

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 22, 2026

NEW ISSUE

NOT RATED

In the opinion of Pearlman & Miranda, LLC, Bond Counsel to the Borough (as defined herein), under existing statutes, regulations, rulings, and judicial decisions, each in existence as of the date of delivery of the Notes (as defined herein) and in reliance on representations, certifications of facts and reasonable expectations to be made by the Borough and assuming continuing compliance thereof, interest on the Notes is excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code; however, interest on the Notes is included in “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other federal tax consequences with respect to the Notes. Under laws of the State of New Jersey, as enacted and construed on the date of delivery of the Notes, interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. For a more complete discussion, see “TAX MATTERS” herein.

**\$2,607,000* BOND ANTICIPATION NOTES, SERIES 2026
OF THE BOROUGH OF FLORHAM PARK,
In the County of Morris, New Jersey
(Bank Qualified)
(Book-Entry)
(Noncallable)**

**Dated: November 5, 2026
Maturing: November 4, 2027
Rate of Interest: ____%
Yield: ____%**

The \$2,607,000* Bond Anticipation Notes, Series 2026 (the “Notes”) are valid and legally binding obligations of the Borough of Florham Park, Morris County, New Jersey (the “Borough”) and are secured by the full faith and credit of the Borough for the payment of principal thereof and interest thereon. Unless paid from other sources, the Notes are payable from *ad valorem* taxes levied upon all of the taxable property within the Borough for the payment of principal of and interest on the Notes without limitation as to rate or amount. Interest on and principal of the Notes are payable at maturity of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes will be issued in the form of one certificate for the entire principal amount of the Notes. When issued, the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York which will act as Securities Depository. Interest on the Notes will be credited to the participants of DTC as listed on its records as of the close of business on October 15, 2027 (the “Record Date”). See “Book-Entry Only System” herein.

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Notes. The Notes are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes to be levied upon all taxable real property in the Borough without limitation as to rate or amount.

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

The Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Pearlman & Miranda, LLC, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Joseph J. Bell, Esquire, Rockaway, New Jersey. It is anticipated that the Notes in definitive form will be available for delivery through DTC in New York, New York on or about November 5, 2026.

**ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED VIA PARITY
UNTIL 11:00 A.M. ON THURSDAY, OCTOBER 29, 2026.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT <https://main.prospectus.spglobal.com/Public>.**

Dated: October __, 2026

*Preliminary, Subject to Change.

This is a Preliminary Official Statement, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Notes described herein, the Borough will deliver a final Official Statement within the earlier of seven (7) business days following such sale or to accompany the purchaser's confirmations requesting payment for the Notes.

BOROUGH OF FLORHAM PARK
County of Morris, New Jersey

Mayor and Borough Council

Mark Taylor.....Mayor
Scott Carpenter..... Council President
Nicholas Cicarelli..... Councilman
Glen Johnstone..... Councilman
Charles Malone..... Councilman
Joshua Marchal..... Councilman
Kristen Santoro..... Councilwoman

BOROUGH ADMINISTRATOR

Shelby Snow

CHIEF FINANCIAL OFFICER

Patrice Visco, CFO

BOROUGH CLERK

Danielle M. Lewis

BOROUGH AUDITOR

Nisivoccia, LLP
Mt. Arlington, New Jersey

BOROUGH SOLICITOR

Joseph J. Bell, Esquire
Rockaway, New Jersey

BOND COUNSEL

Pearlman & Miranda, LLC
Newark, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough or the Underwriter to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been derived from the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and it is not to be construed as a representation by the Underwriter, or as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be obtained from the Borough during normal business hours.

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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

Upon issuance, the Notes will not be registered under the Securities Act of 1933 as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission or any other federal, state, municipal or other governmental entity, other than the Borough, will have passed upon the accuracy or adequacy of the Official Statement.

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

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

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

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

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**OFFICIAL STATEMENT
RELATING TO**

**\$2,607,000* BOND ANTICIPATION NOTES, SERIES 2026
OF THE BOROUGH OF FLORHAM PARK,
In the County of Morris, New Jersey
(Bank Qualified)
(Book-Entry)
(Noncallable)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices attached hereto, is to supply information to the purchasers of the \$2,607,000* Bond Anticipation Notes, Series 2026 (the “Notes”). Summaries and explanations of the statutes and the documents contained herein do not purport to be complete and reference is made to such documents and statutes for full and complete statements of their provisions. Data contained herein has been taken or constructed from records of the State of New Jersey (the “State”), the County of Morris (the “County”), the Borough of Florham Park (the “Borough”), and other sources considered reliable. **This Official Statement should be read in its entirety.**

DESCRIPTION OF THE NOTES

General Description

The Notes are not subject to redemption prior to maturity. The Notes will be dated November 5, 2026, will mature on November 4, 2027, and shall bear interest from their date payable at maturity. The Notes will be issued in the aggregate principal amount of \$2,607,000* in the form of one certificate, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as Securities Depository. The Notes, or a portion thereof, may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess of \$5,000 through book entries made on the books of DTC and its participants. See “Book-Entry Only System” herein.

Security and Source of Payment

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. Unless paid from other sources, the Borough is required by law to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the principal of and the interest on the Notes without limitation as to rate or amount. The

*Preliminary, subject to change.

enforceability of rights and remedies with respect to the Notes may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies theretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein. The Notes are not a debt or obligation, legal or otherwise, of the State or any political subdivision, other than the Borough.

Book-Entry Only System

The Depository Trust Company ("DTC"), will act as securities depository for the Notes. The Notes 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 the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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 Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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 Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

THE BOROUGH MAY TREAT DTC (OR ITS NOMINEE) AS THE SOLE AND EXCLUSIVE REGISTERED OWNER OF THE NOTES REGISTERED IN ITS NAME FOR THE

PURPOSES OF PAYMENT OF THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE NOTES, GIVING ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS, REGISTERING THE TRANSFER OF THE NOTES, OR OTHER ACTION TO BE TAKEN BY REGISTERED OWNERS AND FOR ALL OTHER PURPOSES WHATSOEVER. THE BOROUGH AND THE PAYING AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE NOTES UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOROUGH (KEPT BY THE REGISTRAR AND PAYING AGENT) AS BEING A REGISTERED OWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS THEREUNDER OR UNDER THE CONDITIONS TO TRANSFERS OR EXCHANGES ADOPTED BY THE BOROUGH; OR OTHER ACTION TAKEN BY DTC AS A REGISTERED OWNER. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE BOROUGH'S OBLIGATIONS UNDER THE ACT AND THE BOND ORDINANCES TO THE EXTENT OF SUCH PAYMENTS.

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

In the event that the book-entry only system is discontinued, the Borough will authenticate and make available for delivery notes in the form of registered certificates. In addition, the following provisions would apply to such notes: principal of and interest on such notes will be payable in lawful money of the United States of America at the office of the Paying Agent, designated by the Borough.

PROJECTS TO BE FINANCED

Authorization and Purpose of the Notes

The Notes have been authorized and are to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, and bond ordinance of the Borough listed below. The Notes are being issued to finance the capital projects listed under Ordinance 26-14.

Bond Anticipation Notes

<u>Principal Amount of Notes to be Issued</u>	<u>Date of Adoption</u>	<u>Ord. No.</u>	<u>Description of Improvements</u>
\$2,607,000	06/11/26	26-14	Acquisition of a Fire Truck and Police Radio and Dispatch Equipment

PROVISION FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Budget Law, Chapter 4 of Title 40A of the State Statutes, as amended and supplemented (the “Local Budget Law”), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a “cash basis” budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director of the Division of Local Government Services in the Department of Community Affairs (the “Director”) shall have previously certified his approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

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

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

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

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

Municipal “CAP” Law and State Budget “CAP” Law

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by 2.5% or the “cost-of-living adjustment,” whichever is less, subject to the exceptions provided by law. The “cost-of-living adjustment” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law, among others. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation in years when the cost-of-living adjustment is 2.5% or less.

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

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

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

The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable real property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale,

execution or delivery. All bonds and notes issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, so that no bond ordinance shall be adopted if its net debt as a percentage of average equalized valuations exceeds 3.5%. In summary, the equalized valuation basis is the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the Director of Taxation, Department of the Treasury, State of New Jersey. The Borough's equalized valuation basis is \$5,183,484.33.

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

The Borough has not exceeded its statutory debt limit. As of December 31, 2025, the Borough's net debt as a percentage of average equalized valuations was .063%. As noted above, the statutory limit is 3.5%.

Exceptions to Debt Limits - Extension of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board in the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Local Finance Board"), a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to pay punctually the principal of and interest on its debts and to supply other essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Borough may sell short-term "Bond Anticipation Notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. Bond Anticipation Notes may be issued for periods not greater than one year and may be renewed from time to time for additional periods, none of which may exceed one year; provided, however, that all such notes, including renewals, must mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No such notes may 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 the notes are issued is paid and retired

on or before each subsequent anniversary date beyond which the notes are renewed from funds other than the proceeds of obligations.

School Debt - Subject to Voter Approval

In the State of New Jersey, in a Type II school district without a Board of School Estimate, school debt authorized by the board of education must be approved by the registered voters of that school district. When the amount authorized exceeds the school district's limit, the district may use the municipality's share of available borrowing capacity upon approval of the proposed debt by the State Commissioner of Education (the "Commissioner") and the Local Finance Board, and subsequently by the registered voters of the district. School debt of a Type I school district is authorized by a Board of School Estimate and the governing body of a local unit.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 2005 and placed on the 2006 Tax List.

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

Tax bills are mailed annually in July by the Borough. The taxes are payable in quarterly installments; the first installment on February 1, the second installment on May 1, the third installment on August 1 and the fourth installment on November 1. The August 1 due date has been extended in the past due to the timing of the State certification of State Aid. Because the true amount of tax will have yet to be determined when due for the first and second installment, the amount payable is generally one-quarter of the total tax levied the preceding year. The amount payable in the third and fourth installments is the full tax as levied for the current year, less the amounts paid in the first and second installments.

Tax installments not paid on or before the due date are subject to interest at a rate not exceeding 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Additionally, a penalty not exceeding 6% may be charged on any delinquency in excess of \$10,000 if the delinquency has not been paid by the end of the fiscal year. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. The Borough has \$78,653.07 in liens as of December 31, 2025.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later, for review. The County Board of Taxation has the authority after a hearing to decrease, increase, or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Real Estate Taxes

Receipts from Delinquent Taxes - Revenues are permitted by N.J.S.A. 40A:4-29 to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied is determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes." The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes not paid currently. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School and County Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in 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.”

The Local Budget Law (N.J.S.A. 40A:4-26(b)) additionally provides that: “Notwithstanding the provisions of subsection a. to the contrary, when a public health emergency pursuant to the “Emergency Health Powers Act,” P.L.2005, c. 222 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942, c. 251 (C.App.A:9-33 et seq.), or both, has been declared by the Governor in response to COVID-19, the Director of the Division of Local Government Services may promulgate general guidance modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19.”

The Local Budget Law also provides that no budget or amendment thereof shall be adopted by a local unit unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the Borough’s calendar year. However, grant revenue is generally not realized until received in cash.

Deferral of Current Expenses

A local unit may make emergency appropriations after the adoption of a budget and the determination of the tax rate, but only to meet unforeseen pressing needs to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance. With limited exceptions set forth below, such appropriations must be included in full in the following year’s budget. If such emergency appropriations exceed 3% of the adopted operating budget, consent of the Director is required (N.J.S.A. 40A:4-46, -47, -49). The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision of ordinances, and master plan preparations, which may be amortized over five years (N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.3).

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year’s final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year’s final current operating appropriations must be raised within its limitations. Emergency resolutions for debt service, capital improvements, the County’s share of Federal or State grants and other statutorily permitted items are outside its limitation.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts are prohibited until the last two months of the year and the first three months of the subsequent year, although sub-accounts within an appropriation are not subject to the same year end transfer restriction, they are subject to review and approval by the Borough Council. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, there are certain accounts for which transfers cannot be made for each type of transfer, pursuant to the Local Budget Law (N.J.S.A. 40A:4-58, -59). Transfers may be made between subaccount line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from appropriations excluded from the "CAP" to appropriations within the "CAP," nor can transfers be made between appropriations excluded from the "CAP."

