

## OFFICIAL STATEMENT DATED MARCH 12, 2020

**NEW ISSUE  
BOOK-ENTRY ONLY**

**Ratings:** (See “RATINGS” herein)

*In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the Township of Parsippany-Troy Hills Fire District No. 1 (the “Fire District”) with certain covenants described herein, under current law, interest on the Bonds (as defined below) is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (“Code”), for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

**\$6,740,000**  
**TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT NO. 1**  
**COUNTY OF MORRIS, NEW JERSEY**  
**FIRE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020**  
**(BOOK-ENTRY ONLY) (CALLABLE) (BANK QUALIFIED)**

**DATED:** Date of Delivery

**DUE:** March 15, as shown on inside front cover

The \$6,740,000 Fire District General Obligation Bonds, Series 2020 (the “Bonds”) are general obligations of the Board of Fire Commissioners of Fire District No. 1 in the Township of Parsippany-Troy Hills in the County of Morris, New Jersey (the “Board” when referring to the governing body and the “Fire District” when referring to the legal entity governed by the Board) and shall be issued in fully registered book-entry-only form without coupons. The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the principal office of the Fire District, as bond registrar and paying agent (the “Paying Agent”). Interest on the Bonds is payable semiannually on March 15 and September 15 (each an “Interest Payment Date”), commencing March 15, 2021, in each year until maturity, or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as provided herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond.

The Fire District is issuing the Bonds pursuant to: (i) the proposals adopted by the Board and approved by the affirmative vote of a majority of the legal voters present and voting at special elections held on June 10, 2017, July 13, 2019 and October 12, 2019 pursuant to Title 40A, Chapter 14 of the State Statutes, and (ii) a resolution adopted by the Board on February 26, 2020 authorizing the sale and issuance of the Bonds. The Board received positive findings from the Local Finance Board, a State regulatory agency, on November 9, 2017, December 13, 2017 and December 11, 2019 for the financing.

The proceeds of the Bonds will be used to: (i) refund, on a current basis, a \$4,300,000 portion of the \$4,500,000 aggregate principal amount of outstanding bond anticipation notes of the Fire District maturing March 29, 2020 (the “Prior Notes”), together with a \$200,000 budgetary appropriation; the Fire District originally issued bond anticipation notes on April 3, 2018 in the principal amount of \$4,710,000 to fund the purchase of a fire truck and the costs of constructing a new fire station (the “Fire Station”); (ii) finance the purchase of an additional fire truck and the additional costs for the construction of the Fire Station in the aggregate amount of \$2,440,000; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”). See “BOND INSURANCE” herein.



The full faith and credit of the Fire District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Fire District payable as to principal and interest from ad valorem taxes to be levied upon all taxable real property in the Fire District without limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein.

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

*The Bonds are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Fire District by the Board’s Attorney Peter J. King, Esquire, Morris Plains, New Jersey. Phoenix Advisors, LLC has served as Municipal Advisor to the Fire District in connection with the Bonds. It is expected that the Bonds will be available for delivery to DTC on or about March 26, 2020.*

**ROOSEVELT & CROSS, INC. AND ASSOCIATES**

**\$6,740,000**  
**FIRE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020**

**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS\***

<b><u>Year</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP Number*</u></b>
2021	\$255,000	4.00%	1.00%	701864AC4
2022	360,000	4.00	1.20	701864AD2
2023	360,000	4.00	1.40	701864AE0
2024	370,000	4.00	1.50	701864AF7
2025	375,000	4.00	1.60	701864AG5
2026	380,000	4.00	1.70	701864AH3
2027	390,000	4.00	1.80	701864AJ9
2028	390,000	4.00	1.90	701864AK6
2029	400,000	4.00	2.00	701864AL4
2030	400,000	4.00	2.10	701864AM2
2031	350,000	4.00	2.20	701864AN0
2032	350,000	3.00	2.30	701864AP5
2033	350,000	3.00	2.40	701864AQ3
2034	350,000	3.00	2.50	701864AR1
2035	350,000	3.00	2.60	701864AS9
2036	260,000	3.00	2.70	701864AT7
2037	260,000	3.00	2.80	701864AU4
2038	260,000	3.00	2.90	701864AV2
2039	265,000	3.00	3.00	701864AW0
2040	265,000	3.00	3.00	701864AX8

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

**TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT NO. 1  
COUNTY OF MORRIS, NEW JERSEY  
MT. TABOR, NJ 07878**

**BOARD OF FIRE COMMISSIONERS**

Jeff Berry – President/Commissioner  
James Masker – Treasurer/Commissioner  
Daniel Tagliente– Secretary/Commissioner  
Louis Ferdinandi - Commissioner  
Robert Jamieson - Commissioner

**BOARD ATTORNEY**

Peter J. King, Esq.  
Morris Plains, New Jersey

**AUDITOR**

Nisivoccia, LLP  
Mount Arlington, New Jersey

**BOND COUNSEL**

DeCotiis, FitzPatrick, Cole & Giblin, LLP  
Paramus, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Fire District from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Fire District.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Fire District or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FIRE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".

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## **OFFICIAL STATEMENT**

### **OF THE**

#### **TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT NO. 1 COUNTY OF MORRIS, NEW JERSEY**

#### **\$6,740,000 FIRE DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020**

### **INTRODUCTION**

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Board of Fire Commissioners of Fire District No. 1 in the Township of Parsippany-Troy Hills (the "Board" when referring to the governing body and the "Fire District" when referring to the legal entity governed by the Board), in the County of Morris (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the Board of its \$6,740,000 Fire District General Obligation Bonds, Series 2020 (the "Bonds"), dated the date of delivery thereof.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

### **THE BONDS**

#### **General Description**

The Bonds will be issued in the aggregate principal amount of \$6,740,000, will be dated their date of issuance and will bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on March 15 and September 15 (each an "Interest Payment Date"), commencing on March 15, 2021, in each year until maturity, or earlier redemption. The Bonds will mature on March 15 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.

The Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof with a minimum purchase of \$5,000. The principal of the Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Bonds at the offices of the Fire District, as bond registrar and paying agent ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date to the registered owner of record thereof appearing on the registration books kept by the Fire District for such purpose at the Fire District as of the close of business on the first day of the calendar month in which each Interest Payment Date occurs ("Record Date").

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Bonds. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Board. See "THE BONDS - Book-Entry Only System" herein.

#### **Redemption Provisions**

The Bonds maturing on or before March 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2028 are subject to redemption prior to maturity at the option of the Board, as a whole or in part on any date on or after March 15, 2027, and if in part such maturity or maturities, or portions thereof, as decided by the Board shall be redeemed, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Fire District. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditsights/](http://buildamerica.com/creditsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Board as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates will be printed and delivered.

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

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

NEITHER THE BOARD NOR ANY PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

#### **Discontinuation of Book-Entry Only System**

If the Board, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Board will attempt to locate another qualified Securities Depository. If the Board fails to find such Securities Depository, or if the Board determines, in its sole discretion, that it is in the best interest of the Board or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Board undertakes no obligation to

make an investigation to determine the occurrence of any events that would permit it to make such determination) the Board shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Bonds is discontinued upon receipt of the Bond certificates from DTC and the Participant information, the Board will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the bond certificates so provided.

## **THE FIRE DISTRICT**

The governing body of any municipality which does not have a paid or part-time fire department may, upon application of at least 5% of the registered voters or at least twenty (20) voters, whichever is greater, by ordinance, designate a territorial location (or locations) for use as a fire district(s). The Fire District was created in 1910 and is one of six (6) fire districts located in the Township of Parsippany-Troy Hills (the “Township”). The Fire District provides fire prevention to approximately 9.0 square miles of the 25.39 square miles of the Township out of three facilities in the Fire District. The Fire District has forty-nine (49) volunteer firefighters. (See Appendix “A” for more information concerning the Fire District).

