tax Collector:			
2024 Tax	A-1, A-7		12,012.18
2025 Tax	A-7		3,386.58
			194,692.05
Balance - December 31, 2025	A	\$	49,926.47

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NJ- VARIOUS FEES
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	INCREASES	DECREASES	BALANCE DECEMBER 31, 2025
Marriage License Fees	\$ 1,375.00	\$ 6,200.00	\$ 6,025.00	\$ 1,550.00
Uniform Construction Code Fees	<u>49,825.00</u>	<u>311,506.00</u>	<u>207,294.00</u>	<u>154,037.00</u>
	\$ <u>51,200.00</u>	\$ <u>317,706.00</u>	\$ <u>213,319.00</u>	\$ <u>155,587.00</u>
<u>REF.</u>	A	A-4	A-4	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	CURRENT FUND
Balance - December 31, 2024	A	\$ 1,455,766.72
Increased by:		
Charges to:		
2025 Budget Appropriations	A-3	<u>979,093.32</u>
		2,434,860.04
Decreased by:		
Transferred to Appropriation Reserves	A-13	<u>1,455,766.72</u>
Balance - December 31, 2025	A	<u><u>\$ 979,093.32</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	-
Increased by:			
2025 Levy:			
County Tax	A-7	\$	23,921,727.92
County Open Space Preservation	A-7		644,386.60
Added Taxes (R.R. 54:4-63.1 et seq.)	A-7		56,735.65
	A-1		<u>24,622,850.17</u>
			24,622,850.17
Decreased by:			
Payments	A-4		<u>24,622,850.17</u>
Balance - December 31, 2025	A	\$	<u>-</u>

CURRENT FUND
 SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	A	\$	3.00
Increased by:			
2025 Levy	A-1, A-7		<u>160,322,884.00</u>
			160,322,887.00
Decreased by:			
Payments	A-4		<u>160,322,887.00</u>
Balance - December 31, 2025	A	\$	<u>-</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF SPECIAL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	A	\$ -
Increased by:		
2025 Levy	A-1, A-7	<u>6,221,789.00</u>
		6,221,789.00
Decreased by:		
Payments	A-4	<u>6,221,789.00</u>
		6,221,789.00
Balance - December 31, 2025	A	<u><u>\$ -</u></u>

Exhibit - A-22A

CURRENT FUND
 SCHEDULE OF MUNICIPAL OPEN SPACE TAXES
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	A	\$ -
Increased by:		
2025 Levy	A-1, A-7	<u>1,469,510.02</u>
		1,469,510.02
Decreased by:		
Payments	A-4	<u>1,469,510.02</u>
		1,469,510.02
Balance - December 31, 2025	A	<u><u>\$ -</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR TAX APPEALS
YEAR ENDED DECEMBER 31, 2025

Balance - December 31, 2024	<u>REF.</u> A	\$ 1,558,624.70
Increased by:		
Amount to be Raised by Taxation	A-1, A-2	<u>800,000.00</u>
		2,358,624.70
Decreased by:		
Cash Disbursements	A-4	<u>783,068.00</u>
Balance - December 31, 2025	A	<u>\$ 1,575,556.70</u>

Schedule A-24

CURRENT FUND
 SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	A	\$ -
Increased by:		
Cash Receipts	A-4	<u>54,678.00</u>
Balance - December 31, 2025	A	<u>\$ 54,678.00</u>

Schedule A-25

CURRENT FUND
 SCHEDULE OF RESERVE FOR WATERSHED MORATORIUM
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	A	\$ 55,178.00
Increased by:		
Cash Receipts	A-4	<u>55,178.00</u>
		110,356.00
Decreased by:		
Applied to Current Year Revenue	A-10	<u>55,178.00</u>
Balance - December 31, 2025	A	<u>\$ 55,178.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES- SPECIAL EMERGENCY (40A:4-53)
YEAR ENDED DECEMBER 31, 2025.

DESCRIPTION	DATE	AMOUNT AUTHORIZED	NOT LESS THAN 1/5 OF AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2024	RAISED IN 2025 BUDGET	BALANCE DECEMBER 31, 2025
Special Emergency(40A:4-53):						
Accrued Vacation & Sick Leave Payouts- 2020	11/24/20	\$ 631,671.00	\$ 126,334.20	\$ 126,329.60	\$ 126,329.60	\$ -
COVID-19 - Loss of Revenues	06/15/21	2,300,000.00	460,000.00	920,000.00	460,000.00	460,000.00
Accrued Vacation & Sick Leave Payouts- 2021	12/21/21	1,038,975.00	207,795.00	415,590.00	207,795.00	207,795.00
Accrued Vacation & Sick Leave Payouts- 2022	12/20/22	917,849.02	183,569.80	550,709.02	183,570.00	367,139.02
Accrued Vacation & Sick Leave Payouts- 2023	12/28/23	1,202,593.74	240,518.75	962,073.74	240,519.00	721,554.74
Accrued Vacation & Sick Leave Payouts- 2024	12/03/24	1,255,000.00	251,000.00	1,255,000.00	251,000.00	1,004,000.00
				<u>\$ 4,229,702.36</u>	<u>\$ 1,469,213.60</u>	<u>\$ 2,760,488.76</u>
			<u>Ref.</u>	A	A-3	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2025

DESCRIPTION	AMOUNT OF ORIGINAL ISSUE	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2024	NOTES ISSUED	DECREASED	BALANCE DECEMBER 31, 2025
Special Emergency Notes, Series 2024	\$ 2,422,000.00	10/30/24	10/30/24	10/29/25	4.750%	\$ 2,422,000.00		\$ 2,422,000.00	
Special Emergency Notes, Series 2025	1,388,000.00	10/28/25	10/28/25	10/27/26	3.800%		\$ 1,388,000.00		\$ 1,388,000.00
						<u>\$ 2,422,000.00</u>	<u>\$ 1,388,000.00</u>	<u>\$ 2,422,000.00</u>	<u>\$ 1,388,000.00</u>
					<u>Ref.</u>	A	A-4	A-4	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

GRANT	BALANCE DECEMBER 31, 2024	2025 BUDGET REVENUE REALIZED	COLLECTED 2025	TRANSFERRED FROM STATE & FEDERAL GRANTS UNAPPROPRIATED	CANCELLED	BALANCE DECEMBER 31, 2025
Bulletproof Vest Partnership Grant	\$ 11,575.10					\$ 11,575.10
Municipal Alliance Grant 2022/2023	1,682.30					1,682.30
Municipal Alliance Grant 2023/2024	18,587.00					18,587.00
Municipal Alliance Grant 2024/2025	17,822.00					17,822.00
Click It or Ticket	1,080.00					1,080.00
Highlands Initial Assessment	12,057.67					12,057.67
Drive Sober or Get Pulled Over	1,595.00					1,595.00
Distracted Driving Statewide Crackdown Grant	6,160.00					6,160.00
Smith Baldwin House Archaeological Investment	16,456.00					16,456.00
NJ DEP- It Pays to Plug In- NJ Electric Vehicle Charging Grant	12,000.00					12,000.00
NJDOT- Vail Road Improvements	365,000.00					365,000.00
NJDOT- Jefferson Road Improvements	760,000.00		\$ 570,000.00			190,000.00
NJDOT- North Beverwyck Road - Phase 1	87,925.00					87,925.00
NJDOT - Edwards Road Improvements - Phase II	74,930.00					74,930.00
NJDOT - Sylvan Way Bridge	775,000.00					775,000.00
Sustainable Jersey	12,000.00					12,000.00
Highlands Water Protection and Planning Council	182,532.00					182,532.00
Donation - Provident Bank - Summer Concert Series	5,000.00				\$ 5,000.00	
NJDOT - North Beverwyck Rd Streetscape Phase II	316,400.00					316,400.00
Morris County Historic Preservation Trust- Smith-Baldwin House	531.00					531.00
Smith Baldwin Construction Documents	38,380.00					38,380.00
NJDOEP- Stormwater Assistance Grant	10,000.00					10,000.00
ANJEC Open Space Stewardship Grant	1,000.00					1,000.00
State Body Armor Replacement Program	\$	7,413.55		\$ 7,413.55		
Bulletproof Vest Partnership Grant		5,028.03		5,028.03		
Emergency Management Performance Grant		10,000.00		10,000.00		
Highway Safety Grants		21,140.00		21,140.00		
National Opioid Grant		374,159.99		374,159.99		
Cable Television Grant		14,000.00		14,000.00		
Clean Communities Program- FY2025		143,958.37	143,958.37			
Recycling Tonnage Grant- FY2025		121,208.24	121,208.24			
Bulletproof Vest Partnership Grant		9,707.97	9,707.97			
Highway Safety Grant		8,715.00		8,715.00		
Emergency Management Performance Grant		10,000.00	10,000.00			
National Opioid Grant		102,017.68	102,017.68			
Recreation Opportunities for Individuals with Disabilities Grant		20,000.00	20,000.00			
	<u>\$ 2,727,713.07</u>	<u>\$ 847,348.83</u>	<u>\$ 976,892.26</u>	<u>\$ 440,456.57</u>	<u>\$ 5,000.00</u>	<u>\$ 2,152,713.07</u>
REF.	A	A-29	A-4	A-31	A-30	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GRANT FUND
 SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE
YEAR ENDED DECEMBER 31, 2025

		BALANCE DECEMBER 31, 2024	INCREASE	DECREASE	BALANCE DECEMBER 31, 2025
Due from Current Fund		\$ -	\$ 1,875,087.01	\$ 1,875,082.01	\$ 5.00
		<u>\$ -</u>	<u>\$ 1,875,087.01</u>	<u>\$ 1,875,082.01</u>	<u>\$ 5.00</u>
	<u>REF.</u>	A	Below	Below	A
Cash Disbursements	A-4		\$ 1,027,738.18		
Cash Receipts	A-4				
Grant Revenues	A-2, A-28			\$ 847,348.83	
Transfers from Budget	A-3, A-30		847,348.83		
Grant Expenditures Paid by Current	A-30			<u>1,027,733.18</u>	
	Above		<u>\$ 1,875,087.01</u>	<u>\$ 1,875,082.01</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
YEAR ENDED DECEMBER 31, 2025

GRANT/AID PROGRAM	BALANCE DECEMBER 31, 2024	TRANSFERRED FROM 2025 BUDGET	PAID OR CHARGED	CANCELLATIONS	BALANCE DECEMBER 31, 2025
Drunk Driving Enforcement Fund - FY 2019	\$ 8,564.45		\$ 4,035.00		\$ 4,529.45
Clean Communities Program - FY 2024	93,521.96		85,870.52		7,651.44
Body Armor Replacement Fund	6,898.81				6,898.81
No Net Loss Grant - PF 14-07	2,501.43				2,501.43
Recycling Tonnage Grant - FY 2024	111,240.89		111,240.89		
Alcohol Education, Rehabilitation and Enforcement Fund - 2013	2,638.73				2,638.73
Alcohol Education, Rehabilitation and Enforcement Fund - 2014	413.56				413.56
Alcohol Education, Rehabilitation and Enforcement Fund - 2018	5,261.23				5,261.23
Alcohol Education, Rehabilitation and Enforcement Fund - 2019	3,214.99				3,214.99
Alcohol Education, Rehabilitation and Enforcement Fund - 2020	416.77				416.77
Highlands Initial Assessment Grant	25,258.57				25,258.57
Stream Cleaning and Desnagging	300,000.00				300,000.00
Federal Emergency Management Agency: Emergency Management Performance	28,965.00				28,965.00
Division of Highway Traffic Safety	6,190.00		6,190.00		
NJDOT - Vail Road Improvements	365,000.00				365,000.00
NJDOT - Jefferson Road Improvement	760,000.00		398,203.56		361,796.44
NJDOT - Edwards Road Improvement - Phase II	148,190.44		148,190.44		
NJDOT - Sylvan Way Bridge	775,000.00				775,000.00
Municipal Alliance	36,409.00				36,409.00
Donation - Elks Lodge Fire Trailer	2,606.00				2,606.00
Best Friends Animal Society RRSTA Grant	717.47		717.47		
Best Friends Animal Society - RRSTA Covid Relief Grant	128.01		128.01		
Donation - Spencer Savings PPE Grant	1,800.00		1,800.00		
Donation - Senior Activities FY 2013	1,000.00		1,000.00		
Donation - Volunteer Ambulance	1,500.00		1,500.00		
Donation - New Sotre Grant Community Relations	3,000.00		3,000.00		
Fire Prevention Donation	2,000.00				2,000.00
Donation - EMS COVID-19	100.00		100.00		
CARES ACT - Stimulus	21,756.97		21,756.97		
Target Youth Soccer Grant	3,000.00				3,000.00
Contribution - Waterview Assistance with Waterways Cleanup	50,000.00				50,000.00
Distracted Driving Statewide Crackdown	6,100.00		6,100.00		
Body Worn Camera Program - Police	55,773.92				55,773.92
NJDOEP Performance Partnership	1,999.15				1,999.15
Highlands Water Protection and Planning Council	196,412.50				196,412.50
Donation - American Endowment Foundation - Senior Citizens Activities	182.49		88.00		94.49
Donation - Provident Bank - Summer Concert Series	5,000.00			\$ 5,000.00	
NJDOT North Beverwyck Rd Streetscape Phase II	316,400.00				316,400.00
Matching Funds for Grants	28,000.00		1,500.00		26,500.00
American Endowment Foundation - Chao Charitable Fund Grant	3,000.00				3,000.00
ANJEC Open Space Stewardship Grant	1,000.00				1,000.00
Bulletproof Vest Partnership Grant	5,294.80		3,980.88		1,313.92
Lead Grant Assistance Program	22,400.00				22,400.00
NJ DEP- It Pays to Plug In - NJ Electric Vehicle Charging Grant	12,000.00				12,000.00
Senior Citizen of the Year Award - Charitable Trust Donation	3,500.00				3,500.00
NJ DEP- Stormwater Assistance Grant	23,200.00		6,511.41		16,688.59
Bulletproof Vest Partnership Grant		\$ 5,028.03			5,028.03
Bulletproof Vest Partnership Grant		9,707.97			9,707.97
Highway Safety Grants		21,140.00	13,430.00		7,710.00
National Opioid Grant		374,159.99	1,788.08		372,371.91
National Opioid Grant		102,017.68			102,017.68
Cable Television Grant		14,000.00			14,000.00
Clean Communities Program- FY2025		143,958.37	142,967.39		990.98
Recreation Opportunities for Individuals with Disabilities Grant		20,000.00	20,000.00		
State Body Armor Replacement Program		7,413.55			7,413.55
Recycling Tonnage Grant- FY2025		121,208.24	40,939.69		80,268.55
Emergency Management Performance Grant		10,000.00			10,000.00
Emergency Management Performance Grant		10,000.00	4,014.87		5,985.13
Highway Safety Grants		8,715.00	2,680.00		6,035.00
	<u>\$ 3,447,557.14</u>	<u>\$ 847,348.83</u>	<u>\$ 1,027,733.18</u>	<u>\$ 5,000.00</u>	<u>\$ 3,262,172.79</u>
REF.	A	Below	A-29	A-28	A
Adopted budget	A-3	\$ 431,741.57			
Appropriated by NJSA 40A:4-87	A-3	<u>415,607.26</u>			
Above		<u>\$ 847,348.83</u>			

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GRANT FUND
 SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS- UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2025

<u>GRANTS</u>	BALANCE DECEMBER 31, 2024	COLLECTED 2025	APPROPRIATED 2025	BALANCE DECEMBER 31, 2025
Bulletproof Vest Partnership Grant	\$ 5,033.03		\$ 5,028.03	\$ 5.00
Emergency Management Performance Grant	10,000.00		10,000.00	
Body Armor Replacement Fund	7,413.55		7,413.55	
National Opioid Grant	374,159.99		374,159.99	
LGAP Lead Initiative				
Cablevision PEG Grant	14,000.00		14,000.00	
Division of Highway Traffic Safety - Impaired Driving Countermeasure	6,755.00		6,755.00	
Division of Highway Traffic Safety - Safety Restraints Program Management	8,190.00		8,190.00	
Impaired Driving Countermeasure		\$ 6,195.00	6,195.00	
Distracted Driving Statewide Crackdown Grant		3,990.00	3,990.00	
Highway Safety Grant		4,725.00	4,725.00	
National Opioid Grant		649.20		649.20
	<u>\$ 425,551.57</u>	<u>\$ 15,559.20</u>	<u>\$ 440,456.57</u>	<u>\$ 654.20</u>
<u>Ref.</u>	A	A-4	A-28	A

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PILOT PAYMENTS DUE TO COUNTY
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$ -
Increased by:		
Cash Receipts	A-4	<u>58,944.99</u>
		58,944.99
Decreased by:		
Cash Disbursements	A-4	<u>58,944.99</u>
Balance, December 31, 2025	A	<u><u>\$ -</u></u>

TRUST FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

Exhibit - B-1

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY
YEAR ENDED DECEMBER 31, 2025

	Ref.	BALANCE DECEMBER 31, 2024	CASH RECEIPTS	CASH DISBURSEMENTS	PAYMENT OF BOND PRINCIPAL	MUNICIPAL OPEN SPACE TAX LEVY	BUDGET APPROPRIATIONS	REALIZED AS REVENUE IN CURRENT FUND	ADJUSTMENTS	BALANCE DECEMBER 31, 2025
Animal Control:										
Change Fund	B	\$ (50.00)								\$ (50.00)
Due (from)/to Current Fund	B-18	44,688.64		\$ (44,688.64)					\$ 30,683.57	30,683.57
Due NJ - State License Fees	B-2	108.60	\$ 2,388.60	(2,458.80)						38.40
Reserve for Donations	B-3	52,119.99	6,507.56							58,627.55
Reserve for Animal Control Expenditures	B-4	45,498.60	88,328.94	(256,348.17)			\$ 200,000.00		(30,683.57)	46,795.80
Total		142,365.83	97,225.10	(303,495.61)			200,000.00		-	136,095.32
Community Development Block Grant Fund:										
Community Development Grant Receivable	B-5	(1,147,749.27)		65,508.01						(1,082,241.26)
Reserve for CDBG Expenditures	B-6	1,147,856.35	2,080.00	(66,590.84)						1,083,345.51
Total		107.08	2,080.00	(1,082.83)						1,104.25
Municipal Open Space Trust Fund:										
Reserve for Municipal Open Space Preservation Trust	B-7	8,162,268.84	395,193.59	(2,667,848.29)	\$ (325,000.00)	\$ 1,469,510.02				7,034,124.16
Total		8,162,268.84	395,193.59	(2,667,848.29)	(325,000.00)	1,469,510.02				7,034,124.16
Payroll Agency Fund:										
Payroll Deductions Payable	B-17	876,147.97	41,598,394.64	(42,178,401.88)						296,140.73
Total		876,147.97	41,598,394.64	(42,178,401.88)						296,140.73
Trust - Other Funds:										
Cash with Fiscal Agents- Workers' Compensation Plan	B	(127,718.59)	(7,375.72)	63,918.44						(71,175.87)
Due (from)/to Current Fund	B-18	(2,000,000.00)	2,000,000.00							
Due (from)/to Sewer Utility Operating Fund	B-18								(4,121.30)	(4,121.30)
Employee Contributions Receivable	B-19	(64,294.92)	64,294.92							
Reserve for Premiums at Tax Sale	B-8	1,529,700.00	332,700.00	(1,396,100.00)						466,300.00
Reserve for Off-Duty Police	B-9	798,334.77	1,092,690.53	(856,389.08)				\$ (250,000.00)		784,636.22
Reserve for Employee Health Benefit- Self Insurance Fund	B-10	6,841,899.44	26,816,485.64	(28,258,867.94)						5,399,517.14
Reserve for Workers' Compensation- Self Insurance Fund	B-11	127,718.59	1,605,359.94	(1,737,199.83)					4,121.30	
Reserve for LOSAP Forfeiture	B-12	223,561.92		(34,417.87)						189,144.05
Reserve for State Unemployment Insurance Fund	B-13	395,255.47	376,429.45	(718,018.86)						53,666.06
Reserve for Storm Recovery	B-14	542,255.28	200,000.00							742,255.28
Reserve for Accumulated Sick and Vacation Compensation	B-15	568,000.00	314,622.98							882,622.98
Reserve for Special Deposits	B-16	14,463,237.02	7,085,867.65	(4,408,754.00)						17,140,350.67
Total		23,297,948.98	39,881,075.39	(37,345,829.14)				(250,000.00)	-	25,583,195.23
Total - All Funds		\$ 31,602,690.73	\$ 40,375,574.08	\$ (40,318,255.87)	\$ (325,000.00)	\$ 1,469,510.02	\$ 200,000.00	\$ (250,000.00)	\$ -	\$ 32,754,518.96

Ref.

B

B

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- ANIMAL CONTROL FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2025

Balance, December 31, 2024	B	\$	108.60
Increased by:			
Cash Receipts	B-1		<u>2,388.60</u>
			2,497.20
Decreased by:			
Cash Disbursements	B-1		<u>2,458.80</u>
Balance, December 31, 2025	B	\$	<u><u>38.40</u></u>

TRUST- ANIMAL CONTROL FUND
 SCHEDULE OF RESERVE FOR DONATIONS
YEAR ENDED DECEMBER 31, 2025

Balance, December 31, 2024	B	\$	52,119.99
Increased by:			
Cash Receipts	B-1		<u>6,507.56</u>
Balance, December 31, 2025	B	\$	<u><u>58,627.55</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- ANIMAL CONTROL FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
YEAR ENDED DECEMBER 31, 2025

Balance, December 31, 2024	B		\$	45,498.60
Increased by:				
Cash Receipts	B-1	\$	88,328.94	
Budget Appropriation	B-1		<u>200,000.00</u>	
				<u>288,328.94</u>
				333,827.54
Decreased by:				
Cash Disbursements	B-1		256,348.17	
Statutory Excess to Current Fund	B-18		<u>30,683.57</u>	
				<u>287,031.74</u>
Balance, December 31, 2025	B		<u>\$</u>	<u>46,795.80</u>

Footnote: R.S. 4:19-15.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next proceeding."

