PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 6, 2026

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: Moody's: "Aaa"
(See "RATING" herein)

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY

$6,761,000* GENERAL IMPROVEMENT BONDS, SERIES 2026 (Callable) (Bank-Qualified)

Dated Date: Date of Delivery

Due: August 1, as shown on the inside cover page

The $6,761,000* General Improvement Bonds, Series 2026 (the "Bonds") of the Township of Denville, in the County of Morris, New Jersey (the "Township"), will be issued in the form of one certificate for the aggregate principal amount of each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity or prior redemption, commencing on February 1, 2027. Principal of and interest due on the Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS - Redemption" herein.

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

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

The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney, Fred Semrau, Esq., Boonton, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery is anticipated to be via the facilities of DTC in Brooklyn, New York, on or about September 2, 2026.

BIDS FOR THE BONDS WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE UNTIL 11:00 A.M. ON AUGUST 13, 2026. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIPLATFORM.COM.

* Preliminary, subject to change

TOWNSHIP OF DENVILLE,
IN THE COUNTY OF MORRIS, NEW JERSEY

$6,761,000* GENERAL IMPROVEMENT BONDS, SERIES 2026

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

Year (August 1)	Principal Amounts*	Interest Rate	Yield	CUSIP**
2027	$141,000	%	%	
2028	140,000			
2029	145,000			
2030	155,000			
2031	160,000			
2032	165,000			
2033	175,000			
2034	180,000			
2035	190,000			
2036	195,000			
2037	200,000			
2038	200,000			
2039	210,000			
2040	220,000			
2041	225,000			
2042	235,000			
2043	245,000			
2044	250,000			
2045	260,000			
2046	270,000			
2047	280,000			
2048	280,000			
2049	280,000			
2050	280,000			
2051	280,000			
2052	280,000			
2053	280,000			
2054	280,000			
2055	280,000			
2056	280,000			

* Preliminary; subject to change.

** "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds, and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the 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 DENVILLE,
IN THE COUNTY OF MORRIS, NEW JERSEY

MAYOR

Thomas W. Andes

TOWNSHIP COUNCIL MEMBERS

Glenn R. Buie, Council President
Chrissy Kovacs
Gary Borowiec
Adrienne Zimmerman
Mark Venis
Robbie Simpson
Lou Maffei

BUSINESS ADMINISTRATOR

Steven Ward

CHIEF FINANCIAL OFFICER

Jessica Falce

TOWNSHIP ATTORNEY

Fred Semrau, Esquire
Dorsey & Semrau LLC
Boonton, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

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

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and the expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds 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 since the date as of which such information is given, if earlier.

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose. 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.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

TABLE OF CONTENTS

INTRODUCTION 1
THE BONDS 1
General Description 1
Redemption 2
BOOK-ENTRY-ONLY SYSTEM 2
Discontinuation of Book-Entry-Only System 4
AUTHORIZATION AND PURPOSE OF THE BONDS 4
SECURITY AND SOURCE OF PAYMENT 5
RESILIENCY PLANNING 5
Weather Related Matters 5
Cybersecurity 5
MARKET PROTECTION 5
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES 6
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) 6
Local Budget Law (N.J.S.A. 40A:4-1 et seq.) 6
Tax Assessment and Collection Procedure 8
Tax Appeals 9
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) 9
TAX MATTERS 9
Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes 9
Original Issue Discount 10
Original Issue Premium 11
Additional Federal Income Tax Consequences of Holding the Bonds 11
Bank-Qualification 11
Changes in Federal Tax Law Regarding the Bonds 11
State Taxation 12
FINANCIAL STATEMENTS 12
LITIGATION 12
SECONDARY MARKET DISCLOSURE 12
MUNICIPAL BANKRUPTCY 14
APPROVAL OF LEGAL PROCEEDINGS 15
UNDERWRITING 15
RATING 15
MUNICIPAL ADVISOR 15
PREPARATION OF OFFICIAL STATEMENT 15
ADDITIONAL INFORMATION 16
MISCELLANEOUS 16

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY .... Appendix A

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY .... Appendix B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL .... Appendix C

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
Relating to the

TOWNSHIP OF DENVILLE,
IN THE COUNTY OF MORRIS, NEW JERSEY

$6,761,000* GENERAL IMPROVEMENT BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Denville (the "Township"), in the County of Morris (the "County"), New Jersey (the "State"), in connection with the sale and issuance of its $6,761,000* General Improvement Bonds, Series 2026 (the "Bonds"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds, including its general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General Description

The Bonds will be dated their date of delivery and will mature on August 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds will bear interest from their dated date, payable semi-annually on February 1 and August 1 in each year until maturity or prior redemption, commencing on February 1, 2027, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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

---

* Preliminary, subject to change.

Redemption

The Bonds maturing prior to August 1, 2034 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2034 are redeemable at the option of the Township, in whole or in part, on any date on or after August 1, 2033 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds to be redeemed not less than 30 days, nor more than 60 days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. However, as long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption may be sent to such securities depository by email or as otherwise permitted by the securities depository regulations. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds to be redeemed after the date fixed for redemption and no further interest shall accrue beyond the redemption date.