## **AUTHORIZATION AND PURPOSE OF THE BONDS**

The Fire District is issuing the Bonds pursuant to: (i) the proposals adopted by the Board and approved by the affirmative vote of a majority of the legal voters present and voting at special elections held on June 10, 2017, July 13, 2019 and October 12, 2019 pursuant to Title 40A, Chapter 14 of the State Statutes, and (ii) a resolution adopted by the Board on February 26, 2020 authorizing the sale and issuance of the Bonds. Pursuant to N.J.S.A. 40A:5A-1 et seq. the Board submitted applications and received positive findings from the Local Finance Board (the “LFB”), a State regulatory agency, on November 9, 2017, December 13, 2017 and December 11, 2019 for the financing of two (2) fire trucks and the construction of a new fire station, including additional costs relating thereto.

The proceeds of the Bonds will be used to: (i) refund, on a current basis, a \$4,300,000 portion of the \$4,500,000 aggregate principal amount of outstanding bond anticipation notes of the Fire District maturing March 29, 2020 (the “Prior Notes”), together with a \$200,000 budgetary appropriation; the Fire District originally issued bond anticipation notes on April 3, 2018 in the principal amount of \$4,710,000 to fund the purchase of a fire truck and the costs of constructing a new fire station (the “Fire Station”); (ii) finance the purchase of an additional fire truck and the additional costs for the construction of the Fire Station in the aggregate amount of \$2,440,000; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

## **THE PROJECT**

The construction of the new Fire Station, which will be the primary station in the Fire District, is necessary to replace the Fire District’s current aged and undersized facility which does not accommodate modern fire apparatus.

The new 2 story 12,000 square foot facility will house 4 bays as well as a chief’s office, commissioners’ office, training room, crew room, a community area, workshop, laundry room, radio room and a 5th bay for the Township’s EMS rigs and crew. The Fire District has entered into a 15-year shared-service-agreement with the Township which requires compensation to the Fire District over 15 years to offset the construction and ongoing maintenance costs relating to the Township’s use of the 5th bay.

The new facility will allow for 4 Class-A pumpers/aerial vehicles at any of the bays. It will be built on the existing fire station site and a parking area will be constructed on adjoining property. The construction of the new Fire Station is anticipated to take 12-months. The Fire District has vacated the old Fire Station building and displaced fire apparatus has been relocated within the Fire District to ensure appropriate response times during the construction period.

Within the scope of this project is the acquisition of 2 new fire trucks, both of which are Class-A pumpers. The first truck has been acquired and is in active service stationed at one of our sub-stations. The second truck has just been ordered. This second truck will be replacing a 27-year-old, Class-A pumper that is currently still a “first-due” engine. Maintenance and repair costs as well as advances in technology make it prohibitive to keep this unit in service.

### **SECURITY AND SOURCE OF PAYMENT**

The Bonds are general obligations of the Fire District, and the full faith and credit of the Fire District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds will be legal, valid and binding obligations of the Fire District payable as to principal and interest, to the extent payment is not otherwise provided, from ad valorem taxes to be levied upon all the taxable real property within the Fire District without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency, or other similar laws or equitable principles affecting the enforcement of creditors’ rights generally.

The Fire District may pledge only its own credit and taxing power with respect to the payment of the principal of and interest on the Bonds. It has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, including the Township, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof, including the Township, be liable for the payment of principal of or interest on the Bonds.

The Fire District is under the jurisdiction of the Local Authorities Fiscal Control Law, N.J.S.A. 40A:5A-1 et seq. This Law requires fire districts to submit their budgets and audits to the Director of the Division of Local Government Services in the Department of Community Affairs each year. This Law also delegates to the LFB the requirement to review all capital project financings by fire districts before such fire districts undertake the issuance of bonds or the execution of a capital lease.

The Local Authorities Fiscal Control Law also requires the LFB to monitor any fire district that is experiencing financial difficulties. The LFB can order a fire district to comply with a financial plan that insures the payment of the fire district's debt as well as its other obligations.

### **NO DEFAULT**

The Fire District has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Fire District’s indebtedness past due.

### **FINANCIAL INFORMATION REGARDING THE FIRE DISTRICT**

The Fire District's financial operations are subject to the following State statutes or regulations.

#### **Annual Audit**

Every fire district of the State must be audited annually by a registered municipal accountant or certified public accountant licensed by the State. The annual audit must conform to generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants and regulations promulgated by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The annual audit includes recommendations for improvement of a fire district's financial procedures and must be filed with the municipality and the Director of the Division of Local Government Services prior to April 30 of each year unless extensions are granted. The entire annual audit reports for the years ended December 31, 2018 and 2017 are on file with the Fire District and are available for review during business hours.

The New Jersey State Board of Accountancy regulates the registered municipal accountant and/or certified public accountant who must obtain a triennial license. Appendix "B" to this Official Statement contains unaudited financial statements for the year ended December 31, 2019 and audited financial statements of the Fire District for the years ended December 31, 2018 and 2017. A copy of the 2018 and 2017 audits prepared by Nisivoccia LLP, Mount Arlington, New Jersey, containing the financial statements and complete Reports of Audit may be obtained upon request to the office of the Treasurer.

### **Annual Budget**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et seq.

The Board must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the board of fire commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper having substantial circulation in the fire district. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the Board may, by majority vote, adopt the budget.

Amendments may be made to the fire district budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

Subsequent to the adoption of the fire district budget, the amount of money to be raised by taxation in support of the fire district budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the fire district's general purpose financial statements.

The Fire District adopted the 2020 budget on January 22, 2020 at a public hearing as required by statute. The 2020 adopted budget was approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey on February 25, 2020.

### **Fire District Taxes**

Upon the proper certification to the assessor of the municipality in which a fire district is located, the assessor shall assess the amount of taxes to be raised in support of the fire district's budget in the same manner as all other municipal taxes.

The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District 100% of the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.50% of all monies assessed; on or before October 1, an amount equaling 25% of all monies assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over.

### **Debt Limits**

The authorized bonded indebtedness of the Fire District is limited by N.J.S.A. 40A:14-86 to an amount not exceeding two percent (2%) of the assessed valuation of all taxable property in the Fire District. The assessed valuation of the taxable property in the Fire District, as of December 31, 2019, is included in Appendix "A" hereto. The Bonds offered hereby are included in the computation of debt for the purpose of the statutory debt limit. The issuance of the Bonds will not cause the Fire District's indebtedness to exceed the statutory debt limit.

## **Short-Term Financing**

The Fire District may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Fire District, may be issued for a period not exceeding one year. Generally, bond anticipation notes of the Fire District may not be outstanding longer than the first day of the fifth month after the end of the third fiscal year, after the date such notes were originally issued. Provided that, in addition to amounts paid and retired prior to the third fiscal year, an amount of such notes equal to the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued has been paid from sources other than any bonds issued.

## **TAX MATTERS**

The Board has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the Board with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not a specific item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax pursuant to the Code. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Board has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The Board will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Board. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Board in connection with the Bonds, and Bond Counsel has assumed compliance by the Board with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

The opinions of Bond Counsel 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 of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

*Bank Qualification.* The Bonds **will** be designated by the Board as qualified under Section 265 of the Code for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

*Branch Profits Tax.* Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

*S Corporation Tax.* Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt obligations, such as the Bonds, held by an S corporation would be included in the calculation of excess net passive income.

*Other Federal Tax Consequences.* Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

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

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

## **LITIGATION**

To the knowledge of the Board Attorney, Peter J. King, Esquire, King, Moench, Hirniak & Mehta, LLP, Morris Plains, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Bonds, the levy or the collection of any taxes to pay the principal of or the interest on the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of the taxes, affecting the validity of the Bonds or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Board or the title of any of the present officers of the Board to their respective offices.

## **THE FEDERAL BANKRUPTCY ACT**

The undertakings of the Board should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or

material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, 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 such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, sale, issuance and delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the Board, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Board by Peter King, Esq., the Board Attorney.

### **LEGALITY FOR INVESTMENT**

Applicable laws of the State provide that the Bonds are legal investments for funds held by, inter alia, banks, savings banks, trust companies, insurance companies or associations and fiduciaries.