<u>Year</u>	<u>Amount</u>
2023	\$ 23,184.00
2024	<u>23,611.80</u>
Maximum Allowable Reserve	<u>\$ 46,795.80</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 SCHEDULE OF CDBG GRANT RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 1,147,749.27
Decreased by:		
Cash Disbursements	B-1	<u>65,508.01</u>
Balance, December 31, 2025	B	<u><u>\$ 1,082,241.26</u></u>

TRUST- COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 SCHEDULE OF RESERVE FOR CDBG PROGRAM EXPENDITURES
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 1,147,856.35
Increased by:		
Cash Receipts	B-1	<u>2,080.00</u>
		1,149,936.35
Decreased by:		
Cash Disbursements	B-1	<u>66,590.84</u>
Balance, December 31, 2025	B	<u><u>\$ 1,083,345.51</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- MUNICIPAL OPEN SPACE TRUST FUND
 SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
 PRESERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	B		\$ 8,162,268.84
Increased by:			
Municipal Open Space Tax Levy	B-1	\$ 1,469,510.02	
Cash Receipts	B-1	<u>395,193.59</u>	
			<u>1,864,703.61</u>
			10,026,972.45
Decreased by:			
Cash Disbursements	B-1	2,667,848.29	
Payment of Bond Principal - General Capital Fund	B-1	175,000.00	
Payment of Bond Principal - Golf and Recreation Utility Capital Fund	B-1	<u>150,000.00</u>	
			<u>2,992,848.29</u>
Balance, December 31, 2025	B		<u><u>\$ 7,034,124.16</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR PREMIUMS AT TAX SALE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 1,529,700.00
Increased by:		
Cash Receipts	B-1	<u>332,700.00</u>
		1,862,400.00
Decreased by:		
Cash Disbursements	B-1	<u>1,396,100.00</u>
Balance, December 31, 2025	B	<u><u>\$ 466,300.00</u></u>

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR OFF-DUTY POLICE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 798,334.77
Increased by:		
Cash Receipts	B-1	<u>1,092,690.53</u>
		1,891,025.30
Decreased by:		
Cash Disbursements	B-1	\$ 856,389.08
Realized as Revenue in Current Fund	B-1	<u>250,000.00</u>
		<u>1,106,389.08</u>
Balance, December 31, 2025	B	<u><u>\$ 784,636.22</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR EMPLOYEE HEALTH BENEFITS- SELF INSURANCE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 6,841,899.44
Increased by:		
Cash Receipts	B-1	<u>26,816,485.64</u>
		33,658,385.08
Decreased by:		
Cash Disbursements	B-1	<u>28,258,867.94</u>
Balance, December 31, 2025	B	<u>\$ 5,399,517.14</u>

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR WORKERS COMPENSATION- SELF INSURANCE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 127,718.59
Increased by:		
Cash Receipts	B-1	\$ 1,605,359.94
Due from Sewer Utility Operating Fund	B-1, B-18	<u>4,121.30</u>
		<u>1,609,481.24</u>
		1,737,199.83
Decreased by:		
Cash Disbursements	B-1	<u>1,737,199.83</u>
Balance, December 31, 2025	B	<u>\$ -</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
 SCHEDULE OF RESERVES FOR LOSAP FORFEITURE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 223,561.92
Decreased by:		
Cash Disbursements	B-1	<u>34,417.87</u>
Balance, December 31, 2025	B	<u>\$ 189,144.05</u>

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE FUND
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 395,255.47
Increased by:		
Cash Receipts	B-1	<u>376,429.45</u>
		771,684.92
Decreased by:		
Cash Disbursements	B-1	<u>718,018.86</u>
Balance, December 31, 2025	B	<u>\$ 53,666.06</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR STORM RECOVERY
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 542,255.28
Increased by:		
Cash Receipts	B-1	<u>200,000.00</u>
Balance, December 31, 2025	B	<u><u>\$ 742,255.28</u></u>

TRUST- OTHER FUND
 SCHEDULE OF RESERVE FOR ACCUMULATED SICK
 AND VACATION COMPENSATION
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 568,000.00
Increased by:		
Cash Receipts	B-1	<u>314,622.98</u>
Balance, December 31, 2025	B	<u><u>\$ 882,622.98</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
SCHEDULE OF SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	INCREASED	DECREASED	BALANCE DECEMBER 31, 2025
Reserve For:				
Developer Escrow	\$ 3,403,186.43	\$ 1,335,978.16	\$ 752,078.82	\$ 3,987,085.77
Dedicated Fire Penalties	41,140.39	10,750.00	22,050.00	29,840.39
Public Defender Fees	317.32	44,533.50	33,750.00	11,100.82
MAC Program Income	3,204.10			3,204.10
Redemption of Liens	41,323.93	2,642,306.54	2,642,306.54	41,323.93
Parking Adjudication (POAA)	4,151.42	880.00		5,031.42
Parsippany Food Pantry	257,416.43	34,431.00	9,899.14	281,948.29
Donations Summer Concert Series		8,000.00	8,000.00	
Res for Municipal Law Enforcement	127,037.37	5,496.10		132,533.47
Reserve for Fed Forfeiture	103,741.14	7,308.78	22,822.50	88,227.42
Reserve for Uniform Fire Penalties	7,262.52	17,250.00	7,071.36	17,441.16
Reserve for Recreational Activities	54,360.65	38,252.85	59,967.26	32,646.24
Fields & Facilities Green Acres	41,927.87	110.00	42,037.87	
Mandatory Dev. Fees--Resident	2,668,759.81	125,202.41	30.00	2,793,932.22
Mandatory Dev. Fees--Commer.	5,302,069.70	1,886,832.00	354,096.92	6,834,804.78
Affordable Housing	902,710.22	368,886.41		1,271,596.63
Green Acres	1,504,627.72	559,649.90	454,643.59	1,609,634.03
	<u>\$ 14,463,237.02</u>	<u>\$ 7,085,867.65</u>	<u>\$ 4,408,754.00</u>	<u>\$ 17,140,350.67</u>
<u>Ref.</u>	B	B-1	B-1	B

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- PAYROLL AGENCY FUND
 SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024 (As Restated)	B	\$ 876,147.97
Increased by:		
Cash Receipts	B-1	<u>41,598,394.64</u>
		42,474,542.61
Decreased by:		
Cash Disbursements	B-1	<u>42,178,401.88</u>
Balance, December 31, 2025	B	<u><u>\$ 296,140.73</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST FUND
 SCHEDULE OF INTERFUNDS (RECEIVABLE)/PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	<u>Total</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2024	B	\$(1,955,311.36)	\$ 44,688.64	\$ (2,000,000.00)
Increased by:				
Interfunds Advanced	B-1	2,000,000.00		2,000,000.00
Statutory Excess to Current Fund	B-1, B-4	30,683.57	30,683.57	
		<u>75,372.21</u>	<u>75,372.21</u>	<u>-</u>
Decreased by:				
Interfunds Returned	B-1	48,809.94	44,688.64	4,121.30
		<u>48,809.94</u>	<u>44,688.64</u>	<u>4,121.30</u>
Balance December 31, 2025	B	<u>\$ 26,562.27</u>	<u>\$ 30,683.57</u>	<u>\$ (4,121.30)</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

TRUST- OTHER FUND
 SCHEDULE OF EMPLOYEE CONTRIBUTIONS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	B	\$ 64,294.92
Decreased by:		
Cash Receipts	B-1	64,294.92
Balance, December 31, 2025	B	\$ -

GENERAL CAPITAL FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>		
Balance - December 31, 2024	C		\$ 19,495,257.54
Increased by Receipts:			
Serial Bonds	C-7	\$ 34,365,000.00	
Capital Improvement Fund	C-10	100,000.00	
Various Reserves	C-11	<u>2,382,643.94</u>	
			<u>36,847,643.94</u>
			56,342,901.48
Decreased by Disbursements:			
Bond Anticipation Notes	C-8	25,569,000.00	
Improvement Authorizations	C-9	10,251,878.65	
Various Reserves	C-11	<u>265,000.00</u>	
			<u>36,085,878.65</u>
Balance - December 31, 2025	C		<u><u>\$ 20,257,022.83</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY
 GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2025

		BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Fund Balance		\$ 10,854.56	\$ 10,854.56
Grants Receivable		(263,896.35)	(2,176.35)
Capital Improvement Fund		1,384,397.08	1,967,238.00
Reserve for Deposit for Regional Contribution Agreement		261,420.19	261,420.19
Reserve for Developer Contributions- Road Improvement		79,652.68	79,652.68
Reserve for Emergency Preparedness		122,442.50	122,442.50
Reserve for Payment of Debt Service		3,850.20	265,206.26
Improvement Authorizations:			
<u>Ordinance Number</u>	<u>General Improvements</u>		
06-08	Various Capital Improvements	(3,408.32)	(3,408.32)
13-14	Various Capital Improvements	169,348.51	176,970.52
14-27	Various Capital Improvements	(981,566.28)	(951,186.57)
15-22	Various Capital Improvements	(1,100,274.84)	(1,080,237.43)
16-16	Various Capital Improvements	117,262.62	270,656.82
17-04	Repair, Remediation, and Decommissioning Work at the Forge Pond Dam	549,014.45	549,014.45
17-09	Acquisition by Purchase of Properties	74,478.27	74,478.27
17-11	Various Capital Improvements	133,649.67	176,497.86
17-24	Acquisition and Installation of 700/800 MHz Emergency Services Digital Radio	467,535.16	728,356.40
18-05	Various Road and Sidewalk Improvements	(600,943.63)	(600,943.63)
18-17	Various Capital Improvements	(1,283,811.87)	(1,278,556.37)
19-09	Various Capital Improvements	(300.00)	(300.00)
19-11	Various Capital Improvements	610,736.19	688,859.23
20-24	Various Capital Improvements	860,844.23	1,110,024.57
21-21	Various Capital Improvements	839,677.26	960,915.35
22-13	Various Capital Improvements	77,450.64	520,973.04
22-30	Various Capital Improvements	997,842.82	4,685,119.88
23-05	Various Capital Improvements	346,410.42	600,591.35
23-16	Various Capital Improvements	4,666,024.67	6,050,950.19
24-04	Various Capital Improvements	2,447,553.72	3,791,011.31
24-13	Various Capital Improvements	5,939,368.28	320,832.78
25-09	Various Capital Improvements	3,561,390.00	
25-19	Various Capital Improvements	770,020.00	
		\$ 20,257,022.83	\$ 19,495,257.54
		C	C

Ref.

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	C	\$ 2,176.35
Increased by:		
Grants Awarded:		
NJDOT - Various Capital Acquisitions and Improvements	C-9	<u>261,720.00</u>
Balance - December 31, 2025	C	<u>\$ 263,896.35</u>
<u>Analysis of Balance:</u>		
New Jersey Department of Transportation		\$ 2,176.35
NJDOT - Various Capital Acquisitions and Improvements		<u>261,720.00</u>
		<u>\$ 263,896.35</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2025

Balance - December 31, 2024	<u>Ref.</u> C		\$ 64,865,000.00
Increased by:			
Serial Bonds Issued	C-7		<u>34,365,000.00</u>
			99,230,000.00
Decreased by:			
Budget Appropriations to Pay Bonds:			
Current Fund Budget Appropriations:			
General Serial Bonds	C-7	\$ 9,070,000.00	
Refunding Bonds	C-7A	1,465,000.00	
Open Space Trust Fund			
General Serial Bonds	C-7	<u>175,000.00</u>	<u>10,710,000.00</u>
Balance - December 31, 2025	C		<u><u>\$88,520,000.00</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORDINANCE	BALANCE DECEMBER 31, 2024	2025 AUTHORIZATIONS	FUNDING	BALANCE DECEMBER 31, 2025	ANALYSIS OF BALANCE	
							EXPENDITURES	UNEXPENDED BALANCE OF IMPROVEMENT AUTHORIZATIONS
<u>General Improvements:</u>								
06-08	Various Capital Improvements	05/23/06	\$ 3,408.32			\$ 3,408.32	\$ 3,408.32	
14-27	Various Capital Improvements	08/21/14	999,891.06			999,891.06	981,566.28	\$ 18,324.78
15-22	Various Capital Improvements	09/15/15	2,102,498.97			2,102,498.97	1,100,274.84	1,002,224.13
16-16	Various Capital Improvements	07/19/16	129,928.24			129,928.24		129,928.24
18-05	Various Road and Sidewalk Improvements	04/17/18	600,943.63			600,943.63	600,943.63	
18-17	Various Capital Improvements	09/11/18	1,299,441.26			1,299,441.26	1,283,811.87	15,629.39
19-09	Various Capital Improvements	04/19/19	36,800.00		\$ 36,500.00	300.00	300.00	
20-24	Various Capital Improvements	07/21/20	708,008.00		707,635.00	373.00		373.00
21-21	Various Capital Improvements	09/07/21	1,880,000.00			1,880,000.00		1,880,000.00
22-13	Various Capital Improvements	05/17/22	1,906,665.00		1,906,665.00			
22-30	Various Capital Improvements	10/18/22	7,718,200.00		7,718,200.00			
23-05	Various Capital Improvements	04/18/23	2,400,000.00		2,400,000.00			
23-16	Various Capital Improvements	09/19/23	8,868,271.00		8,800,000.00	68,271.00		68,271.00
24-04	Various Capital Improvements	03/19/24	4,000,000.00		4,000,000.00			
24-13	Various Capital Improvements	08/20/24	7,784,070.00		7,784,000.00	70.00		70.00
25-09	Various Capital Improvements	06/03/25		\$ 3,391,500.00	3,391,000.00	500.00		500.00
25-19	Various Capital Improvements	10/21/25		10,360,700.00		10,360,700.00		10,360,700.00
			<u>\$ 40,438,125.48</u>	<u>\$ 13,752,200.00</u>	<u>\$ 36,744,000.00</u>	<u>\$ 17,446,325.48</u>	<u>\$ 3,970,304.94</u>	<u>\$ 13,476,020.54</u>
		<u>Ref.</u>	C	C-9, C-12	Below	C	C-3	C-9
	Pay Down of Bond Anticipation Notes	C-7, C-8			\$ 25,569,000.00			
	Premium Received Used Towards Payment of Debt	C-11			2,379,000.00			
	Funded by Bond Issuance	C-7			<u>8,796,000.00</u>			
					<u>\$ 36,744,000.00</u>			
					Above			

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2025

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025		INTEREST RATE	BALANCE DECEMBER 31, 2024	INCREASED	DECREASED	BALANCE DECEMBER 31, 2025
			DATE	AMOUNT					
General Improvement Bonds, Series 2017	09/07/17	\$ 43,827,000.00	09/15/26 09/15/27 09/15/28 09/15/29 09/15/30	\$ 4,000,000.00 4,000,000.00 4,000,000.00 3,500,000.00 3,510,000.00	3.000% 3.000% 3.000% 3.000% 2.500%	\$ 23,010,000.00		\$ 4,000,000.00	\$ 19,010,000.00
General Improvement Bonds, Series 2019 Open Space Bonds, Series 2019	11/14/19	22,640,000.00	05/01/26 05/01/27 05/01/28 05/01/29	2,195,000.00 2,005,000.00 2,005,000.00 2,005,000.00	4.000% 4.000% 4.000% 2.250%	10,675,000.00		2,465,000.00	8,210,000.00
General Improvement Bonds, Series 2020	11/12/20	12,450,000.00	06/01/26 06/01/27 06/01/28 06/01/29 06/01/30 06/01/31	1,240,000.00 1,240,000.00 1,240,000.00 1,240,000.00 1,240,000.00 1,240,000.00	3.000% 3.000% 2.000% 2.000% 2.000% 2.000%	8,680,000.00		1,240,000.00	7,440,000.00
General Improvement Bonds, Series 2023	10/18/23	22,288,000.00	11/01/26 11/01/27 11/01/28 11/01/29 11/01/30 11/01/31 11/01/32 11/01/33	2,330,000.00 2,365,000.00 2,400,000.00 2,430,000.00 2,470,000.00 2,500,000.00 2,500,000.00 2,500,000.00	5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 4.000%	21,035,000.00		1,540,000.00	19,495,000.00
General Improvement Bonds, Series 2025	10/16/25	34,365,000.00	10/15/26 10/15/27 10/15/28 10/15/29 10/15/30 10/15/31 10/15/32 10/15/33 10/15/34 10/15/35	1,875,000.00 2,795,000.00 3,515,000.00 3,740,000.00 3,740,000.00 3,740,000.00 3,740,000.00 3,740,000.00 3,740,000.00 3,740,000.00	4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000%		\$ 34,365,000.00		\$ 34,365,000.00
						\$ 63,400,000.00	\$ 34,365,000.00	\$ 9,245,000.00	\$ 88,520,000.00
					Ref.	C	Below	Below	C
					Ref.				
				Proceeds from Bond Issuance	C-5, Above	\$ 34,365,000.00			
				Paydown of Bond Anticipation Notes	C-6, C-8	(25,569,000.00)			
				Permanent Funding of Previously Unfunded Ordinances	C-6, C-12	\$ 8,796,000.00			
				Paid by Operating Budget	C-5		\$ 9,070,000.00		
				Paid by Open Space Trust Fund	C-5		175,000.00		
					Above		\$ 9,245,000.00		

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF REFUNDING BONDS
YEAR ENDED DECEMBER 31, 2025

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>BALANCE DECEMBER 31, 2024</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2025</u>
Refunding Bonds, Series 2012	05/15/12	\$ 15,190,000.00	\$ 1,465,000.00	\$ 1,465,000.00	\$ -
			<u>\$ 1,465,000.00</u>	<u>\$ 1,465,000.00</u>	<u>\$ -</u>
		<u>Ref.</u>	C	C-5	C

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	AMOUNT OF ORIGINAL ISSUE	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
19-09	Various Capital Improvements	\$ 36,500.00	11/01/23	10/30/24	10/29/25	4.000%	\$ 36,500.00	\$ 36,500.00	\$ -
20-24	Various Road and Sidewalk Improvements	707,635.00	11/01/23	10/30/24	10/29/25	4.000%	707,635.00	707,635.00	
22-13	Various Road and Sidewalk Improvements	1,906,665.00	11/01/23	10/30/24	10/29/25	4.000%	1,906,665.00	1,906,665.00	
22-30	Various Capital Improvements	7,718,200.00	11/01/23	10/30/24	10/29/25	4.000%	7,718,200.00	7,718,200.00	
23-05	Various Capital Improvements	2,400,000.00	11/01/23	10/30/24	10/29/25	4.000%	2,400,000.00	2,400,000.00	
23-16	Various Capital Improvements	8,800,000.00	10/30/24	10/30/24	10/29/25	4.000%	8,800,000.00	8,800,000.00	
24-04	Various Capital Improvements	4,000,000.00	10/30/24	10/30/24	10/29/25	4.000%	4,000,000.00	4,000,000.00	
							<u>\$ 25,569,000.00</u>	<u>\$ 25,569,000.00</u>	<u>\$ -</u>
						<u>Ref.</u>	C	C-2, C-6, C-7	C

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DECEMBER 31, 2024		2025 AUTHORIZED	REAPPROPRIATION OF EXCESS PROCEEDS	PAID OR CHARGED	BALANCE - DECEMBER 31, 2025	
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED
	General Improvements:									
13-14	Various Capital Improvements	06/19/13	\$ 11,733,700.00	\$ 176,970.52				\$ 7,622.01	\$ 169,348.51	
14-27	Various Capital Improvements	08/21/14	7,840,000.00		\$ 48,704.49			30,379.71		\$ 18,324.78
15-22	Various Capital Improvements	09/15/15	9,863,381.00		1,022,261.54			20,037.41		1,002,224.13
16-16	Various Capital Improvements	07/19/16	9,828,592.00	270,656.82	129,928.24			153,394.20	117,262.62	129,928.24
17-04	Repair, Remediation, and Decommissioning Work at the Forge Pond Dam	03/21/17	600,000.00	549,014.45					549,014.45	
17-09	Acquisition by Purchase of Properties	05/22/17	3,600,000.00	74,478.27					74,478.27	
17-11	Various Capital Improvements	07/11/17	10,162,703.00	176,497.86			\$ (2,227.86)	40,620.33	133,649.67	
17-24	Acquisition and Installation of 700/800MHz Emergency Services Digital Radio	11/09/17	10,400,000.00	728,356.40				260,821.24	467,535.16	
18-17	Various Capital Improvements	09/11/18	13,360,067.00		20,884.89			5,255.50		15,629.39
19-11	Various Capital Improvements	05/14/19	10,642,122.00	688,859.23			(1,731.22)	76,391.82	610,736.19	
20-24	Various Capital Improvements	07/21/20	7,878,009.00	402,389.57	708,008.00			249,180.34	860,844.23	373.00
21-21	Various Capital Improvements	09/07/21	6,180,000.00	960,915.35	1,880,000.00			121,238.09	839,677.26	1,880,000.00
22-13	Various Capital Improvements	05/17/22	3,052,000.00		520,973.04			443,522.40	77,450.64	
22-30	Various Capital Improvements	10/18/22	8,105,000.00		4,685,119.88			3,687,277.06	997,842.82	
23-05	Various Capital Improvements	04/18/23	2,520,000.00		600,591.35			254,180.93	346,410.42	
23-16	Various Capital Improvements	09/19/23	9,311,700.00		6,119,221.19			1,384,925.52	4,666,024.67	68,271.00
24-04	Various Capital Improvements	03/19/24	4,200,000.00		3,791,011.31			1,343,457.59	2,447,553.72	
24-13	Various Capital Improvements	08/20/24	8,173,621.00	320,832.78	7,784,070.00			2,165,464.50	5,939,368.28	70.00
25-09	Various Capital Improvements	06/03/25	3,570,000.00			\$ 3,570,000.00		8,110.00	3,561,390.00	500.00
25-19	Various Capital Acquisitions and Improvements	10/21/25	11,126,760.92			11,126,760.92	3,959.08		770,020.00	10,360,700.00
				\$ 4,348,971.25	\$ 27,310,773.93	\$ 14,696,760.92	\$ -	\$ 10,251,878.65	\$ 22,628,606.91	\$ 13,476,020.54
	Ref.			C	C	Below		C-2	C	C
	Deferred Charges to Future Taxation - Unfunded	C-6				\$ 13,752,200.00				
	Capital Improvement Fund	C-10				682,840.92				
	NJDOT - Various Capital Acquisitions and Improvements	C-4				261,720.00				
						\$ 14,696,760.92				
						Above				