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 (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial

* Source: The Depository Trust Company.

relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

Discontinuation of Book-Entry-Only System

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

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the "Local Bond Law"), the bond ordinance adopted by the Township Council of the Township referred to in the chart that follows and a resolution duly adopted by the Township Council of the Township on July 14, 2026 (the "Resolution"). The bond ordinance authorizing the Bonds was published in full or in summary after its final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all Bonds shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period for the bond ordinance has concluded as of the date of this Official Statement.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount Funded From Bond Proceeds
#01-26	Acquisition of property, finally adopted February 17, 2026.	$6,761,000
Total:		**$6,761,000**

Proceeds from the sale and issuance of the Bonds will be used to: (i) provide $6,761,000 in new money to fund the acquisition of property in and by the Township; and (ii) pay the costs associated with the issuance of the Bonds.

SECURITY AND SOURCE OF PAYMENT

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

RESILIENCY PLANNING

Weather Related Matters

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

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2026.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The Township has not exceeded its statutory debt limit.

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

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

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

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

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

The Township is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

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

Under legislation enacted to address the COVID-19 emergency, P.L. 2020, c. 60 (A4175), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq*.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "*Index Rate*" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

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

Tax bills are mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500 of the delinquency and 18% per annum on any amount in excess of $1,500, and if a delinquency (including interest) is in excess of $10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2025 for the Township is on file with the Township Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Bonds is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of the Premium Bonds may have taxable gain from the disposition of the Premium Bonds, even though the Premium Bonds are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bonds. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Bank-Qualification

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

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

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

FINANCIAL STATEMENTS

Excerpts from the audited financial statements of the Township as of and for the years ended December 31, 2025, 2024 and 2023, together with the Notes to the Financial Statements for the years then ended are presented in Appendix “B” to this Official Statement (the “Financial Statements”) . The Township’s independent auditor, Nisivoccia LLP, Mount Arlington, New Jersey, takes responsibility for the audited financial statements to the extent and for the period set forth in the “Independent Auditor’s Report” contained in Appendix “B” of this Official Statement. See “APPENDIX B – EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY.”

LITIGATION

To the best of the knowledge of the Township Attorney, Fred Semrau, Esq., of Dorsey & Semrau LLC, Boonton, New Jersey (the “Township Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the best of the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township, pursuant to the Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2027 for the fiscal year ending December 31, 2026, electronically to the Municipal Securities Rulemaking Board’s Electronic

Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data, consisting of (i) the Township and overlapping indebtedness, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

(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 the 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 Township;
(13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Township, any of which affect holders of the Bonds, if material; and
(16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

The term "Financial Obligation" as used in subparagraphs (b)(15) and (b)(16) above means 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); provided, however, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to EMMA, notice of failure of the Township to provide required annual financial information on or before the date specified in the Resolution.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, 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 Township from time to time, without the consent of the holders or 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.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file its audited financial statement and annual operating data for the year ended December 31, 2021. Additionally, the Township failed to timely file the required late filing notice in connection with the items referenced above. Such information has since been filed on EMMA. The Township has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by ______________________ (the "Underwriter") at a price of $____________ (consisting of the par amount of the Bonds plus [net] original issue premium in the amount of $__________ less underwriter's discount in the amount of $__________). The Underwriter has purchased the Bonds in accordance with the Notice of Sale.

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

RATING

Moody's Ratings (the "Rating Agency") has assigned a rating of "Aaa" to the Bonds based upon the creditworthiness of the Township.

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

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. 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 Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

PREPARATION OF OFFICIAL STATEMENT

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

The Auditor has participated in the preparation of the financial statements described herein under the heading entitled "FINANCIAL STATEMENTS" and contained in Appendix "B" hereto.

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

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Jessica Falce, Chief Financial Officer, Township of Denville, 1 St. Mary's Place, Denville, NJ 07834-2199, telephone (973) 625-8300 x284, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY

By: ___________________________________
Jessica Falce
Chief Financial Officer

Dated: August __, 2026

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE TOWNSHIP[1]

The following material presents certain economic and demographic information of the Township of Denville (the "Township"), in the County of Morris (the "County"), State of New Jersey (the "State").

General Information

The Township is a municipal corporation of the State, incorporated on April 13, 1913. The Township is a full-service suburban residential community approximately 12.7 square miles in size and located 35 miles northwest of New York City, New York, 25 miles northwest of Newark, New Jersey and 8 miles north of Morristown, New Jersey.

The Township is located at the confluence of five state and interstate highways and two NJ Transit railroad lines, with two commuter stations located within its municipal boundaries. Due to its location and extensive transportation network, the Township is appropriately nicknamed the "Hub of Morris County." The Township has a vibrant downtown along with other commercial zones located along the aforementioned State highway network. A series of five lakes and several smaller ponds located throughout the municipality have attracted residential development during the past and present.

Municipal Government

The form of government was changed by referendum, effective January 1, 1972 from Mayor and Township Committee to Mayor- Council Plan F, under the Faulkner Act.

The Mayor is elected for a four-year term. The legislative body consists of seven elected councilpersons, one from each of four geographic wards and three councilpersons who are elected at-large. The councilpersons' terms in office are all four years. The Township Business Administrator is appointed by the Mayor with the advice and consent of the Council. The Business Administrator has broad administrative duties and responsibilities. Under this form of government, the Mayor is the chief executive officer and is responsible for the overall administration of the municipality, while the Council is vested with all legislative powers necessary to carry out government in the municipality.