### **CONTINUING DISCLOSURE**

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Fire District each fiscal year, commencing with the fiscal year ending December 31, 2020 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be provided to all persons requesting the same and event notices will be provided to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access System (the "EMMA") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. Requests for copies of the Annual Report should be addressed to the Treasurer of the Fire District, 909 Mt. Tabor Road (P.O. Box 234), Mt. Tabor, New Jersey 07878, telephone number (973) 538-4630. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Purchaser (as hereinafter defined) in complying with S.E.C. Rule 15c2-12(b)(5)(the "Rule").

In the event that the Board fails to comply with the above-described undertaking and covenants, the Board shall not be liable for any monetary damages, the remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Board from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Board currently does not have undertakings with regard to continuing disclosure for prior obligations issued. The Board has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on the EMMA as required with respect to the Bonds and future obligations.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Board with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **FINANCIAL STATEMENTS**

Certain unaudited financial data of the Board for the Board's fiscal year ending December 31, 2019, and certain audited financial data of the Board for the Board's fiscal years ending December 31, 2018 and 2017 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Nisivoccia LLP, Mount Arlington, New Jersey, an independent auditor, as stated in its report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B - Financial Statements of the Township of Parsippany-Troy Hills Fire District No. 1, in the County of Morris, New Jersey".

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Bonds based upon the creditworthiness of the Fire District, at the time of delivery of the Bonds. S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P" and together with Moody's, the "Rating Agencies") is expected to assign a rating of "AA" to the Bonds based upon the issuance of the Policy from BAM at the time of delivery of the Bonds.

The ratings reflect only the views of the Rating Agencies and an explanation of the significance of such ratings may only be obtained from the Rating Agencies. The Board forwarded to the Rating Agencies certain information and materials concerning the Bonds and the Fire District. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings may not be raised, lowered or withdrawn entirely, if in the Rating Agencies' judgment, circumstances so warrant. Any downward change in, or withdrawal of such ratings, may have an adverse effect on the marketability or market price of the Bonds.

### **UNDERWRITING**

The Bonds have been purchased from the Fire District at a public sale by Roosevelt & Cross Inc. and Associates, as underwriter ("Purchaser"), at a purchase price of \$6,894,212.80. The Purchaser has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Purchaser is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Purchaser intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The

Purchaser reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Purchaser without prior notice.

### **PREPARATION OF OFFICIAL STATEMENT**

The Fire District hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Bonds, by certificate signed by the Treasurer, that to its knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to the Treasurer or President of the Fire District, [pthfd1@optonline.net](mailto:pthfd1@optonline.net), at PO Box 234, Mt. Tabor, NJ 07878, telephone (973) 714-5629, or to the Board's Municipal Advisor, Sherry L. Tracey, [stracey@muniadvisors.com](mailto:stracey@muniadvisors.com), Phoenix Advisors, LLC, at (609) 291-0130.

### **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the 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 is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Board, the County, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the Board by the Treasurer.

**TOWNSHIP OF PARSIPPANY-TROY HILLS  
FIRE DISTRICT NO. 1, IN THE COUNTY OF  
MORRIS, NEW JERSEY**

By: /s/ James Masker  
James Masker  
Treasurer

Dated: March 12, 2020

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**APPENDIX A**

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING  
TO TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT NO. 1,  
IN THE COUNTY OF MORRIS, NEW JERSEY**

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## **INFORMATION REGARDING THE TOWNSHIP AND THE FIRE DISTRICT<sup>1</sup>**

The following material presents certain economic and demographic information of the Township of Parsippany-Troy Hills (the “Township”) and Parsippany-Troy Hills Fire District Number 1 (the “Fire District”), in the County of Morris (the “County”), State of New Jersey (the “State”).

### **General Information**

The Township was incorporated as a township by an act of the New Jersey Legislature on March 12, 1928, from portions of Hanover Township. The Township, most commonly called Parsippany, is 35 miles west of New York City and only 30 minutes from Newark Liberty International Airport by car, making it a preeminent business center.

### **Form of Government**

The Township is governed within the Faulkner Act (formally known as the Optional Municipal Charter Law) under the Mayor-Council system of municipal government (Plan E), implemented based on the recommendations of a Charter Study Commission as of January 1, 1966. The government consists of a mayor and a five-member Township Council, all elected to four-year terms of office on an at-large basis in partisan elections held every other year as part of the November general election. Either two or three council seats are up for vote each election, with the mayoral seat up for vote at the same time that two seats are up for vote. The Mayor and Council are separately elected, with the Mayor, serving as the chief executive officer, and the Council serving in the capacity of a legislative body.

### **Education**

The School District is a Type II school district functioning through a nine-member Board which is elected by the voters for staggered three-year terms.

The School District operates ten (10) elementary schools, two (2) middle schools and two (2) high schools within the Township, providing educational services for grades pre-kindergarten through twelve.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its

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<sup>1</sup> Source: The Township, unless otherwise indicated.

administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2018	252,984	244,696	8,288	3.3%
2017	254,770	245,505	9,265	3.6%
2016	257,919	247,799	10,120	3.9%
2015	259,239	247,878	11,361	4.4%
2014	260,268	247,132	13,136	5.0%
<b><u>County</u></b>				
2018	27,364	26,472	892	3.3%
2017	27,579	26,559	1,020	3.7%
2016	28,029	26,910	1,119	4.0%
2015	28,277	27,060	1,217	4.3%
2014	28,437	26,986	1,451	5.1%
<b><u>State</u></b>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2017)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$93,915	\$107,034	\$76,475
Median Family Income	111,493	130,058	94,337
Per Capita Income	43,078	53,491	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

## **Population**

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2018 Estimate	53,201	-0.07%	494,228	0.40%	8,908,520	1.33%
2010	53,238	5.11	492,276	4.69	8,791,894	4.49
2000	50,649	4.48	470,212	11.60	8,414,350	8.85
1990	48,478	-2.79	421,353	3.37	7,730,188	4.96
1980	49,868	-9.52	407,630	6.30	7,365,001	2.75

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

## **Largest Taxpayers**

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2019 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Knoll Manor	\$61,015,400	0.84%
Morris Corporate Ctr HDQ III	58,875,100	0.81%
Morris Corporate Ctr HDQ I & II	57,660,700	0.80%
Powder Mill Heights	51,831,300	0.72%
NJ Kimball, LLC	49,544,700	0.68%
MCC IV Phase I LLC	43,526,900	0.60%
Troy Hills Village	42,906,500	0.59%
Wells REIT-Multi	40,677,800	0.56%
Wyndham Worldwide	39,807,200	0.55%
Sylvan/Campus, LLC	<u>39,601,800</u>	<u>0.55%</u>
<b>Total</b>	<b><u>\$485,447,400</u></b>	<b><u>6.70%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

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### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2018	\$212,964,361	\$211,751,826	99.43%
2017	207,150,201	205,932,406	99.41%
2016	202,441,385	201,086,010	99.33%
2015	197,396,005	196,138,497	99.36%
2014	194,423,879	193,110,200	99.32%

Source: Annual Audit Reports of the Township

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2018	\$471,709	\$1,021,150	\$1,492,859	0.70%
2017	172,753	1,115,322	1,288,075	0.62%
2016	137,240	1,271,355	1,408,595	0.70%
2015	119,776	1,216,094	1,335,870	0.68%
2014	113,879	1,264,732	1,378,611	0.71%

Source: Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2018	\$1,428,800
2017	1,428,800
2016	1,428,800
2015	1,428,800
2014	1,428,800

Source: Annual Audit Reports of the Township

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**Total Tax and Tax Rates per \$100 of Net Valuations Taxable and Allocations – Fire District**

<b>Fire District</b>		
<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>
2020	\$837,261	\$0.053
2019	825,933	0.053
2018	518,865	0.033
2017	497,450	0.032
2016	497,450	0.032

Source: Fire District

**Tax Rates per \$100 of Net Valuations Taxable and Allocations - Township**

The table below lists the tax rates for Township residents for the past five (5) years.