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	C	\$ 1,967,238.00
Increased by:		
Budget Appropriation	C-2	<u>100,000.00</u>
		2,067,238.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>682,840.92</u>
Balance - December 31, 2025	C	<u><u>\$ 1,384,397.08</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	INCREASES	DECREASES	BALANCE DECEMBER 31, 2025
Reserve for:				
Deposit for Regional Contribution Agreement	\$ 261,420.19			\$ 261,420.19
Developer Contribution	79,652.68			79,652.68
Payment of Debt Service	265,206.26	\$ 2,382,643.94	\$ 2,644,000.00	3,850.20
Emergency Preparedness	122,442.50			122,442.50
	<u>\$ 728,721.63</u>	<u>\$ 2,382,643.94</u>	<u>\$ 2,644,000.00</u>	<u>\$ 467,365.57</u>
	<u>Ref.</u>			
	C	Below	Below	C
Premium Received from Bond Issuance	C-2	\$ 2,382,643.94		
Premium Received Used Towards Payment of Debt	C-6, C-12		\$ 2,379,000.00	
Budgeted Revenue Realized in Current Fund	C-2		265,000.00	
	Above	<u>\$ 2,382,643.94</u>	<u>\$ 2,644,000.00</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2024	2025 AUTHORIZED	DECREASED	BALANCE DECEMBER 31, 2025
<u>General Improvements:</u>							
06-08	Various Capital Improvements	05/23/06	\$ 5,018,652.00	\$ 3,408.32			\$ 3,408.32
14-27	Various Capital Improvements	08/21/14	7,273,000.00	999,891.06			999,891.06
15-22	Various Capital Improvements	09/15/15	9,294,211.00	2,102,498.97			2,102,498.97
16-16	Various Capital Improvements	07/19/16	9,104,413.00	129,928.24			129,928.24
18-05	Various Road and Sidewalk Improvements	04/17/18	2,869,000.00	600,943.63			600,943.63
18-17	Various Capital Improvements	09/11/18	12,692,064.00	1,299,441.26			1,299,441.26
19-09	Various Capital Improvements	04/19/19	2,536,500.00	300.00			300.00
20-24	Various Capital Improvements	07/21/20	7,479,108.00	373.00			373.00
21-21	Various Capital Improvements	09/07/21	5,880,000.00	1,880,000.00			1,880,000.00
22-13	Various Capital Improvements	05/17/22	2,906,665.00				
22-30	Various Capital Improvements	10/18/22	7,718,200.00				
23-05	Various Capital Improvements	04/18/23	2,400,000.00				
23-16	Various Capital Improvements	09/19/23	8,868,271.00	68,271.00			68,271.00
24-04	Various Capital Improvements	03/19/24	4,000,000.00				
24-13	Various Capital Improvements	08/20/24	7,784,070.00	7,784,070.00		\$ 7,784,000.00	70.00
25-09	Various Capital Improvements	06/03/25	3,391,500.00		\$ 3,391,500.00	3,391,000.00	500.00
25-19	Various Capital Improvements	10/21/25	10,360,700.00		10,360,700.00		10,360,700.00
				<u>\$ 14,869,125.48</u>	<u>\$ 13,752,200.00</u>	<u>\$ 11,175,000.00</u>	<u>\$ 17,446,325.48</u>
		<u>Ref.</u>		C	C-6	Below	C
					Funded by Bond Premium	<u>Ref.</u>	
					Funded by Bond Issuance	C-11	\$ 2,379,000.00
						C-7	8,796,000.00
							<u>\$ 11,175,000.00</u>
							Above

WATER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2025

	Ref.	OPERATING FUND	CAPITAL FUND
Balance, December 31, 2024	D	\$ 6,699,156.22	\$ 22,610,911.53
Increased by Receipts:			
Collections - Water Rents	D-2	\$ 12,518,693.49	
Interest on Investments	D-2	994,028.91	
Water Utility Capital Fund Balance	D-2	100,000.00	
Reserve for Payment of Debt Service	D-2	300,000.00	
Miscellaneous Revenue Not Anticipated	D-2	750,268.16	
Water Lien Collections	D-6A	95.95	
Bond Anticipation Notes Issued	D-13		\$ 31,540,000.00
Water Rent Overpayments Collected	D-16	109,486.28	
Prepaid Water Rent Collected	D-17	46,921.54	
Premium Received- Reserve for Payment of Debt Service	D-18		457,014.60
Reserve for Litigation	D-20	2,690,543.34	
		<u>17,510,037.67</u>	<u>31,997,014.60</u>
		24,209,193.89	54,607,926.13
Decreased by Disbursements:			
Capital Fund Balance Appropriated to Budget Revenue	D-1A		100,000.00
Budget Expenditures	D-3	10,389,693.69	
Appropriation Reserves	D-9	489,999.34	
Accrued Interest Payable	D-15	1,958,631.22	
Bond Anticipation Notes Redeemed	D-13		26,240,000.00
Improvement Authorizations	D-10		6,576,772.67
Reserve for Payment of Debt Service	D-18		300,000.00
Refunds of Prior Year Revenue	D-1	33,258.88	
		<u>12,871,583.13</u>	<u>33,216,772.67</u>
Balance, December 31, 2025	D	\$ <u>11,337,610.76</u>	\$ <u>21,391,153.46</u>

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Improvement Authorizations Funded	\$ 3,453,361.14	\$ 4,281,348.61
Improvement Authorizations Unfunded	30,036,804.77	25,778,434.78
Bonds and Notes Authorized But Not Issued	(13,657,216.70)	(8,950,061.00)
Capital Improvement Fund	314,498.22	314,498.22
Reserve for Payment of Debt Service	1,108,898.89	951,884.29
Fund Balance	134,807.14	234,806.63
	<u>\$ 21,391,153.46</u>	<u>\$ 22,610,911.53</u>
Ref.	D	D

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$ 606,253.56
Increased by:		
Water Rents Levied	Reserve	12,478,766.39
		<u>13,085,019.95</u>
Decreased by:		
Collections:		
Water Rent Collections	D-2	\$ 12,518,693.49
Overpayments Applied	D-16	59,707.32
Transferred to Liens	D-6A	<u>31,549.39</u>
		<u>12,609,950.20</u>
Balance, December 31, 2025	D	<u><u>\$ 475,069.75</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF WATER UTILITY LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$ 107,716.63
Increased by:		
Transfer from Consumer Accounts Receivable	D-6	<u>31,549.39</u> 139,266.02
Decreased by:		
Cash Receipts	D-2, D-4	<u>95.95</u>
Balance, December 31, 2025	D	<u><u>\$ 139,170.07</u></u>

WATER UTILITY OPERATING FUND
 SCHEDULE OF INVENTORY
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$ 1,162,549.30
Decreased by:		
Net Inventory Decrease	Reserve	<u>733,978.80</u>
Balance, December 31, 2025	D	<u><u>\$ 428,570.50</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2025

IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2024	TRANSFERRED FROM FIXED CAPITAL AUTHORIZED AND UNCOMPLETED	BALANCE DECEMBER 31, 2025
Organization	\$ 1,769.20		\$ 1,769.20
Reservation Land	2,653.66		2,653.66
Other Sources- Supply Land	109.76		109.76
Pumping System Land	54,322.42		54,322.42
Storage Reservoir Land	717.00		717.00
Other Distribution System Land	1,720.00		1,720.00
Miscellaneous Land	1,590.00		1,590.00
Wells	908,299.00		908,299.00
Pumping Station Structures	343,457.98		343,457.98
Electric Pumping Equipment	47,817.03		47,817.03
Diesel Power Pumping Equipment	13,263.45		13,263.45
Transmission Mains	75,935.26		75,935.26
Storage Reservoirs	557,680.19		557,680.19
Distribution Mains	737,619.75		737,619.75
Service Pipes	21,814.48		21,814.48
Meters	567,817.53		567,817.53
Fire Hydrants	116,661.59		116,661.59
General Equipment	1,673,133.18		1,673,133.18
Engineering and Superintendence	47,248.53		47,248.53
Legal Expenditures During Construction	8,054.14		8,054.14
Damage During Construction	15,000.00		15,000.00
Interest During Construction	13,971.95		13,971.95
Ditching and Grading Machines	47,482.90		47,482.90
Burroughs Bookkeeping Machine	3,735.67		3,735.67
Grawdall Shovel	30,795.00		30,795.00
Backhoe and Shovel	39,863.00		39,863.00
Office Equipment	16,358.00		16,358.00
Miscellaneous Equipment	466,632.09		466,632.09
Trucks and Automobiles	418,570.65		418,570.65
Vehicles and Equipment	758,511.00		758,511.00
Main Extensions	958,249.07		958,249.07
Communication Equipment	52,089.00		52,089.00
Compressors	5,400.00		5,400.00
Tractor Mower	1,759.00		1,759.00
Phillips Bookkeeping Machine and Related Costs	60,498.45		60,498.45
Improvements of Water Supply and Distribution System	26,319,568.41		26,319,568.41
Meter Reader System	2,606,000.00		2,606,000.00
Issuance Costs- Various	572,645.00		572,645.00
Main Replacements	170,000.00		170,000.00
Various Major Information Technology and Telecommunications Equipment	60,000.00		60,000.00
Supervisory Control and Data Acquisition Communication Systems Upgrade	350,000.00		350,000.00
Water Tank on Knoll Road	1,480,658.92		1,480,658.92
Replacement of Parking Lot and Water Department Lights	20,000.00		20,000.00
Various Equipment Acquisitions and Improvements		\$ 725,000.00	\$ 725,000.00
Water Tank Upgrades and Well #14 Redevelopment		1,600,000.00	1,600,000.00
Well Rehabilitation, Replacement, and Drilling		3,000,000.00	3,000,000.00
Various Equipment Acquisitions and Improvements		3,170,000.00	3,170,000.00
	<u>\$ 39,649,472.26</u>	<u>\$ 8,495,000.00</u>	<u>\$ 48,144,472.26</u>
	D	D-8	D

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2025

ORD NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024	AUTHORIZATIONS	TRANSFERRED TO FIXED CAPITAL	BALANCE DECEMBER 31, 2025
		DATE	AMOUNT				
12-25	Improvements to Water Utility System	06/20/12	\$ 725,000.00	\$ 725,000.00		\$ 725,000.00	
13-11	Improvements to Water Utility System	06/18/13	1,600,000.00	1,600,000.00		1,600,000.00	
17-13	Improvements to Water Utility System	07/11/17	1,075,000.00	1,075,000.00			\$ 1,075,000.00
18-18	Improvements to Water Utility System	09/11/18	2,925,000.00	2,925,000.00			2,925,000.00
19-13	Improvements to Water Utility System	06/25/19	4,598,000.00	4,598,000.00			4,598,000.00
19-70	Improvements to Water Utility System	12/17/19	3,000,000.00	3,000,000.00		3,000,000.00	
20-16	Improvements to Water Utility System	05/05/20	3,170,000.00	3,170,000.00		3,170,000.00	
20-22	Improvements to Water Utility System	07/21/20	6,410,000.00	6,410,000.00			6,410,000.00
21-20	Improvements to Water Utility System	09/07/21	12,700,000.00	12,700,000.00			12,700,000.00
22-14	Improvements to Water Utility System	05/17/22	5,150,000.00	5,150,000.00			5,150,000.00
22-31	Improvements to Water Utility System	10/18/22	5,170,000.00	5,170,000.00			5,170,000.00
23-04	Improvements to Water Utility System	04/18/23	7,220,000.00	7,220,000.00			7,220,000.00
23-18	Improvements to Water Utility System	09/19/23	3,650,000.00	3,650,000.00			3,650,000.00
24-08	Improvements to Water Utility System	05/21/24	5,300,000.00	5,300,000.00			5,300,000.00
25-05	Improvements to Water Utility System	05/20/25	5,200,000.00		\$ 5,200,000.00		5,200,000.00
25-20	Improvements to Water Utility System	10/21/25	7,575,000.00		4,807,155.70		4,807,155.70
				\$ 62,693,000.00	\$ 10,007,155.70	\$ 8,495,000.00	\$ 64,205,155.70
				Ref.	D	D-10	D-7
							D

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	RESERVE FOR ENCUMBRANCES DECEMBER 31, 2024	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 341,284.16		\$ 341,284.16		\$ 341,284.16
Other Expenses	747,264.64	\$ 278,906.25	1,026,170.89	\$ 398,393.14	627,777.75
Capital Improvements:					
Capital Outlay	3,393.80	91,606.20	95,000.00	91,606.20	3,393.80
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	5,732.60		5,732.60		5,732.60
	<u>\$ 1,097,675.20</u>	<u>\$ 370,512.45</u>	<u>\$ 1,468,187.65</u>	<u>\$ 489,999.34</u>	<u>\$ 978,188.31</u>
<u>Ref.</u>	D	D		D-4	D-1

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024		AUTHORIZATIONS	REAPPROPRIATION OF BOND & NOTE PROCEEDS	CANCELLATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
17-13	Improvements to Water Utility System	07/11/17	1,075,000.00	\$ 5,218.41						\$ 5,218.41	
18-18	Improvements to Water Utility System	09/11/18	2,925,000.00	11,874.08			\$ (10,486.08)			1,388.00	
19-13	Improvements to Water Utility System	06/25/19	4,598,000.00	435,359.88			(43,796.00)		\$ 48,587.95	342,975.93	
19-70	Improvements to Water Utility System	12/17/19	3,000,000.00	2,040.39			(2,040.39)				
20-16	Improvements to Water Utility System	05/05/20	3,170,000.00	2,154,983.00			(1,995,933.83)	\$ 0.51	159,048.66		
20-22	Improvements to Water Utility System	07/21/20	6,410,000.00	1,671,872.85					620,350.35	1,051,522.50	
21-20	Improvements to Water Utility System	09/07/21	12,700,000.00		\$ 4,667,276.88		(586,000.00)		2,283,929.91		\$ 1,797,346.97
22-14	Improvements to Water Utility System	05/17/22	5,150,000.00		3,051,062.73				1,692,148.80		1,358,913.93
22-31	Improvements to Water Utility System	10/18/22	5,170,000.00		3,860,684.00		(129,588.00)		529,188.39		3,201,907.61
23-04	Improvements to Water Utility System	04/18/23	7,220,000.00		5,280,072.13				675,332.82		4,604,739.31
23-18	Improvements to Water Utility System	09/19/23	3,650,000.00		3,619,339.04				83,594.86		3,535,744.18
24-08	Improvements to Water Utility System	05/21/24	5,300,000.00		5,300,000.00				484,590.93		4,815,409.07
25-05	Improvements to Water Utility System	05/20/25	5,200,000.00			\$ 5,200,000.00					5,200,000.00
25-20	Improvements to Water Utility System	10/21/25	7,575,000.00			4,807,155.70	2,767,844.30			2,052,256.30	5,522,743.70
				\$ 4,281,348.61	\$ 25,778,434.78	\$ 10,007,155.70	\$ -	\$ 0.51	\$ 6,576,772.67	\$ 3,453,361.14	\$ 30,036,804.77
Ref.				D	D	D-21		D-1A	D-4	D	D

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2025 and 2024	D	<u>\$ 314,498.22</u>
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TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	D	\$ 42,187,411.26
Increased by:		
Serial Bonds Principal Paid	D-14	<u>1,530,000.00</u>
Balance - December 31, 2025	D	<u>\$ 43,717,411.26</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

Ord. No.	Improvement Description	Date of Ordinance	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2025
18-18	Improvements to Water Utility System	09/11/18	\$ 200,000.00	\$ 200,000.00
			<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
		<u>Ref.</u>	D	D

ORD. NUMBER	PURPOSE	ORIGINAL ISSUE		DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	INCREASED	DECREASED	BALANCE	
		DATE	AMOUNT				DECEMBER 31, 2024			DECEMBER 31, 2025	
21-20	Improvements to Water Utility System	11/01/23	\$ 9,700,000.00	10/30/24	10/29/25	4.000%	\$ 9,700,000.00		\$ 9,700,000.00		
21-20	Improvements to Water Utility System	11/01/23	9,700,000.00	10/28/25	10/27/26	4.000%		\$ 9,700,000.00		\$ 9,700,000.00	
22-14	Improvements to Water Utility System	11/01/23	4,150,000.00	10/30/24	10/29/25	4.000%	4,150,000.00		4,150,000.00		
22-14	Improvements to Water Utility System	11/01/23	4,150,000.00	10/28/25	10/27/26	4.000%		4,150,000.00		4,150,000.00	
22-31	Improvements to Water Utility System	11/01/23	5,170,000.00	10/30/24	10/29/25	4.000%	5,170,000.00		5,170,000.00		
22-31	Improvements to Water Utility System	11/01/23	5,170,000.00	10/28/25	10/27/26	4.000%		5,170,000.00		5,170,000.00	
23-04	Improvements to Water Utility System	10/30/24	7,220,000.00	10/30/24	10/29/25	4.000%	7,220,000.00		7,220,000.00		
23-04	Improvements to Water Utility System	10/30/24	7,220,000.00	10/28/25	10/27/26	4.000%		7,220,000.00		7,220,000.00	
24-08	Improvements to Water Utility System	10/28/25	5,300,000.00	10/28/25	10/27/26	4.000%		5,300,000.00		5,300,000.00	
Total Bond Anticipation Notes							\$ 26,240,000.00	\$ 31,540,000.00	\$ 26,240,000.00	\$ 31,540,000.00	
							Ref.	D	Below	Below	D
							Ref.				
Renewals							D-4	\$ 26,240,000.00	\$ 26,240,000.00		
Notes Issued for Cash							D-4, D-21	5,300,000.00			
							Above	\$ 31,540,000.00	\$ 26,240,000.00		

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2025

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025		INTEREST RATE	BALANCE DECEMBER 31, 2024		DECREASED	BALANCE DECEMBER 31, 2025				
			DATE	AMOUNT									
Water Improvements	9/7/2017	\$ 5,119,000.00	9/15/2026	\$ 425,000.00	3.000%								
			9/15/2027	440,000.00	3.000%								
			9/15/2028	450,000.00	3.000%								
			9/15/2029	450,000.00	3.000%								
			9/15/2030	450,000.00	2.500%	\$ 2,630,000.00	\$ 415,000.00	\$ 2,215,000.00					
Water Improvements	11/14/2019	7,670,000.00	5/1/2026	350,000.00	4.000%								
			5/1/2027	350,000.00	4.000%								
			5/1/2028	350,000.00	4.000%								
			5/1/2029	350,000.00	2.250%								
			5/1/2030	350,000.00	2.250%								
			5/1/2031	475,000.00	2.250%								
			5/1/2032	450,000.00	2.250%								
			5/1/2033	450,000.00	2.250%								
			5/1/2034	450,000.00	2.250%								
			5/1/2035	450,000.00	2.250%								
			5/1/2036	450,000.00	2.250%								
			5/1/2037	450,000.00	3.000%								
			5/1/2038	450,000.00	3.000%								
			5/1/2039	450,000.00	3.000%	6,175,000.00	350,000.00	5,825,000.00					
			Water Improvements	11/1/2023	16,387,000.00	11/1/2026	790,000.00	5.000%					
						11/1/2027	815,000.00	5.000%					
						11/1/2028	840,000.00	5.000%					
11/1/2029	850,000.00	5.000%											
11/1/2030	850,000.00	5.000%											
11/1/2031	850,000.00	5.000%											
11/1/2032	850,000.00	5.000%											
11/1/2033	850,000.00	4.000%											
11/1/2034	850,000.00	4.000%											
11/1/2035	850,000.00	4.000%											
11/1/2036	850,000.00	4.000%											
11/1/2037	850,000.00	4.000%											
11/1/2038	850,000.00	4.000%											
11/1/2039	850,000.00	4.000%											
11/1/2040	850,000.00	4.000%											
11/1/2041	850,000.00	4.000%											
11/1/2042	850,000.00	4.000%											
11/1/2043	850,000.00	4.000%				15,960,000.00	765,000.00	15,195,000.00					
						\$ 24,765,000.00	\$ 1,530,000.00	\$ 23,235,000.00					
Ref.						D	D-12	D					

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	D	\$ 346,387.15
Increased by:		
Budget Appropriation	D-3	<u>1,986,214.00</u>
		2,332,601.15
Decreased by:		
Paid	D-4	<u>1,958,631.22</u>
Balance - December 31, 2025	D	<u>\$ 373,969.93</u>

Analysis of Balance:

<u>Year</u>	<u>Principal Outstanding December 31, 2025</u>	<u>Interest Rate</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:				
2017	\$ 2,215,000.00	2.50-3.00%	3.5 months	\$ 18,725.00
2019	5,825,000.00	2.25-4.00%	2 months	27,531.25
2023	15,195,000.00	4.00-5.00%	2 months	111,041.67
Bond Anticipation Notes:				
2025	\$ 31,540,000.00	4.00%	62 days	<u>216,672.01</u>
				<u>\$ 373,969.93</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF WATER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	D	\$ 59,707.32
Increased by:		
Cash Receipts	D-4	<u>109,486.28</u>
		169,193.60
Decreased by:		
Overpayments Applied	D-2, D-6	<u>59,707.32</u>
Balance - December 31, 2025	D	<u><u>\$ 109,486.28</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 SCHEDULE OF PREPAID WATER RENTS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	D	\$ -
Increased by:		
Cash Receipts	D-4	<u>46,921.54</u>
Balance - December 31, 2025	D	<u><u>\$ 46,921.54</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	D	\$ 951,884.29
Increased by:		
Premium on Sale of Bond Anticipation Notes	D-4	457,014.60
		<u>1,408,898.89</u>
Decreased by:		
Water Operating Fund Budget Revenue	D-2, D-4	300,000.00
		<u>300,000.00</u>
Balance - December 31, 2025	D	<u>\$ 1,108,898.89</u>

WATER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR WATER MASTER PLAN
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2025 and 2024	D	<u>\$ 24,250.03</u>

WATER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR LITIGATION
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	D	\$ -
Increased by:		
Cash Receipts	D-4	2,690,543.34
		<u>2,690,543.34</u>
Balance - December 31, 2025	D	<u>\$ 2,690,543.34</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024	AUTHORIZATIONS	ISSUED	BALANCE DECEMBER 31, 2025
		DATE	AMOUNT				
12-25	Improvements to Water Utility System	06/20/12	\$ 725,000.00	\$ 61.00			\$ 61.00
23-18	Improvements to Water Utility System	09/19/23	3,650,000.00	3,650,000.00			3,650,000.00
24-08	Improvements to Water Utility System	05/21/24	5,300,000.00	5,300,000.00		\$ 5,300,000.00	-
25-05	Improvements to Water Utility System	05/20/25	5,200,000.00		\$ 5,200,000.00		5,200,000.00
25-20	Improvements to Water Utility System	10/21/25	7,575,000.00		4,807,155.70		4,807,155.70
				\$ 8,950,061.00	\$ 10,007,155.70	\$ 5,300,000.00	\$ 13,657,216.70
			<u>Ref.</u>	D	D-10	D-13	D

SEWER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance, December 31, 2024	E	\$ 14,113,468.64	\$ 23,876,286.57
Increased by Receipts:			
Collections - Sewer Rents	E-2	\$ 21,700,790.47	
Collections - Septage Removal	E-2	586,412.66	
Interest on Investments	E-2	1,467,317.13	
Reserve for Payment of Debt Service	E-2	260,000.00	
Miscellaneous Revenue Not Anticipated	E-2	1,723,217.20	
Sewer Lien Collections	E-6A	150.00	
Bond Anticipation Notes Issued	E-13		\$ 16,956,000.00
Sewer Rent Overpayments Collected	E-18	128,991.19	
Prepaid Sewer Rent Collected	E-19	67,906.69	
Premium Received- Reserve for Payment of Debt Service	E-20		245,692.44
EPA Grant Payment Request- Reserve for Payment of Debt Service	E-20		597,615.00
Interfund Receivable/Payable	E-21	<u>3,427.91</u>	
		<u>25,938,213.25</u>	<u>17,799,307.44</u>
		40,051,681.89	41,675,594.01
Decreased by Disbursements:			
Budget Expenditures	E-3	17,958,165.73	
Appropriation Reserves	E-9	629,488.47	
Accrued Interest on Bonds, Notes and Loans	E-16	1,725,034.98	
Bond Anticipation Notes Redeemed	E-13		13,956,000.00
Improvement Authorizations	E-10		2,698,415.16
Reserve for Payment of Debt Service	E-20		260,000.00
Interfund Receivable/Payable	E-21	<u> </u>	<u>3,427.91</u>
		<u>20,312,689.18</u>	<u>16,917,843.07</u>
Balance, December 31, 2025	E	\$ <u>19,738,992.71</u>	\$ <u>24,757,750.94</u>