In addition to the Department of Administration, the Township administrative structure includes the Department of Finance, Health, Police, Public Works, Construction, Community Development, Parks & Recreation and a Library.

Under the Mayor's general direction, the Business Administrator is responsible for prescribing standards and rules of procedure governing all departments and coordinating their operations. The Administrator and certified Chief Financial Officer assist the Mayor in the preparation of the annual budget while constantly reviewing/analyzing the budget operations, programs and cost of municipal government services. The Township employs a full-time certified

[1] Source: The Township, unless otherwise indicated.

Purchasing Agent to ensure compliance with all provisions of the NJ Local Public Contracts Law. The Business Administrator serves as the personnel officer for the Township.

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:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Township				
2025	8,905	8,530	375	4.2%
2024	8,939	8,588	351	3.9%
2023	8,979	8,671	308	3.4%
2022	8,835	8,555	280	3.2%
2021	8,604	8,165	439	5.1%
County				
2025	275,993	263,944	12,049	4.4%
2024	276,232	265,742	10,490	3.8%
2023	276,826	267,049	9,777	3.5%
2022	271,002	262,459	8,543	3.2%
2021	263,828	249,819	14,009	5.3%
State				
2025	4,905,633	4,648,499	257,134	5.2%
2024	4,899,384	4,672,089	227,295	4.6%
2023	4,879,285	4,668,296	210,989	4.3%
2022	4,771,781	4,586,675	185,106	3.9%
2021	4,674,518	4,361,147	313,371	6.7%

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 2024)

	Township	County	State	National
Median Household Income	$160,817	$137,326	$103,556	$80,734
Median Family Income	182,431	169,844	127,025	99,999
Per Capita Income	66,884	71,044	54,253	44,673

Source: US Bureau of the Census, 2024 American Community Survey 5-Year Estimates

Population

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

	Township		County		State	
Year	**Population**	**% Change**	**Population**	**% Change**	**Population**	**% Change**
2023 est.	17,148	0.2%	523,053	2.7%	9,500,851	2.3%
2020	17,107	2.8%	509,285	3.5%	9,288,994	5.7%
2010	16,635	5.1%	492,276	4.7%	8,791,894	4.5%
2000	15,824	14.6%	470,212	11.6%	8,414,350	8.9%
1990	13,812	-3.9%	421,353	3.4%	7,730,188	5.0%

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:

Taxpayers	2025 Assessed Valuation	% of Total Assessed Valuation
Prime Healthcare Services	$58,293,500	1.83%
Denville Union Hill LLC	33,896,000	1.07%
Springpoint at Denville	31,248,200	0.98%
Tamara Enterprises	18,342,600	0.58%
Denville Commons	16,464,100	0.52%
EV Equities I LLC	15,500,000	0.49%
Rockaway River Country Club	10,106,200	0.32%
Pinefield Manor, LLC	9,758,000	0.31%
Denville West Main, LLC	9,529,500	0.30%
WP Properties, LLC	7,272,000	0.23%
Total	$210,410,100	6.62%

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

Comparison of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year % of Collection
2025	$89,687,458	$88,812,896	99.02%
2024	87,390,903	86,600,381	99.10%
2023	82,311,898	81,658,310	99.21%
2022	79,467,165	78,768,166	99.12%
2021	79,018,123	78,673,352	99.56%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	Delinquent % of Tax Levy
2025	$1,621,709	$782,094	$2,403,803	2.68%
2024	1,554,458	705,467	2,259,925	2.59%
2023	1,418,141	561,173	1,979,314	2.40%
2022	1,479,854	605,813	2,085,668	2.62%
2021	1,351,804	554,721	1,906,525	2.41%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

Year	Property Acquired For Taxes
2025	$1,107,532
2024	1,107,532
2023	1,107,532
2022	1,107,532
2021	1,107,532

Source: Annual Audit Reports of the Township

[Remainder of Page Intentionally Left Blank]

Tax Rates per $100 of Net Valuations Taxable and Allocations

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

Year	General Municipal	Open Space Municipal	Library Municipal	Local School	Regional School	Total County	Total
2026	$0.470	$0.030	$0.050	$1.245	$0.741	$0.343	$2.879
2025	0.466	0.025	0.046	1.166	0.740	0.346	2.789
2024	0.463	0.025	0.044	1.136	0.754	0.334	2.756
2023	0.460	0.025	0.040	1.090	0.718	0.312	2.645
2022	0.453	0.025	0.037	1.060	0.705	0.292	2.572

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

Valuation of Property

Year	Assessed Value of Real Property	True Value of Real Property	Ratio of Assessed to True Value	Assessed Value of Public Utility Equip.	Equalized Valuation
2026	$3,205,489,000	$4,892,038,365	65.52%	$0	$4,892,038,365
2025	3,178,366,300	4,839,169,153	65.68%	0	4,839,169,153
2024	3,109,423,200	4,436,329,291	70.09%	0	4,436,329,291
2023	3,095,150,900	4,176,428,147	74.11%	0	4,176,428,147
2022	3,077,790,700	3,753,403,293	82.00%	0	3,753,403,293

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.