<b>Local</b>				
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2019	\$0.690	\$1.942	\$0.316	\$2.948
2018	0.670	1.901	0.312	2.883
2017	0.654	1.850	0.314	2.818
2016	0.655	1.810	0.303	2.768
2015	0.632	1.769	0.298	2.699

Source: Abstract of Ratables and State of New Jersey – Property Taxes

**Valuation of Property – Fire District**

<b>Net Valuation Taxable</b>	
<b><u>Year</u></b>	
2019	\$1,568,531,722
2018	1,572,092,908
2017	1,582,269,835
2016	1,582,700,092
2015	1,574,976,800

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Valuation of Property - Township**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2019	\$7,243,935,500	\$8,707,699,844	83.19%	\$417,000	\$8,708,116,844
2018	7,203,493,200	8,637,282,014	83.40	418,700	8,637,700,714
2017	7,188,927,600	8,584,819,202	83.74	415,750	8,585,234,952
2016	7,161,408,200	8,612,637,643	83.15	422,000	8,613,059,643
2015	7,160,158,000	8,483,599,526	84.40	422,050	8,484,021,576

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2019	\$66,964,400	\$4,440,741,500	\$0	\$2,032,704,100	\$258,224,400	\$445,301,100	\$7,243,935,500
2018	75,139,700	4,422,342,000	0	2,030,709,600	257,430,800	417,871,100	7,203,493,200
2017	66,696,500	4,412,211,300	335,300	2,055,900,100	245,653,300	408,131,100	7,188,927,600
2016	67,209,400	4,405,575,800	335,300	2,039,260,500	241,396,100	407,631,100	7,161,408,200
2015	67,577,600	4,399,276,700	335,300	2,045,286,500	244,410,200	403,271,700	7,160,158,000

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

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## **Financial Operations – Fire District**

The following table summarizes the Fire District's budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

<b><u>Anticipated Revenues</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Fund Balance Utilized	\$0	\$0	\$265,000	\$75,000	\$0
Miscellaneous Anticipated Revenues	0	0	0	0	0
Operating Grant Revenue	0	0	0	0	0
Uniform Fire Safety Act	0	0	0	0	0
Amount to be Raised by Taxation	497,400	497,400	515,865	825,933	837,261
Total Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue:	<u>\$497,400</u>	<u>\$497,400</u>	<u>\$780,865</u>	<u>\$900,933</u>	<u>\$837,261</u>
<b><u>Appropriations</u></b>					
Administration	\$266,450	\$269,700	\$275,565	\$314,060	\$320,550
Cost of Operations and Maintenance	230,950	227,700	240,300	236,800	225,941
Appropriations offset with Revenues	0	0	0	0	0
Capital Appropriations	0	0	265,000	50,000	0
Debt Service Appropriation	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,073</u>	<u>290,770</u>
Total Appropriations:	<u>\$497,400</u>	<u>\$497,400</u>	<u>\$780,865</u>	<u>\$900,933</u>	<u>\$837,261</u>

Source: Annual Audit Reports of the Fire District

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## **Financial Operations - Township**

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Fund Balance Utilized	\$3,717,448	\$3,700,000	\$3,700,000	\$3,990,000	\$3,990,000
Miscellaneous Revenues	16,209,607	17,743,597	19,665,300	19,855,722	20,278,759
Receipts from Delinquent Taxes	1,260,000	1,224,885	1,278,301	1,156,562	1,021,150
Amount to be Raised by Taxation	<u>43,769,723</u>	<u>45,477,740</u>	<u>45,649,853</u>	<u>46,919,323</u>	<u>48,606,917</u>
Total Revenue:	<u>\$64,956,778</u>	<u>\$68,146,222</u>	<u>\$70,293,454</u>	<u>\$71,921,607</u>	<u>\$73,896,826</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$50,175,918	\$53,051,499	\$55,021,752	\$56,574,016	\$57,861,868
Operations (Excluded from CAPS)	3,319,375	3,276,383	3,558,744	3,370,741	3,641,202
Deferred Charges and Statutory Expenditures	966,155	1,277,473	1,258,826	994,697	625,123
Judgments	0	0	0	0	0
Capital Improvement Fund	489,170	476,430	508,135	626,153	616,356
Municipal Debt Service	8,129,900	8,164,437	8,395,997	8,622,000	9,348,775
Reserve for Uncollected Taxes	<u>1,876,261</u>	<u>1,900,000</u>	<u>1,550,000</u>	<u>1,734,000</u>	<u>1,803,502</u>
Total Appropriations:	<u>\$64,956,778</u>	<u>\$68,146,222</u>	<u>\$70,293,454</u>	<u>\$71,921,607</u>	<u>\$73,896,826</u>

Source: Annual Adopted Budgets of the Township

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## **Fund Balance – Fire District**

### **General Fund**

	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019U</u></b>
<b>REVENUES</b>					
Local Sources	\$488,570	\$497,400	\$497,400	\$515,865	\$825,933
Refunds	0	0	0	0	7,468
Insurance Claims	4,001	25,117	0	6,811	0
Interest Earned	677	892	1,124	25,530	59,108
Miscellaneous Revenues	9,459	3,727	4,066	2,700	7,834
Bond Anticipation Note Premium	0	0	0	0	0
Budget Appropriation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$502,707	\$527,136	\$502,590	\$550,906	\$900,343
<b>EXPENDITURES</b>					
Administrative and General	\$371,711	\$409,505	\$435,855	\$456,174	\$434,288
Capital Equipment	0	0	0	0	0
Debt Service	0	0	0	0	300,073
Capital Outlay	<u>242,107</u>	<u>77,538</u>	<u>55,071</u>	<u>300,305</u>	<u>35,572</u>
Total Expenditures	<u>\$613,818</u>	<u>\$487,043</u>	<u>\$490,926</u>	<u>\$756,479</u>	<u>\$769,933</u>
Net Change in Fund Balances	(111,111)	40,093	11,664	(205,573)	130,410
Fund Balance, January 1	<u>722,137</u>	<u>611,026</u>	<u>651,119</u>	<u>662,783</u>	<u>457,210</u>
Fund Balance, December 31	<u><u>\$611,026</u></u>	<u><u>\$651,119</u></u>	<u><u>\$662,783</u></u>	<u><u>\$457,210</u></u>	<u><u>\$587,620</u></u>

U: Unaudited

Source: Annual Audit Reports of the Fire District

## **Fund Balance - Township**

### **Current Fund**

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

	<b><u>Fund Balance - Current Fund</u></b>	
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2018	\$5,819,086	\$3,990,000
2017	5,588,167	3,990,000
2016	5,986,335	3,700,000
2015	4,742,128	3,700,000
2014	5,860,002	3,717,448

Source: Annual Audit Reports of the Township

### Sewer Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Sewer Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018	\$7,892,405	\$1,500,000
2017	9,850,483	1,500,000
2016	9,799,708	1,000,000
2015	11,340,828	1,000,000
2014	10,955,141	1,000,000

Source: Annual Audit Reports of the Township

### Water Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Water Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018	\$4,939,623	\$1,451,000
2017	6,301,257	900,000
2016	6,615,064	700,000
2015	6,142,770	700,000
2014	5,339,046	700,000

Source: Annual Audit Reports of the Township

### Golf & Recreation Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Golf & Recreation Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Golf &amp; Rec. Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018	\$1,368,015	\$900,000
2017	1,561,488	820,000
2016	1,249,270	200,000
2015	626,778	0
2014	170,707	0

Source: Annual Audit Reports of the Township

## **Township Indebtedness as of December 31, 2019**

### **General Purpose Debt**

Serial Bonds	\$64,495,000
Bond Anticipation Notes	16,000,000
Bonds and Notes Authorized but Not Issued	16,891,351
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$97,386,351

### **Local School District Debt**

Serial Bonds	\$25,480,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$25,480,000