Capital Budget

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

Operation of Utilities

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

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

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

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

This law regulates the nonbudgetary financial activities of local governments including the receipt, expenditure and investment of funds held by a municipality. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be made and completed no later than the last day of the eighth month after the close of the local unit's fiscal year, however, upon good cause being shown, the Director may grant an extension upon whatever terms or conditions he/she may deem reasonable. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours and online at www.florhamparknj.gov.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 97.30%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was for the year 2005.

Upon the filing of certified adopted budgets by the Borough, the local school district, the regional school district and the County of Morris ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district. The Borough has no special taxing districts.

Tax bills are mailed annually in June or July by the Borough. The taxes for the third and fourth quarters, due August 1 and November 1, respectively, are adjusted to reflect the calendar year's total tax liability. The taxes for the first and second quarters, due February 1 and May 1 of the succeeding year, are based upon one-half of the previous year's tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amounts in excess of \$1,500. These interest charges are the highest permitted under State Statutes. Additionally, a six percent (6%) penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year. Certain delinquent taxes are annually included in a tax sale in accordance with State Statutes. Tax liens are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the County Board of Taxation ("Tax Board") on or before

April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

INFORMATION REGARDING THE BOROUGH

General

General information concerning the Borough, including economic, financial, demographic and other relevant data, is set forth in Appendix “A” to this Official Statement.

Financial

Appendix “B” to this Official Statement contains audited financial statements of the Borough for the years ended December 31, 2025, 2024 and 2023. A copy of the complete Annual Audited Financial Statement may be obtained upon request to the office of the Borough Clerk.

LITIGATION

Upon delivery of the Notes, the Borough shall furnish a certificate of its Solicitor, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Borough or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been disclosed in this Official Statement.

TAX MATTERS

Federal Tax Exemption

Pearlman & Miranda, LLC, Bond Counsel to the Borough, will deliver, concurrently with the issuance of the Notes, its opinion in the form attached hereto as APPENDIX D to the effect that under existing statutes, regulations, rulings and judicial decisions and in reliance on certain representations of the Borough and compliance by the Borough with certain agreements and covenants described below, interest on the Notes is not includable in the gross income of the holders thereof for federal income tax purposes and will not be a preference item for purposes of calculating federal alternative minimum taxable income; however, such interest on the Notes is taken into account in determining the “adjusted financial statement income” of “applicable corporations” for purposes of computing the alternative minimum tax imposed on such corporations, as quoted terms are defined in the Internal Revenue Code of 1986, as amended (the “Code”). In addition, interest on the Notes may be included in a foreign corporation's effectively connected earnings and profits upon which certain foreign corporations are required to pay the foreign branch profits

tax imposed under Section 884 of the Code. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Ongoing requirements include, among other things, the provisions of Section 148 of the Code, which prescribe yield and other limits within which the proceeds of the Notes are to be invested and which may require that certain excess earnings on investments made with the proceeds of the Notes be rebated on a periodic basis to the United States. The Borough will make certain representations and undertake certain agreements and covenants in the tax compliance agreements to be delivered concurrently with the issuance of the Notes that are designed to ensure compliance with the applicable provisions of the Code. The inaccuracy of these representations or the failure on the part of the Borough to comply with such agreements and covenants could result in the interest on the Notes being included in the gross income of the holder for federal income tax purposes.

The opinion of Bond Counsel assumes the accuracy of these representations and the future compliance by the Borough with its agreements and covenants. Moreover, Bond Counsel has not undertaken to evaluate, determine or inform any person, including any holder of the Notes, whether any actions taken or not taken, events occurring or not occurring, or other matters that might come to the attention of Bond Counsel, would adversely affect the value of, or tax status of the interest on, the Notes.

There can be no assurance that currently existing or future legislative proposals by the United States Congress limiting or further qualifying the excludability of interest on tax-exempt obligations from gross income for federal tax purposes, or changes in federal tax policy generally, will not adversely affect the federal tax status of interest on the Notes or the market for the Notes.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the “Premium Notes”). The difference between the initial public offering price for the Premium Notes and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder’s tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Prospective purchasers of the Notes should consult their tax advisors for an explanation of the treatment of Original Issue Premium for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of same.

Certain Other Federal Tax Consequences

Although interest on the Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the recipient. Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the

Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

New Jersey Tax Exemption

Bond Counsel will also deliver an opinion to the effect that under the existing laws of the State of New Jersey, as enacted and construed as of the date of delivery of the Notes, interest on the Notes and any gain realized on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

Other

The Notes and the interest thereon may be subject to state or local taxes in jurisdictions other than the State of New Jersey under applicable state or local tax laws. Except as described above, Bond Counsel expresses no opinion with respect to any federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel will render its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

Section 265 Qualification

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

The Notes will be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE NOTES. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.

MUNICIPAL BANKRUPTCY

General

The undertakings of the Borough should be considered with reference to 11 U.S.C. § 101 *et seq.*, as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits any political subdivision, public agency, or instrumentality of the State that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court pursuant to Chapter 9 of the Bankruptcy Code for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically 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 Code. Further, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

New Jersey

Pursuant to N.J.S.A. 52:27-40 *et seq.*, any municipality in the State, including the Borough, has the power to file a petition or petitions with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts (collectively, “a plan”); provided, however, (i) the filing of any such petition by a municipality must be authorized by an ordinance of the governing body of such municipality which has been adopted by the affirmative vote of not less than two-thirds of all of the members elected to such governing body, and (ii) such petition or petitions may not be so filed unless the prior approval of the Local Finance Board, as successor to the Municipal Finance Commission, is first obtained. Additionally, no plan filed with or in the proceedings upon any such petition shall be approved by the court, put into temporary effect or finally confirmed without the approval of the Local Finance Board nor may any municipality accept any such plan as changed or modified after its filing with the court without express authority from the Local Finance Board to do so.

Pursuant to N.J.S.A. 52:27-40 *et seq.*, the Local Finance Board has the discretion to approve or not approve the filing of any petition by a municipality for the purpose of effecting readjustment of its debt which the municipality proposes to file and any plan filed with or in the proceedings upon any such petition; provided, however, that no such plan shall provide for the payment of fees, compensation, reimbursement or other allowances for attorneys, agents, committees or other representatives of creditors of the municipality except with the express written approval of the Local Finance Board of every such payment. The approval of the Local Finance Board of any petition, plan or other papers to be filed in any United States court or court in bankruptcy, or of any ordinance to be approved by the Local Finance Board, is required to be requested by the filing in the office of the Local Finance Board of a certified copy of a resolution of the governing body of such municipality, which has been adopted by the affirmative vote of not less than two-thirds of all of the members elected to such governing body, requesting such approval, together with a true and correct certified transcript of any proceedings relating to such petition, plan, other papers or ordinance, and the authorization thereof. The approval of the Local Finance Board of any petition, plan or other papers

filed or to be filed in a United States court or court in bankruptcy is evidenced only by the written endorsement of the Local Finance Board on the petition, plan or other papers so filed and the approval of the Local Finance Board of any ordinance of the governing body of the municipality is evidenced only by the written endorsement of the Local Finance Board on a certified copy of such ordinance.

Florham Park

The Borough has not sought permission from the Local Finance Board to file a bankruptcy petition. The above references to the Bankruptcy Code or N.J.S.A. 52:27-40 et seq. should not create any implication that the Borough expects to utilize the benefits of such laws, or that if utilized, the filing of a bankruptcy petition would be approved by the Local Finance Board, or that any proposed plan would include a reduction in payment of the Notes, or that the Bankruptcy Code or applicable State law could not be amended after the date hereof.

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____ (the “Underwriter”) at a price of \$ _____ (consisting of par amount of the Notes, plus net original issue premium in the amount of \$ _____ plus net reoffering premium/discount retained by the Underwriter in the amount of \$ _____). The Underwriter has purchased the Notes in accordance with the Notice of Sale issued by the Borough in connection with the sale of the Notes. The Notes are being offered for sale at the yield or price set forth on the front cover of this Official Statement.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, sale and delivery of the Notes are subject to the approval of Pearlman & Miranda, LLC, Newark, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix “D” hereto. Certain legal matters will be passed on for the Borough by its Solicitor.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Notes, by certificates signed by various Borough officials.

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

Nisivoccia LLP, Mt. Arlington, New Jersey is the current Auditor of the Borough and takes responsibility for the Audited Financial Statements for the years ended December 31, 2020, 2019 and 2018 to the extent specified in their Independent Auditor's Report attached hereto as Appendix "B".

Pearlman & Miranda, LLC has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

LEGALITY FOR INVESTMENT

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

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the Notes or notes of the Borough.

SECONDARY MARKET DISCLOSURE

The Borough has covenanted for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Borough with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the notices of enumerated events is set forth in APPENDIX "C". These covenants have been made to assist the Underwriter in complying with S.E.C. Rule 15c2-12 (the "Rule"). With respect to the Notes, the Borough expects to file any notice of the occurrence of the enumerated events with the MSRB's Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>). The Borough has retained the services of a third party disclosure agent to assist in its disclosure undertakings.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Patrice Visco, CFO, (973) 410-5318.

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 of 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 a contract or agreement with the owners of the Notes.

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

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.

This Official Statement has been duly executed and delivered by the Borough.

BOROUGH OF FLORHAM PARK, NEW JERSEY

By: _____
Patrice Visco, Chief Financial Officer

Dated: October __, 2026

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APPENDIX A

GENERAL INFORMATION REGARDING THE BOROUGH OF FLORHAM PARK

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GENERAL INFORMATION ABOUT THE BOROUGH OF FLORHAM PARK

Location and Area

Florham Park Borough is in the southeastern section of Morris County, approximately 30 miles west of New York City. The Borough was established in 1899 when it seceded from Chatham Township. The current population is approximately 12,585 people. Other bordering communities include: Madison, Hanover Township, Morris Township, Livingston, and Millburn.

Land use in the Borough is primarily residential in character. Much of its land is used for single family, owner-occupied dwellings. Several corporate headquarters and light industry sites are located in the northern most corner of the Borough. The expanding downtown contains restaurants, banks, a supermarket, pharmacies and numerous retail establishments. The New York JETS now call Florham Park home with their State of the Art Training Facility and Corporate Headquarters located right here in Florham Park.

Administration and Public Service

The Borough of Florham Park is governed by a mayor elected for a four-year term and six Council members elected for three-year overlapping terms. A full-time professional Borough Administrator appointed by the governing body is charged with carrying out the policies of the governing body and overseeing the daily operations of the various departments – Police, Fire, Public Works, Finance, Community Services, Recreation, Engineering and Health.

Numerous volunteer Board and Commission members are appointed annually to service in such areas as Planning, Zoning, Health, Recreation, Environmental, and Gazebo.

The Borough of Florham Park is recognized as a full-service community, having all the basic utilities. Public Service Electric and Gas Company provides the Borough with electric and gas service, and telephone service is provided by Verizon. The Borough's water supply is treated, distributed and sold to all users in the Florham Park Water Utility service area. Water is also distributed by NJ American Water Company and Southeast Morris County MUA. The municipal pool complex is also considered a utility and has no outstanding debt as of December 31, 2025.

A sanitary sewer system has 99% of the Borough properties connected and treatment is provided through the Sewer Utility Department of the Borough. Residents contract directly with waste management haulers for sanitation service; the Borough provides bulk pick up twice times a year. Curbside recycling is provided through a private company.

The Borough has year-round recreation programs. The largest involves a day camp for the summer months with more than 200 children in attendance. Other activities include: basketball, softball, aerobics, lacrosse, cheerleading, cooking and arts and craft classes.

A summer municipal pool complex is available to both residents and non-residents. A snack bar is also located in the pool area with showers and changing facilities.

One of the focal points of the municipal complex is the Gazebo. During the summer months various concerts are held with visitors listening from the vast lawn of the municipal building. In early December, a tree lighting ceremony takes place inside the Gazebo with a visit from Santa and cookies to kick off the holiday season.

Transportation

Bus service to New York City goes through the Borough and NJ Transit has a station in Madison, approximately two miles away that has services to New York City. Route 24 makes it easy to access Newark International Airport along with Route 287 and 80.

School Facilities and Enrollment

There are three modern elementary schools: Briarwood, Brooklake and Holy Family, a parochial school, from K-8. After elementary school, students attend the middle school. High school age students are then enrolled at Hanover Park Regional High School located in nearby East Hanover.