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Improvement Authorizations Funded	\$ 10,161,092.35	\$ 11,399,795.81
Improvement Authorizations Unfunded	36,017,384.90	29,881,511.30
Bonds and Notes Authorized But Not Issued	(23,149,563.46)	(18,553,978.16)
Capital Improvement Fund	466,000.00	466,000.00
Reserve for Payment of Debt Service	1,045,226.37	461,918.93
Interfund Payable		3,427.91
Fund Balance	217,610.78	217,610.78
	<u>\$ 24,757,750.94</u>	<u>\$ 23,876,286.57</u>
Ref.	E	E

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TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$ 1,230,982.78
Increased by:		
Sewer Rents Levied	Reserve	21,311,876.35
		<u>22,542,859.13</u>
Decreased by:		
Collections:		
Sewer Collections	E-2,E-4	\$ 21,700,790.47
Overpayments Applied	E-18	77,877.74
Prepays Applied	E-19	9,645.09
Transferred to Liens	E-6A	514.85
		<u>21,788,828.15</u>
Balance, December 31, 2025	E	<u>\$ 754,030.98</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF SEWER UTILITY LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	Ref.	
Balance, December 31, 2024	E	\$ 109,941.48
Increased by:		
Transfer from Consumer Accounts Receivable	E-6	514.85
		<u>110,456.33</u>
Decreased by:		
Sewer Lien Collections	E-2,E-4	150.00
		<u>150.00</u>
Balance, December 31, 2025	E	<u><u>\$ 110,306.33</u></u>

SEWER UTILITY OPERATING FUND
 SCHEDULE OF INVENTORY
YEAR ENDED DECEMBER 31, 2025

Balance, December 31, 2024	E	\$ 83,034.99
Increased by:		
Net Inventory Increase	Reserve	15,295.61
		<u>15,295.61</u>
Balance, December 31, 2025	E	<u><u>\$ 98,330.60</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2025

IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2025
Sanitary Sewer Repairs	\$ 138,877,819.01	\$ 138,877,819.01
Equipment	4,219,074.80	4,219,074.80
Moving Equipment	208,719.84	208,719.84
Office Equipment	2,784.12	2,784.12
Maintenance Equipment	28,361.31	28,361.31
Communication Equipment	192,987.51	192,987.51
Automotive Equipment	50,539.44	50,539.44
Vehicles	140,000.00	140,000.00
Outflow Line	19,462.30	19,462.30
Issuance Costs- Various	1,892,465.00	1,892,465.00
Primary Scum Pump Rehabilitation	300,000.00	300,000.00
	<u>\$ 145,932,213.33</u>	<u>\$ 145,932,213.33</u>
	E	E

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2025

ORD NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31,	AUTHORIZATIONS	REAPPROPRIATIONS	BALANCE DECEMBER 31,
		DATE	AMOUNT	2024			2025
09-28	Improvements and Upgrades to the Township's Waste Water Treatment Plant	06/16/09	\$ 33,200,000.00	\$ 27,188,210.00			\$ 27,188,210.00
12-26	Various Sewer Utility Improvements	06/19/12	6,635,000.00	4,636,547.50			4,636,547.50
13-24	Various Sewer Utility Improvements	09/18/13	4,400,000.00	2,401,589.50			2,401,589.50
14-24	Various Sewer Utility Improvements	08/21/14	3,152,653.00	1,884,676.14		\$ (5,669.13)	1,879,007.01
15-23	Various Sewer Utility Improvements	09/15/15	580,000.00	580,000.00		(4,228.24)	575,771.76
16-17	Various Sewer Utility Improvements	07/19/16	1,087,000.00	1,087,000.00			1,087,000.00
16-27	Troy Meadows Interceptor Repairs	11/22/16	1,500,000.00	1,500,000.00			1,500,000.00
18-04	Upgrade and Replacement of Generators	04/17/18	4,000,000.00	4,000,000.00			4,000,000.00
18-20	Acquisition of a Sewer Jet Vacuum Truck	09/11/18	500,000.00	500,000.00			500,000.00
18-21	Acquisition of Vehicles and Replacement Water Meters	09/11/18	515,000.00	515,000.00			515,000.00
19-14	Various Sewer Utility Improvements	05/14/19	5,250,000.00	5,250,000.00			5,250,000.00
20-20	Various Sewer Utility Improvements	07/21/20	6,415,000.00	6,415,000.00		(9,517.33)	6,405,482.67
20-21	Pump Station 4 Redirection Tunnel Program	07/21/20	8,000,000.00	8,000,000.00			8,000,000.00
21-22	Various Sewer Utility Improvements	09/21/21	5,734,000.00	5,734,000.00			5,734,000.00
22-12	Various Sewer Utility Improvements	05/17/22	1,980,000.00	1,980,000.00			1,980,000.00
22-29	Various Sewer Utility Improvements	10/18/22	5,940,000.00	5,940,000.00			5,940,000.00
23-17	Various Sewer Utility Improvements	09/19/23	6,400,000.00	6,400,000.00			6,400,000.00
23-19/24-17	Lake Hiawatha Pump Station	09/24/24	1,700,000.00	1,700,000.00	\$ 800,000.00		2,500,000.00
24-15	Various Sewer Utility Improvements	09/24/24	5,726,000.00	5,726,000.00			5,726,000.00
24-16	Wastewater Treatment Plant	09/24/24	9,500,000.00	9,500,000.00			9,500,000.00
25-21	Various Sewer Acquisitions and Improvements	10/21/25	6,815,000.00		6,795,585.30	19,414.70	6,815,000.00
				\$ 100,938,023.14	\$ 7,595,585.30	\$ -	\$ 108,533,608.44
				Ref.	D	E-10	D

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	RESERVE FOR ENCUMBRANCES DECEMBER 31, 2024	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 697,121.40		\$ 697,121.40		\$ 697,121.40
Other Expenses	1,223,863.77	\$ 302,167.34	1,526,031.11	\$ 629,488.47	896,542.64
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	140,143.79		140,143.79		140,143.79
	<u>\$ 2,061,128.96</u>	<u>\$ 302,167.34</u>	<u>\$ 2,363,296.30</u>	<u>\$ 629,488.47</u>	<u>\$ 1,733,807.83</u>
<u>Ref.</u>	E	E		E-4	E-1

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024		AUTHORIZATIONS	REAPPROPRIATION OF BOND & NOTE PROCEEDS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025	
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED
09-28	Improvements and Upgrades to the Township's Waste Water Treatment Plant	06/16/09	\$ 33,200,000.00	\$ 108,001.41	\$ 699.00			\$ 74,518.06	\$ 33,483.35	\$ 699.00
12-26	Various Sewer Utility Improvements	06/19/12	6,635,000.00	825,440.39				37,140.43	788,299.96	
13-24	Various Sewer Utility Improvements	09/18/13	4,400,000.00	72,426.67				15,084.88	57,341.79	
14-24	Various Sewer Utility Improvements	08/21/14	3,152,653.00	22,045.50			\$ (5,669.13)	7,692.75	8,683.62	
15-23	Various Sewer Utility Improvements	09/15/15	580,000.00	32,043.26			(4,228.24)		27,815.02	
16-17	Various Sewer Utility Improvements	07/19/16	1,087,000.00	51,220.45				45,404.84	5,815.61	
16-27	Troy Meadows Interceptor Repairs	11/22/16	1,500,000.00	1,059,569.85					1,059,569.85	
18-04	Upgrade and Replacement of Generators	04/17/18	4,000,000.00	744,019.45				16,509.82	727,509.63	
18-20	Acquisition of a Sewer Jet Vacuum Truck	09/11/18	500,000.00	19,245.72				16,900.00	2,345.72	
18-21	Acquisition of Vehicles and Replacement Water Meters	09/11/18	515,000.00	149.52				149.00	0.52	
19-14	Various Sewer Utility Improvements	05/14/19	5,250,000.00	3,012,123.28				185,475.20	2,826,648.08	
20-20	Various Sewer Utility Improvements	07/21/20	6,415,000.00	2,360,423.14			(9,517.33)	754,752.44	1,596,153.37	
20-21	Pump Station 4 Redirection Tunnel Programs	07/21/20	8,000,000.00		6,104.42					6,104.42
21-22	Various Sewer Utility Improvements	09/21/21	5,734,000.00	3,093,087.17	734,000.00			83,212.93	3,009,874.24	734,000.00
22-12	Various Sewer Utility Improvements	05/17/22	1,980,000.00		1,417,843.25			110,794.19		1,307,049.06
22-29	Various Sewer Utility Improvements	10/18/22	5,940,000.00		4,442,739.25			305,800.50		4,136,938.75
23-17	Various Sewer Utility Improvements	09/19/23	6,400,000.00		6,396,572.09			840,479.96		5,556,092.13
23-19/24-17	Lake Hiawatha Pump Station	09/24/24	1,700,000.00		1,700,000.00	\$ 800,000.00		100.00		2,499,900.00
24-15	Various Sewer Utility Improvements	09/24/24	5,726,000.00		5,683,553.29			202,537.05		5,481,016.24
24-16	Wastewater Treatment Plant	09/24/24	9,500,000.00		9,500,000.00					9,500,000.00
25-21	Various Sewer Acquisitions and Improvements	10/21/25	6,815,000.00			6,795,585.30	19,414.70	1,863.11	17,551.59	6,795,585.30
				\$ 11,399,795.81	\$ 29,881,511.30	\$ 7,595,585.30	\$ -	\$ 2,698,415.16	\$ 10,161,092.35	\$ 36,017,384.90
		Ref.		E	E	E-8, E-22		E-4	E	E

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2025 and 2024	E	\$ 466,000.00
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TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>		
Balance - December 31, 2024	E	\$	147,027,908.45
Increased by:			
Serial Bonds Principal Paid	E-14	\$	1,665,000.00
NJ Environmental Infrastructure Trust Loan #1	E-15		9,296.61
NJ Environmental Infrastructure Trust Loan #2	E-15A		1,081,281.85
NJ Infrastructure Bank Loan	E-15B		145,179.00
			<u>2,900,757.46</u>
Balance - December 31, 2025	E	\$	<u><u>149,928,665.91</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORDINANCE	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2025
09-28	Improvements and Upgrades to the Township's Waste Water Treatment Plant	06/16/09	\$ 19,550,753.47	\$ 19,550,753.47
12-26	Various Sewer Utility Improvements	06/19/12	840,785.50	840,785.50
13-24	Various Sewer Utility Improvements	09/18/13	1,121,237.50	1,121,237.50
14-24	Various Sewer Utility Improvements	08/21/14	1,884,676.14	1,884,676.14
15-23	Various Sewer Utility Improvements	09/15/15	580,000.00	580,000.00
16-17	Various Sewer Utility Improvements	07/19/16	1,087,000.00	1,087,000.00
16-27	Troy Meadows Interceptor Repairs	11/22/16	1,500,000.00	1,500,000.00
18-21	Acquisition of Vehicles and Replacement Water Meters	09/11/18	515,000.00	515,000.00
20-21	Pump Station 4 Redirection Tunnel Programs	07/21/20	2,066,786.00	2,066,786.00
			<u>\$ 29,146,238.61</u>	<u>\$ 29,146,238.61</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2025

ORD. NUMBER	Description	ORIGINAL ISSUE		DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	INCREASED	DECREASED	BALANCE
		DATE	AMOUNT				DECEMBER 31, 2024			DECEMBER 31, 2025
17-12	Various Sewer Improvements	11/01/23	\$ 36,000.00	10/30/24	10/29/25	4.000%	\$ 36,000.00		\$ 36,000.00	
17-12	Various Sewer Improvements	11/01/23	36,000.00	10/28/25	10/27/26	4.000%		\$ 36,000.00		\$ 36,000.00
22-12	Various Sewer Improvements	11/01/23	1,980,000.00	10/30/24	10/29/25	4.000%	1,980,000.00		1,980,000.00	
22-12	Various Sewer Improvements	11/01/23	1,980,000.00	10/28/25	10/27/26	4.000%		1,980,000.00		1,980,000.00
22-29	Various Sewer Improvements	11/01/23	5,940,000.00	10/30/24	10/29/25	4.000%	5,940,000.00		5,940,000.00	
22-29	Various Sewer Improvements	11/01/23	5,940,000.00	10/28/25	10/27/26	4.000%		5,940,000.00		5,940,000.00
23-17	Various Sewer Improvements	10/30/24	6,000,000.00	10/30/24	10/29/25	4.000%	6,000,000.00		6,000,000.00	
23-17	Various Sewer Improvements	10/30/24	6,000,000.00	10/28/25	10/27/26	4.000%		6,000,000.00		6,000,000.00
24-15	Various Sewer Improvements	10/28/25	3,000,000.00	10/28/25	10/27/26	4.000%		3,000,000.00		3,000,000.00
Total Bond Anticipation Notes							<u>\$ 13,956,000.00</u>	<u>\$ 16,956,000.00</u>	<u>\$ 13,956,000.00</u>	<u>\$ 16,956,000.00</u>
						Ref.	E	E-4	E-4	E
Renewals						E-4		\$ 13,956,000.00	\$ 13,956,000.00	
Notes Issued for Cash						E-4, E-22		3,000,000.00		
						Above		<u>\$ 16,956,000.00</u>	<u>\$ 13,956,000.00</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2025

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025			INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025		
			DECEMBER 31, 2025								
			DATE	AMOUNT							
Sewer Improvements	9/7/2017	\$ 7,197,000.00	9/15/2026	\$ 650,000.00	3.000%						
			9/15/2027	650,000.00	3.000%						
			9/15/2028	660,000.00	3.000%						
			9/15/2029	675,000.00	3.000%						
			9/15/2030	690,000.00	2.500%	\$ 3,975,000.00	\$ 650,000.00	\$ 3,325,000.00			
Sewer Improvements	11/14/2019	9,570,000.00	5/1/2026	420,000.00	4.000%						
			5/1/2027	430,000.00	4.000%						
			5/1/2028	435,000.00	4.000%						
			5/1/2029	450,000.00	2.250%						
			5/1/2030	450,000.00	2.250%						
			5/1/2031	600,000.00	2.250%						
			5/1/2032	600,000.00	2.250%						
			5/1/2033	600,000.00	2.250%						
			5/1/2034	575,000.00	2.250%						
			5/1/2035	550,000.00	2.250%						
			5/1/2036	550,000.00	2.250%						
			5/1/2037	550,000.00	3.000%						
			5/1/2038	550,000.00	3.000%						
			5/1/2039	550,000.00	3.000%	7,720,000.00	410,000.00	7,310,000.00			
			Sewer Improvements	11/1/2023	16,286,000.00	11/1/2026	630,000.00	5.000%			
						11/1/2027	650,000.00	5.000%			
11/1/2028	665,000.00	5.000%									
11/1/2029	685,000.00	5.000%									
11/1/2030	900,000.00	5.000%									
11/1/2031	900,000.00	5.000%									
11/1/2032	900,000.00	5.000%									
11/1/2033	900,000.00	4.000%									
11/1/2034	900,000.00	4.000%									
11/1/2035	900,000.00	4.000%									
11/1/2036	900,000.00	4.000%									
11/1/2037	900,000.00	4.000%									
11/1/2038	900,000.00	4.000%									
11/1/2039	900,000.00	4.000%									
11/1/2040	900,000.00	4.000%									
11/1/2041	900,000.00	4.000%									
11/1/2042	900,000.00	4.000%									
11/1/2043	900,000.00	4.000%				15,835,000.00	605,000.00	15,230,000.00			
						\$ 27,530,000.00	\$ 1,665,000.00	\$ 25,865,000.00			
Ref.						E	E-12	E			

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #1
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	E	\$ 47,571.72
Decreased by:		
Payment of Principal	E-12	<u>9,296.61</u>
Balance - December 31, 2025	E	<u><u>\$ 38,275.11</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2025
 February 2010 Issue

<u>Due Date</u>	<u>Trust Loan</u>		<u>Fund Loan</u>	<u>Balance of Loans</u>
	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	
				\$ 38,275.11
2/1/2026	\$ 238.77		\$ 2,201.28	36,073.83
8/1/2026	238.77	\$ 2,794.82	4,402.57	28,876.44
2/1/2027	184.42		2,201.28	26,675.16
8/1/2027	184.42	2,903.54	4,402.57	19,369.05
2/1/2028	126.63		2,201.28	17,167.77
8/1/2028	126.63	3,019.10	4,402.57	9,746.10
2/1/2029	65.20		2,201.28	7,544.82
8/1/2029	65.20	3,141.97	4,402.85	
	<u>\$ 1,230.04</u>	<u>\$ 11,859.43</u>	<u>\$ 26,415.68</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #2
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	E	\$ 5,167,757.53
Decreased by:		
Payment of Principal	E-12	<u>1,081,281.85</u>
Balance - December 31, 2025	E	<u>\$ 4,086,475.68</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2025
 March 2010 Issue

<u>Due Date</u>	<u>Trust Loan</u>		<u>Fund Loan</u>	<u>Balance of Loans</u>
	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	
				\$ 4,086,475.68
2/1/2026	\$ 32,800.00		\$ 237,427.28	3,849,048.40
8/1/2026	32,800.00	\$ 388,000.00	474,854.57	2,986,193.83
2/1/2027	25,040.00		237,427.28	2,748,766.55
8/1/2027	25,040.00	400,000.00	474,854.57	1,873,911.98
2/1/2028	17,040.00		237,427.28	1,636,484.70
8/1/2028	17,040.00	419,000.00	474,854.57	742,630.13
2/1/2029	8,660.00		237,427.28	505,202.85
8/1/2029	8,660.00	433,000.00	72,202.85	
	<u>\$ 167,080.00</u>	<u>\$ 1,640,000.00</u>	<u>\$ 2,446,475.68</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ INFRASTRUCTURE BANK LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2024	E	\$ 5,440,782.00
Decreased by:		
Payment of Principal	E-12	145,179.00
Balance - December 31, 2025	E	<u>\$ 5,295,603.00</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2025
December 2023 Issue

Due Date	I-Bank Loan		Fund Loan	Balance of Loans
	Interest	Principal	Principal	
2/1/2026	\$ 43,642.45		\$ 33,393.00	\$ 5,295,603.00
8/1/2026	43,642.45	\$ 50,000.00	66,786.00	5,262,210.00
2/1/2027	42,392.45		33,393.00	5,145,424.00
8/1/2027	42,392.45	50,000.00	66,786.00	5,112,031.00
2/1/2028	41,142.45		33,393.00	4,995,245.00
8/1/2028	41,142.45	50,000.00	66,786.00	4,961,852.00
2/1/2029	39,892.45		33,393.00	4,845,066.00
8/1/2029	39,892.45	55,000.00	66,786.00	4,811,673.00
2/1/2030	38,517.45		33,393.00	4,689,887.00
8/1/2030	38,517.45	55,000.00	66,786.00	4,656,494.00
2/1/2031	37,142.45		33,393.00	4,534,708.00
8/1/2031	37,142.45	65,000.00	66,786.00	4,501,315.00
2/1/2032	35,517.45		33,393.00	4,369,529.00
8/1/2032	35,517.45	65,000.00	66,786.00	4,336,136.00
2/1/2033	33,892.45		33,393.00	4,204,350.00
8/1/2033	33,892.45	65,000.00	66,786.00	4,170,957.00
2/1/2034	32,267.45		33,393.00	4,039,171.00
8/1/2034	32,267.45	70,000.00	66,786.00	4,005,778.00
2/1/2035	30,517.45		33,393.00	3,868,992.00
8/1/2035	30,517.45	75,000.00	66,786.00	3,835,599.00
2/1/2036	28,642.45		33,393.00	3,693,813.00
8/1/2036	28,642.45	82,410.00	66,786.00	3,660,420.00
2/1/2037	27,393.94		33,393.00	3,511,224.00
8/1/2037	27,393.94	82,407.00	66,786.00	3,477,831.00
2/1/2038	26,145.48		33,393.00	3,447,831.00
8/1/2038	26,145.48	87,404.00	66,786.00	3,295,245.00
2/1/2039	24,821.31		33,393.00	3,141,055.00
8/1/2039	24,821.31	87,303.00	66,786.00	3,107,662.00
2/1/2040	23,498.67		33,393.00	2,953,573.00
8/1/2040	23,498.67	92,198.00	66,786.00	2,920,180.00
2/1/2041	22,101.87		33,393.00	2,761,196.00
8/1/2041	22,101.87	91,991.00	66,786.00	2,727,803.00
2/1/2042	20,708.20		33,393.00	2,569,026.00
8/1/2042	20,708.20	96,779.00	66,786.00	2,535,633.00
2/1/2043	19,242.00		33,393.00	2,372,068.00
8/1/2043	19,242.00	101,461.00	66,786.00	2,338,675.00
2/1/2044	17,704.87		33,393.00	2,170,428.00
8/1/2044	17,704.87	101,035.00	66,786.00	2,137,035.00
2/1/2045	16,174.19		33,393.00	1,969,214.00
8/1/2045	16,174.19	105,597.00	66,786.00	1,935,821.00
2/1/2046	14,574.39		33,393.00	1,763,438.00
8/1/2046	14,574.39	110,046.00	66,786.00	1,730,045.00
2/1/2047	12,907.19		33,393.00	1,553,213.00
8/1/2047	12,907.19	109,381.00	66,786.00	1,519,820.00
2/1/2048	11,250.07		33,393.00	1,343,653.00
8/1/2048	11,250.07	113,695.00	66,786.00	1,310,260.00
2/1/2049	9,527.59		33,393.00	1,129,779.00
8/1/2049	9,527.59	117,890.00	66,786.00	1,096,386.00
2/1/2050	7,741.56		33,393.00	911,710.00
8/1/2050	7,741.56	121,962.00	66,786.00	878,317.00
2/1/2051	5,893.83		33,393.00	689,569.00
8/1/2051	5,893.83	125,907.00	66,786.00	656,176.00
2/1/2052	3,986.34		33,393.00	463,483.00
8/1/2052	3,986.34	129,722.00	66,786.00	430,090.00
2/1/2053	2,021.06		33,393.00	233,582.00
8/1/2053	2,021.06	133,403.00	66,786.00	200,189.00
	<u>\$ 1,338,519.02</u>	<u>\$ 2,490,591.00</u>	<u>\$ 2,805,012.00</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	E	\$ 350,798.53
Increased by:		
Budget Appropriation	E-3	<u>1,727,546.00</u>
		2,078,344.53
Decreased by:		
Paid	E-4	<u>1,725,034.98</u>
Balance - December 31, 2025	E	<u>\$ 353,309.55</u>

Analysis of Balance:

Year	Principal Outstanding December 31, 2024	Interest Rate	Period	Amount
Serial Bonds:				
2017	\$ 3,325,000.00	2.50-3.00%	3.5 months	\$ 28,087.50
2019	7,310,000.00	2.25-4.00%	2 months	34,420.83
2023	15,230,000.00	4.00-5.00%	2 months	110,416.67
New Jersey Environmental Infrastructure Trust Loans:				
2010	\$ 38,275.11	3.89-4.15%	5 months	198.98
2010	4,086,475.68	3.50-4.00%	5 months	27,333.33
2023	5,295,603.00	3.03-5.00%	5 months	36,368.71
Bond Anticipation Notes:				
2025	\$ 16,956,000.00	4.00%	62 days	<u>116,483.53</u>
				<u>\$ 353,309.55</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2025 and 2024	E	\$	<u>908.50</u>
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TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF SEWER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	E	\$ 88,230.88
Increased by:		
Cash Receipts	E-4	<u>128,991.19</u>
		217,222.07
Decreased by:		
Overpayments Applied	E-2,E-6	<u>77,877.74</u>
Balance - December 31, 2025	E	<u><u>\$ 139,344.33</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF PREPAID SEWER RENTS
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	E	\$ 9,645.09
Increased by:		
Cash Receipts	E-4	<u>67,906.69</u>
		77,551.78
Decreased by:		
Prepays Applied	E-2,E-6	<u>9,645.09</u>
Balance - December 31, 2025	E	<u><u>\$ 67,906.69</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2025

Balance - December 31, 2024	<u>Ref.</u> E		\$ 461,918.93
Increased by:			
Premium on Sale of Bond Anticipation Notes	E-4	\$ 245,692.44	
EPA Grant Payment Request	E-4	<u>597,615.00</u>	
			<u>843,307.44</u>
Decreased by:			
Water Operating Fund Budget Revenue	E-2,E-4		<u>260,000.00</u>
Balance - December 31, 2025	E		<u><u>\$ 1,045,226.37</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY FUND
 SCHEDULE OF INTERFUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>		<u>Total</u>	<u>Sewer Capital Fund</u>	<u>Self Insurance Trust Fund</u>
<u>Operating Fund:</u>					
Balance - December 31, 2024	E	\$	3,427.91	\$ 3,427.91	\$
Decreased by:					
Cash Receipts	E-4		3,427.91	3,427.91	
Self-Insurance Expenses	E-3		<u>4,121.30</u>		<u>4,121.30</u>
Balance - December 31, 2025 (Due From)	E	\$	<u><u>4,121.30</u></u>	<u><u>-</u></u>	<u><u>4,121.30</u></u>
 <u>Capital Fund:</u>					
			<u>Total</u>	<u>Sewer Operating Fund</u>	
Balance - December 31, 2024	E	\$	(3,427.91)	(3,427.91)	
Increased by:					
Cash Disbursements	E-4		<u>3,427.91</u>	<u>3,427.91</u>	
Balance - December 31, 2025 (Due To)	E	\$	<u><u>-</u></u>	<u><u>-</u></u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE	AUTHORIZATIONS	ISSUED	BALANCE
		DATE	AMOUNT	DECEMBER 31, 2024			DECEMBER 31, 2025
09-28	Improvements and Upgrades to the Township's Waste Water Treatment Plant	06/16/09	\$ 33,200,000.00	\$ 699.00			\$ 699.00
10-15	Various Sewer Utility Improvements	07/20/10	1,828,750.00	548.81			548.81
17-12	Various Sewer Utility Improvements	03/07/17	2,475,000.00	298.35			298.35
20-21	Pump Station 4 Redirection Tunnel Programs	07/21/20	8,000,000.00	492,432.00			492,432.00
21-22	Various Sewer Utility Improvements	09/21/21	5,734,000.00	734,000.00			734,000.00
23-17	Various Sewer Utility Improvements	09/19/23	6,400,000.00	400,000.00			400,000.00
23-19/24-17	Lake Hiawatha Pump Station	09/24/24	1,700,000.00	1,700,000.00	\$ 800,000.00		2,500,000.00
24-15	Various Sewer Utility Improvements	09/24/24	5,726,000.00	5,726,000.00		\$ 3,000,000.00	2,726,000.00
24-16	Wastewater Treatment Plant	09/24/24	9,500,000.00	9,500,000.00			9,500,000.00
25-21	Various Sewer Acquisitions and Improvements	10/21/25	6,795,585.30		6,795,585.30		6,795,585.30
				\$ 18,553,978.16	\$ 7,595,585.30	\$ 3,000,000.00	\$ 23,149,563.46
Ref.				E	E-10	E-13	E

GOLF AND RECREATION UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY FUND
 SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance, December 31, 2024	F	\$ 2,073,759.77	\$ 742,311.36
Increased by Receipts:			
Collections - Golf Fees	F-2	\$ 4,460,126.10	
Collections - Concession Fees	F-2	336,337.98	
Collections - Merchandise Sales	F-2	163,836.26	
Interest on Investments	F-2	115,900.58	
Golf and Recreation Utility Capital Fund Balance	F-2	15,000.00	
Reserve for Payment of Debt Service	F-2	300,000.00	
Miscellaneous Revenue Not Anticipated	F-2	104,181.82	
Bond Anticipation Notes Issued	F-13		1,694,000.00
Sales Tax Collected	F-16	55,263.99	
Golf Pro Fees Collected	F-17	28,487.50	
Premium Received- Reserve for Payment of Debt Service	F-18		24,546.06
Interfunds Receivable/Payable	F-19	6,758.95	
		<u>5,585,893.18</u>	<u>1,718,546.06</u>
		7,659,652.95	2,460,857.42
Decreased by Disbursements:			
2025 Budget Appropriations	F-3	4,873,089.68	
2024 Appropriation Reserves	F-9	210,988.36	
Accrued Interest Payable	F-15	136,235.59	
Bond Anticipation Notes Redeemed	F-13		1,000,000.00
Improvement Authorizations	F-10		567,292.83
Sales Tax Disbursed	F-16	48,533.79	
Golf Pro Fees Disbursed	F-17	26,414.83	
Reserve for Payment of Debt Service	F-18		300,000.00
Capital Fund Balance Appropriated to Budget Revenue	F-1A		15,000.00
Interfunds Returned	F-19		6,758.95
		<u>5,295,262.25</u>	<u>1,889,051.78</u>
Balance, December 31, 2025	F	\$ <u>2,364,390.70</u>	\$ <u>571,805.64</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
	<u> </u>	<u> </u>
Improvement Authorizations Funded	\$ 25,325.95	\$ 25,325.95
Improvement Authorizations Unfunded	663,253.50	808,872.28
Bonds and Notes Authorized But Not Issued	(422,384.05)	(694,710.00)
Capital Improvement Fund	151,303.05	151,303.05
Reserve for Payment of Debt Service	150,595.38	426,049.32
Due to Golf and Recreation Operating		6,758.95
Fund Balance	<u>3,711.81</u>	<u>18,711.81</u>
	<u>\$ 571,805.64</u>	<u>\$ 742,311.36</u>
	<u> </u>	<u> </u>
<u>Ref.</u>	F	F

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$ 22,252.03
Increased by:		
Membership and Other Fees and Rentals	Reserve	4,460,126.10
		<u>4,482,378.13</u>
Decreased by:		
Collections:		
Golf and Recreation Collections	F-2	4,460,126.10
Balance, December 31, 2025	F	<u><u>\$ 22,252.03</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
SCHEDULE OF INVENTORY
YEAR ENDED DECEMBER 31, 2025

Balance, December 31, 2024	F	\$ 226,723.07
Increased by:		
Net Inventory Increase	Reserve	<u>54,086.21</u>
Balance, December 31, 2025	F	<u><u>\$ 280,809.28</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2025

IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2024	TRANSFERRED FROM FIXED CAPITAL AUTHORIZED AND UNCOMPLETED	BALANCE DECEMBER 31, 2025
Building Renovations	\$ 687,336.18		\$ 687,336.18
Improvement of the Property of the Parsippany-Troy Hills Golf and Recreation Utility	1,512,536.41		1,512,536.41
Improvement of the Knoll Country Club	2,154,800.00		2,154,800.00
Various Capital Improvements	4,230,022.59		4,230,022.59
Reconstruction of the Knoll Country Club West	2,713,148.50		2,713,148.50
Construction of the West Tee House	210,000.00		210,000.00
Acquisition of Furniture and Equipment	152,638.16		152,638.16
Acquisition of Vehicles	95,450.00		95,450.00
Acquisition of Equipment	1,241,867.00		1,241,867.00
Acquisition of Various Vehicles and Equipment	655,936.70		655,936.70
Supplemental Appropriation for the Construction of the Tee House	26,500.00		26,500.00
Acquisition of Property Known as Knoll Country Club	5,000,000.00		5,000,000.00
Reconstruction of the West Course Main Building	7,150,000.00		7,150,000.00
Installation of Sewer Lines to all Knoll Buildings	401,000.00		401,000.00
Golf Course and Recreation Facility Improvements	7,899,136.96		7,899,136.96
Issuance Cost	186,451.50		186,451.50
Acquisition of Vehicles and Equipment		\$ 116,519.58	116,519.58
Golf Course and Recreation Utility Improvements		520,700.00	520,700.00
	<u>\$ 34,316,824.00</u>	<u>\$ 637,219.58</u>	<u>\$ 34,954,043.58</u>
<u>Ref.</u>	F	F-8	F

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY
 GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2025

ORD NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024	AUTHORIZATIONS	TRANSFERRED TO FIXED CAPITAL	BALANCE DECEMBER 31, 2025
		DATE	AMOUNT				
16-19	Golf Course and Recreation Utility Improvements	07/19/16	\$ 119,177.00	\$ 116,519.58		\$ 116,519.58	
21-19	Golf Course and Recreation Utility Improvements	09/07/21	520,700.00	520,700.00		520,700.00	
22-28	Various Improvements and Equipment	10/18/22	1,117,000.00	1,117,000.00			\$ 1,117,000.00
23-15	Various Equipment Purchases	09/19/23	216,000.00	216,000.00			216,000.00
24-12	Various Improvements and Equipment	08/20/24	372,000.00	372,000.00			372,000.00
25-22	Various Acquisitions and Improvements	10/21/25	447,000.00		\$ 421,674.05		421,674.05
				\$ 2,342,219.58	\$ 421,674.05	\$ 637,219.58	\$ 2,126,674.05
			<u>Ref.</u>	F	F-10	F-7	F

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	BALANCE DECEMBER 31, 2024	RESERVE FOR ENCUMBRANCES DECEMBER 31, 2024	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 375,616.64	\$ 94,189.09	\$ 469,805.73		\$ 469,805.73
Other Expenses	292,733.73		292,733.73	\$ 210,687.02	82,046.71
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	15,967.18		15,967.18	301.34	15,665.84
	<u>\$ 684,317.55</u>	<u>\$ 94,189.09</u>	<u>\$ 778,506.64</u>	<u>\$ 210,988.36</u>	<u>\$ 567,518.28</u>
<u>Ref.</u>	F	F		F-4	F-1

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024		AUTHORIZATIONS	REAPPROPRIATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025	
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED
16-19	Golf Course and Recreation Utility Improvements	07/19/16	\$ 119,177.00	\$ 12,000.00			\$ (12,000.00)			
21-19	Golf Course and Recreation Utility Improvements	09/07/21	520,700.00	13,325.95			(13,325.95)			
22-28	Various Improvements and Equipment	10/18/22	1,117,000.00		\$ 448,202.01			\$ 399,101.60	\$	49,100.41
23-15	Various Equipment Purchases	09/19/23	216,000.00		42,632.52			10,264.25		32,368.27
24-12	Various Improvements and Equipment	08/20/24	372,000.00		318,037.75			157,926.98		160,110.77
25-22	Various Acquisitions and Improvements	10/21/25	447,000.00			\$ 421,674.05	25,325.95		\$ 25,325.95	421,674.05
				\$ 25,325.95	\$ 808,872.28	\$ 421,674.05	\$ -	\$ 567,292.83	\$ 25,325.95	\$ 663,253.50
		<u>Ref.</u>		F	F	F-8, F-20		F-4	F	F

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

REF.

Balance - December 31, 2025 and 2024	F	<u>\$ 151,303.05</u>
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TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>		
Balance - December 31, 2024	F	\$	29,922,384.58
Increased by:			
Transfer from Deferred Reserve for Amortization	F-12A	\$	526,659.00
Golf and Recreation Operating Budget:			
Serial Bonds	F-14		590,000.00
Open Space Trust Budget:			
Serial Bonds	F-14		<u>150,000.00</u>
			<u>1,266,659.00</u>
Balance - December 31, 2025	F	\$	<u><u>31,189,043.58</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2025

Ord. No.	Improvement Description	Date of Ordinance	BALANCE DECEMBER 31, 2024	TRANSFERS TO RESERVE FOR AMORTIZATION	BALANCE DECEMBER 31, 2025
16-19	Golf Course and Recreation Utility Improvements	07/19/16	\$ 5,959.00	\$ 5,959.00	
21-19	Golf Course and Recreation Utility Improvements	09/07/21	520,700.00	520,700.00	
23-15	Various Equipment Purchases	09/19/23	10,290.00		\$ 10,290.00
			<u>\$ 536,949.00</u>	<u>\$ 526,659.00</u>	<u>\$ 10,290.00</u>
		<u>Ref.</u>	F	F-12	F

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2025

ORD. NUMBER	PURPOSE	ORIGINAL ISSUE		DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE			BALANCE
		DATE	AMOUNT				DECEMBER 31, 2024	INCREASED	DECREASED	DECEMBER 31, 2025
22-28	Various Improvements and Equipment	10/30/24	\$ 1,117,000.00	10/30/24	10/29/25	4.000%	\$ 1,000,000.00		\$ 1,000,000.00	
22-28	Various Improvements and Equipment	10/28/25	1,117,000.00	10/28/25	10/27/26	4.000%		\$ 1,117,000.00		\$ 1,117,000.00
23-15	Various Improvements and Equipment	10/28/25	205,000.00	10/28/25	10/27/26	4.000%		205,000.00		205,000.00
24-12	Various Improvements and Equipment	10/28/25	372,000.00	10/28/25	10/27/26	4.000%		372,000.00		372,000.00
Total Bond Anticipation Notes							\$ 1,000,000.00	\$ 1,694,000.00	\$ 1,000,000.00	\$ 1,694,000.00
						Ref.	F	Below	Below	F
Renewals						F-4		\$ 1,000,000.00	\$ 1,000,000.00	
Notes Issued for Cash						F-4, F-20		694,000.00		
						Above		\$ 1,694,000.00	\$ 1,000,000.00	

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2025

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025		INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
			DATE	AMOUNT				
General Improvements	9/7/2017	\$ 6,683,000.00	9/15/2026	\$ 550,000.00	3.000%			
			9/15/2027	550,000.00	3.000%			
			9/15/2028	550,000.00	3.000%			
			9/15/2029	550,000.00	3.000%			
			9/15/2030	550,000.00	2.500%	\$ 3,350,000.00	\$ 600,000.00	\$ 2,750,000.00
General Improvements	11/12/2020	1,645,000.00	6/1/2026	145,000.00	3.000%			
			6/1/2027	145,000.00	3.000%			
			6/1/2028	145,000.00	2.000%			
			6/1/2029	145,000.00	2.000%			
			6/1/2030	145,000.00	2.000%			
			6/1/2031	145,000.00	2.000%			
			6/1/2032	145,000.00	2.000%	1,155,000.00	140,000.00	1,015,000.00

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>	
Balance - December 31, 2024	F	\$ 36,677.70
Increased by:		
Budget Appropriation	F-3	<u>136,389.00</u>
		173,066.70
Decreased by:		
Paid	F-4	<u>136,235.59</u>
Balance - December 31, 2025	F	<u>\$ 36,831.11</u>

Analysis of Balance:

<u>Year</u>	<u>Principal Outstanding December 31, 2025</u>	<u>Interest Rate</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:				
2017 \$	2,750,000.00	2.50-3.00%	3.5 months	\$ 23,260.42
2020	1,015,000.00	2.00-3.00%	1 month	1,933.33
Bond Anticipation Notes:				
2025 \$	1,694,000.00	4.00%	62 days	<u>11,637.36</u>
				<u>\$ 36,831.11</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION OPERATING FUND
 SCHEDULE OF SALES TAX PAYABLE
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	F	\$ 2,487.26
Increased by:		
Cash Receipts	F-4	<u>55,263.99</u>
		57,751.25
Decreased by:		
Cash Disbursements	F-4	<u>48,533.79</u>
Balance - December 31, 2025	F	<u><u>\$ 9,217.46</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY OPERATING FUND
 SCHEDULE OF DUE TO GOLF PRO
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	F	\$ 5,621.83
Increased by:		
Cash Receipts	F-4	<u>28,487.50</u>
		34,109.33
Decreased by:		
Cash Disbursements	F-4	<u>26,414.83</u>
Balance - December 31, 2025	F	<u><u>\$ 7,694.50</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2025

Balance - December 31, 2024	<u>Ref.</u> F	\$ 426,049.32
Increased by:		
Premium on Sale of Bond Anticipation Notes	F-4	<u>24,546.06</u>
		450,595.38
Decreased by:		
Golf and Recreation Operating Fund Budget Revenue	F-2, F-4	<u>300,000.00</u>
Balance - December 31, 2025	F	<u><u>\$ 150,595.38</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

GOLF AND RECREATION UTILITY FUND
 SCHEDULE OF INTERFUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>Ref.</u>		<u>Total</u>		<u>Golf and Recreation Capital Fund</u>
<u>Operating Fund:</u>					
Balance - December 31, 2024	F	\$	6,758.95	\$	6,758.95
Decreased by:					
Cash Receipts	F-4		<u>6,758.95</u>		<u>6,758.95</u>
Balance - December 31, 2025	F	\$	<u><u>-</u></u>	\$	<u><u>-</u></u>
 <u>Capital Fund:</u>					
			<u>Total</u>		<u>Golf and Recreation Operating Fund</u>
Balance - December 31, 2024	F	\$	(6,758.95)	\$	(6,758.95)
Increased by:					
Cash Disbursements	F-4		<u>6,758.95</u>		<u>6,758.95</u>
Balance - December 31, 2025	F	\$	<u><u>-</u></u>	\$	<u><u>-</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

 GOLF AND RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2025

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2024	AUTHORIZATIONS	ISSUED	BALANCE DECEMBER 31, 2025
		DATE	AMOUNT				
22-28	Various Improvements and Equipment	10/18/22	\$ 1,117,000.00	\$ 117,000.00		\$ 117,000.00	
23-15	Various Equipment Purchases	09/19/23	205,710.00	205,710.00		205,000.00	\$ 710.00
24-12	Various Improvements and Equipment	08/20/24	372,000.00	372,000.00		372,000.00	
25-22	Various Acquisitions and Improvements	10/21/25	421,674.05		\$ 421,674.05		421,674.05
				\$ 694,710.00	\$ 421,674.05	\$ 694,000.00	\$ 422,384.05
			<u>Ref.</u>	F	F-10	F-13	F

PUBLIC ASSISTANCE FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND
 SCHEDULE OF CASH- TREASURER
YEAR ENDED DECEMBER 31, 2025

	<u>REF.</u>	
Balance - December 31, 2024	G	\$ 4,708.87
Increased by:		
Interest on Investments	Reserve	<u>176.16</u>
Balance - December 31, 2025	G	<u>\$ 4,885.03</u>

See Accompanying Notes to Financial Statements

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

PART III

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

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

**COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2025**

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER UTILITY FUND	SEWER UTILITY FUND	GOLF AND RECREATION UTILITY FUND	PUBLIC ASSISTANCE FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
									DECEMBER 31, 2025	DECEMBER 31, 2024
ASSETS										
Cash and Investments	\$ 21,078,859.41	\$ 33,121,885.56	\$ 20,257,022.83	\$ 32,728,764.22	\$ 44,496,743.65	\$ 2,936,196.34	\$ 4,885.03		\$ 154,624,357.04	\$ 147,913,895.63
Accounts Receivable										
State and Federal Grants Receivable	2,152,713.07	1,082,241.26	263,896.35						3,498,850.68	3,877,638.69
Due from State of New Jersey	49,926.47								49,926.47	50,885.64
Taxes, Assessments, Liens & Utility Charges	4,760,987.93			614,239.82	864,337.31	22,252.03			6,261,817.09	5,017,799.03
Interfund Loans	30,688.57	4,121.30							34,809.87	2,054,875.50
Other Accounts Receivable	42,008.26								42,008.26	152,621.31
Property Acquired For Taxes at Assessed Valuation	1,428,800.00								1,428,800.00	1,428,800.00
Inventory				428,570.50	98,330.60	280,809.28			807,710.38	1,472,307.36
Fixed Assets - Governmental								\$ 193,547,510.13	193,547,510.13	189,597,308.00
Fixed Capital - Utility				48,144,472.26	145,932,213.33	34,954,043.58			229,030,729.17	219,898,509.59
Fixed Capital - Authorized and Uncompleted - Utility				64,205,155.70	108,533,608.44	2,126,674.05			174,865,438.19	165,973,242.72
Deferred Charges to Revenue of Succeeding Year- Special Emergency	2,760,488.76								2,760,488.76	4,229,702.36
Deferred Charges to Future Taxation: General Capital Fund/Open Space Fund			105,966,325.48						105,966,325.48	105,303,125.48
Total Assets	\$ 32,304,472.47	\$ 34,208,248.12	\$ 126,487,244.66	\$ 146,121,202.50	\$ 299,925,233.33	\$ 40,319,975.28	\$ 4,885.03	\$ 193,547,510.13	\$ 872,918,771.52	\$ 846,970,711.31
LIABILITIES, RESERVES AND FUND BALANCE										
Bonds and Notes Payable	\$ 1,388,000.00		\$ 88,520,000.00	\$ 54,775,000.00	\$ 42,821,000.00	\$ 5,459,000.00			\$ 192,963,000.00	\$ 190,852,000.00
Leases and Loans Payable					9,420,353.79				9,420,353.79	10,656,111.25
Prepaid Taxes, Assessments, Utility Charges and Licenses	3,578,793.48			46,921.54	67,906.69				3,693,621.71	3,476,130.36
Tax, Assessment, Lien, License and Utility Charge Overpayments	101,258.15			109,486.28	139,344.33				350,088.76	225,409.66
Appropriation Reserves	5,490,617.10			2,384,511.67	3,448,695.52	756,323.10			12,080,147.39	9,665,828.74
Reserves for Encumbrances/ Accounts Payable	980,366.68			408,592.64	287,390.95	74,865.22			1,751,215.49	2,223,544.10
Local School Taxes Payable										3.00
Other Liabilities	155,587.00	38.40		373,969.93	353,309.55	53,743.07			936,647.95	793,281.07
Amounts Pledged to Specific Purposes	4,948,239.69	17,037,175.48	1,851,762.65	4,138,190.48	1,511,226.37	301,898.43			29,788,493.10	32,294,100.97
Interfund Loans	5.00	30,683.57			4,121.30				34,809.87	2,054,875.50
Special Deposits		17,140,350.67							17,140,350.67	14,463,237.02
Improvement Authorizations			36,104,627.45	33,490,165.91	46,178,477.25	688,579.45			116,461,850.06	103,835,033.91
Investments in Governmental Fixed Assets								\$ 193,547,510.13	193,547,510.13	189,597,308.00
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				43,917,411.26	179,074,904.52	31,199,333.58			254,191,649.36	249,020,891.90
Reserve for Certain Assets Acquired or Receivables & Inventories	6,262,479.76			1,042,810.32	962,667.91	303,061.31			8,571,019.30	8,051,921.42
Fund Balance	9,399,125.61		10,854.56	5,434,142.47	15,655,835.15	1,483,171.12	\$ 4,885.03		31,988,013.94	29,761,034.41
Total Liabilities, Reserves and Fund Balance	\$ 32,304,472.47	\$ 34,208,248.12	\$ 126,487,244.66	\$ 146,121,202.50	\$ 299,925,233.33	\$ 40,319,975.28	\$ 4,885.03	\$ 193,547,510.13	\$ 872,918,771.52	\$ 846,970,711.31