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2025	$43,023,800	$2,542,729,500	$5,371,200	$459,903,600	$96,942,200	$30,396,000	$3,178,366,300
2024	44,423,200	2,499,862,100	4,118,400	434,023,400	96,600,100	30,396,000	3,109,423,200
2023	55,828,000	2,480,024,100	4,111,400	429,270,500	95,520,900	30,396,000	3,095,150,900
2022	41,200,800	2,472,746,900	4,138,700	433,852,200	95,456,100	30,396,000	3,077,790,700
2021	29,691,800	2,463,935,300	4,138,700	492,261,800	95,501,300	14,896,000	3,100,424,900

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

Financial Operations

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

REVENUE	Adopted 2022	Adopted 2023	Adopted 2024	Adopted 2025	Adopted 2026
Fund Balance Utilized	$3,150,000	$3,150,000	$3,190,000	$3,210,000	$4,000,000
Miscellaneous Revenues	5,108,581	5,940,417	11,073,800	7,611,207	7,406,235
Municipal Grants	294,964	250,927	952,425	121,740	75,437
Receipts from Delinquent Taxes	510,000	510,000	510,000	510,000	510,000
Amount to be Raised by Taxation	15,109,614	15,502,197	15,791,399	16,303,259	16,691,495
Total Revenue:	$24,173,159	$25,353,541	$31,517,625	$27,756,205	$28,683,166
APPROPRIATIONS					
General Purpose (Inside CAP)	$17,177,835	$18,231,603	$18,710,110	$19,517,985	$19,920,719
Operations (Outside CAP)	1,220,903	1,465,093	1,427,141	1,513,775	1,648,055
Municipal Grants	296,709	252,673	93,481	123,485	77,182
Capital Improvement Fund	443,000	358,311	2,695,000	2,495,000	3,622,000
Municipal Debt Service	2,485,751	2,732,901	4,793,182	1,793,000	1,002,250
Deferred Charges	236,000	0	1,485,750	0	100,000
Reserve for Uncollected Taxes	2,312,960	2,312,960	2,312,960	2,312,960	2,312,960
Total Appropriations:	$24,173,159	$25,353,541	$31,517,625	$27,756,205	$28,683,166

Source: Annual Adopted Budgets of the Township

Fund Balance

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.

Fund Balance - Current Fund

Year	Fund Balance	Utilized in Budget of Succeeding Year
2025	$7,015,577	$4,000,000
2024	6,023,976	3,210,000
2023	5,612,845	3,190,000
2022	4,833,270	3,150,000
2021	4,746,802	3,150,000

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.

Fund Balance - Sewer Utility Operating Fund

Year	Balance 12/31	Utilized in Budget of Succeeding Year
2025	$2,327,535	$1,100,000
2024	2,223,027	1,100,000
2023	2,482,790	975,000
2022	2,464,854	925,000
2021	2,504,203	825,000

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.

Fund Balance - Water Utility Operating Fund

Year	Balance 12/31	Utilized in Budget of Succeeding Year
2025	$5,495,625	$1,400,000
2024	5,151,375	1,400,000
2023	4,933,640	900,000
2022	4,965,677	900,000
2021	4,844,028	900,000

Source: Annual Audit Reports of the Township

[Remainder of Page Intentionally Left Blank]

Township Indebtedness as of December 31, 2025

General Purpose Debt	
Serial/Term Bonds	$3,860,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,770,600
Other Bonds, Notes and Loans	0
Total:	$5,630,600
Local/Regional School District Debt	
Serial/Term Bonds	$3,329,324
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	$3,329,324
Self-Liquidating Debt	
Serial/Term Bonds	$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	7,300,000
Other Bonds, Notes and Loans	245,000
Total:	$7,545,000
TOTAL GROSS DEBT	**$16,504,924**
Less: Statutory Deductions	
General Purpose Debt	$0
Local/Regional School District Debt	3,329,324
Self-Liquidating Debt	7,545,000
Total:	$10,874,324
TOTAL NET DEBT	**$5,630,600**

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2025)[2]

Name of Related Entity	Related Entity Debt Outstanding	Township Percentage	Township Share*
Local School District	$0	100.0%	$0
Regional School District	9,500,000	35.0%	3,329,324
County	403,626,166	3.5%	14,165,341
Net Indirect Debt			$17,494,665
Net Direct Debt			5,630,600
Total Net Direct and Indirect Debt			**$23,125,265**

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	$4,483,975,530
Permitted Debt Limitation (3.50%)	156,939,144
Less: Net Debt	5,630,600
Remaining Borrowing Power	**$151,308,544**
Percentage of Net Debt to Average Equalized Valuation	0.126%
Gross Debt Per Capita based on 2020 population of 17,107	$965
Net Debt Per Capita based on 2020 population of 17,107	$329

Source: Annual Debt Statement of the Township

[Remainder of Page Intentionally Left Blank]