Farleigh Dickinson University and The College of Saint Elizabeth are almost entirely located in the Borough. Drew University is in close proximity located in neighboring Madison Borough.

Other Demographic and Economic Information

The following summarizes certain housing and population information with respect to the Borough:

Population:

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>State</u>
2000	8,857	470,212	8,414,350
2010	11,696	492,276	8,791,894
2020	12,585	509,285	9,267,130

Housing Units:

<u>Year</u>	<u>Total Units</u>
2000	3,342
2010	4,201
2020	4,254

Source: US Census

Building Permits (Cost of Improvements):

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential:			
New	\$ 29,515,405	\$ 33,408,100	\$ 12,289,948
Additions/Alterations	8,089,290	4,105,062	10,847,898
Demolitions	250,252	9,350	1,051,920
Commercial	15,599,057	9,363,038	11,148,904
Utility/Accessory and Miscellaneous Structures	1,135,995	754,000	4,671,657
	<u>\$ 54,589,999</u>	<u>\$ 47,639,550</u>	<u>\$ 40,010,327</u>

Source: Florham Park Borough Building Inspector

TAX INFORMATION

Tax Levies and Current Collections:

Year	Tax Levy	Collected in Current Year	Percentage Collected
2025	\$ 66,103,845	\$ 65,537,598	99.14%
2024	63,051,810	62,140,413	98.55%
2023	60,915,283	60,150,380	98.74%

Tax Title Liens and Delinquent Taxes for the Years Ended December 31:

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2025	\$ 78,653	\$ 547,911	\$ 626,564	0.948%
2024	69,234	693,571	762,805	1.21%
2023	59,052	738,665	797,717	1.31%

Source: Florham Park Borough Finance Department

Property Acquired by Tax Title Lien Liquidation:

There were no properties acquired for taxation reported as of 2023, 2024, and 2025 by foreclosure or deed as a result of liquidation of tax title liens.

Largest Taxpayers

The following table sets forth ten of the largest taxpayers located in the Borough and their assessed valuations for the year 2025:

2025	
Name	Assessed Valuation
Sun Valley Plaza II, LLC	\$ 111,239,800
KBSII 300-600 Campus Drive, LLC	93,517,700
LCS FP Venture Property Owner	77,770,500
KCI FP Owner LLC	63,500,000
Avalonbay Communities, Inc.	63,369,900
KBSII 100-200 Campus Drive, LLC	61,742,300
St. Elizabeth University	58,947,700
Welltower, Inc.	52,511,000
BASF Corp	50,000,000
LIPT 140 Park Avenue, LLC	35,014,200
	<u>\$ 667,613,100</u>

Source: Florham Park Borough Tax Assessor

TAX INFORMATION (Cont'd)

Three Years' Assessed Valuations:

Year	Assessed	Morris County Equalized Valuation on Which County Taxes are Apportioned
2025	\$ 3,896,484,683	\$ 5,184,801,772
2024	3,866,199,379	4,674,415,972
2023	3,753,932,620	4,523,040,861

Source: Morris County Abstract of Ratables

Apportionment and Totals of Tax Rates per \$100 Assessed Valuation:

	2025	2024	2023
Municipal Purpose	\$ 0.470	\$ 0.457	\$ 0.452
County	0.318	0.299	0.270
Local School District	0.589	0.572	0.582
Regional High School	0.314	0.296	0.294
	<u>\$ 1.691</u>	<u>\$ 1.624</u>	<u>\$ 1.598</u>

Source: Florham Park Borough Tax Collector

Analysis of Property Tax Levy:

	2025	2024	2023
Local School	\$ 22,945,982	\$ 22,106,660	\$ 21,830,005
Regional School	12,234,859	11,455,698	11,030,767
County	12,378,994	11,561,393	10,250,407
Local	18,544,009	17,928,059	17,804,104
	<u>\$ 66,103,844</u>	<u>\$ 63,051,810</u>	<u>\$ 60,915,283</u>

Source: Florham Park Borough Tax Collector

FINANCIAL INFORMATION

SUMMARY OF ANNUAL DEBT STATEMENT

As Required by NJS 40A:2-40

(As of December 31, 2025)

	<u>Gross</u>	<u>Deduction</u>	<u>Net</u>
Total Bonds and Notes for School Purposes	\$ 34,356,622		
Less: Applicable Deductions		\$ 34,356,622	
Net Debt for School Purposes			\$ -0-
Total Bonds and Notes for Self-Liquidating Purposes	5,656,319		
Less: Applicable Deductions		5,648,102	
Net Debt for Self-Liquidating Purposes			8,217
Total Other Bonds, Notes and Loans	3,287,000		
Less: Applicable Deductions		514	
Net Debt for Other Purposes			<u>3,286,486</u>
 Total Gross Debt	 <u><u>\$ 43,299,941</u></u>		
 Total Deductions		 <u><u>\$ 40,005,238</u></u>	
 Total Net Debt December 31, 2024			 <u><u>\$ 3,294,703</u></u>
 Equalized Valuation Basis per NJS 40A: 2-2			 <u><u>\$ 5,183,996,484</u></u>
 3-1/2 Percent of Equalized Valuation Basis (Municipal)			 \$ 155,519,895
 Net Debt			 <u>3,294,703</u>
 Remaining Borrowing Power			 <u><u>\$ 152,225,192</u></u>

Source: Florham Park Borough Finance Department

FINANCIAL INFORMATION (Cont'd)

SUMMARY OF ANNUAL DEBT STATEMENT

As Required by NJS 40A:2-40

(As of December 31, 2024)

	<u>Gross</u>	<u>Deduction</u>	<u>Net</u>
Total Bonds and Notes for School Purposes	\$ 36,130,731		
Less: Applicable Deductions		\$ 36,130,731	
Net Debt for School Purposes			\$ -0-
Total Bonds and Notes for Self-Liquidating Purposes	5,975,693		
Less: Applicable Deductions		5,967,476	
Net Debt for Self-Liquidating Purposes			8,217
Total Other Bonds, Notes and Loans	4,207,000		
Less: Applicable Deductions			
Net Debt for Other Purposes			4,207,000
	<u>\$ 46,313,424</u>		
Total Deductions		<u>\$ 42,098,207</u>	
Total Net Debt December 31, 2024			<u>\$ 4,215,217</u>
Equalized Valuation Basis per NJS 40A: 2-2			<u>\$ 4,499,241,972</u>
3-1/2 Percent of Equalized Valuation Basis (Municipal)			\$ 141,094,986
Net Debt			<u>4,215,217</u>
Remaining Borrowing Power			<u>\$ 136,879,769</u>

Source: Florham Park Borough Finance Department

FINANCIAL INFORMATION (Cont'd)

SUMMARY OF ANNUAL DEBT STATEMENT

As Required by NJS 40A:2-40

(As of December 31, 2023)

	<u>Gross</u>	<u>Deduction</u>	<u>Net</u>
Total Bonds and Notes for School Purposes	\$ 38,003,669		
Less: Applicable Deductions		\$ 38,003,669	
Net Debt for School Purposes			\$ -0-
Total Bonds and Notes for Self-Liquidating Purposes	6,055,241		
Less: Applicable Deductions		6,047,024	
Net Debt for Self-Liquidating Purposes			8,217
Total Other Bonds, Notes and Loans	4,557,000		
Less: Applicable Deductions			
Net Debt for Other Purposes			4,557,000
	<u> </u>	<u> </u>	<u> </u>
Total Gross Debt	<u>\$ 48,615,910</u>		
Total Deductions		<u>\$ 44,050,693</u>	
Total Net Debt December 31, 2023			<u>\$ 4,565,217</u>
Equalized Valuation Basis per NJS 40A: 2-2			<u>\$ 4,032,485,301</u>
3-1/2 Percent of Equalized Valuation Basis (Municipal)			\$ 141,136,986
Net Debt			<u>4,565,217</u>
Remaining Borrowing Power			<u>\$ 136,571,769</u>

Source: Florham Park Borough Finance Department

FINANCIAL INFORMATION (Cont'd)

STATEMENT OF OVERLAPPING DEBT

Issued and Outstanding

(As of December 31, 2023, 2024, and 2025)

<u>Overlapping Unit</u>	<u>Net Debt 12/31/2025</u>	<u>Borough Proportionate Percentage</u>	<u>Estimated Borough of Florham Park</u>
County of Morris	\$ 315,754,751.00	3.7609%	\$ 11,875,104.76
<u>Overlapping Unit</u>	<u>Net Debt 12/31/2024</u>	<u>Borough Proportionate Percentage</u>	<u>Estimated Borough of Florham Park</u>
County of Morris	\$ 324,225,727.00	4.0869%	\$ 13,250,698.65
<u>Overlapping Unit</u>	<u>Net Debt 12/31/2023</u>	<u>Borough Proportionate Percentage</u>	<u>Estimated Borough of Florham Park</u>
County of Morris	\$ 326,425,422.00	3.9069%	\$ 12,753,252.06

Source: County of Morris Annual Debt Statement and Abstract of Ratables

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance December 31,	Utilization in Budget of Succeeding Year
Current Fund	2025	\$ 5,819,197	\$ 2,605,265
	2024	6,232,928	3,055,265
	2023	6,803,722	3,866,850
Water Utility Operating Fund	2025	\$ 352,563	\$ 185,000
	2024	294,326	185,000
	2023	216,460	185,000
Swimming Pool Utility Operating Fund	2025	\$ 17,579	\$ -0-
	2024	17,579	-0-
	2023	17,579	-0-
Sewer Utility Operating Fund	2025	\$ 4,116,011	\$ 1,324,500
	2024	4,399,555	1,609,500
	2023	4,272,692	1,609,500

Source: Florham Park Borough Finance Department

SCHEDULE OF EXISTING DEBT MATURITIES JANUARY 1, 2025

Calendar Year	General Capital		Water Utility Capital		Total
	Principal	Interest	Principal	Interest	
2026	\$ 920,000	\$ 70,010	\$ 125,000	\$ 148,306	\$ 1,263,316
2027	920,000	49,310	135,000	144,400	1,248,710
2028	877,000	26,310	140,000	140,180	1,183,490
2029			150,000	135,806	285,806
2030			155,000	131,118	286,118
2031-2035			905,000	575,470	1,480,470
2036-2040			1,125,000	413,784	1,538,784
2041-2045			1,200,000	216,000	1,416,000
2046-2047			480,000	26,700	506,700
Total	\$ 2,717,000	\$ 145,630	\$ 4,415,000	\$ 1,931,764	\$ 9,209,394

Source: Florham Park Borough Finance Department

SCHEDULE OF EXISTING DEBT MATURITIES JANUARY 1, 2024

Calendar Year	General Capital		Water Utility Capital		Sewer Utility Capital		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 920,000	\$ 88,410	\$ 120,000	\$ 152,056	\$ 105,000	\$ 4,594	\$ 1,390,060
2026	920,000	70,010	125,000	148,306			1,263,316
2027	920,000	49,310	135,000	144,400			1,248,710
2028	877,000	26,310	140,000	140,180			1,183,490
2029			150,000	135,806			285,806
2030-2034			860,000	603,226			1,463,226
2035-2039			1,085,000	449,046			1,534,046
2040-2044			1,200,000	257,700			1,457,700
2045-2047			720,000	87,900			807,900
Total	<u>\$ 3,637,000</u>	<u>\$ 234,040</u>	<u>\$ 4,535,000</u>	<u>\$ 2,118,620</u>	<u>\$ 105,000</u>	<u>\$ 4,594</u>	<u>\$ 10,634,254</u>

Source: Florham Park Borough Finance Department

SCHEDULE OF EXISTING DEBT MATURITIES JANUARY 1, 2023

Calendar Year	General Capital		Water Utility Capital		Sewer Utility Capital		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 920,000	\$ 134,410	\$ 120,000	\$ 155,806	\$ 100,000	\$ 8,969	\$ 1,439,185
2025	920,000	88,410	120,000	152,056	105,000	4,594	1,390,060
2026	920,000	70,010	125,000	148,306			1,263,316
2027	920,000	49,310	135,000	144,400			1,248,710
2028	877,000	26,310	140,000	140,180			1,183,490
2029-2033			820,000	629,496			1,449,496
2034-2038			1,040,000	527,864			1,567,864
2039-2043			1,195,000	324,436			1,519,436
2044-2047			960,000	87,900			1,047,900
Total	<u>\$ 4,557,000</u>	<u>\$ 368,450</u>	<u>\$ 4,655,000</u>	<u>\$ 2,310,444</u>	<u>\$ 205,000</u>	<u>\$ 13,563</u>	<u>12,109,457</u>