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

REVENUE AND OTHER INCOME REALIZED	YEAR 2025		YEAR 2024	
	AMOUNT	%	AMOUNT	%
Fund Balance Utilized	\$ 6,370,000.00	2.20	\$ 5,400,000.00	1.90
Miscellaneous - From Other than Local				
Property Tax Levies	25,104,933.64	8.66	25,518,927.03	8.96
Collection of Delinquent Taxes and Tax				
Title Liens	1,115,306.14	0.38	1,377,408.18	0.48
Collections of Current Tax Levy	257,311,613.83	88.76	252,475,310.40	88.66
Total Income	\$ 289,901,853.61	100.00	\$ 284,771,645.61	100.00
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	\$ 92,565,052.03	32.35	\$ 90,560,752.25	32.46
County Taxes	24,622,850.17	8.61	23,853,564.35	8.55
Local School Taxes	160,322,884.00	56.05	156,341,086.00	56.04
Special District Taxes	6,221,789.00	2.18	5,648,627.00	2.02
Municipal Open Space Taxes	1,469,510.02	0.51	1,470,842.46	0.53
Other Expenditures	847,826.80	0.30	1,128,935.64	0.40
Total Expenditures	286,049,912.02	100.00	279,003,807.70	100.00
Excess in Revenue	3,851,941.59		5,767,837.91	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year				
Special Emergency Authorization (40A:4-53)			1,255,000.00	
Statutory Excess to Fund Balance	3,851,941.59		7,022,837.91	
Fund Balance, January 1	11,917,184.02		10,294,346.11	
	15,769,125.61		17,317,184.02	
Decreased by: Utilization as Anticipated Revenue	6,370,000.00		5,400,000.00	
Fund Balance, December 31	\$ 9,399,125.61		\$ 11,917,184.02	

TOWNSHIP OF PARSIPPANY-TROY HILLS
STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - WATER UTILITY FUND

REVENUE AND OTHER <u>INCOME REALIZED</u>	YEAR 2025		YEAR 2024	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Fund Balance Utilized	\$ 1,900,000.00	10.80	\$ 1,600,000.00	9.72
Water Rents	12,578,496.76	71.46	12,349,571.38	74.99
Miscellaneous - From Other than Fees	<u>3,122,485.38</u>	<u>17.74</u>	<u>2,519,747.50</u>	<u>15.29</u>
Total Income	<u>\$ 17,600,982.14</u>	<u>100.00</u>	<u>\$ 16,469,318.88</u>	<u>100.00</u>
<u>EXPENDITURES</u>				
Budget Expenditures				
Operating	\$ 11,061,268.00	72.76	\$ 10,247,383.47	73.46
Debt Service	3,516,214.00	23.13	3,111,804.16	22.31
Deferred Charges & Statutory Expend.	496,530.00	3.27	495,812.37	3.55
Capital Improvements	95,000.00	0.62	95,000.00	0.68
Other Charges	<u>33,258.88</u>	<u>0.22</u>		
Total Expenditures	<u>15,202,270.88</u>	<u>100.00</u>	<u>13,950,000.00</u>	<u>100.00</u>
Statutory Excess in Revenue to Fund Balance	2,398,711.26		2,519,318.88	
Fund Balance, January 1	<u>4,800,624.07</u>		<u>3,881,305.19</u>	
	7,199,335.33		6,400,624.07	
Decreased by:				
Utilization as Anticipated Revenue	<u>1,900,000.00</u>		<u>1,600,000.00</u>	
Fund Balance, December 31	<u>\$ 5,299,335.33</u>		<u>\$ 4,800,624.07</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED	YEAR 2025		YEAR 2024	
	AMOUNT	%	AMOUNT	%
Fund Balance Utilized	\$ 2,000,000.00	6.77	\$ 1,970,000.00	7.10
Sewer Rents	21,788,463.30	73.71	20,849,758.80	75.12
Miscellaneous - From Other than Fees	5,770,754.82	19.52	4,935,616.54	17.78
Total Income	\$ 29,559,218.12	100.00	\$ 27,755,375.34	100.00
EXPENDITURES				
Budget Expenditures				
Operating	\$ 17,886,758.00	76.36	\$ 16,780,312.68	76.30
Debt Service	4,628,304.00	19.76	4,294,954.20	19.53
Deferred Charges & Statutory Expend.	909,949.00	3.88	913,020.62	4.15
Refund of Prior Year Revenues			3,930.31	0.02
Total Expenditures	23,425,011.00	100.00	21,992,217.81	100.00
Statutory Excess in Revenue to Fund Balance	6,134,207.12		5,763,157.53	
Fund Balance, January 1	11,304,017.25		7,510,859.72	
	17,438,224.37		13,274,017.25	
Decreased by:				
Utilization as Anticipated Revenue	2,000,000.00		1,970,000.00	
Fund Balance, December 31	\$ 15,438,224.37		\$ 11,304,017.25	

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

REVENUE AND OTHER <u>INCOME REALIZED</u>	YEAR 2025		YEAR 2024	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Fund Balance Utilized	\$ 682,000.00	10.11	\$ 500,000.00	7.33
Golf Fees	4,460,126.10	66.13	4,438,883.33	65.07
Miscellaneous - From Other than Fees	<u>1,602,774.92</u>	<u>23.76</u>	<u>1,882,700.95</u>	<u>27.60</u>
Total Income	<u>\$ 6,744,901.02</u>	<u>100.00</u>	<u>\$ 6,821,584.28</u>	<u>100.00</u>
 <u>EXPENDITURES</u>				
Budget Expenditures				
Operating	\$ 4,777,768.00	81.80	\$ 4,759,711.58	82.03
Debt Service	726,389.00	12.44	701,812.50	12.10
Deferred Charges & Statutory Expend.	<u>336,510.00</u>	<u>5.76</u>	<u>340,763.42</u>	<u>5.87</u>
Total Expenditures	<u>5,840,667.00</u>	<u>100.00</u>	<u>5,802,287.50</u>	<u>100.00</u>
Statutory Excess in Revenue to Fund Balance	904,234.02		1,019,296.78	
Fund Balance, January 1	<u>1,257,225.29</u>		<u>737,928.51</u>	
	2,161,459.31		1,757,225.29	
Decreased by:				
Utilization as Anticipated Revenue	<u>682,000.00</u>		<u>500,000.00</u>	
Fund Balance, December 31	<u>\$ 1,479,459.31</u>		<u>\$ 1,257,225.29</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate:</u>	<u>\$3.452</u>	<u>\$3.375</u>	<u>\$3.312</u>
<u>Apportionment of Tax Rate:</u>			
Municipal (Inc. Library and Open Space Taxes)	\$0.936	\$0.913	\$0.890
County (Inc. Open Space Taxes)	\$0.334	\$0.326	\$0.334
Local School	\$2.182	\$2.136	\$2.088

Assessed Valuation (Net Valuation Taxable - Morris County Abstract of Ratables):

2025	\$ 7,347,550,100.00		
2024		\$ 7,320,045,550.00	
2023			\$ 7,308,004,700.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 260,433,943.62	\$ 257,312,750.41	98.80%
2024	253,890,890.00	252,475,310.00	99.44%
2023	248,011,634.00	246,316,305.00	99.32%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec. 31 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>
2025	\$ 1,945,111.69	\$ 2,623,949.39	\$ 4,569,061.08	1.75%
2024	1,663,460.05	1,085,265.55	2,748,725.60	1.08%
2023	1,491,377.29	1,370,894.25	2,862,271.54	1.15%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2025 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Calendar Year</u>	<u>Amount</u>
2025	\$ 1,428,800.00
2024	1,428,800.00
2023	1,428,800.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Calendar Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2025	\$ 9,399,125.61	\$ 3,800,000.00
	2024	11,917,184.02	6,370,000.00
	2023	10,294,346.11	5,400,000.00
Water Utility	2025	5,299,335.33	2,853,000.00
Operating	2024	4,800,624.07	1,900,000.00
Fund	2023	3,881,305.19	1,600,000.00
Sewer Utility	2025	15,438,224.37	2,900,000.00
Operating	2024	11,304,017.25	2,000,000.00
Fund	2023	7,510,859.72	1,970,000.00
Golf and	2025	1,479,459.31	845,000.00
Recreation Utility	2024	1,257,225.29	682,000.00
Operating	2023	737,928.51	500,000.00
Fund			

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2025:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
James R. Barberio	Mayor	
Paul Carifi, Jr.	Council President	
Frank Neglia	Council Vice President	
Judith Hernandez	Councilperson	
Matthew McGrath	Councilperson	
Justin Musella	Councilperson	
James Cryan	Business Administrator	(A)
Khaled Madin	Clerk	(A)
Angelica Sabatini	Chief Financial Officer	(A)
Terence M. Whalen	Tax Collector	(A)
Daniel Casses	Tax Assessor	(A)
Suzanne Taylor	Director of Purchasing	(A)
Justin Lizza	Engineer	
Michael B. Lavery	Attorney	
Anthony J. Frese	Municipal Court Judge	(A)
Gerald P. Scala	Municipal Court Judge	(A)
Alvaro Leal	Municipal Court Administrator	(A)

(A) - Covered under a \$1,000,000.00 Public Employee Dishonesty Bond with the New Jersey Intergovernmental Insurance Fund

All bonds were examined and were properly executed.

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



PART IV

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2025**

TOWNSHIP OF PARSIPPANY – TROY HILLS
COUNTY OF MORRIS, NEW JERSEY
YEAR ENDED DECEMBER 31, 2025

GENERAL COMMENTS

An audit of the financial accounts and transactions for the Township of Parsippany – Troy Hills, County of Morris, New Jersey, for the calendar year ended December 31, 2025, has been completed. The results of the audit are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Tax Collector and Treasurer, the activities of the Mayor and Township Council and the records of various outside departments.

Cash and investment balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount insofar as the records permitted on a test basis.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.00 except by contract or agreement."

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

The bidding threshold for the period under audit was \$44,000.00 for the portion of the year prior to July 1, 2025, and \$53,000.00 for the portion of the year subsequent to July 1, 2025, in accordance with the provisions of N.J.S.A. 40A:11-3c, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the Pay to Play Law”, provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006 to a business entity that made certain reportable contributions to any municipal committee or a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

The minutes indicate that bids were requested by public advertising for all required purchases. The minutes also indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, “Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,600.00, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder.”

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations (1977) promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Pension Eligibility

The State of New Jersey enacted legislation under Ch. 92 P.L. 2007 and codified under N.J.S.A. 43:15A-7.2 and 43:15c-2b(4). The law establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible for membership in the State’s Pension System - PERS. There were no “grandfathering” provisions under N.J.S.A. 43:15A-7.2. The municipalities were required to remove them from the pension rolls.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Township of Parsippany-Troy Hills that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum in excess of \$1,500.00 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000.00 for the prior year.

Tests of the Tax Collector’s records indicate that interest was collected in accordance with the provisions of the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 12, 2025. The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Tax Title Liens</u>
2025	25
2024	27
2023	29

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed some exceptions as noted below. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

Payment of Claims

The examination did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Authorization for payment of claims is delegated to the Chief Financial Officer and bill lists are submitted to the Township Council for approval and recorded as a supplement to the official minutes. Claims were examined on a test basis for the year under audit and the following opportunity for improvement was noted.

In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received.

Cybersecurity

As part of its overall risk management, the Township reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Surety Bonds

The Township should continue to ensure that surety bond requirements are maintained appropriately. Please refer to the Municipal Court Report where we have made comment and recommendation for them to do the same.

Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, and cash was reconciled monthly.

Allocation of Employee Benefit Costs

During our review of the methodology utilized to allocate employee benefit and related insurance costs among the various operating funds, it was noted that certain allocation percentages appear to be based on historical assumptions and do not consistently correspond to the relative distribution of salary and wage appropriations, employee counts, or actual benefit participation among the respective funds.

In addition, the Township's calculation of the annual health benefit cost per employee by coverage category (e.g., single, parent/child, husband/wife, family, etc.) should be periodically reviewed to ensure that the amounts utilized in the allocation process reasonably approximate the Township's all-inclusive cost of providing health benefits, including premiums and other related benefit costs.

Periodic evaluation of both the allocation methodology and the underlying health benefit cost calculations is important to help ensure that employee benefit costs are allocated in a manner that is reasonable and reflective of current operations, staffing levels, benefit participation, and actual costs incurred.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

TOWNSHIP OF PARSIPPANY – TROY HILLS

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2025

FIXED ASSETS *

2025-001 – SIGNIFICANT DEFICIENCY

Criteria:

Governmental entities should maintain complete and accurate fixed asset records that support the balances reported in the financial statements. Such records should include detailed subsidiary listings, procedures for identifying and tracking capital assets, and periodic physical inventories that are reconciled to accounting records to ensure the existence, completeness, and accuracy of reported capital assets.

Condition:

The Township does not maintain a complete, detailed, and accurate fixed asset listing that can be reconciled to the balances reported in the Governmental Fixed Assets Account. In addition, fixed assets are not consistently tagged or otherwise systematically identifiable, and the Township does not perform periodic physical inventories of its capital assets. As a result, the Township is unable to adequately support the existence, completeness, and valuation of fixed assets reported in the financial statements.

Cause:

The Township has not established and maintained a comprehensive fixed asset management system that includes detailed subsidiary records, asset identification procedures, and recurring physical inventory processes necessary to account for and monitor capital assets.

Effect:

The lack of a comprehensive subsidiary ledger and recurring inventory procedures limits the Township's ability to verify asset additions, disposals, and accumulated balances and increases the risk that assets may be lost, disposed of, impaired, or inaccurately reported without timely detection or proper recording in the accounting records. Due to the lack of sufficient supporting records and internal controls over fixed assets, alternative audit procedures were required to substantiate the reported balances.

Recommendation:

It is recommended that the Township implement a comprehensive fixed asset management system, including the development and maintenance of a complete and reconciled fixed asset listing. In addition, all fixed assets should be properly tagged or otherwise systematically identified, and periodic physical inventories should be conducted and reconciled to accounting records. Consideration should also be given to engaging a qualified third-party consultant to assist with establishing an initial inventory and implementing appropriate fixed asset control procedures.

TOWNSHIP OF PARSIPPANY – TROY HILLS

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2025

Management's Response:

Township management acknowledges the finding and recognizes the need to strengthen controls over fixed asset recordkeeping and accountability. Management intends to evaluate available options for developing a comprehensive fixed asset inventory, improving asset identification procedures, and establishing periodic inventory and reconciliation processes. The Township will also consider utilizing external resources, as necessary, to assist in the development and implementation of an enhanced fixed asset management system. Corrective actions will be implemented as resources permit.

GOLF AND RECREATION UTILITY

2025-002

Finding:

The Golf and Recreation Utility did not maintain a detailed and accurate inventory of assets, including merchandise and equipment. In addition, periodic physical inventory counts were not documented during the audit period. This condition increases the risk of loss, theft, or misappropriation of assets without timely detection and may result in inaccurate financial reporting and asset valuation.

Recommendation:

It is recommended that the Golf and Recreation Utility implement formal inventory control procedures, including conducting and documenting periodic physical inventory counts, reconciling physical counts to inventory records, and assigning responsibility for inventory oversight to appropriate personnel to ensure accountability and accurate financial reporting.

PERSONNEL FILES

2025-003

Finding:

The Township did not maintain all required personnel documentation, including health benefit enrollment forms, Forms W-4, and Forms I-9, for all employees. The absence of these records indicates inadequate controls over the maintenance of personnel files. This condition may result in noncompliance with federal and state regulations, payroll and tax reporting inaccuracies.

TOWNSHIP OF PARSIPPANY – TROY HILLS

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2025

Recommendation:

It is recommended that the Township establish and enforce procedures to ensure all required personnel documentation, including health benefit enrollment forms, Forms W-4, and Forms I-9, are properly completed, retained, and maintained for all employees. In addition, periodic reviews of personnel files should be performed to ensure completeness and compliance with applicable laws and regulations.

PROCUREMENT

2025-004

Finding:

The Township authorized and processed confirming orders during the audit period, whereby goods and services were ordered and received prior to the issuance of properly approved purchase orders. This practice circumvents established purchasing procedures and internal controls. As a result, expenditures may not be properly authorized in advance, increasing the risk of overspending, noncompliance with the Local Public Contracts Law, and inadequate oversight of municipal disbursements.

Recommendation:

It is recommended that the Township discontinue the use of confirming orders and ensure that all purchases are supported by properly approved purchase orders issued prior to the procurement of goods and services. Township personnel should be reminded of established purchasing policies and procedures, and compliance should be monitored to ensure adherence to statutory requirements and strengthen internal controls.

IMPROVEMENT AUTHORIZATIONS

2025-005

Finding:

During our review of the General Capital Fund, we noted several improvement authorizations that remained unfunded more than five years after the date of adoption. Pursuant to the Local Bond Law (N.J.S.A. 40A:2-1 et seq.), capital improvements should be financed through authorized funding sources or otherwise reviewed and resolved in a timely manner. The continued existence of aged, unfunded improvement authorizations indicates that certain capital projects have not been financed, completed, or formally closed out.

TOWNSHIP OF PARSIPPANY – TROY HILLS

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2025

The following ordinances remained unfunded and reflected deficit cash balances as of December 31, 2025:

1. Ordinance #06-08 – (\$3,408.32)
2. Ordinance #14-27 – (\$981,566.28)
3. Ordinance #15-22 – (\$1,100,274.84)
4. Ordinance #18-05 – (\$600,943.63)
5. Ordinance #18-17 – (\$1,283,811.87)
6. Ordinance #19-09 – (\$300.00)

The continued existence of these aged, unfunded authorizations and related deficit balances may result in the overstatement of authorized but unissued debt, reduce the reliability of capital records, and impair management's ability to accurately monitor project status and capital financing requirements.

Recommendation:

It is recommended that the Township review all improvement authorizations that remain unfunded more than five years after adoption and determine whether the related projects should be financed, completed, or formally canceled, as appropriate. In addition, procedures should be implemented to periodically review outstanding improvement authorizations and authorized but unissued debt balances to ensure capital projects are funded in a timely manner and that capital records accurately reflect current project activity.

PAYROLL AGENCY FUND

2025-006

Finding:

During the audit, it was noted that cash and payroll deductions payable were each understated by \$876,147.97 in the prior year financial statements due to the omission of certain payroll-related cash and liability balances from the Payroll Agency Fund. As a result, both assets and liabilities were understated in the prior year financial statements and a restatement of beginning balances was required.

The omitted balances were identified by management during the current year audit and were subsequently recorded in the financial statements. The omission resulted in the incomplete presentation of Payroll Agency Fund assets and liabilities in the prior year financial statements.

Accurate reporting of all cash accounts and related liabilities is necessary to ensure that the financial statements fairly present the Municipality's financial position and provide management, governing officials, regulatory agencies, and other users with complete and accurate financial information.

TOWNSHIP OF PARSIPPANY – TROY HILLS

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2025

Recommendation:

It is recommended that all Payroll Agency Fund cash accounts and related liabilities be reconciled and reviewed as part of the year-end financial reporting process to ensure that all significant balances are properly reflected in the financial statements prior to issuance.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior year's recommendations, and corrective action was taken on all items except those denoted with an asterisk above.