[2] Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF DENVILLE, IN THE COUNTY OF MORRIS, NEW JERSEY

TOWNSHIP OF DENVILLE

COUNTY OF MORRIS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

TOWNSHIP OF DENVILLE
FINANCIAL STATEMENTS
TABLE OF CONTENTS

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025, 2024 and 2023

	Page
Independent Auditors' Report	B-1 to B-3
Current Fund:	
Balance Sheet – Regulatory Basis	B-4 to B-5
Statement of Operations and Change in Fund Balance - Regulatory Basis	B-6
Statement of Revenue - Regulatory Basis	B-7
Statement of Expenditures - Regulatory Basis	B-8
Trust Funds:	
Balance Sheet - Regulatory Basis	B-9
General Capital Fund:	
Balance Sheet - Regulatory Basis	B-10
Statement of Fund Balance - Regulatory Basis	B-11
Water Utility Fund:	
Balance Sheet - Regulatory Basis	B-12 to B-13
Statement of Operations and Change in Fund Balance - Regulatory Basis	B-14
Statement of Fund Balance - Regulatory Basis	B-15
Statement of Revenue - Regulatory Basis	B-16
Statement of Expenditures - Regulatory Basis	B-17
Sewer Utility Fund:	
Balance Sheet - Regulatory Basis	B-18 to B-19
Statement of Operations and Change in Fund Balance - Regulatory Basis	B-20
Sewer Assessment Statement of Fund Balance - Regulatory Basis	B-21
Sewer Utility Statement of Fund Balance - Regulatory Basis	B-22
Statement of Revenue - Regulatory Basis	B-23
Statement of Expenditures - Regulatory Basis	B-24
Public Assistance Fund:	
Balance Sheet - Regulatory Basis	B-25
General Fixed Assets Account Group: (Unaudited)	
Balance Sheet - Regulatory Basis	B-26
Notes to Financial Statements	B-27 to 59

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Denville
Denville, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Denville, in the County of Morris (the "Township") as of and for the years ended December 31, 2025 2024, and 2023, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2025, 2024, and 2023 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Township as of December 31, 2025, 2024, and 2023 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2025, 2024, and 2023, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

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

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

April 8, 2026
Mount Arlington, New Jersey

NISIVOCCIA LLP

Nisivoccia LLP

TOWNSHIP OF DENVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31, 2025	December 31, 2024	December 31, 2023
ASSETS			
Regular Fund:			
Cash and Cash Equivalents	$ 15,067,330.23	$ 15,118,028.80	$ 19,495,757.90
Change Funds	350.00	350.00	350.00
	15,067,680.23	15,118,378.80	19,496,107.90
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	44,643.34	45,893.34	26,406.51
	15,112,323.57	15,164,272.14	19,522,514.41
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	782,094.33	705,466.93	561,173.28
Tax Title Liens Receivable	1,621,708.87	1,554,457.86	1,418,140.74
Property Acquired for Taxes at Assessed Valuation	1,107,532.00	1,107,532.00	1,107,532.00
Revenue Accounts Receivable	17,344.12	24,223.06	14,946.47
Trash Collection Fees Receivable	314,463.18	311,178.22	246,721.11
Interfund Accounts Receivable	217.08	24.80	31.55
Due from Municipal Library	58,898.02	53,908.90	51,654.38
Total Receivables and Other Assets With Full Reserves	3,902,257.60	3,756,791.77	3,400,199.53
Total Regular Fund	19,014,581.17	18,921,063.91	22,922,713.94
Federal and State Grant Fund:			
Grant Funds Receivable	927,434.66	117,874.66	207,901.86
Due From Current Fund	224,990.81	375,096.23	1,234,689.15
Total Federal and State Grant Fund	1,152,425.47	492,970.89	1,442,591.01
TOTAL ASSETS	$ 20,167,006.64	$ 19,414,034.80	$ 24,365,304.95

TOWNSHIP OF DENVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	$ 1,234,095.40	$ 1,229,624.78	$ 1,280,029.02
Unencumbered	635,477.86	302,025.10	469,592.17
	1,869,573.26	1,531,649.88	1,749,621.19
Accounts Payable - Vendors	113,987.81	102,342.38	59,125.65
Tax Overpayments	262,389.18	214,630.33	215,763.67
Prepaid UCC Revenue	250,000.00		
Prepaid Taxes	574,590.46	328,176.60	482,825.54
County Taxes Payable		91,565.12	
Due to State of New Jersey - Building Surcharge Fees	8,199.52	8,597.00	16,612.00
Interfund Accounts Payable	1,459,333.41	1,467,965.59	2,562,547.38
Reserve for Pending Tax Appeals	3,399,947.72	3,607,877.64	1,919,572.55
Reserve for Revaluation of Real Property	16,775.00	16,775.00	16,775.00
Reserve for Sale of Municipal Assets	1,371.01	25,871.01	10,463.01
Reserve for Sale of Municipal Land		1,550,950.00	6,425,000.00
Reserve for Garden State Preservation Trust Fund		1,567.00	1,567.00
Reserve for Municipal Relief Fund Aid			188,294.08
Reserve for FEMA Reimbursements	110,510.22	165,510.22	238,598.33
Reserve for Forfeited Bail	30,068.61	26,818.21	22,904.16
	8,096,746.20	9,140,295.98	13,909,669.56
Reserve for Receivables and Other Assets	3,902,257.60	3,756,791.77	3,400,199.53
Fund Balance	7,015,577.37	6,023,976.16	5,612,844.85
Total Regular Fund	19,014,581.17	18,921,063.91	22,922,713.94
Federal and State Grant Fund:			
Appropriated Reserves	972,864.45	240,767.64	475,729.37
Unappropriated Reserves	15,859.88	56,740.07	183,786.87
Encumbrances Payable	66,701.14	98,463.18	33,074.77
Due General Capital Fund	97,000.00	97,000.00	750,000.00
Total Federal and State Grant Fund	1,152,425.47	492,970.89	1,442,591.01
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 20,167,006.64	$ 19,414,034.80	$ 24,365,304.95