### **Self-Liquidating Debt**

Serial Bonds	\$33,053,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	9,578,946
Other Bonds, Notes and Loans	<u>10,544,509</u>
Total:	\$53,176,455

### **TOTAL GROSS DEBT**

**\$176,042,806**

Less: Statutory Deductions	
General Purpose Debt	\$1,345,090
Local School District Debt	25,480,000
Self-Liquidating Debt	<u>53,176,455</u>
Total:	\$80,001,545

### **TOTAL NET DEBT**

**\$96,041,261**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2019)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$25,480,000	100.00%	\$25,480,000
County (2018)	367,644,700	9.05%	<u>33,261,673</u>
Net Indirect Debt			\$58,741,673
Net Direct Debt			<u>96,041,261</u>
Total Net Direct and Indirect Debt			<b><u>\$154,782,933</u></b>

**Debt Limit – Fire District**

Average Equalized Valuation Basis (2017, 2018, 2019)	\$1,574,298,155
Permitted Debt Limitation (2%)	31,485,963
Less: Net Debt	<u>4,500,000</u>
Remaining Borrowing Power	<u>\$26,985,963</u>
Percentage of Net Debt to Average Equalized Valuation	0.29%

Source: Fire District

**Debt Limit - Township**

Average Equalized Valuation Basis (2017, 2018, 2019)	\$8,643,267,020
Permitted Debt Limitation (3 1/2%)	302,514,346
Less: Net Debt	<u>96,041,261</u>
Remaining Borrowing Power	<u>\$206,473,085</u>
Percentage of Net Debt to Average Equalized Valuation	1.111%
Gross Debt Per Capita based on 2010 population of 53,238	\$3,307
Net Debt Per Capita based on 2010 population of 53,238	\$1,804

Source: Annual Debt Statement of the Township

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<sup>2</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT  
NO. 1, IN THE COUNTY OF MORRIS, NEW JERSEY**

TOWNSHIP OF PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
FINANCIAL STATEMENTS  
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### Independent Accountants' Compilation Report

To the Board of Fire Commissioners  
Parsippany-Troy Hills Fire District #1  
Township of Parsippany  
Parsippany, NJ

Management is responsible for the accompanying financial statements of the governmental activities and each major fund of the Parsippany-Troy Hills Fire District #1 (the "Fire District"), as of and for the year ended December 31, which collectively comprise Fire District's basic financial statements as listed in the table of contents in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures and a statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Fire District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Nisivoccia LLP*

Mount Arlington, New Jersey  
February 17, 2020

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019  
UNAUDITED

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,013,424
Investments	2,295,110
Prepaid Expenses	18,447
Restricted Cash and Cash Equivalents	<u>95,703</u>
Total Current Assets	<u>4,422,684</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>1,428,571</u>
Total Noncurrent Assets	<u>1,428,571</u>
TOTAL ASSETS	<u>5,851,255</u>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	6,160
Bond Anticipation Note Payable	<u>4,500,000</u>
Total Liabilities	<u>4,506,160</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	1,428,571
Unrestricted/(Deficit)	<u>(83,476)</u>
Total Net Position	<u><u>\$ 1,345,095</u></u>

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED

	<u>Governmental Activities</u>
Operating Revenue:	
Miscellaneous Revenue Not Anticipated	\$ 7,834
	<u>7,834</u>
Total Operating Revenue	<u>7,834</u>
Non-Operating Revenue:	
Insurance Claims	7,468
Amount to be Raised by Taxation to Support District Budget	825,933
Investment Income	59,108
Bond Anticipation Note Premium	21,105
	<u>913,614</u>
Total Non-Operating Revenue	<u>913,614</u>
Operating Expenses:	
Administrative and General Expenses	434,288
Depreciation	138,004
Interest Payments on Debt	129,166
	<u>701,458</u>
Total Operating Expenses	<u>701,458</u>
Change in Net Position	219,990
Net Position - Beginning of Year	<u>1,125,105</u>
Net Position - End of Year	<u><u>\$ 1,345,095</u></u>

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019  
UNAUDITED

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 2,013,424	\$ 95,703	\$ 2,109,127
Investments	2,032,020	263,090	2,295,110
Prepaid Expenses	18,447		18,447
Interfund Receivable		3,470,111	3,470,111
Total Assets	<u>\$ 4,063,891</u>	<u>\$ 3,828,904</u>	<u>\$ 7,892,795</u>
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	\$ 6,160		\$ 6,160
Interfund Payable	3,470,111		3,470,111
Bond Anticipation Note Payable		\$ 4,500,000	4,500,000
Total Liabilities	<u>3,476,271</u>	<u>4,500,000</u>	<u>7,976,271</u>
<u>FUND BALANCE:</u>			
Unassigned/(Deficit)	<u>587,620</u>	<u>(671,096)</u>	<u>(83,476)</u>
Total Fund Balances/(Deficit)	<u>587,620</u>	<u>(671,096)</u>	<u>(83,476)</u>
Total Liabilities and Fund Balances	<u>\$ 4,063,891</u>	<u>\$ 3,828,904</u>	

Amounts Reported in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds.	<u>1,428,571</u>
Net Position of Governmental Activities	<u>\$ 1,345,095</u>

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
UNAUDITED

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUE:</u>			
Amount to be Raised by Taxation to Support District Budget	\$ 825,933		\$ 825,933
Refunds	7,468		7,468
Interest Earned	59,108		59,108
Miscellaneous Revenue Not Anticipated	7,834		7,834
Bond Anticipation Note Premium		\$ 21,105	21,105
Budget Appropriation		210,000	210,000
Total Revenue	<u>900,343</u>	<u>231,105</u>	<u>1,131,448</u>
<u>EXPENDITURES:</u>			
Administrative and General	434,288		434,288
Capital Outlay	35,572		35,572
Capital Equipment Purchased for Capital Fund		91,169	91,169
Principal Payments on Debt Service	210,000		210,000
Interest Payments on Debt	90,073	39,093	129,166
Total Expenditures	<u>769,933</u>	<u>130,262</u>	<u>900,195</u>
Net Change in Fund Balances	130,410	100,843	231,253
Fund Balance/(Deficit), January 1, 2019	<u>457,210</u>	<u>(771,939)</u>	<u>(314,729)</u>
Fund Balance/(Deficit), January 1, 2020	<u>\$ 587,620</u>	<u>\$ (671,096)</u>	<u>\$ (83,476)</u>

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

## Independent Auditors' Report

To the Board of Fire Commissioners  
Parsippany-Troy Hills Fire District #1  
Township of Parsippany  
Parsippany, NJ

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parsippany-Troy Hills Fire District #1, (the "Fire District") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the foregoing table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District's preparation and fair presentation of the financial statements 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 Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Fire Commissioners  
Parsippany-Troy Hills Fire District #1  
Page 2

***Opinions***

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Fire District as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Nisiroccia LLP*

Mount Arlington, New Jersey  
April 6, 2019

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 4,038,207
Investments	125,374
Prepaid Expenses	7,460
Restricted Cash and Cash Equivalents	<u>228,991</u>
Total Current Assets	<u>4,400,032</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>1,439,834</u>
Total Noncurrent Assets	<u>1,439,834</u>
TOTAL ASSETS	<u>5,839,866</u>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	4,761
Bond Anticipation Note Payable	<u>4,710,000</u>
Total Liabilities	<u>4,714,761</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	1,439,834
Unrestricted/(Deficit)	<u>(314,729)</u>
Total Net Position	<u><u>\$ 1,125,105</u></u>

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

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Governmental Activities</u>
Operating Revenue:	
Miscellaneous Revenue Not Anticipated	\$ 2,700
Total Operating Revenue	<u>2,700</u>
Non-Operating Revenue:	
Insurance Claims	6,811
Amount to be Raised by Taxation to Support District Budget	515,865
Investment Income	25,530
Bond Anticipation Note Premium	<u>39,093</u>
Total Non-Operating Revenue	<u>587,299</u>
Operating Expenses:	
Administrative and General Expenses	456,174
Depreciation	<u>133,608</u>
Total Operating Expenses	<u>589,782</u>
Change in Net Position	217
Net Position - Beginning of Year	<u>1,124,888</u>
Net Position - End of Year	<u><u>\$ 1,125,105</u></u>