Source: Florham Park Borough Finance Department

APPENDIX B

FINANCIAL STATEMENTS FOR THE YEARS ENDING DECEMBER 31, 2025, 2024 AND 2023

BOROUGH OF FLORHAM PARK
FINANCIAL STATEMENTS
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Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Florham Park
Florham Park, 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 Borough of Florham Park, in the County of Morris (the "Borough") as of and for the years ended December 31, 2025, 2024, and 2023 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 Borough as of December 31, 2025, 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 Borough as of December 31, 2025, 2024, and 2023 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 Borough, 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 Borough 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 Borough's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members
of the Borough Council
Borough of Florham Park
Florham Park, New Jersey
Page 3

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

Mount Arlington, New Jersey
June 12, 2026

Nisivoccia LLP
NISIVOCCIA LLP

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APPENDIX B

FINANCIAL STATEMENTS

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	\$ 13,545,817.51	\$ 14,041,578.93	\$ 14,478,194.69
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	3,619.74	3,944.74	5,694.74
	<u>13,549,437.25</u>	<u>14,045,523.67</u>	<u>14,483,889.43</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	547,911.33	693,570.93	738,665.14
Tax Title Liens Receivable	78,653.07	69,234.19	59,052.33
Prepaid Local School Taxes	459,548.50		
Due from Federal and State Grant Fund	938.52	3,656.52	6,561.15
Due from Sewer Utility Operating Fund	7,053.02		466.00
Due from General Capital Fund	19,098.47	18,559.66	21,112.29
Due from Other Trust Fund	14,324.12	15,385.37	18,129.93
Due from Pool Utility Operating Fund	91,202.69	28,952.36	
Due from Water Utility Operating Fund	7,098.44		830.26
Due from Payroll Account		1,434.38	2,141.49
Revenue Accounts Receivable	28,027.44	26,939.85	20,562.28
Total Receivables and Other Assets with Full Reserves	<u>1,253,855.60</u>	<u>857,733.26</u>	<u>867,520.87</u>
Total Regular Fund	<u>14,803,292.85</u>	<u>14,903,256.93</u>	<u>15,351,410.30</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	270,772.47	952,517.25	1,307,516.03
Due from Water Utility Capital Fund	4,480.57		
Grants Receivable	245,286.38	272,539.00	347,116.00
Total Federal and State Grant Fund	<u>520,539.42</u>	<u>1,225,056.25</u>	<u>1,654,632.03</u>
TOTAL ASSETS	<u>\$ 15,323,832.27</u>	<u>\$ 16,128,313.18</u>	<u>\$ 17,006,042.33</u>

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	\$ 431,508.02	\$ 507,064.69	\$ 507,419.93
Unencumbered	674,532.18	872,940.24	663,780.72
	<u>1,106,040.20</u>	<u>1,380,004.93</u>	<u>1,171,200.65</u>
Accounts Payable - Vendors		45,501.52	147,041.67
Due State of New Jersey:			
Marriage License Fees	425.00	450.00	600.00
County Added and Omitted Taxes Payable	40,288.68	48,657.61	156,540.19
Prepaid Taxes	656,265.53	507,609.98	422,875.00
Tax Overpayments			18,167.70
Reserve for:			
Pending Tax Appeals	5,902,221.13	5,805,371.89	5,631,476.89
Contingencies	25,000.00	25,000.00	25,000.00
Municipal Relief Fund			107,265.00
	<u>7,730,240.54</u>	<u>7,812,595.93</u>	<u>7,680,167.10</u>
Reserve for Receivables and Other Assets	1,253,855.60	857,733.26	867,520.87
Fund Balance	<u>5,819,196.71</u>	<u>6,232,927.74</u>	<u>6,803,722.33</u>
Total Regular Fund	<u>14,803,292.85</u>	<u>14,903,256.93</u>	<u>15,351,410.30</u>
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	335,430.85	301,948.54	1,168,058.11
Encumbered	183,983.02	890,980.72	462,669.24
Unappropriated Reserves	187.03	28,470.47	17,343.53
Due to Current Fund	938.52	3,656.52	6,561.15
	<u>520,539.42</u>	<u>1,225,056.25</u>	<u>1,654,632.03</u>
Total Federal and State Grant Fund	<u>520,539.42</u>	<u>1,225,056.25</u>	<u>1,654,632.03</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 15,323,832.27</u>	<u>\$ 16,128,313.18</u>	<u>\$ 17,006,042.33</u>

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

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 3,055,265.00	\$ 3,866,850.00	\$ 3,437,100.00
Miscellaneous Revenue Anticipated	4,802,087.58	5,178,285.16	6,959,180.09
Receipts from:			
Delinquent Taxes	680,412.79	737,528.96	328,916.38
Current Taxes	65,456,408.23	62,140,413.33	60,150,379.63
Nonbudget Revenue	382,479.41	251,241.76	294,310.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	461,638.35	439,619.40	547,378.05
Cancellations:			
Accounts Payable Cancelled	21,995.45	5,962.51	
County PILOTS Payable			82,653.44
Interfunds Returned	67,988.29	49,241.12	31,871.99
Total Income	<u>74,928,275.10</u>	<u>72,669,142.24</u>	<u>71,831,790.00</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes	24,127,641.54	24,181,347.44	24,263,687.04
County Taxes	12,378,994.83	11,561,393.10	10,250,406.82
Local School District Taxes	22,945,982.00	22,106,660.00	21,830,005.00
Regional High School Taxes	12,234,859.00	11,455,698.00	11,030,767.00
Prepaid Local School District Taxes	459,548.50		
Interfunds Advanced	139,715.26	67,988.29	49,241.12
Total Expenditures	<u>72,286,741.13</u>	<u>69,373,086.83</u>	<u>67,424,106.98</u>
Excess in Revenue	2,641,533.97	3,296,055.41	4,407,683.02
<u>Fund Balance</u>			
Balance January 1	<u>6,232,927.74</u>	<u>6,803,722.33</u>	<u>5,833,139.31</u>
	8,874,461.71	10,099,777.74	10,240,822.33
Decreased by:			
Utilized as Anticipated Revenue	<u>3,055,265.00</u>	<u>3,866,850.00</u>	<u>3,437,100.00</u>
Balance December 31	<u>\$ 5,819,196.71</u>	<u>\$ 6,232,927.74</u>	<u>\$ 6,803,722.33</u>

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

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 3,055,265.00	\$ 3,055,265.00	\$ 3,866,850.00	\$ 3,866,850.00	\$ 3,437,100.00	\$ 3,437,100.00
Miscellaneous Revenue Anticipated	4,269,263.81	4,802,087.58	4,043,252.44	5,178,285.16	5,205,998.29	6,959,180.09
Receipts from Delinquent Taxes	237,300.00	680,412.79	237,300.00	737,528.96	237,300.00	328,916.38
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	16,631,253.00	17,870,809.98	16,206,468.00	17,189,185.23	15,716,220.82	17,372,132.88
Local Tax for Municipal Library	1,709,193.42	1,709,193.42	1,477,900.00	1,477,900.00	1,285,129.63	1,285,129.63
Nonbudget Revenue		382,479.41		251,241.76		294,310.42
	<u>\$ 25,902,275.23</u>	<u>\$ 28,500,248.18</u>	<u>\$ 25,831,770.44</u>	<u>\$ 28,700,991.11</u>	<u>\$ 25,881,748.74</u>	<u>\$ 29,676,769.40</u>

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

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,						
	2025			2024			
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:							
Salaries and Wages	\$ 9,380,974.00	\$ 9,165,765.51	\$ 215,208.49		\$ 8,956,985.00	\$ 8,765,472.11	\$ 191,512.89
Other Expenses	9,084,074.23	8,660,470.21	423,604.02		8,685,941.44	8,061,683.34	624,258.10
Capital Improvements	2,335,200.00	2,335,200.00			2,991,000.00	2,991,000.00	
Debt Service	1,008,410.00	1,008,410.00			1,054,410.00	1,054,410.00	
Deferred Charges and Statutory Expenditures	2,410,186.00	2,283,263.64	35,719.67	\$ 91,202.69	2,493,011.00	2,435,841.75	57,169.25
Total Operations for Municipal Purposes	24,218,844.23	23,453,109.36	674,532.18	91,202.69	24,181,347.44	23,308,407.20	872,940.24
Reserve for Uncollected Taxes	1,683,431.00	1,683,431.00			1,650,423.00	1,650,423.00	
	<u>\$ 25,902,275.23</u>	<u>\$ 25,136,540.36</u>	<u>\$ 674,532.18</u>	<u>\$ 91,202.69</u>	<u>\$ 25,831,770.44</u>	<u>\$ 24,958,830.20</u>	<u>\$ 872,940.24</u>

Adopted Budget	\$ 25,796,400.27	\$ 25,670,065.00
Budget Amendments	105,874.96	161,705.44
	<u>\$ 25,902,275.23</u>	<u>\$ 25,831,770.44</u>

For the Years Ended December 31,

	2023		
	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:			
Salaries and Wages	\$ 8,576,688.75	\$ 8,415,466.11	\$ 161,222.64
Other Expenses	9,819,404.29	9,317,495.57	501,908.72
Capital Improvements	2,503,000.00	2,503,000.00	
Debt Service	1,100,410.00	1,100,410.00	
Deferred Charges and Statutory Expenditures	2,264,184.00	2,263,534.64	649.36
Total Operations for Municipal Purposes	24,263,687.04	23,599,906.32	663,780.72
Reserve for Uncollected Taxes	1,618,061.70	1,618,061.70	
	<u>\$ 25,881,748.74</u>	<u>\$ 25,217,968.02</u>	<u>\$ 663,780.72</u>

Adopted Budget	\$ 25,587,187.77
Budget Amendments	294,560.97
	<u>\$ 25,881,748.74</u>

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

BOROUGH OF FLORHAM PARK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	\$ 16,439.24	\$ 11,820.40	\$ 13,977.22
	<u>16,439.24</u>	<u>11,820.40</u>	<u>13,977.22</u>
Other Trust Funds:			
Cash and Cash Equivalents	9,440,255.92	9,074,654.85	8,480,646.68
Due From Pool Utility Operating Fund		5.00	
	<u>9,440,255.92</u>	<u>9,074,659.85</u>	<u>8,480,646.68</u>
TOTAL ASSETS	<u>\$ 9,456,695.16</u>	<u>\$ 9,086,480.25</u>	<u>\$ 8,494,623.90</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	\$ 11,401.64	\$ 7,182.40	\$ 6,801.22
Prepaid Dog Licenses	5,037.60	4,638.00	7,176.00
	<u>16,439.24</u>	<u>11,820.40</u>	<u>13,977.22</u>

BOROUGH OF FLORHAM PARK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
Other Trust Funds:			
Due Current Fund	\$ 14,324.12	\$ 15,385.37	\$ 18,129.93
Reserve for:			
Escrow Deposits	763,338.51	601,128.54	609,728.31
Unemployment Insurance Fund	506,623.31	506,707.61	506,556.23
Police Forfeited Assets	20,516.29	13,231.12	21,464.04
Housing Trust	4,034,862.50	3,622,709.22	3,364,019.84
Tax Sale Premiums	26,100.00	101,200.00	33,800.00
Recycling	55,918.09	38,904.61	26,299.59
Fire Penalties	62,807.00	62,357.00	58,607.00
Accumulated Absences	1,230,948.62	1,262,000.00	1,000,973.10
Storm Recovery	742,264.77	742,264.77	742,264.77
Parking Offenses Adjudication Act	1,424.10	1,228.10	1,162.10
Recreation	468,436.12	507,502.94	465,066.16
Self Insurance	850,757.90	1,190,263.04	1,295,539.41
Insurance Deductible	70,000.00	70,000.00	70,000.00
Public Defender	12,838.58	12,161.58	9,339.58
Off Duty Police Officer	359,039.28	300,926.58	228,211.58
Various Miscellaneous Trust Funds	220,056.73	26,689.37	29,485.04
	<u>9,440,255.92</u>	<u>9,074,659.85</u>	<u>8,480,646.68</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 9,456,695.16</u>	<u>\$ 9,086,480.25</u>	<u>\$ 8,494,623.90</u>