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

TOWNSHIP OF DENVILLE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31, 2025	2024	2023
Revenue and Other Income Realized			
Fund Balance Utilized	$ 3,210,000.00	$ 3,190,000.00	$ 3,150,000.00
Miscellaneous Revenue Anticipated	9,694,927.43	13,442,832.80	7,762,863.76
Receipts from Delinquent Taxes	765,693.03	617,811.08	765,514.81
Receipts from Current Taxes	88,812,895.99	86,600,381.40	81,658,309.85
Nonbudget Revenue	486,450.30	596,014.02	524,393.29
Other Credits to Income	262,897.78	326,241.89	340,669.64
Total Income	103,232,864.53	104,773,281.19	94,201,751.35
Expenditures			
Budget Appropriations:			
Municipal Purposes	26,407,897.56	29,296,081.92	23,065,343.95
County Taxes	11,055,860.40	10,451,386.32	9,671,992.35
Local School District Taxes	37,039,605.00	35,300,105.00	33,720,060.00
Regional High School Tax	23,534,997.00	23,455,263.00	22,223,649.00
Municipal Open Space Tax	802,768.05	784,217.13	776,766.14
Special District Tax	131,020.21	131,162.81	130,473.56
Tax Overpayments Reinstated			32,205.76
Increase in Reserve for Pending Tax Appeals		1,700,000.00	600,000.00
Interfunds Advanced	59,115.10	53,933.70	51,685.93
Total Expenditures	99,031,263.32	101,172,149.88	90,272,176.69
Excess in Revenue	4,201,601.21	3,601,131.31	3,929,574.66
Balance January 1	6,023,976.16	5,612,844.85	4,833,270.19
	10,225,577.37	9,213,976.16	8,762,844.85
Decreased by:			
Utilized as Anticipated Revenue	3,210,000.00	3,190,000.00	3,150,000.00
Balance December 31	$ 7,015,577.37	$ 6,023,976.16	$ 5,612,844.85

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

TOWNSHIP OF DENVILLE
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	$ 3,210,000.00	$ 3,210,000.00	$ 3,190,000.00	$ 3,190,000.00	$ 3,150,000.00	$ 3,150,000.00
Miscellaneous Revenue Anticipated	8,697,599.32	9,694,927.43	12,119,741.86	13,442,832.80	6,216,344.46	7,762,863.76
Receipts from Delinquent Taxes	510,000.00	765,693.03	510,000.00	617,811.08	510,000.00	765,514.81
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Library	1,478,774.95	1,478,774.95	1,392,141.32	1,392,141.32	1,251,133.18	1,251,133.18
Local Tax for Municipal Purposes	14,824,483.70	17,082,830.79	14,399,258.05	17,399,066.23	14,251,063.33	16,197,196.03
Nonbudget Revenue		486,450.30		596,014.02		524,393.29
	$ 28,720,857.97	$ 32,718,676.50	$ 31,611,141.23	$ 36,637,865.45	$ 25,378,540.97	$ 29,651,101.07

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

TOWNSHIP OF DENVILLE
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,								
	2025			2024			2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:									
Salaries and Wages	$ 9,084,279.33	$ 8,561,949.38	$ 522,329.95	$ 7,793,503.47	$ 7,245,040.05	$ 548,463.42	$ 8,602,841.50	$ 8,113,953.52	$ 488,887.98
Other Expenses	7,956,434.40	7,283,798.63	672,635.77	8,592,035.53	7,959,678.64	632,356.89	7,414,076.50	6,730,521.28	683,555.22
Capital Improvements	2,495,000.00	2,495,000.00		2,695,000.00	2,695,000.00		358,311.00	358,311.00	
Debt Service	1,793,000.00	1,793,000.00		4,793,182.00	4,793,182.00		2,732,900.74	2,732,664.13	236.61
Deferred Charges and Statutory				1,485,750.00	1,485,750.00				
Expenditures	5,079,183.83	5,040,054.15	39,129.68	3,938,709.82	3,887,806.45	50,903.37	3,957,450.82	3,849,865.00	107,585.82
Total Operations for for Municipal Purposes	26,407,897.56	25,173,802.16	1,234,095.40	29,298,180.82	28,066,457.14	1,231,723.68	23,065,580.56	21,785,314.93	1,280,265.63
Reserve for Uncollected Taxes	2,312,960.41	2,312,960.41		2,312,960.41	2,312,960.41		2,312,960.41	2,312,960.41	
	$28,720,857.97	$27,486,762.57	$1,234,095.40	$31,611,141.23	$30,379,417.55	$1,231,723.68	$25,378,540.97	$24,098,275.34	$1,280,265.63
Adopted Budget	$27,756,205.41			$31,517,624.73			$25,353,540.97		
Added by N.J.S.A. 40A:4-87	964,652.56			93,516.50			25,000.00		
	$28,720,857.97			$31,611,141.23			$25,378,540.97		