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

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 4,038,207	\$ 228,991	\$ 4,267,198
Investments		125,374	125,374
Prepaid Expenses	7,460		7,460
Interfund Receivable		3,583,696	3,583,696
Total Assets	<u>\$ 4,045,667</u>	<u>\$ 3,938,061</u>	<u>\$ 7,983,728</u>
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	\$ 4,761		\$ 4,761
Interfund Payable	3,583,696		3,583,696
Bond Anticipation Note Payable		\$ 4,710,000	4,710,000
Total Liabilities	<u>3,588,457</u>	<u>4,710,000</u>	<u>8,298,457</u>
<u>FUND BALANCE:</u>			
Unassigned/(Deficit)	<u>457,210</u>	<u>(771,939)</u>	<u>(314,729)</u>
Total Fund Balances/(Deficit)	<u>457,210</u>	<u>(771,939)</u>	<u>(314,729)</u>
Total Liabilities and Fund Balances	<u>\$ 4,045,667</u>	<u>\$ 3,938,061</u>	

Amounts Reported in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds.	<u>1,439,834</u>
Net Position of Governmental Activities	<u>\$ 1,125,105</u>

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

**PARSIPPANY - TROY HILLS FIRE DISTRICT #1**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUE:</u></b>			
Amount to be Raised by Taxation to Support District Budget	\$ 515,865		\$ 515,865
Insurance Claims	6,811		6,811
Interest Earned	25,530		25,530
Miscellaneous Revenue Not Anticipated	2,700		2,700
Bond Anticipation Note Premium		\$ 39,093	39,093
Total Revenue	<u>550,906</u>	<u>39,093</u>	<u>589,999</u>
<b><u>EXPENDITURES:</u></b>			
Administrative and General	456,174		456,174
Capital Outlay	300,305		300,305
Capital Equipment Purchased for Capital Fund		811,032	811,032
Total Expenditures	<u>756,479</u>	<u>811,032</u>	<u>1,567,511</u>
Net Change in Fund Balances	(205,573)	(771,939)	(977,512)
Fund Balance, January 1, 2018	<u>662,783</u>		<u>662,783</u>
Fund Balance/(Deficit), December 31, 2018	<u><u>\$ 457,210</u></u>	<u><u>\$ (771,939)</u></u>	<u><u>\$ (314,729)</u></u>

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

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

Note 1: Organization and Summary of Significant Accounting Policies

A. Reporting Entity

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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation and Accounting

The financial statements of Parsippany-Troy Hills Fire District #1 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District-wide financial statements (the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Proceeds of general long-term debt are reported as other financing sources.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

B. Basis of Presentation and Accounting (Cont'd)

Ad valorem (property) taxes are susceptible to accrual. Under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Capital Fund: The Capital Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The District has not established any fund balance restrictions.

The District has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners at a public meeting of that governing body. The Board of Fire Commissioners must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at December 31, 2018.

The assignment of resources is generally made by the District through a motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Fire Commissioners may allow an official of the District to assign resources through policies adopted by the Board of Fire Commissioners. The District has no assigned resources at December 31, 2018.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

B. Basis of Presentation and Accounting (Cont'd)

Deficit Fund Balance:

The District has a deficit in unassigned fund balance of \$771,939 in the Capital Fund and a deficit in Unrestricted Net Position of \$314,729 which is primarily due to bond anticipation note proceeds (which is not realized as revenue under the GAAP basis of accounting).

The deficit in the Capital Fund and Unrestricted Net Position does not mean the District is facing financial difficulties. The deficit in the Capital Fund and Unrestricted Net Position are permitted practices by generally accepted accounting principles.

Significant accounting policies include:

1. Grants

Recognition of revenue from grants is based on the accrual basis of accounting. Grant funds received before costs are incurred are unearned.

Grant related expenditures incurred in advance of receipt of grant funds result in the recording of receivables and revenue. Grants not externally restricted and utilized to finance operations are identified as nonoperating revenue. Grants externally restricted for nonoperating purposes are recorded as contributed capital and identified as grants-in-aid. The District was not awarded any grants in the current year.

2. Inventories

Inventories, which benefit future periods, are recorded as an expenditure during the year of purchase.

3. Accrued Salaries and Wages and Compensated Absences

Fire Commissioners are paid annual fees. There are no accrued salaries and wages. The District does not provide any compensation-related benefits for Fire Commissioners or other volunteers.

4. Unearned Revenue

Unearned revenue represents cash that has been received but not yet earned.

5. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the Fire District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Fire District that is applicable to a future reporting period. The Fire District did not have any deferred inflows or outflows of resources at December 31, 2018.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

B. Basis of Presentation and Accounting (Cont'd)

5. Net Position (Cont'd)

Net position is displayed in three components – net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

6. Revenue Recognition

District taxes are received quarterly. Fire Prevention Bureau Inspection customers are billed at the time of service and revenue is recorded net of any discounts, assessments, or abatements, if applicable.

7. Cash and Cash Equivalents

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

8. Investments

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in a orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

B. Basis of Presentation and Accounting (Cont'd)

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

Note 2: Pension

The District is not enrolled in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS).

Note 3: Cash and Cash Equivalents and Investments

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

Investments are generally stated at fair value. The District classifies certificates of deposit and securities which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires the disclosure of the level of custodial risk assumed by the District 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 District 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 District limits the investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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

Deposits:

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

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 3: Cash and Cash Equivalents and Investments (Cont'd)

Deposits: (Cont'd)

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

The market value of the collateral must equal at least 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, 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 District to purchase the following types of securities:

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

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 3: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

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

As of December 31, 2018, cash and cash equivalents and investments of the Parsippany-Troy Hills Fire District #1 consisted of the following:

<u>Fund</u>	<u>Cash and Cash Equivalents</u>		<u>Investments</u>	<u>Total</u>
	<u>Checking Accounts</u>	<u>Savings Accounts</u>	<u>Certificate of Deposit</u>	
Operating	\$ 4,038,207			\$ 4,038,207
Capital		\$ 228,991	\$ 125,374	354,365
	<u>\$ 4,038,207</u>	<u>\$ 228,991</u>	<u>\$ 125,374</u>	<u>\$ 4,392,572</u>

During the period ending December 31, 2018, the Fire District only invested in Certificates of Deposits. The carrying amount of the District's cash and cash equivalents and investments at December 31, 2018 was \$4,392,572, and the bank balance was \$4,472,808.

Note 4: Long-Term Liabilities

The District had no outstanding long term liabilities as of December 31, 2018.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 5: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 3,583,696
Capital Fund	\$ 3,583,696	
	<u>\$ 3,583,696</u>	<u>\$ 3,583,696</u>

There is \$3,583,969 in the General Fund that is due to the Capital Fund at year end. These are funds paid by the General Fund for the purchases of capital equipment and improvements to facilities net of bond anticipation note proceeds received in the General Fund during the current year.

Note 6: Risk Management

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

The District secures all of its insurances through private insurance carriers using a broker as their representative. The following coverages were in place in 2018:

1. Commissioner's Fidelity Bond
2. Public Officials and Employees' Legal Liability Policy
3. Workers' Compensation
4. Motor Vehicle
5. Umbrella Policy/Commercial Excess
6. Group Term Life

Note 7: Contingencies

The District is periodically involved in various lawsuits, claims, and grievances arising in the normal course of business, including claims for personal injury, personnel practices and property damage. In the opinion of the General Counsel to the District, payment of claims by the District, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the District's financial position.

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 District 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 District officials expect such amounts, if any, to be immaterial.