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

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,733,777.51	\$ 4,947,563.04	\$ 4,326,144.40
Grants Receivable:			
New Jersey Department of Transportation	295,133.25	450,785.00	416,425.00
Deferred Charges to Future Taxation:			
Funded	2,717,000.00	3,637,000.00	4,557,000.00
Unfunded	570,000.00	570,000.00	
TOTAL ASSETS	<u>\$ 9,315,910.76</u>	<u>\$ 9,605,348.04</u>	<u>\$ 9,299,569.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	2,717,000.00	3,637,000.00	4,557,000.00
Bond Anticipation Notes	570,000.00		
Improvement Authorizations:			
Funded	5,332,668.94	4,943,245.01	4,259,913.74
Unfunded		570,000.00	
Due to Current Fund	19,098.47	18,559.66	21,112.29
Capital Improvement Fund	243,570.64	205,728.44	235,728.44
Reserve for:			
Gun Club	70,000.00	65,000.00	60,000.00
Payment of Debt Service	198,272.04	514.26	514.26
Fund Balance	165,300.67	165,300.67	165,300.67
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 9,315,910.76</u>	<u>\$ 9,605,348.04</u>	<u>\$ 9,299,569.40</u>

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

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	2025	2024	2023
Balance January 1,	\$ 165,300.67	\$ 165,300.67	\$ 5,885.48
Increased by:			
Improvement Authorizations Canceled			89,907.71
Morris County Interlocal Agreement Receivable			107,085.48
			196,993.19
Decrease by:			
Cancellation of Grants Receivable			37,578.00
Balance December 31,	<u>\$ 165,300.67</u>	<u>\$ 165,300.67</u>	<u>\$ 165,300.67</u>

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

BOROUGH OF FLORHAM PARK
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	\$ 7,679,150.91	\$ 9,425,311.72	\$ 10,311,613.72
Due from Water Utility Capital Fund	14,793.58	26,117.15	4,842.86
	<u>7,693,944.49</u>	<u>9,451,428.87</u>	<u>10,316,456.58</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	106,821.38	102,291.99	91,654.44
Total Receivables with Full Reserves	<u>106,821.38</u>	<u>102,291.99</u>	<u>91,654.44</u>
Total Operating Fund	<u>7,800,765.87</u>	<u>9,553,720.86</u>	<u>10,408,111.02</u>
Capital Fund:			
Cash and Cash Equivalents	4,611,065.48	2,020,122.57	1,083,766.24
Fixed Capital	7,609,427.43	7,609,427.43	6,009,427.43
Fixed Capital Authorized and Uncompleted	<u>7,999,650.00</u>	<u>6,464,650.00</u>	<u>6,699,000.00</u>
Total Capital Fund	<u>20,220,142.91</u>	<u>16,094,200.00</u>	<u>13,792,193.67</u>
TOTAL ASSETS	<u><u>\$ 28,020,908.78</u></u>	<u><u>\$ 25,647,920.86</u></u>	<u><u>\$ 24,200,304.69</u></u>

BOROUGH OF FLORHAM PARK
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 77,617.26	\$ 79,069.09	\$ 17,594.64
Encumbered	72,490.08	86,658.41	98,147.47
	150,107.34	165,727.50	115,742.11
Due to Current Fund	7,098.44		830.26
Water Rent Overpayments	8,734.13	14,292.90	4,995.90
Accrued Interest on Bonds	64,883.38	66,524.00	67,870.24
Reserve for Sale of Assets	7,110,558.40	8,910,558.40	9,910,558.40
	7,341,381.69	9,157,102.80	10,099,996.91
Reserve for Receivables	106,821.38	102,291.99	91,654.44
Fund Balance	352,562.80	294,326.07	216,459.67
Total Operating Fund	7,800,765.87	9,553,720.86	10,408,111.02
Capital Fund:			
Serial Bonds Payable	4,415,000.00	4,535,000.00	4,655,000.00
Improvement Authorizations:			
Funded	2,704,971.73	1,365,757.97	372,555.61
Unfunded	999,000.00	1,021,677.76	1,046,677.76
Due to Water Utility Operating Fund	14,793.58	26,117.15	4,842.86
Due to Federal and State Grant Fund	4,480.57		
Capital Improvement Fund	375,221.73	110,221.73	240,221.73
Reserve for Encumbrances	257,890.10	274,988.45	8,719.37
Reserve for Connection Fees	169,034.10	136,965.46	115,704.86
Reserve for Water Treatment Plant	983,646.62		
Reserve for Payment of Debt Service		5,367.03	5,367.03
Reserve for Amortization	6,144,053.43	6,121,827.43	6,096,827.43
Deferred Reserve for Amortization	3,815,374.00	2,160,374.00	910,374.00
Fund Balance	336,677.05	335,903.02	335,903.02
Total Capital Fund	20,220,142.91	16,094,200.00	13,792,193.67
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 28,020,908.78	\$ 25,647,920.86	\$ 24,200,304.69

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

BOROUGH OF FLORHAM PARK
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 185,000.00	\$ 185,000.00	\$ 270,000.00
Reserve for Sale of Assets	1,800,000.00	1,000,000.00	
Water Rents	1,495,335.79	1,395,566.38	1,341,712.12
Miscellaneous Revenue Anticipated	41,663.60	267,833.39	429,929.48
Miscellaneous Revenue Not Anticipated	476,025.68	372,992.03	77,993.14
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	95,767.30	44,127.62	35,412.19
Total Income	4,093,792.37	3,265,519.42	2,155,046.93
<u>Expenditures</u>			
Operating	1,603,625.00	1,559,393.00	1,535,684.00
Capital Improvements	1,800,000.00	1,000,000.00	
Debt Service	270,415.64	274,460.02	277,784.83
Deferred Charges and Statutory Expenditures	176,515.00	168,800.00	207,646.00
Total Expenditures	3,850,555.64	3,002,653.02	2,021,114.83
Excess in Revenues/Statutory Excess to Fund Balance	243,236.73	262,866.40	133,932.10
<u>Fund Balance</u>			
Balance January 1	294,326.07	216,459.67	352,527.57
	537,562.80	479,326.07	486,459.67
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget	185,000.00	185,000.00	270,000.00
Balance December 31	\$ 352,562.80	\$ 294,326.07	\$ 216,459.67

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

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance January 1,	\$ 335,903.02	\$ 335,903.02	\$ 335,903.02
Increased by:			
Miscellaneous	774.00		
Cancelled Reserve to Pay Debt Service	<u>0.03</u>		
Balance December 31,	<u>\$ 336,677.05</u>	<u>\$ 335,903.02</u>	<u>\$ 335,903.02</u>

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

BOROUGH OF FLORHAM PARK
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2025	2024		2023
	Budget	Realized	Budget	Realized
Operating Surplus Anticipated	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00
Water Rents	1,362,633.00	1,495,335.79	1,338,000.00	1,395,566.38
Miscellaneous Revenue	497,560.00	41,663.60	481,000.00	267,833.39
Reserve for Sale of Assets	1,800,000.00	1,800,000.00	1,000,000.00	1,000,000.00
Reserve for Debt Service	5,367.00	5,367.00		
	3,850,560.00	3,527,366.39	3,004,000.00	2,848,399.77
Miscellaneous Revenue Not Anticipated		476,025.68		372,992.03
	\$ 3,850,560.00	\$ 4,003,392.07	\$ 3,004,000.00	\$ 3,221,391.80
			\$ 2,022,000.00	\$ 2,041,641.60
				77,993.14
			\$ 2,022,000.00	\$ 2,119,634.74

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

BOROUGH OF FLORHAM PARK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,							
	2025				2024			
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operating:								
Salaries and Wages	\$ 684,181.00	\$ 614,969.52	\$ 69,211.48		\$ 655,369.00	\$ 616,465.31	\$ 38,903.69	
Other Expenses	919,444.00	911,038.22	8,405.78		904,024.00	# 863,858.60	40,165.40	
Capital Improvements:								
Capital Improvement Fund	1,800,000.00	1,800,000.00			1,000,000.00	1,000,000.00		
Debt Service:								
Payment of Bond Principal	120,000.00	120,000.00			120,000.00	120,000.00		
Interest on Bonds	150,420.00	150,415.64		4.36	155,807.00	154,460.02		1,346.98
Deferred Charges and Statutory Expenditures:								
Deferred Charges to Future Revenue	23,000.00	23,000.00			25,000.00	25,000.00		
Statutory Expenditures:								
Public Employees' Retirement System	101,315.00	101,315.00			94,000.00	94,000.00		
Contribution to Social Security System (O.A.S.I.)	52,200.00	52,200.00			49,800.00	49,800.00		
	\$ 3,850,560.00	\$ 3,772,938.38	\$ 77,617.26	\$ 4.36	\$ 3,004,000.00	\$ 2,923,583.93	\$ 79,069.09	\$ 1,346.98

	For the Years Ended December 31,		
	2023		Unexpended Balance Canceled
	Budget After Modification	Paid or Charged	Reserved
Operating:			
Salaries and Wages	\$ 620,265.00	\$ 620,265.00	
Other Expenses	915,419.00	897,824.36	\$ 17,594.64
Debt Service:			
Payment of Bond Principal	120,000.00	120,000.00	
Interest on Bonds	158,670.00	157,784.83	\$ 885.17
Deferred Charges and Statutory Expenditures:			
Deferred Charges to Future Revenue	58,000.00	58,000.00	
Statutory Expenditures:			
Public Employees' Retirement System	101,775.00	101,775.00	
Contribution to Social Security System (O.A.S.I.)	47,871.00	47,871.00	
	<u>\$ 2,022,000.00</u>	<u>\$ 2,003,520.19</u>	<u>\$ 17,594.64</u>
			<u>\$ 885.17</u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	\$ 5,309,143.38	\$ 5,772,565.79	\$ 5,516,020.85
Due from Sewer Utility Capital Fund	17,639.98	23,653.35	16,047.11
	<u>5,326,783.36</u>	<u>5,796,219.14</u>	<u>5,532,067.96</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	331,463.59	244,216.34	349,172.00
Total Receivables with Full Reserves	<u>331,463.59</u>	<u>244,216.34</u>	<u>349,172.00</u>
Total Operating Fund	<u>5,658,246.95</u>	<u>6,040,435.48</u>	<u>5,881,239.96</u>
Trust Fund:			
Cash and Cash Equivalents	<u>121,616.74</u>	<u>121,263.38</u>	<u>120,456.86</u>
Total Trust Fund	<u>121,616.74</u>	<u>121,263.38</u>	<u>120,456.86</u>
Capital Fund:			
Cash and Cash Equivalents	5,329,332.37	6,241,946.30	7,373,426.31
Fixed Capital	19,964,172.96	18,548,837.00	18,548,837.00
Fixed Capital Authorized and Uncompleted	<u>8,800,873.10</u>	<u>9,216,209.06</u>	<u>5,941,652.57</u>
Total Capital Fund	<u>34,094,378.43</u>	<u>34,006,992.36</u>	<u>31,863,915.88</u>
TOTAL ASSETS	<u>\$ 39,874,242.12</u>	<u>\$ 40,168,691.22</u>	<u>\$ 37,865,612.70</u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 89,511.58	\$ 218,739.95	\$ 218,404.11
Encumbered	559,116.15	504,097.98	470,845.92
	<u>648,627.73</u>	<u>722,837.93</u>	<u>689,250.03</u>
Contracts Payable		91,274.54	63,847.09
Due to Current Fund	7,053.02		466.00
Sewer Rent Overpayments	5,480.58	3,300.25	1,582.91
Sewer Rent Prepayments	549,610.63	577,337.16	502,315.53
Accrued Interest on Loans		1,914.06	1,914.06
	<u>1,210,771.96</u>	<u>1,387,785.66</u>	<u>1,259,375.62</u>
Reserve for Receivables	331,463.59	244,216.34	349,172.00
Fund Balance	<u>4,116,011.40</u>	<u>4,399,555.20</u>	<u>4,272,692.34</u>
Total Operating Fund	<u>5,658,246.95</u>	<u>6,040,435.48</u>	<u>5,881,239.96</u>
Trust Fund:			
Escrow Deposits Payable	<u>121,616.74</u>	<u>121,263.38</u>	<u>120,456.86</u>
Total Trust Fund	<u>121,616.74</u>	<u>121,263.38</u>	<u>120,456.86</u>
Capital Fund:			
New Jersey Environmental Infrastructure Loan Payable		175,600.15	345,797.56
Improvement Authorizations:			
Funded	1,484,026.23	3,215,995.66	2,059,529.25
Capital Improvement Fund	143,533.35	143,533.35	143,533.35
Due Sewer Utility Operating Fund	17,639.98	23,653.35	16,047.11
Reserve for Encumbrances	2,069,857.58	1,356,793.47	1,811,817.89
Reserve for Sewer Extensions	1,335,602.04	1,223,297.28	3,119,269.03
Reserve for Amortization	19,964,172.96	18,373,236.85	18,203,039.44
Deferred Reserve for Amortization	8,800,873.10	9,216,209.06	5,941,652.57
Fund Balance	<u>278,673.19</u>	<u>278,673.19</u>	<u>223,229.68</u>
Total Capital Fund	<u>34,094,378.43</u>	<u>34,006,992.36</u>	<u>31,863,915.88</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 39,874,242.12</u>	<u>\$ 40,168,691.22</u>	<u>\$ 37,865,612.70</u>