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

TOWNSHIP OF DENVILLE
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31, 2025	2024	2023
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents	$ 22,504.06	$ 3,618.85	$ 5,445.63
	22,504.06	3,618.85	5,445.63
Other Trust Funds:			
Cash and Cash Equivalents	7,257,560.02	7,036,651.96	5,785,410.84
Due from Current Fund	1,234,342.60	999,831.82	1,176,035.93
	8,491,902.62	8,036,483.78	6,961,446.77
TOTAL ASSETS	$ 8,514,406.68	$ 8,040,102.63	$ 6,966,892.40
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey		$ 3.60	$ 1.20
Due to Current Fund		24.80	31.55
Reserve for Dog Pound Donation	$ 16.00	16.00	16.00
Reserve for Animal Control Expenditures	22,488.06	3,574.45	5,396.88
	22,504.06	3,618.85	5,445.63
Other Trust Funds:			
Due to General Capital Fund	300,000.00	300,000.00	394,400.00
Other Deposits and Reserves	8,191,902.62	7,736,483.78	6,567,046.77
	8,491,902.62	8,036,483.78	6,961,446.77
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 8,514,406.68	$ 8,040,102.63	$ 6,966,892.40

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

TOWNSHIP OF DENVILLE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2025	2024	2023
ASSETS			
Cash and Cash Equivalents	$ 3,440,680.61	$ 2,096,272.39	$ 2,156,164.33
Interfund Accounts Receivable	397,000.00	410,837.54	1,496,222.30
Grants Receivable	729,928.84	1,028,483.80	420,646.02
Deferred Charges to Future Taxation:			
Funded	3,860,000.00	5,560,000.00	7,215,000.00
Unfunded	1,770,600.00	2,070,600.00	6,744,650.00
TOTAL ASSETS	$ 10,198,209.45	$ 11,166,193.73	$ 18,032,682.65
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	$ 3,860,000.00	$ 5,560,000.00	$ 7,215,000.00
Bond Anticipation Notes Payable			5,258,900.00
Improvement Authorizations:			
Funded	4,694,012.14	4,652,564.45	1,939,293.83
Unfunded	213,849.59	216,281.56	2,876,641.10
Capital Improvement Fund	1,067,387.52	374,387.52	642,387.52
Fund Balance	362,960.20	362,960.20	100,460.20
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 10,198,209.45	$ 11,166,193.73	$ 18,032,682.65

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

TOWNSHIP OF DENVILLE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	2025	2024	2023
Balance December 31,	$ 362,960.20	$ 100,460.20	$ 100,460.20
Increased by:			
Cancellation of Improvement Authorizations		262,500.00	
	362,960.20	362,960.20	100,460.20
Balance December 31,	$ 362,960.20	$ 362,960.20	$ 100,460.20

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

TOWNSHIP OF DENVILLE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31		
	2025	2024	2023
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	$ 6,268,693.46	$ 5,932,366.12	$ 5,759,678.46
Interfund Accounts Receivable		14,799.32	6,968.39
	6,268,693.46	5,947,165.44	5,766,646.85
Receivables and Other Assets with Full Reserves:			
Water Charges Receivable	248,357.44	338,210.32	257,015.95
Water Utility Liens	89.00	1,269.60	820.61
Inventory	1,080,070.25	556,830.87	238,662.59
Total Operating Fund	7,597,210.15	6,843,476.23	6,263,146.00
Capital Fund:			
Cash and Investments	2,226,711.40	1,309,396.65	1,264,979.72
Fixed Capital	14,296,279.59	13,203,370.54	12,766,645.81
Fixed Capital Authorized and Uncompleted	9,286,250.00	2,071,250.00	1,671,250.00
Total Capital Fund	25,809,240.99	16,584,017.19	15,702,875.53
TOTAL ASSETS	$ 33,406,451.14	$ 23,427,493.42	$ 21,966,021.53

TOWNSHIP OF DENVILLE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2025	2024	2023
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves	$ 374,781.03	$ 436,997.99	$ 315,249.45
Reserve for Encumbrances	270,700.33	173,311.70	332,289.53
Interfund Accounts Payable	62,771.67		
Accounts Payable	53,046.83	30,289.31	168,101.25
Water Rent Overpayments	11,768.15	155,191.69	17,367.11
	773,068.01	795,790.69	833,007.34
Reserve for Receivables	1,328,516.69	896,310.79	496,499.15
Fund Balance	5,495,625.45	5,151,374.75	4,933,639.51
Total Operating Fund	7,597,210.15	6,843,476.23	6,263,146.00
Capital Fund:			
Morris County Improvement Authority Leases Payable			
Improvement Authorizations:			
Funded	896,968.93	841,722.93	455,136.93
Unfunded	7,300,000.00		
Interfund Accounts Payable		14,799.32	6,968.39
Deferred Reserve for Amortization	1,986,250.00	2,071,250.00	1,671,250.00
Reserve for Amortization	14,296,279.59	13,203,370.54	12,766,645.81
Reserve for PFOS/PFAS Remediation	876,868.07		
Reserve to Pay Debt Service	3,127.43	3,127.43	3,127.43
Capital Improvement Fund	104,206.32	104,206.32	304,206.32
Fund Balance	345,540.65	345,540.65	495,540.65
Total Capital Fund	25,809,240.99	16,584,017.19	15,702,875.53
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 33,406,451.14	$ 23,427,493.42	$ 21,966,021.53