Note 8: Economic Dependency

The Fire District receives a substantial amount of its support from taxes collected by its local government. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 9: Capital Assets

Capital Assets are recorded at cost and consisted of the following, as of December 31, 2018:

	Balance 12/31/2017	Increases	Balance 12/31/2018
Capital Assets:			
Building and Building Improvements:			
Construction in Process	\$ 55,071	\$ 304,057	\$ 359,128
Vehicles		61,611	61,611
Fire Truck	449,272	613,886	1,063,158
Equipment & Machinery	409,512	131,783	541,295
Total Capital Assets	<u>913,855</u>	<u>1,111,337</u>	<u>2,025,192</u>
Less Total Accumulated Depreciation	<u>451,750</u>	<u>133,608</u>	<u>585,358</u>
	<u>451,750</u>	<u>133,608</u>	<u>585,358</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 462,105</u>	<u>\$ 977,729</u>	<u>\$ 1,439,834</u>

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Capital assets were reviewed for impairment.

	Estimated Useful Life
Building	40 Years
Fire Truck	20 Years
Vehicles	5 Years
Equipment & Machinery	7 Years

Note 10: Short Term Bond Anticipation Note Payable

On April 3, 2018, the District issued a bond anticipation note in the amount of \$4,710,000 with a 2.75% interest rate for cash flow purposes to pay for construction related to the new building and the purchase of a new fire truck. The note matured on April 2, 2019.

## Independent Auditors' Report

To the Board of Fire Commissioners  
Parsippany-Troy Hills Fire District #1  
Township of Parsippany  
Parsippany, NJ

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parsippany-Troy Hills Fire District #1, (the "Fire District") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the foregoing table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District's preparation and fair presentation of the financial statements 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 Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Fire Commissioners  
Parsippany-Troy Hills Fire District #1  
Page 2

***Opinions***

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Fire District as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Nisiroccia LLP*

Mount Arlington, New Jersey  
April 6, 2018

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 291,301
Investments	124,484
Prepaid Expenses	29,664
Restricted Cash and Cash Equivalents	<u>228,902</u>
Total Current Assets	<u>674,351</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>462,105</u>
Total Noncurrent Assets	<u>462,105</u>
TOTAL ASSETS	<u>1,136,456</u>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	<u>11,568</u>
Total Liabilities	<u>11,568</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	462,105
Unrestricted	<u>662,783</u>
Total Net Position	<u><u>\$ 1,124,888</u></u>

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

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Activities</u>
Operating Revenue:	
Miscellaneous Revenue Not Anticipated	\$ 4,066
Total Operating Revenue	<u>4,066</u>
Non-Operating Revenue:	
Amount to be Raised by Taxation to Support District Budget	497,400
Investment Income	<u>1,124</u>
Total Non-Operating Revenue	<u>498,524</u>
Operating Expenses:	
Administrative and General Expenses	435,855
Depreciation	<u>73,051</u>
Total Operating Expenses	<u>508,906</u>
Change in Net Position	(6,316)
Net Position - Beginning of Year	<u>1,131,204</u>
Net Position - End of Year	<u><u>\$ 1,124,888</u></u>

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

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 291,301	\$ 228,902	\$ 520,203
Investments		124,484	124,484
Prepaid Expenses	29,664		29,664
Interfund Receivable	353,386		353,386
Total Assets	<u>\$ 674,351</u>	<u>\$ 353,386</u>	<u>\$ 1,027,737</u>
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	\$ 11,568		\$ 11,568
Interfund Payable		\$ 353,386	353,386
Total Liabilities	<u>11,568</u>	<u>353,386</u>	<u>364,954</u>
<u>FUND BALANCE:</u>			
Unassigned	<u>662,783</u>		<u>662,783</u>
Total Fund Balances	<u>662,783</u>		<u>662,783</u>
Total Liabilities and Fund Balances	<u>\$ 674,351</u>	<u>\$ 353,386</u>	

Amounts Reported in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds. The Cost of the Assets is \$913,855 and the Accumulated Depreciation is \$451,750.

	<u>462,105</u>
Net Position of Governmental Activities	<u>\$ 1,124,888</u>

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

PARSIPPANY - TROY HILLS FIRE DISTRICT #1  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

	<u>General Fund</u>
<u>REVENUE:</u>	
Amount to be Raised by Taxation to	
Support District Budget	\$ 497,400
Interest Earned	1,124
Miscellaneous Revenue Not Anticipated	<u>4,066</u>
Total Revenue	<u>502,590</u>
 <u>EXPENDITURES:</u>	
Administrative and General	435,855
Capital Outlay	<u>55,071</u>
Total Expenditures	<u>490,926</u>
 Net Change in Fund Balances	 11,664
 Fund Balance, January 1, 2017	 <u>651,119</u>
Fund Balance, December 31, 2017	<u><u>\$ 662,783</u></u>

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

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

Note 1: Organization and Summary of Significant Accounting Policies

A. Reporting Entity

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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation and Accounting

The financial statements of Parsippany-Troy Hills Fire District #1 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District-wide financial statements (the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Proceeds of general long-term debt are reported as other financing sources.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

C. Basis of Presentation and Accounting (Cont'd)

Ad valorem (property) taxes are susceptible to accrual. Under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Capital Fund: The Capital Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The District has not established any fund balance restrictions.

The District has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners at a public meeting of that governing body. The Board of Fire Commissioners must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at December 31, 2017.

The assignment of resources is generally made by the District through a motion or a resolution passed by a majority of the Members of the Board of Fire Commissioners. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Fire Commissioners may allow an official of the District to assign resources through policies adopted by the Board of Fire Commissioners. The District has no assigned resources at December 31, 2017.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

C. Basis of Presentation and Accounting (Cont'd)

Significant accounting policies include:

1. Grants

Recognition of revenue from grants is based on the accrual basis of accounting. Grant funds received before costs are incurred are unearned.

Grant related expenditures incurred in advance of receipt of grant funds result in the recording of receivables and revenue. Grants not externally restricted and utilized to finance operations are identified as nonoperating revenue. Grants externally restricted for nonoperating purposes are recorded as contributed capital and identified as grants-in-aid. The District was not awarded any grants in the current year.

2. Inventories

Inventories, which benefit future periods, are recorded as an expenditure during the year of purchase.

3. Accrued Salaries and Wages and Compensated Absences

Fire Commissioners are paid annual fees. There are no accrued salaries and wages. The District does not provide any compensation-related benefits for Fire Commissioners or other volunteers.

6. Unearned Revenue

Unearned revenue represents cash that has been received but not yet earned.

7. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the Fire District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Fire District that is applicable to a future reporting period. The Fire District did not have any deferred inflows or outflows of resources at December 31, 2017.

Net position is displayed in three components – net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also would be included in this component of net position.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

B. Basis of Presentation and Accounting (Cont'd)

10. Net Position (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

11. Revenue Recognition

District taxes are received quarterly. Fire Prevention Bureau Inspection customers are billed at the time of service and revenue is recorded net of any discounts, assessments, or abatements, if applicable.

12. Cash and Cash Equivalents

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

13. Investments

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in a orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 2: Pension

The District is not enrolled in the Public Employees' Retirement System (PERS).

Note 3: Cash and Cash Equivalents and Investments

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

Investments are generally stated at fair value with a few exceptions. The District classifies certificates of deposit and securities which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires the disclosure of the level of custodial risk assumed by the District 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 District 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 District limits the investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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

Deposits:

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

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

The market value of the collateral must equal at least 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 3: Cash and Cash Equivalents and Investments (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 3: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2017, cash and cash equivalents and investments of the Parsippany-Troy Hills Fire District #1 consisted of the following:

Fund	Cash and Cash Equivalents		Investments	Total
	Checking Accounts	Savings Accounts	Certificate of Deposit	
Operating	\$ 291,301			\$ 291,301
Capital		\$ 228,902	\$ 124,484	353,386
	<u>\$ 291,301</u>	<u>\$ 228,902</u>	<u>\$ 124,484</u>	<u>\$ 644,687</u>

During the period ending December 31, 2017, the Fire District only invested in Certificates of Deposits. The carrying amount of the District's cash and cash equivalents and investments at December 31, 2017 was \$644,687, and the bank balance was \$679,930.