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

BOROUGH OF FLORHAM PARK
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 1,609,500.00	\$ 1,609,500.00	\$ 609,500.00
Sewer User Charges	4,627,867.08	4,584,188.88	4,364,277.28
Miscellaneous Revenue Anticipated	471,931.88	770,476.35	484,352.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	110,346.21	271,696.79	87,093.74
Cancelled Accounts Payable	42,033.37		
Total Income	<u>6,861,678.54</u>	<u>7,235,862.02</u>	<u>5,545,224.01</u>
<u>Expenditures</u>			
Operating	4,002,565.00	3,954,813.00	3,649,991.00
Capital Improvements	1,000,000.00	1,000,000.00	
Debt Service	153,417.34	179,166.16	171,799.70
Deferred Charges and Statutory Expenditures	379,740.00	365,520.00	322,230.00
Total Expenditures	<u>5,535,722.34</u>	<u>5,499,499.16</u>	<u>4,144,020.70</u>
Excess in Revenues/Statutory Excess to Fund Balance	1,325,956.20	1,736,362.86	1,401,203.31
<u>Fund Balance</u>			
Balance January 1	<u>4,399,555.20</u>	<u>4,272,692.34</u>	<u>3,560,989.03</u>
	5,725,511.40	6,009,055.20	4,962,192.34
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget	1,609,500.00	1,609,500.00	609,500.00
Current Fund Budget			80,000.00
Balance December 31	<u>\$ 4,116,011.40</u>	<u>\$ 4,399,555.20</u>	<u>\$ 4,272,692.34</u>

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

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2025	2024	2023
Balance January 1,	\$ 278,673.19	\$ 223,229.68	\$ 48,882.25
Increased by:			
Improvement Authorizations Cancelled		55,443.51	674,347.43
	278,673.19	223,229.68	723,229.68
Decreased by:			
Appropriated to Finance Improvement Authorizations			500,000.00
Balance December 31,	<u>\$ 278,673.19</u>	<u>\$ 278,673.19</u>	<u>\$ 223,229.68</u>

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

BOROUGH OF FLORHAM PARK
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2025	2024		2023
	Budget	Realized	Budget	Realized
Operating Surplus Anticipated	\$ 1,609,500.00	\$ 1,609,500.00	\$ 1,609,500.00	\$ 609,500.00
Sewer User Charges	3,540,000.00	4,627,867.08	3,540,000.00	4,364,277.28
Miscellaneous Revenue	413,000.00	471,931.88	350,000.00	484,352.99
Grand Total	<u>\$ 5,562,500.00</u>	<u>\$ 6,709,298.96</u>	<u>\$ 5,499,500.00</u>	<u>\$ 5,458,130.27</u>

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

BOROUGH OF FLORHAM PARK
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,							
	2025				2024			
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operating:								
Salaries and Wages	\$ 1,551,331.00	\$ 1,483,817.64	\$ 67,513.36		\$ 1,663,575.00	\$ 1,589,354.51	\$ 74,220.49	
Other Expenses	2,451,234.00	2,429,235.78	21,998.22		2,291,238.00	2,147,230.54	144,007.46	
Capital Improvements:								
Capital Improvement Fund	1,000,000.00	1,000,000.00			1,000,000.00	1,000,000.00		
Debt Service:								
New Jersey Environmental Infrastructure Loan:								
Principal	175,601.00	151,118.08		\$ 24,482.92	170,198.00	170,197.41		\$ 0.59
Interest	4,594.00	2,299.26		2,294.74	8,969.00	8,968.75		0.25
Statutory Expenditures:								
Public Employees' Retirement System	253,890.00	253,890.00			240,670.00	240,158.00	512.00	
Contribution to Social Security System (O.A.S.I.)	125,850.00	125,850.00			124,850.00	124,850.00		
	\$ 5,562,500.00	\$ 5,446,210.76	\$ 89,511.58	\$ 26,777.66	\$ 5,499,500.00	\$ 5,280,759.21	\$ 218,739.95	\$ 0.84

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For the Years Ended December 31,
2023

	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operating:				
Salaries and Wages	\$ 1,421,285.00	\$ 1,263,042.96	\$ 158,242.04	
Other Expenses	2,228,706.00	2,168,543.93	60,162.07	
Debt Service:				
New Jersey Environmental Infrastructure Loan:				
Principal	164,654.00	164,653.87		\$ 0.13
Interest	13,125.00	7,145.83		5,979.17
Statutory Expenditures:				
Public Employees' Retirement System	213,500.00	213,500.00		
Contribution to Social Security System (O.A.S.I.)	108,730.00	108,730.00		
	<u>\$ 4,150,000.00</u>	<u>\$ 3,925,616.59</u>	<u>\$ 218,404.11</u>	<u>\$ 5,979.30</u>

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

BOROUGH OF FLORHAM PARK
POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	\$ 151,360.34	\$ 134,591.98	\$ 12,187.95
Change Fund		50.00	50.00
	151,360.34	134,641.98	12,237.95
Due From Pool Capital Fund	253.53	657.78	786.66
Deferred Charges:			
Emergency Authorization (40A:4-47)			40,000.00
Total Operating Fund	151,613.87	135,299.76	53,024.61
Capital Fund:			
Cash and Cash Equivalents	66,615.26	175,708.70	175,837.58
Fixed Capital	1,400,687.45	1,400,687.45	1,400,687.45
Fixed Capital Authorized and Uncompleted	116,961.00		
Total Capital Fund	1,584,263.71	1,576,396.15	1,576,525.03
TOTAL ASSETS	\$ 1,735,877.58	\$ 1,711,695.91	\$ 1,629,549.64

BOROUGH OF FLORHAM PARK
POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 24,365.79	\$ 85,516.54	\$ 33,585.81
Encumbered	18,466.14	3,246.61	1,859.55
	42,831.93	88,763.15	35,445.36
Due to Current Fund	91,202.69	28,952.36	
Due to Other Trust Funds - Recreation		5.00	
	134,034.62	117,720.51	35,445.36
 Fund Balance	 17,579.25	 17,579.25	 17,579.25
 Total Operating Fund	 151,613.87	 135,299.76	 53,024.61
 Capital Fund:			
Due to Pool Utility Operating Fund	253.53	657.78	786.66
Improvement Authorizations:			
Funded	8,271.81		
Capital Improvement Fund		116,961.00	116,961.00
Reserve for Amortization	1,392,470.00	1,392,470.00	1,392,470.00
Deferred Reserve for Amortization	116,961.00		
Fund Balance	66,307.37	66,307.37	66,307.37
 Total Capital Fund	 1,584,263.71	 1,576,396.15	 1,576,525.03
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 \$ 1,735,877.58	 \$ 1,711,695.91	 \$ 1,629,549.64

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

BOROUGH OF FLORHAM PARK
POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 107,000.00
Membership Fees	\$ 92,292.00	\$ 96,446.00	93,440.00
Miscellaneous Revenue	65,200.23	64,780.55	74,646.40
Anticipated Deficit - Current Fund	24,797.31	114,047.64	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	82,710.46	29,725.81	12,810.45
Total Income	<u>265,000.00</u>	<u>305,000.00</u>	<u>287,896.85</u>
<u>Expenditures</u>			
Operating	265,000.00	265,000.00	280,350.00
Deferred Charges and Statutory Expenditures		40,000.00	37,650.00
Total Expenditures	<u>265,000.00</u>	<u>305,000.00</u>	<u>318,000.00</u>
Excess/Deficit in Revenues	-0-	-0-	(30,103.15)
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred			
Charges to Budget of Succeeding Year			40,000.00
Statutory Excess to Surplus			9,896.85
<u>Fund Balance</u>			
Balance January 1	<u>17,579.25</u>	<u>17,579.25</u>	<u>114,682.40</u>
	17,579.25	17,579.25	124,579.25
Decreased by:			
Utilized as Anticipated Revenue:			
Pool Utility Operating Budget			107,000.00
Balance December 31	<u>\$ 17,579.25</u>	<u>\$ 17,579.25</u>	<u>\$ 17,579.25</u>

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

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance January 1,	<u>\$ 66,307.37</u>	<u>\$ 66,307.37</u>	<u>\$ 66,307.37</u>
Balance December 31	<u><u>\$ 66,307.37</u></u>	<u><u>\$ 66,307.37</u></u>	<u><u>\$ 66,307.37</u></u>

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

BOROUGH OF FLORHAM PARK
POOL UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,			
	2025	2024		2023
	Budget	Realized	Budget	Realized
Operating Surplus Anticipated				
Pool Memberships	\$ 90,000.00	\$ 92,292.00	\$ 93,000.00	\$ 96,446.00
Miscellaneous Revenue	59,000.00	65,200.23	69,000.00	64,780.55
Anticipated Deficit - Current Fund	116,000.00	24,797.31	143,000.00	114,047.64
	\$ 265,000.00	\$ 182,289.54	\$ 305,000.00	\$ 275,274.19
			\$ 278,000.00	\$ 275,086.40

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

Operating:
Salaries and Wages
Other Expenses
Deferred Charges and Statutory Expenditures:
Emergency Authorizations
Statutory Expenditures:
Contribution to Social Security System (O.A.S.I.)

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

BOROUGH OF FLORHAM PARK
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Land	\$ 79,671,252.00	\$ 79,671,252.00	\$ 79,671,252.00
Building and Improvements	37,831,921.00	34,419,703.00	34,107,032.00
Equipment	14,672,018.00	13,611,244.00	11,766,850.00
<u>TOTAL ASSETS</u>	<u>\$ 132,175,191.00</u>	<u>\$ 127,702,199.00</u>	<u>\$ 125,545,134.00</u>
<u>RESERVE</u>			
Reserve for Fixed Assets	\$ 132,175,191.00	\$ 127,702,199.00	\$ 125,545,134.00
<u>TOTAL RESERVE</u>	<u>\$ 132,175,191.00</u>	<u>\$ 127,702,199.00</u>	<u>\$ 125,545,134.00</u>

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

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Florham Park include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Florham Park, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Florham Park do not include the operations of the municipal library, or volunteer fire and first aid squads.

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 Borough of Florham Park 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 Borough of Florham Park 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

B. Description of Funds (Cont'd)

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

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, Trust and Capital Funds - Account for the operations, trust deposits and acquisition of capital facilities of the municipally owned sewer utility.

Pool Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned pool utility.

General Fixed Assets Account Group – These accounts were established with estimated values of land, buildings, and certain fixed assets of the Borough as discussed in Note 1 E - "Basis of Accounting".

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 measurement 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 received 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. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves.

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 benefit 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(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 Borough'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; and federal and state grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and fixed assets purchased by the Utility Funds would be depreciated, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor, and the Borough's net pension liability and net OPEB Liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust, General Capital, and Pool Utility 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 the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans, or by financed purchase 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 revenue and expenditures/expenses during the period reported. 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 awarded less amounts collected to date. Because the amount of grant 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

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

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

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 costs 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.