* * * * *

Acknowledgment

We received the complete cooperation of all officials of the Township, and we greatly appreciate the courtesies extended to us.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

PKF O'Connor Davies, LLP

Certified Public Accountants

Anthony Branco

Anthony Branco, CPA
Registered Municipal Accountant
RMA Number 595

APPENDIX B

TOWNSHIP OF PARSIPPANY-TROY HILLS

**EXCERPTS FROM FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2025**

AND

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2024 AND 2023**

TOWNSHIP OF PARSIPPANY-TROY HILLS
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TOWNSHIP OF PARSIPPANY-TROY HILLS
UNAUDITED FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2025

Accountants Compilation Report

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

We have compiled the financial statements – *regulatory basis* – of the various funds of the Township of Parsippany-Troy Hills as of December 31, 2025, and for the year then ended, as listed in the foregoing table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division’s regulatory basis of accounting and the budget laws of New Jersey.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Division and for designing implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by the basis of accounting practices prescribed or permitted by the Division. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the financial position and results of operations of the various funds of the Township of Mendham. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Nisivoccia LLP

Mount Arlington, New Jersey
August 24, 2026

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Regular Fund:	
Cash - Checking	\$ 19,967,185.49
Change Funds	1,565.00
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	49,926.47
	<u>20,018,676.96</u>
Receivables and Other Assets With Full Reserves:	
Delinquent Property Taxes Receivable	2,623,949.29
Tax Title Liens Receivable	1,945,111.69
Property Acquired for Taxes at Assessed Valuation	1,428,800.00
Revenue Accounts Receivable	42,008.26
Other Liens Receivable	191,926.95
Interfund Receivable	30,683.57
Total Receivables and Other Assets With Full Reserves	<u>6,262,479.76</u>
Deferred Charges:	
Special Emergency Authorization	<u>2,760,488.76</u>
Total Deferred Charges	<u>2,760,488.76</u>
Total Regular Fund	<u>29,041,645.48</u>
Federal and State Grant Fund	
Cash and Cash Equivalents	1,110,108.92
Interfund Receivable	5.00
Federal and State Grant Receivable	<u>2,152,713.07</u>
Total Federal and State Grant Fund	<u>3,262,826.99</u>
TOTAL ASSETS	<u>\$ 32,304,472.47</u>

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

	<u>December 31,</u> <u>2025</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Regular Fund:	
Liabilities:	
Appropriation Reserves	\$ 6,469,710.42
Accounts Payable	1,273.36
School Taxes Payable	
Special Emergency Notes Payable	1,388,000.00
Prepaid Taxes	3,578,793.48
Tax Overpayments	101,258.15
Due to State of New Jersey	155,587.00
Interfund Payable	5.00
Reserve for:	
Tax Appeals	1,575,556.70
Watershed Moratorium	55,178.00
Sale of Municipal Assets	54,678.00
	<u>13,380,040.11</u>
Reserve for Receivables and Other Assets	6,262,479.76
Fund Balance	<u>9,399,125.61</u>
 Total Regular Fund	 <u>29,041,645.48</u>
Federal and State Grant Fund:	
Unappropriated Reserves	654.20
Appropriated Reserves	<u>3,262,172.79</u>
 Total Federal and State Grant Fund	 <u>3,262,826.99</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u><u>\$ 32,304,472.47</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 6,370,000.00
Miscellaneous Revenue Anticipated	22,677,078.28
Receipts from:	
Delinquent Taxes	1,115,306.14
Current Taxes	257,311,613.83
Nonbudget Revenue	550,159.06
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,833,007.66
Interfunds and Other Receivables Returned	44,688.64
Total Income	<u>289,901,853.61</u>
<u>Expenditures</u>	
Budget Appropriations:	
Municipal Purposes	92,565,052.03
County Taxes	24,622,850.17
Local School District Taxes	160,322,884.00
Open Space Taxes	1,469,510.02
Special District Taxes	6,221,789.00
Reserve for Pending Tax Appeals	800,000.00
Prior Year Senior Citizens Deductions Disallowed	11,279.30
Refund of Prior Year Revenue	36,547.50
Total Expenditures	<u>286,049,912.02</u>
Statutory Excess to Fund Balance	3,851,941.59
<u>Fund Balance</u>	
Balance January 1	<u>11,917,184.02</u>
	15,769,125.61
Decreased by:	
Utilized as Anticipated Revenue	<u>6,370,000.00</u>
Balance December 31	<u><u>\$ 9,399,125.61</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,	
	2025	
	Budget After Modification	Realized
Fund Balance Anticipated	\$ 6,370,000.00	\$ 6,370,000.00
Miscellaneous Revenue	19,741,121.63	22,677,078.28
Receipts from Delinquent Taxes	1,085,000.00	1,115,306.14
Amount to be Raised by Taxes for		
Support of Municipal Budget:		
Local Tax for Municipal Purposes	63,840,071.40	62,345,721.64
Minimum Library Tax	3,428,859.00	3,428,859.00
Budget Totals	94,465,052.03	95,936,965.06
Nonbudget Revenue		528,392.09
	<u>\$ 94,465,052.03</u>	<u>\$ 96,465,357.15</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,			
	2025			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operations for Municipal Purposes:				
Salaries and Wages	\$ 35,028,010.00	\$ 32,591,279.29	\$ 2,436,730.71	
Other Expenses	32,810,533.43	29,879,447.33	2,931,086.10	
Capital Improvements	100,000.00	100,000.00		
Debt Service	13,914,120.00	13,914,120.00		
Deferred Charges and Statutory	10,712,388.60	10,589,588.31	122,800.29	
Total Operations for Municipal Purposes	92,565,052.03	87,074,434.93	5,490,617.10	
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00		
	<u>\$ 94,465,052.03</u>	<u>\$ 88,974,434.93</u>	<u>\$ 5,490,617.10</u>	<u>\$ -0-</u>
Adopted Budget	\$ 94,049,444.77			
Added by NJSA 40A:4-87	<u>415,607.26</u>			
	<u>\$ 94,465,052.03</u>			

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Animal Control Fund:	
Cash and Cash Equivalents	\$ 136,095.32
Change Fund	50.00
	<u>136,145.32</u>
Other Trust Funds:	
Cash and Cash Equivalents	32,914,564.37
Assets in the Hands of Plan Administrator:	
Workers' Compensation Plan	71,175.87
Interfund Receivable	4,121.30
Grants Receivable	1,082,241.26
	<u>34,072,102.80</u>
 TOTAL ASSETS	 <u><u>\$ 34,208,248.12</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Animal Control Fund:	
Reserve for Animal Control Expenditures	\$ 46,795.80
Reserve for Donations	58,627.55
Due to State of NJ	38.40
Interfund Payable	30,683.57
	<u>136,145.32</u>
Other Trust Funds:	
Reserve for:	
Special Deposits	\$ 17,436,491.40
Premiums on Tax Sale	466,300.00
Off Duty Police	784,636.22
Municipal Open Space Preservation Trust Fund	7,034,124.16
LOSAP	189,144.05
State Unemployment Insurance Fund	53,666.06
Employee Health Benefit Fund - Municipal	5,399,517.14
Storm Recovery	742,255.28
Accumulated Sick and Vacation Compensation	882,622.98
Grant Trust Fund Expenditures	1,083,345.51
	<u>34,072,102.80</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u><u>\$ 34,208,248.12</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 20,257,022.83
Grants Receivable	263,896.35
Deferred Charges to Future Taxation:	
Funded	88,520,000.00
Unfunded	<u>17,446,325.48</u>
 TOTAL ASSETS	 <u><u>\$ 126,487,244.66</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Serial Bonds Payable	\$ 88,520,000.00
Improvement Authorizations:	
Funded	22,628,606.91
Unfunded	13,476,020.54
Reserve for:	
Deposit for Regional Contribution Agreement	261,420.19
Developer Contributions	79,652.68
Payment of Debt Service	3,850.20
Emergency Preparedness	122,442.50
Capital Improvement Fund	1,384,397.08
Fund Balance	<u>10,854.56</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u><u>\$ 126,487,244.66</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
Balance January 1,	\$ 10,854.56
Balance December 31,	<u>\$ 10,854.56</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 11,337,610.76
Receivables and Inventory with Full Reserves:	
Consumer Accounts Receivable	475,069.75
Water Utility Liens Receivable	139,170.07
Inventory	428,570.50
Total Receivables and Inventory with Full Reserves	<u>1,042,810.32</u>
Total Operating Fund	<u>12,380,421.08</u>
Capital Fund:	
Cash and Cash Equivalents	21,391,153.46
Fixed Capital	48,144,472.26
Fixed Capital Authorized and Uncompleted	<u>64,205,155.70</u>
Total Capital Fund	<u>133,740,781.42</u>
<u>TOTAL ASSETS</u>	<u>\$ 146,121,202.50</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:	
Liabilities:	
Appropriation Reserves	\$ 2,793,104.31
Accrued Interest on Bonds and Notes	373,969.93
Prepaid Water Rents	46,921.54
Water Rent Overpayments	109,486.28
Reserve for PFAS Litigation	2,690,543.34
Reserve for Water Master Plan	<u>24,250.03</u>
	6,038,275.43
Reserve for Receivables and Inventory	1,042,810.32
Fund Balance	<u>5,299,335.33</u>
Total Operating Fund	<u>12,380,421.08</u>

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

	<u>December 31,</u> <u>2025</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Capital Fund:	
Bond Anticipation Notes Payable	\$ 31,540,000.00
Serial Bonds Payable	23,235,000.00
Improvement Authorizations:	
Funded	3,453,361.14
Unfunded	30,036,804.77
Capital Improvement Fund	314,498.22
Reserve for:	
Debt Service	1,108,898.89
Amortization	43,717,411.26
Deferred Amortization	200,000.00
Fund Balance	<u>134,807.14</u>
Total Capital Fund	<u>133,740,781.42</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 146,121,202.50</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 1,900,000.00
Rents	12,578,496.76
Interest on Investments	994,028.91
Water Utility Capital Fund Balance	100,000.00
Reserve for Payment of Debt Services	300,000.00
Nonbudget Revenue	750,268.16
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>978,188.31</u>
Total Income	<u>17,600,982.14</u>
<u>Expenditures</u>	
Budget Expenditures:	
Operating	11,061,268.00
Capital Improvements	95,000.00
Debt Service	3,516,214.00
Statutory Expenditures	496,530.00
Prior Year Revenue Refunds	<u>33,258.88</u>
Total Expenditures	<u>15,202,270.88</u>
Excess in Revenue	2,398,711.26
<u>Fund Balance</u>	
Balance January 1	<u>4,800,624.07</u>
	7,199,335.33
Decreased by:	
Utilized as Anticipated Revenue	<u>1,900,000.00</u>
Balance December 31	<u><u>\$ 5,299,335.33</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
Balance January 1,	\$ 234,806.63
Increased by:	
Cancellation of Improvement Authorizations	<u>0.51</u>
	234,807.14
Decreased by:	
Anticipated Revenue in Water Utility Operating Fund Budget	<u>100,000.00</u>
Balance December 31,	<u>\$ 134,807.14</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,	
	2025	
	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 1,900,000.00	\$ 1,900,000.00
Water Rents	12,345,000.00	12,578,496.76
Interest on Investments	524,012.00	994,028.91
Water Capital Fund Balance	100,000.00	100,000.00
Reserve for Payment of Debt Service	300,000.00	300,000.00
	15,169,012.00	15,872,525.67
Nonbudget Revenue		750,268.16
	<u>\$ 15,169,012.00</u>	<u>\$ 16,622,793.83</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For The Years Ended December 31,			
	2024			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 3,544,218.00	\$ 3,163,400.88	\$ 380,817.12	
Other Expenses	7,517,050.00	5,625,786.55	1,891,263.45	
Capital Improvements:				
Capital Outlay	95,000.00		95,000.00	
Debt Service:				
Payment of Bond Principal	1,530,000.00	1,530,000.00		
Interest on Bonds	939,529.00	939,529.00		
Interest on Notes	1,046,685.00	1,046,685.00		
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	314,530.00	314,530.00		
Social Security (O.A.S.I.)	182,000.00	164,568.90	17,431.10	
	<u>\$ 15,169,012.00</u>	<u>\$ 12,784,500.33</u>	<u>\$ 2,384,511.67</u>	<u>\$ -0-</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 19,738,992.71
	<u>19,738,992.71</u>
Receivables and Inventory With Full Reserves:	
Consumer Accounts Receivable	754,030.98
Sewer Utility Liens Receivable	110,306.33
Inventory	<u>98,330.60</u>
Total Receivables and Inventory with Full Reserves	<u>962,667.91</u>
Total Operating Fund	<u>20,701,660.62</u>
Capital Fund:	
Cash and Cash Equivalents	24,757,750.94
Fixed Capital	145,932,213.33
Fixed Capital Authorized and Uncompleted	<u>108,533,608.44</u>
Total Capital Fund	<u>279,223,572.71</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 299,925,233.33</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Operating Fund:	
Appropriation Reserves	\$ 3,735,177.97
Accounts Payable	908.50
Interfund Payable	4,121.30
Accrued Interest on Bonds, Notes and Loans	353,309.55
Sewer Rent Overpayments	139,344.33
Prepaid Sewer Rents	<u>67,906.69</u>
	4,300,768.34
Reserve for Receivables and Inventory	962,667.91
Fund Balance	<u>15,438,224.37</u>
Total Operating Fund	<u>20,701,660.62</u>

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

	<u>December 31,</u> <u>2025</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Capital Fund:	
Bond Anticipation Notes Payable	\$ 16,956,000.00
Serial Bonds Payable	25,865,000.00
NJ Environmental Infrastructure Trust Loans Payable #1	38,275.11
NJ Environmental Infrastructure Trust Loans Payable #2	4,086,475.68
NJ Infrastructure Bank Loan	5,295,603.00
Improvement Authorizations:	
Funded	10,161,092.35
Unfunded	36,017,384.90
Capital Improvement Fund	466,000.00
Reserve for:	
Debt Service	1,045,226.37
Amortization	149,928,665.91
Deferred Amortization	29,146,238.61
Fund Balance	<u>217,610.78</u>
Total Capital Fund	<u>279,223,572.71</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 299,925,233.33</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2023</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 2,000,000.00
Sewer Rents	21,788,463.30
Septage Removal	586,412.66
Interest on Investments	1,467,317.13
Reserve to Pay Debt Services	260,000.00
Nonbudget Revenue	1,723,217.20
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,733,807.83
Total Income	<u>29,559,218.12</u>
<u>Expenditures</u>	
Budget Expenditures:	
Operating	17,886,758.00
Debt Service	4,628,304.00
Deferred Charges and Statutory Expenditures	909,949.00
Total Expenditures	<u>23,425,011.00</u>
Statutory Excess to Fund Balance	6,134,207.12
<u>Fund Balance</u>	
Balance January 1	11,304,017.25
	<u>17,438,224.37</u>
Decreased by:	
Utilization as Anticipated Revenue	2,000,000.00
Balance December 31	<u>\$ 15,438,224.37</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
Balance January 1,	\$ 217,610.78
Balance December 31,	<u>\$ 217,610.78</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,	
	2025	
	Budget After Modification	Realized
Operating Fund Balance Anticipated	\$ 2,000,000.00	\$ 2,000,000.00
Sewer Rents	20,135,000.00	21,788,463.30
Interest on Investments	330,011.00	1,467,317.13
Septage Removal	700,000.00	586,412.66
Sewer Capital Fund Balance	260,000.00	260,000.00
	23,425,011.00	26,102,193.09
Nonbudget Revenue		1,723,217.20
	<u>\$ 23,425,011.00</u>	<u>\$ 27,825,410.29</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,			
	2025			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 4,982,808.00	\$ 4,277,128.07	\$ 705,679.93	
Other Expenses	12,903,950.00	10,306,184.68	2,597,765.32	
Debt Service:				
Payment of Bond Principal	1,665,000.00	1,665,000.00		
Interest on Bonds	1,007,511.00	1,007,511.00		\$ -
Interest on Notes	556,690.00	556,690.00		
Environmental Infrastructure Loan	1,399,103.00	1,399,103.00		
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	531,949.00	531,949.00		
Social Security System (O.A.S.I.)	378,000.00	232,749.73	145,250.27	
	<u>\$ 23,425,011.00</u>	<u>\$ 19,976,315.48</u>	<u>\$ 3,448,695.52</u>	<u>\$ -</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 2,364,390.70
	<u>2,364,390.70</u>
Due from Golf and Recreation Utility Capital Fund	
Receivables and Inventory with Full Reserves:	
Revenue Accounts Receivable	22,252.03
Inventory	280,809.28
Total Receivables and Inventory with Full Receivables	<u>303,061.31</u>
Total Operating Fund	<u>2,667,452.01</u>
Capital Fund:	
Cash and Cash Equivalents	571,805.64
Fixed Capital	34,954,043.58
Fixed Capital Authorized and Uncompleted	<u>2,126,674.05</u>
Total Capital Fund	<u>37,652,523.27</u>
<u>TOTAL ASSETS</u>	<u>\$ 40,319,975.28</u>

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

	<u>December 31,</u> <u>2025</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Operating Fund:	
Liabilities:	
Appropriation Reserves	\$ 831,188.32
Sales Tax Payable	9,217.46
Accrued Interest on Bonds and Notes	36,831.11
Due to Golf Pro	7,694.50
	<u>884,931.39</u>
Reserve for Receivables and Inventory	303,061.31
Fund Balance	<u>1,479,459.31</u>
Total Operating Fund	<u>2,667,452.01</u>
Capital Fund:	
Bond Anticipation Notes Payable	1,694,000.00
Serial Bonds Payable	3,765,000.00
Improvement Authorizations:	
Funded	25,325.95
Unfunded	663,253.50
Capital Improvement Fund	151,303.05
Reserve for:	
Payment of Debt Service	150,595.38
Amortization	31,189,043.58
Deferred Amortization	10,290.00
Fund Balance	<u>3,711.81</u>
Total Capital Fund	<u>37,652,523.27</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 40,319,975.28</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Anticipated	\$ 682,000.00
Golf Fees	4,460,126.10
Interest on Investments	115,900.58
Reserve for the Payment of Debt Service	300,000.00
Concessions Fees	336,337.98
Merchandise Sales	163,836.26
Golf and Recreation Capital Fund Balance	15,000.00
Nonbudget Revenue	104,181.82
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>567,518.28</u>
 Total Income	 <u>6,744,901.02</u>
 <u>Expenditures</u>	
Budget Expenditures:	
Operating	4,777,768.00
Debt Service	726,389.00
Deferred Charges and Statutory Expenditures	<u>336,510.00</u>
 Total Expenditures	 <u>5,840,667.00</u>
Excess in Revenue	904,234.02
 <u>Fund Balance</u>	
Balance January 1	<u>1,257,225.29</u>
	2,161,459.31
Decreased by:	
Utilized as Anticipated Revenue	<u>682,000.00</u>
Balance December 31	<u><u>\$ 1,479,459.31</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u>
	<u>2025</u>
Balance January 1,	<u>\$ 18,711.81</u>
Decreased by:	
Appropriation to 2025 Budget Revenue	<u>15,000.00</u>
Balance December 31,	<u><u>\$ 3,711.81</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,	
	2025	
	Anticipated	Realized
Operating Fund Balance Anticipated	\$ 682,000.00	\$ 682,000.00
Golf Fees	4,199,272.00	4,460,126.10
Interest on Investments	120,000.00	115,900.58
Reserve for the Payment of Debt Service	300,000.00	336,337.98
Concessions Fees	300,000.00	300,000.00
Merchandise Sales	224,395.00	163,836.26
Golf and Recreation Capital Fund Balance	15,000.00	15,000.00
	5,840,667.00	6,073,200.92
Nonbudget Revenue		104,181.82
	<u>\$ 5,840,667.00</u>	<u>\$ 6,177,382.74</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	For the Years Ended December 31,			
	2025			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,378,627.00	\$ 2,077,553.74	\$ 301,073.26	
Other Expenses	2,399,141.00	1,958,027.41	441,113.59	
Debt Service:				
Payment of Bond Principal	590,000.00	590,000.00		
Interest on Bonds	96,500.00	96,500.00		
Interest on Notes	39,889.00	39,889.00		
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	173,510.00	173,510.00		
Social Security (O.A.S.I.)	163,000.00	148,863.75	14,136.25	
	<u>\$ 5,840,667.00</u>	<u>\$ 5,084,343.90</u>	<u>\$ 756,323.10</u>	<u>\$ -0-</u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 4,885.03</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 4,885.03</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Reserve for Public Assistance	<u>4,885.03</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u><u>\$ 4,885.03</u></u>

SEE ACCOUNTANTS COMPILATION REPORT

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

	<u>December 31,</u> <u>2025</u>
<u>ASSETS</u>	
Land	\$ 114,261,584.00
Buildings	32,940,200.00
Machinery and Equipment	<u>46,345,726.13</u>
<u>TOTAL ASSETS</u>	<u>\$ 193,547,510.13</u>
 <u>RESERVE</u>	
Reserve for Fixed Assets	<u>\$ 193,547,510.13</u>
 <u>TOTAL RESERVE</u>	<u>\$ 193,547,510.13</u>

SEE ACCOUNTANTS COMPILATION REPORT

TOWNSHIP OF PARSIPPANY-TROY HILLS
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2024 AND 2023

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

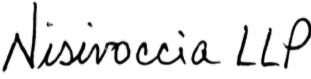
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.


Mount Arlington, New Jersey
May 27, 2025

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

	December 31,	
	2024	2023
<u>ASSETS</u>		
Regular Fund:		
Cash - Checking	\$ 24,544,467.20	\$ 23,160,514.86
Change Funds	1,565.00	1,565.00
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	50,885.64	51,735.65
	<u>24,596,917.84</u>	<u>23,213,815.51</u>
Receivables and Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	1,085,265.55	1,370,894.25
Tax Title Liens Receivable	1,663,460.05	1,491,377.29
Property Acquired for Taxes at Assessed Valuation	1,428,800.00	1,428,800.00
Revenue Accounts Receivable	88,326.39	23,109.18
Other Liens Receivable	191,926.95	191,926.95
Interfund Receivable	44,688.64	60,726.12
Total Receivables and Other Assets With Full Reserves	<u>4,502,467.58</u>	<u>4,566,833.79</u>
Deferred Charges:		
Special Emergency Authorization	4,229,702.36	4,281,108.36
Total Deferred Charges	<u>4,229,702.36</u>	<u>4,281,108.36</u>
Total Regular Fund	<u>33,329,087.78</u>	<u>32,061,757.66</u>
Federal and State Grant Fund		
Cash and Cash Equivalents	1,145,395.64	969,292.05
Federal and State Grant Receivable	2,727,713.07	2,888,186.77
Total Federal and State Grant Fund	<u>3,873,108.71</u>	<u>3,857,478.82</u>
TOTAL ASSETS	<u><u>\$ 37,202,196.49</u></u>	<u><u>\$ 35,919,236.48</u></u>

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

	December 31,	
	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 7,278,473.75	\$ 10,073,896.00
Accounts Payable		2,816,000.00
School Taxes Payable	3.00	
Special Emergency Notes Payable	2,422,000.00	1,733,334.82
Prepaid Taxes	3,466,485.27	516,615.99
Tax Overpayments	77,471.46	
Due to State of New Jersey:		
Construction Code Fees	49,825.00	155,570.00
Marriage License Fees	1,375.00	1,422.00
Due to:		
Other Trust Funds	2,000,000.00	
Reserve for:		
Tax Appeals	1,558,624.70	1,379,704.36
Watershed Moratorium	55,178.00	55,178.00
Municipal Relief Aid		468,856.59
	16,909,436.18	17,200,577.76
Reserve for Receivables and Other Assets	4,502,467.58	4,566,833.79
Fund Balance	11,917,184.02	10,294,346.11
Total Regular Fund	33,329,087.78	32,061,757.66
Federal and State Grant Fund:		
Unappropriated Reserves	425,551.57	185,721.45
Appropriated Reserves	3,447,557.14	3,671,757.37
Total Federal and State Grant Fund	3,873,108.71	3,857,478.82
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 37,202,196.49	\$ 35,919,236.48

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

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

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

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

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

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

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

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

For the Years Ended December 31,				
2024				
	Budget After Modification	Paid or Charged	Reserved	Cancelled/Over- Expenditures
Operations for Municipal Purposes:				
Salaries and Wages	\$ 34,745,378.00	\$ 32,044,483.67	\$ 2,666,271.35	\$ (34,622.98)
Other Expenses	31,737,536.69	28,684,521.61	3,053,015.08	
Capital Improvements	100,000.00	100,000.00		
Debt Service	13,630,925.00	13,630,924.96		0.04
Deferred Charges and Statutory	10,346,912.60	10,278,114.98	68,797.62	
Total Operations for Municipal Purposes	90,560,752.29	84,738,045.22	5,788,084.05	(34,622.94)
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00		
	<u>\$ 92,460,752.29</u>	<u>\$ 86,638,045.22</u>	<u>\$ 5,788,084.05</u>	<u>\$ (34,622.94)</u>
Adopted Budget	\$ 90,981,625.40			
Special Emergency Authorization	1,255,000.00			
Added by NJSA 40A:4-87	224,126.89			
	<u>\$ 92,460,752.29</u>			

For the Years Ended December 31,				
2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operations for Municipal Purposes:				
Salaries and Wages	\$ 34,599,188.74	\$ 30,234,404.66	\$ 4,364,784.08	
Other Expenses	31,044,628.12	26,703,376.95	4,341,251.17	
Capital Improvements	300,000.00	300,000.00		
Debt Service	12,668,117.50	12,652,760.47		\$ 15,357.03
Deferred Charges and Statutory	10,746,282.84	10,373,507.27	38,185.57	334,590.00
Total Operations for Municipal Purposes	89,358,217.20	80,264,049.35	8,744,220.82	349,947.03
Reserve for Uncollected Taxes	1,900,000.00	1,900,000.00		
	<u>\$ 91,258,217.20</u>	<u>\$ 82,164,049.35</u>	<u>\$ 8,744,220.82</u>	<u>\$ 349,947.03</u>
Adopted Budget	\$ 91,258,217.20			
Special Emergency Authorization	917,849.02			
Added by NJSA 40A:4-87	1,654,209.66			
	<u>\$ 93,830,275.88</u>			