Note 4: Long-Term Liabilities

The District had no outstanding long term liabilities as of December 31, 2017.

Note 5: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2017.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 353,386	
Capital Fund		\$ 353,386
	<u>\$ 353,386</u>	<u>\$ 353,386</u>

There is \$353,386 in the Capital Fund that is due to the General Fund at year end. These are funds paid by the General Fund for the purchases of capital equipment and improvements to facilities.

Note 6: Risk Management

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

The District secures all of its insurances through private insurance carriers using a broker as their representative. The following coverages were in place in 2017:

7. Commissioner's Fidelity Bond
8. Public Officials and Employees' Legal Liability Policy
9. Workers' Compensation
10. Motor Vehicle
11. Umbrella Policy/Commercial Excess
12. Group Term Life

PARSIPPANY-TROY HILLS FIRE DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 7: Contractual Commitments

Accounts payable was as follows:

	<u>2017</u>
Vendors	<u>\$ 11,568</u>

Note 8: Contingencies

The District is periodically involved in various lawsuits, claims, and grievances arising in the normal course of business, including claims for personal injury, personnel practices and property damage. In the opinion of the General Counsel to the District, payment of claims by the District, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the District's financial position.

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 District 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 District officials expect such amounts, if any, to be immaterial.

Note 9: Economic Dependency

The Fire District receives a substantial amount of its support from taxes collected by its local government. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

Note 10: Capital Assets

Capital Assets are recorded at cost and consisted of the following, as of December 31, 2017:

	<u>Balance</u> <u>12/31/2016</u>	<u>Increases/</u> <u>(Decreases)</u>	<u>Balance</u> <u>12/31/2017</u>
Capital Assets:			
Building and Building Improvements:			
Construction in Process		\$ 55,071	\$ 55,071
Fire Truck	\$ 449,272		449,272
Equipment & Machinery	409,512		409,512
Total Capital Assets	<u>781,246</u>	<u>55,071</u>	<u>913,855</u>
Less Total Accumulated Depreciation	<u>378,699</u>	<u>73,051</u>	<u>451,750</u>
	<u>303,577</u>	<u>73,051</u>	<u>451,750</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 477,669</u>	<u>\$ (17,980)</u>	<u>\$ 462,105</u>
			<u>Estimated</u> <u>Useful Life</u>
Building			40 Years
Fire Truck			20 Years
Equipment & Machinery			7 Years

**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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*An opinion in substantially the following form will be  
delivered at Closing on the Bonds  
assuming no material changes in facts or law*

\_\_\_\_\_, 2020

Board of Commissioners of the  
Township of Parsippany-Troy Hills Fire District No. 1  
In the County of Morris, New Jersey

Re: Township of Parsippany-Troy Hills Fire District No. 1  
\$6,740,000 Fire District General Obligation Bonds, Series 2020  
(Bank Qualified) (Callable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Parsippany-Troy Hills Fire District No. 1, in the County of Morris, New Jersey (the “Fire District” or the “Issuer”), of its \$6,740,000 Fire District General Obligation Bonds, Series 2020 (Bank Qualified) (Callable) (the “Bonds”). The Bonds are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are pledged to pay the principal of and the interest on the Bonds. The Bonds are issued in fully registered form and are dated March 26, 2020, and will mature on March 15, subject to prior redemption, in the amounts, in each of the years and bear interest at the rates, payable on March 15 and September 15 in each year, commencing March 15, 2021, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$255,000	4.00%
2022	360,000	4.00
2023	360,000	4.00
2024	370,000	4.00
2025	375,000	4.00
2026	380,000	4.00
2027	390,000	4.00
2028	390,000	4.00
2029	400,000	4.00
2030	400,000	4.00

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2031	\$350,000	4.00%
2032	350,000	3.00
2033	350,000	3.00
2034	350,000	3.00
2035	350,000	3.00
2036	260,000	3.00
2037	260,000	3.00
2038	260,000	3.00
2039	265,000	3.00
2040	265,000	3.00

The Bonds will be issued in fully registered book-entry-only form in the form of one certificate in the aggregate principal amount of each maturity of the Bonds, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible of maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (with a \$5,000 minimum purchase required) through book-entries made on the books and records of DTC and its participants.

The Bonds are issued under the provisions of N.J.S.A 40A:14-70 et seq., by virtue of proposals adopted by the Fire District and approved by a majority of the legally qualified voters of the Fire District at special elections held on June 10, 2017, July 13, 2019 and October 12, 2019 and a resolution of the Fire District duly adopted on February 26, 2020 authorizing the issuance and sale of the Bonds (the “Resolution”). The Fire District has received positive findings on the issuance of the Bonds from the Local Finance Board, Department of Community Affairs, State of New Jersey pursuant to N.J.S.A 40A:5A-1 *et. seq.* The Bonds are being issued to (i) currently refund, together with available funds of the District in the amount of \$200,000, the aggregate principal amount of \$4,500,000 Fire District Bond Anticipation Notes, Series 2019 issued April 1, 2019 and maturing March 29, 2020 (the “Prior Notes”), which Prior Notes were originally issued to fund the acquisition costs of a new fire truck and the construction of a new fire station and pay costs of issuance, (ii) fund acquisition costs of a new fire pumper truck in the amount of \$850,000, (iii) fund \$1,590,000 in additional construction costs and other related costs of the new fire station, and (iv) pay costs of issuance in connection with the issuance of the Bonds, all as more fully described in the Resolution. The Issuer has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, such matters of law, and such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

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

1. The Bonds have been duly authorized, issued, executed and sold by the Issuer and the Resolution has been duly authorized and adopted by the Issuer. The Bonds and the Resolution 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 principal and interest on the Bonds is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Fire District for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

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

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

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights, 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 Paragraph 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

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

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

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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**APPENDIX D**

**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 Township of Parsippany-Troy Hills, County of Morris, New Jersey (the "Issuer" or the "District") in connection with the issuance by the Issuer of \$6,740,000 principal amount of its Fire District Bonds, Series 2020 (the "Bonds"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

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

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

"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 EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

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

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

“State” shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) On or prior to 270 days from the end of each fiscal year, beginning with the fiscal year ending December 31, 2020, the Issuer shall, or shall cause the Dissemination Agent to provide to any person requesting the same, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be provided as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB’s website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for providing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, the Issuer (or Dissemination Agent if other than the Issuer) shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any person may request and obtain Annual Report and Notices of Material Events filed with the MSRB on EMMA from the Issuer at the following address: 909 Mt. Tabor Road, P.O. Box 234, Mt. Tabor, New Jersey 07878; phone number 973-538-4630, attention: Treasurer.

(b) Not later than fifteen (15) business days prior to the date set forth in Section 3(a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer), which shall then make such Annual Report available to any person requesting the same.

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

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

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be provided pursuant to Section 3(a) above, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial information and operating data consisting of (i) Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the District, (ii) the District’s most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data.

*Section 5. Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a “Listed Event”):

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.

3.       Unscheduled draws on debt service reserves reflecting financial difficulties.

4.       Unscheduled draws on credit enhancements reflecting financial difficulties.

5.       Substitution of credit or liquidity providers or their failure to perform.

6.       Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7.       Modifications to rights of holders of the Bonds, if material.

8.       Bond calls, if material, and tender offers.

9.       Defeasances.

10.      Release, substitution or sale of property securing repayment of the Bonds, if material.

11.      Rating changes.

12.      Bankruptcy, insolvency, receivership or similar event of the Issuer.

13.      The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14.      Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

15.      Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar events under the terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

16.      Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b)      Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier

than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

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

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

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

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

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

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

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

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

(Remainder of Page Intentional Left Blank; Signature Page to Follow)

Dated: March , 2020

**TOWNSHIP OF PARSIPPANY-TROY HILLS  
FIRE DISTRICT NO. 1, IN THE COUNTY OF MORRIS  
NEW JERSEY**

By: \_\_\_\_\_  
James Masker, Treasurer

**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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