General Fixed Assets - In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is 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 for 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, General Capital Fund, and Water Utility, Sewer Utility and Pool Utility Funds. The values recorded in the general fixed assets account group and the current and capital 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 Pool Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. 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 Utility Funds do not record depreciation on fixed assets.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

F. Budget/Budgetary Controls:

Annual appropriated budgets are usually prepared in the first quarter for the current and 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 Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough'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,		
	2025	2024	2023
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,287,000	\$ 3,637,000	\$ 4,557,000
Water Utility:			
Bonds and Notes	4,415,000	4,535,000	4,655,000
Sewer Utility:			
Bonds, Notes and Loans		175,600	345,798
Total Issued	<u>7,702,000</u>	<u>8,347,600</u>	<u>9,557,798</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes		570,000	
Water Utility:			
Bonds and Notes	1,233,102	1,256,876	1,046,226
Pool Utility:			
Bonds and Notes	8,217	8,217	8,217
Total Authorized but not Issued	<u>1,241,319</u>	<u>1,835,093</u>	<u>1,054,443</u>

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2025	2024	2023
<u>Less:</u>			
General:			
Reserve to Pay Debt Service	\$ 514	\$ 514	\$ 514
Water Utility:			
Reserve to Pay Debt Service		5,367	5,367
	<u>514</u>	<u>5,881</u>	<u>5,881</u>
Net Bonds, Notes and Loans			
Issued and Authorized but not Issued	<u>\$ 8,942,805</u>	<u>\$ 10,176,812</u>	<u>\$ 10,606,360</u>

Summary of Statutory Debt Condition – Revised Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement as of December 31, 2025 and indicates a statutory net debt of .064%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 34,356,622	\$ 34,356,622	
Water Utility Debt	5,648,102	5,648,102	
Pool Utility Debt	8,217		\$ 8,217
General Debt	<u>3,287,000</u>	<u>514</u>	<u>3,286,486</u>
	<u>\$ 43,299,941</u>	<u>\$ 40,005,238</u>	<u>\$ 3,294,703</u>

Net Debt \$3,294,703 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$5,183,996,484.33 = .064%

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

3-1/2% Average Equalized Valuation of Real Property	\$ 155,519,895
Net Debt	<u>3,294,703</u>
Remaining Borrowing Power	<u>\$ 152,225,192</u>

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$	3,998,025
Deductions:		
Operating and Maintenance Costs	\$	3,580,140
Debt Service		<u>270,416</u>
		<u>3,850,556</u>
Excess in Revenue	\$	<u>147,469</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	\$	6,709,299
Deductions:		
Operating and Maintenance Costs	\$	5,382,305
Debt Service		<u>155,331</u>
		<u>5,537,636</u>
Excess in Revenue	\$	<u>1,171,663</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$	182,290
Deductions:		
Operating and Maintenance Costs	\$	<u>265,000</u>
		<u>265,000</u>
Deficit in Revenue	\$	<u>(82,710)</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount, or the total amount of debt service for that fund, whichever is less.

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

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2024	Additions	Retirements/ Defeasements	Balance 12/31/2025
Serial Bonds:				
General Capital Fund	\$ 3,637,000	\$ 570,000	\$ 920,000	\$ 3,287,000
Water Utility Capital Fund	4,535,000		120,000	4,415,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	175,600		175,600	
	<u>\$ 8,347,600</u>	<u>\$ 570,000</u>	<u>\$ 1,215,600</u>	<u>\$ 7,702,000</u>

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2023	Additions	Retirements/ Defeasements	Balance 12/31/2024
Serial Bonds:				
General Capital Fund	\$ 4,557,000		\$ 920,000	\$ 3,637,000
Water Utility Capital Fund	4,655,000		120,000	4,535,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	345,797		170,197	175,600
	<u>\$ 9,557,797</u>	<u>\$ -0-</u>	<u>\$ 1,210,197</u>	<u>\$ 8,347,600</u>

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

At December 31, 2025, the Borough had capital debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Serial Bonds - 2015	10/15/28	2.00-3.00%	\$ 2,717,000
<u>General Capital Bond Anticipation Notes</u>			
	<u>Final Maturity</u>	<u>Interest Rate</u>	
Various Road Improvements	04/30/26	5.75%	570,000
<u>Water Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Serial Bonds - 2022	08/15/47	4.00-5.00%	4,415,000
Total Debt Issued and Outstanding			<u>\$ 7,702,000</u>

Schedule of Annual Debt Service For Principal and Interest for the Next Five Years and Thereafter for Bonded Debt Issued and Outstanding

<u>Calendar</u> <u>Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 920,000	\$ 70,010	\$ 125,000	\$ 148,306	\$ 1,263,316
2027	920,000	49,310	135,000	144,400	1,248,710
2028	877,000	26,310	140,000	140,180	1,183,490
2029			150,000	135,806	
2030			155,000	131,118	
2031-2035			905,000	575,470	1,480,470
2036-2040			1,125,000	413,784	1,538,784
2041-2045			1,200,000	216,000	1,416,000
2046-2047			480,000	26,700	506,700
	<u>\$ 2,717,000</u>	<u>\$ 145,630</u>	<u>\$ 4,415,000</u>	<u>\$ 1,931,764</u>	<u>\$ 8,637,470</u>

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2025, which were appropriated and included as anticipated revenue for the year ending December 31, 2026 budget, were as follows:

Current Fund	\$ 2,605,265
Water Utility Operating Fund	185,000
Sewer Utility Operating Fund	1,324,500

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans

Borough 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.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

<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 with 25 or more years of service credit before age 62 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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. For fiscal year 2024, the State's pension contribution was 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 PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability is being 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.

Borough contributions to PERS amounted to \$895,869 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$28,842 to the PERS for normal pension expense on behalf of the Borough.

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 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 of resources 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 as well as revenue associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability was \$8,946,076 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Borough's proportion was 0.0658%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2023. The Borough has rolled forward the net pension liability as of June 30, 2024 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, 2024 information in the Notes to the Financial Statements as the June 30, 2025 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 Borough as of June 30, 2024. For the year ended December 31, 2025, the Borough recognized actual pension expense in the amount of \$895,869.

Actuarial Assumptions

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

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

Long Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

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 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the Borough'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

	June 30, 2024		
	At 1%	At Current	At 1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 11,887,136	\$ 8,946,076	\$ 6,443,251

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.nj.gov/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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing 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 2024, the State contributed an amount more than the actuarially determined amount.

The Local Group 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 employers in the Local Group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 is adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

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

Borough contributions to PFRS amounted to \$1,374,597 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$232,747 to the PFRS for normal pension expense on behalf of the Borough, which is the same as the contractually required contribution of \$232,747.

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability for its proportionate share of the net pension liability was \$10,262,079. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Borough's proportion was 0.099%, which was a 0.0007% decrease from its proportion measured as of June 30, 2023. The Borough 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, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$2,023,147 as of June 30, 2024. The net pension liability was measured as of July 1, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was .099%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2023 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 10,262,079
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>2,023,147</u>
Total Net Pension Liability	<u>\$ 12,285,226</u>

For the year ended December 31, 2024, the Borough recognized total pension expense of \$1,374,597.

Actuarial Assumptions

The collective total 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. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
All future years	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% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% 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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

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, 2024) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees, 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 rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2024 are summarized in the following table:

<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 Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets 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%

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

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

Discount Rate – PFRS

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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) 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 Borough) as of June 30, 2024 calculated using the discount rate 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:

	June 30, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 17,552,856	\$ 12,285,226	\$ 7,898,446

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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 Borough recognized pension expense of \$3,050.57 for the year ended December 31, 2025. Employee contributions to DCRP amounted to \$5,186.74 for the year ended December 31, 2025.

Note 5: Accrued Sick, Vacation and Compensatory Time Benefits

The Borough has permitted employees to accrue a limited amount of unused sick, vacation and compensatory time 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 \$1,436,675.67. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Absences of \$1,230,948.62 and is reflected on the Other Trust Funds' balance sheet as of December 31, 2025.

Balance at December 31, 2024 (Restated)	\$ 1,598,986.41
Net Change	<u>(162,310.74)</u>
Balance at December 31, 2025	<u>\$ 1,436,675.67</u>
Amount Due within One Year	<u>\$ 30,000.00</u>

Note 6: 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 Borough of Florham Park has not elected to defer school taxes.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 7: Selected Tax Rate 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 there is an 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 years may be placed in lien at a tax sale held after April 1 and through December 10. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate</u>	\$ 1.691	\$ 1.624	\$ 1.598
<u>Apportionment of Tax Rate</u>			
Municipal	0.470	0.457	0.452
County	0.318	0.299	0.270
Local School	0.589	0.572	0.582
Regional High School	0.314	0.296	0.294
<u>Assessed Valuations</u>			
2025	<u>\$ 3,896,484,688</u>		
2024		<u>\$ 3,866,199,379</u>	
2023			<u>\$ 3,753,932,620</u>

Comparison of Tax Levies and Collections 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 Collection</u>
2025	\$ 66,103,845	\$ 65,537,598	99.14%
2024	63,051,810	62,140,413	98.55%
2023	60,915,283	60,150,380	98.74%

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.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents

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 Borough 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 Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investments 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 Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in the section of this note on investments.

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

Deposits:

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

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

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

In addition to the above collateral requirement, if the 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 Borough to purchase the following types of securities:

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

Investments: (Cont'd)

- (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;
- (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

As of December 31, 2025, cash and cash equivalents of the Borough of Florham Park consisted of the following:

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

Investments: (Cont'd)

Fund	Checking Accounts	Totals
Current	\$ 13,545,817.51	\$ 13,545,817.51
Federal and State Grant	270,772.47	270,772.47
Animal Control Trust	16,439.24	16,439.24
Other Trust	9,440,255.92	9,440,255.92
General Capital	5,733,777.51	5,733,777.51
Water Utility Operating	7,679,150.91	7,679,150.91
Water Utility Capital	4,611,065.48	4,611,065.48
Sewer Utility Operating	5,309,143.38	5,309,143.38
Sewer Utility Trust	121,616.74	121,616.74
Sewer Utility Capital	5,329,332.37	5,329,332.37
Pool Utility Operating	151,360.34	151,360.34
Pool Utility Capital	66,615.26	66,615.26
	<u>\$ 52,275,347.13</u>	<u>\$ 52,275,347.13</u>

The carrying amount of the Borough of Florham Park's cash and cash equivalents at cost at December 31, 2025, was \$52,275,347.13 and the bank balance was \$47,087,297.06.

Note 9: Risk Management

The Borough 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 Borough of Florham Park is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

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

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Risk Management (Cont'd)

This 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. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Fund's financial statements for the year ended December 31, 2025 is as follows:

Total Assets	\$ 43,276,628
Net Position	\$ 17,081,561
Total Revenue	\$ 31,026,864
Total Expenses	\$ 28,339,167
Change in Net Position	\$ 2,687,697
Member Dividends	\$ 262,883

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

Health Benefits Insurance

The Borough is self-insured to the extent of the amounts "deductible" from umbrella insurance coverage for Health Benefits.

Coverage is provided by an excess risk insurance policy, issued by Horizon Blue Cross/Blue Shield of NJ, with coverages detailed as follows:

A. Specific Loss:

The Borough will pay the Specific Deductible amount of \$75,000 per policy period per covered person.

B. Aggregate Loss:

2025 maximum aggregate liability is \$3,115,317.

Processing and payment of claims is administered by Horizon Blue Cross/Blue Shield of NJ.