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

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

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

LIABILITIES, RESERVES AND FUND BALANCE

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

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

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

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

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

	December 31,	
	2024	2023
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 19,495,257.54	\$ 14,538,490.93
Grants Receivable	2,176.35	2,176.35
Deferred Charges to Future Taxation:		
Funded	64,865,000.00	75,293,000.00
Unfunded	40,438,125.48	28,654,055.48
 TOTAL ASSETS	 <u>\$ 124,800,559.37</u>	 <u>\$ 118,487,722.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 63,400,000.00	\$ 72,358,000.00
Refunding Bonds	1,465,000.00	2,935,000.00
Bond Anticipation Notes Payable	25,569,000.00	12,769,000.00
Improvement Authorizations:		
Funded	4,348,971.25	5,628,919.90
Unfunded	27,310,773.93	21,021,010.00
Reserve for:		
Deposit for Regional Contribution Agreement	261,420.19	261,420.19
Developer Contributions	79,652.68	79,652.68
Payment of Debt Service	265,206.26	844,633.93
Emergency Preparedness	122,442.50	122,442.50
Capital Improvement Fund	1,967,238.00	2,456,789.00
Fund Balance	10,854.56	10,854.56
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u>\$ 124,800,559.37</u>	 <u>\$ 118,487,722.76</u>

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

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

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

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

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

	December 31,	
	2024	2023
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 6,699,156.22	\$ 5,612,986.09
Due from Current Fund		
Due from Water Utility Capital Fund		
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	606,253.56	432,417.10
Water Utility Liens Receivable	107,716.63	109,146.37
Inventory	1,162,549.30	455,589.50
Total Receivables and Inventory with Full Reserves	1,876,519.49	997,152.97
Total Operating Fund	8,575,675.71	6,610,139.06
Capital Fund:		
Cash and Cash Equivalents	22,610,911.53	25,571,693.90
Due from Current Fund		
Fixed Capital	39,649,472.26	39,649,472.26
Fixed Capital Authorized and Uncompleted	62,693,000.00	57,393,000.00
Total Capital Fund	124,953,383.79	122,614,166.16
<u>TOTAL ASSETS</u>	<u>\$ 133,529,059.50</u>	<u>\$ 129,224,305.22</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,468,187.65	\$ 1,335,461.41
Reserve for Water Master Plan	24,250.03	24,250.03
Accrued Interest on Bonds	169,032.29	177,840.63
Accrued Interest on Notes	177,354.86	158,500.00
Water Rent Overpayments	59,707.32	35,628.83
	1,898,532.15	1,731,680.90
Reserve for Receivables and Inventory	1,876,519.49	997,152.97
Fund Balance	4,800,624.07	3,881,305.19
Total Operating Fund	8,575,675.71	6,610,139.06

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

	December 31,	
	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Capital Fund:		
Bond Anticipation Notes Payable	26,240,000.00	19,020,000.00
Serial Bonds Payable	24,765,000.00	25,942,000.00
Improvement Authorizations:		
Funded	4,281,348.61	6,162,658.81
Unfunded	25,778,434.78	28,745,292.55
Capital Improvement Fund	314,498.22	314,498.22
Due to Water Utility Operating Fund		
Reserve for:		
Debt Service	951,884.29	984,498.69
Amortization	42,187,411.26	41,010,411.26
Deferred Amortization	200,000.00	200,000.00
Fund Balance	234,806.63	234,806.63
	124,953,383.79	122,614,166.16
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 133,529,059.50</u>	<u>\$ 129,224,305.22</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	December 31,	
	2024	2023
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 14,113,468.64	\$ 10,781,001.80
Due from Sewer Utility Capital Fund	3,427.91	
	<u>14,116,896.55</u>	<u>10,781,001.80</u>
Receivables and Inventory With Full Reserves:		
Consumer Accounts Receivable	1,230,982.78	917,712.65
Sewer Utility Liens Receivable	109,941.48	112,011.44
Inventory	<u>83,034.99</u>	<u>96,487.61</u>
Total Receivables and Inventory with Full Reserves	<u>1,423,959.25</u>	<u>1,126,211.70</u>
Total Operating Fund	<u>15,540,855.80</u>	<u>11,907,213.50</u>
Capital Fund:		
Cash and Cash Equivalents	23,876,286.57	20,831,488.02
Fixed Capital	145,932,213.33	145,932,213.33
Fixed Capital Authorized and Uncompleted	<u>100,938,023.14</u>	<u>85,112,023.14</u>
Total Capital Fund	<u>270,746,523.04</u>	<u>251,875,724.49</u>
<u>TOTAL ASSETS</u>	<u>\$ 286,287,378.84</u>	<u>\$ 263,782,937.99</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 2,363,296.30	\$ 2,878,356.99
Accounts Payable	908.50	908.50
Accrued Interest on Loans	71,031.04	39,681.43
Accrued Interest on Notes	94,327.91	66,300.00
Accrued Interest on Bonds	185,439.58	197,770.83
Sewer Rent Overpayments	88,230.88	60,433.25
Prepaid Sewer Rents	<u>9,645.09</u>	<u>26,691.08</u>
	2,812,879.30	3,270,142.08
Reserve for Receivables and Inventory	1,423,959.25	1,126,211.70
Fund Balance	<u>11,304,017.25</u>	<u>7,510,859.72</u>
Total Operating Fund	<u>15,540,855.80</u>	<u>11,907,213.50</u>

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

	December 31,	
	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Capital Fund:		
Bond Anticipation Notes Payable	\$ 13,956,000.00	\$ 7,956,000.00
Serial Bonds Payable	27,530,000.00	29,031,000.00
NJ Environmental Infrastructure Trust Loans Payable #1	47,571.72	56,772.50
NJ Environmental Infrastructure Trust Loans Payable #2	5,167,757.53	6,235,039.38
NJ Enviornmental Infrastructure Construction Loan Payable	5,440,782.00	5,507,568.00
Improvement Authorizations:		
Funded	11,399,795.81	12,967,930.39
Unfunded	29,881,511.30	15,328,217.72
Due to Sewer Utility Operating Fund	3,427.91	
Capital Improvement Fund	466,000.00	466,000.00
Reserve for:		
Debt Service	461,918.93	579,707.29
Amortization	147,027,908.45	145,517,707.67
Deferred Amortization	29,146,238.61	28,012,170.76
Fund Balance	217,610.78	217,610.78
Total Capital Fund	270,746,523.04	251,875,724.49
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 286,287,378.84</u>	<u>\$ 263,782,937.99</u>

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

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

	December 31,	
	2024	2023
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,970,000.00	\$ 2,200,000.00
Sewer Rents	20,849,758.80	19,996,215.42
Septage Removal	843,904.33	725,549.36
Interest on Investments	1,444,850.16	1,018,382.92
Reserve to Pay Debt Services	260,000.00	260,000.00
Nonbudget Revenue	271,987.48	214,705.45
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,114,874.57	1,292,392.68
Total Income	<u>27,755,375.34</u>	<u>25,707,245.83</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	16,780,312.68	16,020,542.79
Debt Service	4,294,954.20	3,755,514.70
Deferred Charges and Statutory Expenditures	913,020.62	870,828.41
Refund of Prior Year Revenue	3,930.31	
Total Expenditures	<u>21,992,217.81</u>	<u>20,646,885.90</u>
Statutory Excess to Fund Balance	5,763,157.53	5,060,359.93
<u>Fund Balance</u>		
Balance January 1	<u>7,510,859.72</u>	<u>5,650,499.79</u>
	13,274,017.25	10,710,859.72
Decreased by:		
Utilization as Anticipated Revenue	1,970,000.00	2,200,000.00
Prior Year Fund Balance Appropriated as Revenue -		
Current Fund	<u> </u>	<u>1,000,000.00</u>
Balance December 31	<u><u>\$ 11,304,017.25</u></u>	<u><u>\$ 7,510,859.72</u></u>

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

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

	December 31,	
	2024	2023
Balance January 1,	\$ 217,610.78	\$ 192,469.51
Increased by:		
Improvement Authorizations Cancelled		25,141.27
Balance December 31,	\$ 217,610.78	\$ 217,610.78

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

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

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

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

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

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

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

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

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

	December 31,	
	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 2,073,759.77	\$ 1,192,077.70
	<u>2,073,759.77</u>	<u>1,192,077.70</u>
Due from Golf and Recreation Utility Capital Fund	6,758.95	
Receivables and Inventory with Full Reserves:		
Revenue Accounts Receivable	22,252.03	
Inventory	226,723.07	419,929.42
Total Receivables and Inventory with Full Receivables	<u>255,734.05</u>	<u>419,929.42</u>
Total Operating Fund	<u>2,329,493.82</u>	<u>1,612,007.12</u>
Capital Fund:		
Cash and Cash Equivalents	742,311.36	954,285.98
Fixed Capital	34,316,824.00	34,316,824.00
Fixed Capital Authorized and Uncompleted	<u>2,342,219.58</u>	<u>1,970,219.58</u>
Total Capital Fund	<u>37,401,354.94</u>	<u>37,241,329.56</u>
<u>TOTAL ASSETS</u>	<u>\$ 39,730,848.76</u>	<u>\$ 38,853,336.68</u>

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

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 778,506.64	\$ 411,250.14
Sales Tax Payable	2,487.26	2,692.41
Accrued Interest on Bonds and Notes	36,677.70	34,643.75
Membership Overpayments		3,960.10
Due to Golf Pro	5,621.83	1,602.79
	<u>823,293.43</u>	<u>454,149.19</u>
Reserve for Receivables and Inventory	248,975.10	419,929.42
Fund Balance	<u>1,257,225.29</u>	<u>737,928.51</u>
 Total Operating Fund	 <u>2,329,493.82</u>	 <u>1,612,007.12</u>
Capital Fund:		
Bond Anticipation Notes Payable	1,000,000.00	
Serial Bonds Payable	4,505,000.00	5,245,000.00
Improvement Authorizations:		
Funded	25,325.95	37,715.95
Unfunded	808,872.28	951,593.35
Capital Improvement Fund	151,303.05	151,303.05
Due to Golf and Recreation Utility Operating Fund	6,758.95	
Reserve for:		
Payment of Debt Service	426,049.32	1,117,671.82
Amortization	29,922,384.58	29,182,384.58
Deferred Amortization	536,949.00	536,949.00
Fund Balance	<u>18,711.81</u>	<u>18,711.81</u>
 Total Capital Fund	 <u>37,401,354.94</u>	 <u>37,241,329.56</u>
 <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	 <u><u>\$ 39,730,848.76</u></u>	 <u><u>\$ 38,853,336.68</u></u>

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

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

	December 31,	
	2024	2023
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 500,000.00	\$ 500,000.00
Golf Fees	4,438,883.33	3,939,610.54
Interest on Investments	161,906.92	186,837.50
Reserve for the Payment of Debt Service	701,812.50	664,410.00
Concessions Fees	386,654.68	341,268.22
Merchandise Sales	227,779.67	269,375.85
Miscellaneous Revenue	87,582.73	118,636.52
Other Credits to Income:		
Overpayments Canceled		11,158.72
Unexpended Balance of Appropriation Reserves	316,964.45	175,275.87
Total Income	6,821,584.28	6,206,573.22
<u>Expenditures</u>		
Budget Expenditures:		
Operating	4,759,711.58	4,505,439.83
Debt Service	701,812.50	658,053.14
Deferred Charges and Statutory Expenditures	340,763.42	580,012.67
Total Expenditures	5,802,287.50	5,743,505.64
Excess in Revenue	1,019,296.78	463,067.58
<u>Fund Balance</u>		
Balance January 1	737,928.51	774,860.93
	1,757,225.29	1,237,928.51
Decreased by:		
Utilized as Anticipated Revenue	500,000.00	500,000.00
Balance December 31	\$ 1,257,225.29	\$ 737,928.51

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

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

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

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

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

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

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

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

For the Years Ended December 31,				
2024				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,365,190.58	\$ 1,989,573.94	\$ 375,616.64	
Other Expenses	2,394,521.00	2,101,787.27	292,733.73	
Debt Service:				
Payment of Bond Principal	590,000.00	590,000.00		
Interest on Bonds	111,812.50	111,812.50		
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	181,006.87	181,006.87		
Social Security (O.A.S.I.)	159,756.55	143,789.37	15,967.18	
	<u>\$ 5,802,287.50</u>	<u>\$ 5,117,969.95</u>	<u>\$ 684,317.55</u>	<u>\$ -0-</u>

For the Years Ended December 31,				
2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 2,287,539.02	\$ 2,066,622.40	\$ 220,916.62	
Other Expenses	2,217,900.81	2,098,491.20	119,409.61	
Debt Service:				
Payment of Bond Principal	515,000.00	515,000.00		
Interest on Bonds	123,512.50	119,845.86		\$ 3,666.64
Interest on Notes	26,035.00	23,207.28		2,827.72
Deferred Charges and Statutory Expenditures:				
Overexpenditure of Appropriations	250,000.00	250,000.00		
Contribution to:				
Public Employees' Retirement System	170,012.67	170,012.67		
Social Security (O.A.S.I.)	160,000.00	136,598.52	23,401.48	
	<u>\$ 5,750,000.00</u>	<u>\$ 5,379,777.93</u>	<u>\$ 363,727.71</u>	<u>\$ 6,494.36</u>

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

B. Description of Funds (Cont'd)

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

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

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

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

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

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

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

C. Basis of Accounting (Cont'd)

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

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

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

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

- E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

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

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

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

Summary of Municipal Debt (Cont'd)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

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

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year

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

Summary of Statutory Debt Condition - Annual Debt Statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Analysis of Debt Issued and Outstanding at December 31, 2024

General Capital Fund

Serial Bonds

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

Bond Anticipation Notes

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

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

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

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

Water Utility Capital Fund

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

Bond Anticipation Notes

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

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

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

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

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

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

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

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

Golf and Recreation Utility Capital Fund

Serial Bonds

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

Bond Anticipation Notes

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

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

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

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

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

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

Refunding Bonds:

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

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

Note 3: Fund Balances Appropriated

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

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

Note 4: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

Note 4: Pension Plans (Cont'd)

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

Benefits Provided

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

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

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

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

Contributions

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

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

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

Note 4: Pension Plans (Cont'd)

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

Contributions (Cont'd)

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

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

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

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

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

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

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

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

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

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

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

Note 4: Pension Plans (Cont'd)

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

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

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

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

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Note 4: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

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

Special Funding Situation

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

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

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

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

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

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

Pension Liabilities and Pension Expense

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

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

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

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

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

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

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

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

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

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

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

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

Note 4: Pension Plans (Cont'd)

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

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

Pension Plan Fiduciary Net Position – PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

Note 5: School District Taxes

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

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

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

Note 6: Accrued Sick and Vacation Benefits

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

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

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

Note 7: Selected Tax Information

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

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

Comparative Schedule of Tax Rate Information

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

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

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

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

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

Note 8: Cash and Cash Equivalents and Investments

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

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

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments

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

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

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

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

Investments (Cont'd)

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

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

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

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

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

Note 9: Risk Management

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

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

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

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

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

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

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

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

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

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

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

Note 9: Risk Management (Cont'd)

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

Health Benefits Insurance

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

A. Specific Loss:

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

B. Aggregate Loss:

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

Processing and payment of claims is administered by Meritain Health.

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

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

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

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

Note 9: Risk Management (Cont'd)

Workers' Compensation

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

A. Specific Loss:

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

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

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

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

Workers' Compensation Loss Reserves

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

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

Note 9: Risk Management (Cont'd)

Workers' Compensation Loss Reserves (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

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

Note 10: Deferred Compensation Plan

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

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

Note 11: Interfund Receivables and Payables

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

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

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

Note 12: Commitments and Contingencies

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

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

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

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

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

Note 13: Deferred Charges to be Raised in Succeeding Years

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

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

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

Note 14: Economic Dependency

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

Note 15: Tax Abatements

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

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

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

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

Note 15: Tax Abatements (Cont'd)

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

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

Note 16: Postemployment Benefits Other than Pensions (OPEB)

A. General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

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

Retiree Contribution Rates

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

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

Employees Covered by Benefit Terms

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

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Discount Rate	4.22%
Salary Increases	3.00% per year

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

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

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

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

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

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

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

OPEB Expense

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

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

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

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

B. State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

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

Contributions

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

Special Funding Situation

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

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

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

Allocation Methodology

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

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

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

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

OPEB Expense

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

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

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

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employees' Retirement System (PERS)

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

Police and Firemen's Retirement System (PFRS)

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

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

Mortality:

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

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

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

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

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

Health Care Trend Assumptions

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

Discount Rate

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

Note 17: Fixed Assets

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

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

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

Note 17: Fixed Assets (Cont'd)

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

Note 18: Open Space Trust Fund

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

Note 19: Leases

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

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

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

Appendix C

FORM OF OPINION OF BOND COUNSEL

October __, 2026

Township of Parsippany-Troy Hills
Parsippany, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of a \$55,225,000 Bond Anticipation Note, Series 2026 consisting of a \$4,100,000 Bond Anticipation Note (General Capital); \$30,725,000 Bond Anticipation Note (Water Utility); \$18,600,000 Bond Anticipation Note (Sewer Utility); and \$1,800,000 Bond Anticipation Note (Golf Utility) (the "Note") of the Township of Parsippany-Troy Hills, a municipal corporation of the State of New Jersey (the "Township"). The Note is dated October 26, 2026; matures on October 26, 2027; is numbered 2026-1; and bears interest at the interest rate of ____% per annum (computed on the basis of a 360-day year) payable at maturity. The Note is issued pursuant to the Local Bond Law of the State of New Jersey and is authorized by the following resolutions of the Township: Resolution No. R2026-220 adopted on September 15, 2026 and the bond ordinances referred to therein, each in all respects duly approved and published as required by law; and Resolution No. R2026-221 adopted on September 15, 2026 (the "Authorization Proceedings").

The Note is registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, the Authorization Proceedings have been validly adopted, executed and delivered, and are in full force and effect. The Note is a valid and legally binding general obligation of the Township, enforceable in accordance with its terms and the Authorization Proceedings, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Note and the interest thereon without limitation as to rate or amount.

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Note under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the Township continuously complies with its covenant, it is our opinion that interest on the Note is not includable in gross income for federal income tax purposes under Section 103 of the Code. It is also our opinion that interest on the Note is not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax. The Note is not a "private activity bond" as defined in the Code. We express no opinion regarding other federal tax consequences or other federal taxes arising with respect to the Note.

Further, in our opinion, interest on the Note, and any gain on the sale thereof, is not includable in gross income under the New Jersey Gross Income Tax Act.

Very truly yours,

Appendix D

FORM OF SECONDARY MARKET DISCLOSURE UNDERTAKING

SECONDARY MARKET DISCLOSURE UNDERTAKING

This UNDERTAKING is made as of October __, 2026 by the Township of Parsippany-Troy Hills, a municipal corporation of the State of New Jersey (the "Issuer") in order to comply with the secondary market disclosure requirements contemplated by Rule 15c2-12 adopted by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"). Defined terms used in this UNDERTAKING shall have the definitions set forth in the Rule unless the context of this UNDERTAKING clearly indicates otherwise.

Section 1. This UNDERTAKING applies to the obligation of the Issuer described as follows:

\$55,225,000 Bond Anticipation Note, Series 2026 consisting of a \$4,100,000 Bond Anticipation Note (General Capital); \$30,725,000 Bond Anticipation Note (Water Utility); \$18,600,000 Bond Anticipation Note (Sewer Utility); and \$1,800,000 Bond Anticipation Note (Golf Utility) dated October 26, 2026, maturing on October 26, 2027, numbered 2026-1 and bearing interest at the rate of ___% per annum payable at maturity (the "Municipal Securities").

Section 2. The term of this UNDERTAKING is from the date of delivery of the Municipal Securities to the date of maturity of the Municipal Securities.

Section 3. The Issuer is the only Obligated Person with respect to the Municipal Securities.

Section 4. The Issuer undertakes to provide notices to the Municipal Securities Rulemaking Board in an electronic format to be filed with the Electronic Municipal Market Access system ("EMMA", www.emma.msrb.org) of the occurrence of any of the following events of which it has direct knowledge with respect to the Municipal Securities, within 10 days after such occurrence:

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

respect to the tax status of the Municipal Securities, or other material events affecting the tax status of the Municipal Securities;

- (7) Modifications to the rights of the holders of the Municipal Securities, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Municipal Securities, if material;
- (11) Rating changes of the Issuer, but not of a credit enhancement provider such as a Bond Insurer, if any, for the Municipal Securities, unless the Issuer has direct knowledge of such ratings changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer or Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

The Issuer, from time to time, may choose to file notices with EMMA of the occurrence of any event, in addition to those listed above. Nevertheless, the Issuer does not undertake to file any such notice with EMMA of the occurrence of any event except those events set forth and enumerated (1) through (16) above. Notices filed with EMMA pursuant to this UNDERTAKING shall be drafted substantially in the form set forth in Appendix A hereto.

Section 5. This UNDERTAKING is made for the benefit of the holders or beneficial owners of the Municipal Securities and may be enforced by any such holder or beneficial owner. The sole remedy of any such holder or beneficial owner shall be for specific performance of this UNDERTAKING and not for money damages in any amount.

Section 6. The Issuer designates the Chief Financial Officer as the person charged with the responsibility to execute the obligations set forth in this UNDERTAKING. The Issuer, from time to time, may hereafter designate an Agent with such responsibility by resolution of its governing body.

Section 7. The Issuer may amend any provision of this UNDERTAKING if the Issuer's bond counsel issues an opinion supporting a determination that:

- (1) This UNDERTAKING, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Municipal Securities, after taking into account any amendments or interpretations of the Rule; and
- (2) The amendment does not materially impair the interests of the holders or beneficial owners of the Municipal Securities.

Notice of any amendment to this UNDERTAKING shall be filed with EMMA in a timely manner.

Section 8. The Issuer may rely on an opinion of its bond counsel when determining questions of materiality relating to any provision of this UNDERTAKING and the Rule.

IN WITNESS WHEREOF, the Township of Parsippany-Troy Hills has caused this UNDERTAKING to be executed in its name by the Chief Financial Officer, and its official seal to be affixed hereon and attested to by the Clerk, all as of the date specified above.

[SEAL]

TOWNSHIP OF PARSIPPANY-TROY HILLS

Khaled Madin
Clerk

By: _____
Angelica Sabatini
Chief Financial Officer

Appendix A

FORM OF
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE VIA
ELECTRONIC MUNICIPAL MARKET ACCESS

Name of Issuer/
Obligated Person: TOWNSHIP OF PARSIPPANY-TROY HILLS

NOTICE IS HEREBY GIVEN that the Issuer/Obligated Person failed to file, in a timely manner,
as required pursuant to its prior secondary market disclosure undertakings: _____.
The Issuer/Obligated Person has subsequently filed the required information.

DATED: _____

TOWNSHIP OF PARSIPPANY-TROY HILLS
STATE OF NEW JERSEY