There is a provision included in the financial statements in the Other Trust Fund - Reserve for Self Insurance for claims incurred but not reported as of December 31, 2025, of \$850,758, which exceeds the estimated amount for unpaid losses and loss adjustment expenses of \$316,290, provided by the Borough Health Insurance Advisor.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Risk Management (Cont'd)

Health Benefits Insurance (Cont'd)

A summary of activity in the Other Trust Fund Reserve for Self Insurance for the current and prior two years is detailed as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 1,190,263	\$ 1,295,539	\$ 1,101,943
Receipts	<u>3,130,601</u>	<u>3,042,000</u>	<u>2,928,000</u>
	4,320,864	4,337,539	4,029,943
Disbursements	<u>3,470,106</u>	<u>3,147,276</u>	<u>2,734,404</u>
Balance, End of Year	<u>\$ 850,758</u>	<u>\$ 1,190,263</u>	<u>\$ 1,295,539</u>

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -0-	\$ 40,725.44	\$ 8,416.65	\$ 506,556.23
2024	-0-	35,588.45	35,437.07	506,707.61
2025	-0-	37,942.42	38,026.72	506,623.31

Insurance Deductible

The Reserve for Self-Insurance Deductible account was established in the Other Trust Funds to fund the Borough's self-insured retention for Employment Practices Liability ("EPL") and Proof of Loss ("POL") claims should they occur. The Borough's obligation or exposure on an EPL/POL claim is the first \$20,000 of the claim and then 20% of the first \$250,000 for a combined possible exposure of \$75,000 per claim.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Contingencies

The Borough is periodically involved in lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position 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 Borough 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 Borough officials expect such amounts, if any, to be immaterial.

The Borough has been advised that a number of tax appeals have been filed. Potential refunds on tax appeals could be a financial burden. A reserve for pending tax appeals in the amount of \$5,902,221.13 has been recorded as a liability as of December 31, 2025. The Borough feels this balance is sufficient to cover any liability related to the tax appeals.

Note 11: Economic Dependency

The Borough of Florham Park receives a substantial amount of 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 Borough's programs and activities.

Note 12: Deferred Compensation

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

Note 13: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 139,715.26	
Federal and State Grant Fund	4,480.57	\$ 938.52
Other Trust Fund		14,324.12
General Capital Fund		19,098.47
Water Utility Operating Fund	14,793.58	7,098.44
Water Utility Capital Fund		19,274.15
Sewer Utility Operating Fund	17,639.98	7,053.02
Sewer Utility Capital Fund		17,639.98
Pool Utility Operating Fund	253.53	91,202.69
Pool Utility Capital Fund		253.53
	<u>\$ 176,882.92</u>	<u>\$ 176,882.92</u>

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 13: Interfund Receivables and Payable (Cont'd)

The interfund payable between the Other Trust Fund to Current Fund represents interest earned in Other Trust Fund and not turned over to Current Fund at year end. The interfund payable from General Capital Fund to Current Fund represents interest earned in General Capital Fund and not turned over to Current Fund at year end. The interfund between Water Utility Operating Fund and Water Utility Capital Fund is due to interest earned in Water Utility Capital Fund not turned over to Water Utility Operating Fund at year end as well as payments made in the Water Utility Operating Fund on behalf of the Water Utility Capital Fund. The interfund between Water Utility Capital Fund and Federal and State Grant Fund is due to grant funds received in Water Utility Capital Fund not turned over to Federal and State Grant Fund at year end. The Sewer Utility Operating Fund interfund represents interest earned in Sewer Utility Capital Fund not turned over to Sewer Utility Operating Fund at year end. The interfund between Pool Utility Operating Fund and Pool Utility Capital Fund represents interest earned in Pool Utility Capital Fund not turned over to Pool Utility Operating Fund at year end.

Note 14: Post-Retirement Benefits Other than Pensions (OPEB)

General Information about the Borough's OPEB Plan

Plan Description and Benefits

The Borough provides other post-retirement benefits to certain clerical, public works and police employees. Medical including prescription drugs are offered to pre-65 and post-65 retirees on a fully insured basis. The Borough does not provide subsidized benefits for dental, vision or life insurance coverage. Furthermore, the Borough subsidizes (or reimburses) premium payments for Medicare Part B coverage for retirees and/or spouses that are eligible for Medicare, but does not reimburse for Medicare Part D coverage. Non-Union retirees hired after October 1, 1997 are not eligible for subsidized health care benefits in retirement. Furthermore, all retirees including dependents are eligible for Medicare Part B coverage except for Non-Union employees hired after October 1, 1997. Eligibility for retirement is based on meeting a criteria of minimum age and/or years of service (YOS) requirements.

For this valuation, retirees are eligible for subsidized healthcare benefits based on reaching a minimum of twenty-five (25) YOS of service with the Borough and no minimum age requirement for all groups including Union and Non-Union.

Contributions

Base medical plan costs for pre-65 and post-65 retirees are based on fully insured premium rates provided by the Borough for the 2024 and 2025 plan years. Premium rates are based on 100% before retiree contributions and assumed to include all administrative expenses and PPACA fees due at this time. In addition, fully insured prescription drug premium rates through MaxorPlus are assumed to include all administrative expenses and applicable PPACA fees as well. The prescription drug rates provided reflect a combined active and retiree population (pre-65 and post-65), therefore adjustments were necessary to convert the provided premium rates into specific pre-65 and post-65 retirees costs.

Retiree contribution rates vary by union and Medicare eligibility status. Below is a summary of retiree contributions by union and pre-65/post-retiree Medicare eligibility status.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the Borough's OPEB Plan (Cont'd)

Contributions (Cont'd)

Union	Pre-65 Retiree	Post-65 Retiree
DPW	0%	0%
PBA	0%	0%
Non-Union hired before 1/1/1997	0%	0%
Non-Union hired on/after 10/1/1997	100%	100%

Employees Covered by Benefit Terms

As of April 2025, there were 172 active employees and retirees reflecting the sum of 110 active employees (95 electing coverage and 15 waiving coverage) and 62 retirees, inclusive of 5 surviving spouses.

Total OPEB Liability

The Borough's OPEB liability of \$50,779,607 was measured as of December 31, 2025, and was determined by an actuarial valuation as of December 31, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2025 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% at December 31, 2025
Salary Increases	3.00% per year
Inflation Assumptions	0.25% per year

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of two 20-year bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index – 4.43%, and Fidelity GA AA 20 Years – 4.33%) as of December 31, 2025.

Health Care Trend Rates	Year	Pre-65	Post-65
Year 1 Trend	January 1, 2026	7.00%	7.00%
Ultimate Trend	January 1, 2036 & Later	4.50%	4.50%
Grading Per Year		0.25%	0.25%

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using 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-2020

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the Borough's OPEB Plan (Cont'd)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2025	\$ 50,770,677
Changes for Year:	
Service Cost	840,202
Interest Cost	2,189,585
Changes in Assumptions	(1,460,561)
Benefit Payments	(1,560,296)
Net Changes	8,930
Balance at December 31, 2025	\$ 50,779,607

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

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

	December 31, 2025		
	1% Decrease (3.38%)	Discount Rate (4.38%)	1% Increase (5.38%)
Total OPEB Liability	\$ 60,823,191	\$ 50,779,607	\$ 43,106,058

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

The following presents the total OPEB liability of the Borough as well as what the Borough'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, 2025		
	1% Decrease	Valuation Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 42,211,943	\$ 50,779,607	\$ 62,168,684

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the Borough's OPEB Plan (Cont'd)

OPEB Expense

For the year ended December 31, 2025, the Borough's OPEB expense was \$3,913,234 as determined by the actuarial valuation.

Note 15: Tax Abatements

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

As of December 31, 2025, the Borough provides two tax abatements. The first to a public body corporate and politic of the State of New Jersey with corporate succession (the "Authority") in the Borough pursuant to the authority contained in N.J.S.A. 5:10-6a(14)(b) (the "Law") and an agreement dated March 20, 2007. In consideration of the full abatement of taxes, the Authority is required to pay to the Borough \$284,165 per year.

On the fifth anniversary date after the Payment in Lieu of Taxes (the "PILOT") commencement date and on each of the succeeding fifth anniversary dates thereafter, the PILOT shall be adjusted so that the amount payable in the sixth year shall be equal to the PILOT paid on the PILOT commencement date adjusted by one hundred percent of the cumulative percentage increase or decrease, if any, in the Consumer Price Index for each year from the PILOT commencement date through the end of fifth year (the "PILOT Adjustment").

The resulting amount shall be the PILOT payable annually for the sixth through the tenth years after the PILOT commencement date. The foregoing calculation shall be repeated with respect to every five years thereafter and the resulting PILOT for each successive five year period shall be the PILOT for the last year of the preceding five year period, as increased or decreased by the PILOT Adjustment applied thereto.

The tax abatement provided under the agreement shall be terminated on the first day of the month following the date which the project is transferred by the Authority to a private party.

The second abatement is to the owner and operator of a low-moderate income residential developer (the Sponsor) as approved in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 and was entered into on December 3, 1991. In consideration of a tax abatement the Sponsor will pay an annual service charge in lieu of taxes in the amount of eight and one-half percent of the Annual Gross Revenues of the Project from substantial completion until the remaining term of the NJHMFA mortgage. The current amount collected from the Sponsor is 259,551.

The Borough recognized revenue in the amount of \$572,767.56 from payment in lieu of taxes agreements which is recorded as a miscellaneous revenue in the Current Fund. The taxes which would have been paid on these property for 2025 without the abatement would have been \$1,064,181 of which \$295,780.00 would have been for the local municipal tax and minimum library tax.

BOROUGH OF FLORHAM PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Fixed Assets

The following schedule is a summarization of the general fixed assets for the years ended December 31, 2025 and 2024:

	Balance Dec. 31, 2024	Additions	Deletions/ Adjustments	Balance Dec. 31, 2025
Land	\$ 79,671,252.00			\$ 79,671,252.00
Buildings and Improvements	34,419,703.00	\$ 3,412,218.00		37,831,921.00
Equipment	13,611,244.00	1,060,774.00		14,672,018.00
	<u>\$ 127,702,199.00</u>	<u>\$ 4,472,992.00</u>	<u>\$ -0-</u>	<u>\$ 132,175,191.00</u>
	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	\$ 79,671,252.00			\$ 79,671,252.00
Buildings and Improvements	34,107,032.00	\$ 312,671.00		34,419,703.00
Equipment	11,766,850.00	1,844,394.00		13,611,244.00
	<u>\$ 125,545,134.00</u>	<u>\$ 2,157,065.00</u>	<u>\$ -0-</u>	<u>\$ 127,702,199.00</u>

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Borough of Florham Park, in the County of Morris, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of its \$2,607,000 Bond Anticipation Notes, Series 2026 (collectively, the “Notes”). The Issuer covenants and agrees as follows:

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

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

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

“Bondholder” shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

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

“Financial Obligation” shall mean (i) a debt obligation, derivative instrument entered into in connection with, or (ii) pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB.

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

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

“State” shall mean the State of New Jersey.

Section 3. Reserved.

Section 4. Reserved.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes (each a “Bond Disclosure Event”) to the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) 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;

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

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

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

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

- (a) If the amendment or waiver relates to the provisions of 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Bond Disclosure Event under Section 5(c).

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

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Notes and shall create no rights in any other person or entity.

[Signature Page to Follow]

Dated: November 5, 2026

BOROUGH OF FLORHAM PARK, IN THE
COUNTY OF MORRIS, NEW JERSEY

By: _____
Patrice Visco, Chief Financial Officer

[Signature Page to Continuing Disclosure Certificate]

APPENDIX D

FORM OF BOND COUNSEL OPINION

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[Date of Closing]

Borough Council of the
Borough of Florham Park, in the
County of Morris, New Jersey

Re: \$2,607,000 principal amount of its Bond Anticipation Notes, Series 2026
 of the Borough of Florham Park, in the County of Morris, New Jersey

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Florham Park, in the County of Morris, New Jersey (the “Issuer” or the “Borough,” as appropriate) of its \$2,607,000 principal amount of its Bond Anticipation Notes, Series 2026 (the “Notes”). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated their date of delivery, mature on November 4, 2027, bear interest at ____% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the “Act”) and a bond ordinance No. 26-14 of the Issuer (the “Ordinance”). The Notes are issued for the purpose of providing funds to finance the acquisition of a fire truck and police radio and dispatch equipment as described in the Ordinance (the “Projects”). The Projects were authorized by the Ordinance.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinance; and (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions, and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the

proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming that the Notes and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

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

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

3. Assuming continuing compliance by the Borough, with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the tax exempt nature of the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions each existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code. Further, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

4. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act

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

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

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the

Borough Council of the
Borough of Florham Park, in the
County of Morris, New Jersey
[Date of Closing]
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applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

This opinion is being delivered to you at your request. Our engagement by you with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform you or the reliance parties hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

PEARLMAN & MIRANDA, LLC

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