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

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

	Year Ended December 31		
	2025	2024	2023
Revenue and Other Income Realized			
Fund Balance Utilized	$ 1,400,000.00	$ 900,000.00	$ 900,000.00
Water Rents	3,786,642.19	3,331,246.55	3,190,388.94
Miscellaneous	344,404.65	37,690.76	185,654.73
Nonbudget Revenue	251,282.30	312,300.66	312,703.48
Other Credits to Income:	260,115.56	284,142.27	65,473.46
Total Income	6,042,444.70	4,865,380.24	4,654,220.61
Expenditures			
Budget Expenditures:			
Operating	3,143,566.00	3,012,713.00	2,990,890.00
Capital Improvements	890,000.00	475,000.00	475,000.00
Debt Services			69,911.71
Deferred Charges and Statutory Expenditures	264,628.00	259,932.00	250,456.00
Total Expenditures	4,298,194.00	3,747,645.00	3,786,257.71
Statutory Excess to Surplus	1,744,250.70	1,117,735.24	867,962.90
Fund Balance			
Balance January 1	5,151,374.75	4,933,639.51	4,965,676.61
	6,895,625.45	6,051,374.75	5,833,639.51
Decreased by:			
Utilization by Water Utility Operating Budget	1,400,000.00	900,000.00	900,000.00
Balance December 31	$ 5,495,625.45	$ 5,151,374.75	$ 4,933,639.51

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

TOWNSHIP OF DENVILLE
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	For the Year Ended December 31,		
	2025	2024	2023
Balance January 1	$ 345,540.65	$ 495,540.65	$ 495,540.65
Decreased by:			
Appropriated to Fund Improvement Authorizations		150,000.00	
Balance December 31	$ 345,540.65	$ 345,540.65	$ 495,540.65

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

TOWNSHIP OF DENVILLE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2025		2024		2023	
	Anticipated	Realized	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	$ 1,400,000.00	$ 1,400,000.00	$ 900,000.00	$ 900,000.00	$ 900,000.00	$ 900,000.00
Rents	2,860,694.00	3,786,642.19	2,807,645.00	3,331,246.55	2,847,386.00	3,190,388.94
Miscellaneous Revenue Anticipated	37,500.00	344,404.65	40,000.00	37,690.76	40,000.00	185,654.73
Budget Totals	4,298,194.00	5,531,046.84	3,747,645.00	4,268,937.31	3,787,386.00	4,276,043.67
Nonbudget Revenue		251,282.30		312,300.66		312,703.48
	$ 4,298,194.00	$ 5,782,329.14	$ 3,747,645.00	$ 4,581,237.97	$ 3,787,386.00	$ 4,588,747.15

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

TOWNSHIP OF DENVILLE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,								
	2025			2024			2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operating:									
Salaries and Wages	1,068,666.00	$ 964,117.19	$104,548.81	$ 953,613.00	$ 921,419.48	$ 32,193.52	$ 912,090.00	$ 900,631.84	$ 11,458.16
Other Expenses	774,900.00	738,614.69	36,285.31	759,100.00	720,748.91	38,351.09	723,800.00	657,355.64	66,444.36
Group Insurance Plan for Employees	500,000.00	493,903.21	6,096.79	500,000.00	496,061.03	3,938.97	505,000.00	504,804.43	195.57
Morris County Municipal Utility Authority:									
Purchase of Water	800,000.00	602,405.19	197,594.81	800,000.00	611,703.90	188,296.10	850,000.00	621,965.94	228,034.06
Capital Improvements:									
Capital Improvement Fund	440,000.00	440,000.00		50,000.00	50,000.00		110,000.00	110,000.00	
Capital Outlay	450,000.00	449,577.88	422.12	425,000.00	273,907.11	151,092.89	365,000.00	362,521.57	2,478.43
Debt Service:									
Morris County Municipal Utility Authority:									
Loan Principal and Interest							71,040.00	69,911.71	1,128.29
Statutory Expenditures:									
Contribution to:									
Public Employee's Retirement System	189,628.00	189,628.00		184,932.00	184,932.00		175,456.00	175,455.20	0.80
Social Security System (O.A.S.I.)	75,000.00	45,166.81	29,833.19	75,000.00	51,874.58	23,125.42	75,000.00	68,361.93	6,638.07
	$ 4,298,194.00	$ 3,923,412.97	$374,781.03	$ 3,747,645.00	$ 3,310,647.01	$436,997.99	$ 3,787,386.00	$ 3,471,008.26	$316,377.74

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

TOWNSHIP OF DENVILLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31		
	2025	2024	2023
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	$ 2,614,460.77	$ 1,997,353.13	$ 2,623,019.30
Interfund Accounts Receivable	131,947.44	558,601.63	108,417.53
	2,746,408.21	2,555,954.76	2,731,436.83
Receivables and Other Assets with Full Reserves:			
Sewer Charges Receivable	282,965.87	360,946.73	170,677.97
Sewer Liens Receivable	272.20	1,074.97	617.10
Inventory	3,179.74	634.67	2,509.75
Total Operating Fund	3,032,826.02	2,918,611.13	2,905,241.65
Assessment Trust Fund:			
Cash and Cash Equivalents	1,024,384.60	1,638,647.42	1,569,440.22
Assessment Liens Receivable	2,212.59	2,212.59	2,212.59
Assessments Receivable	1,351,897.68	1,640,687.73	1,918,799.97
Total Assessment Trust Fund	2,378,494.87	3,281,547.74	3,490,452.78
Capital Fund:			
Cash and Cash Equivalents	872,636.53	1,331,526.94	1,493,847.13
Fixed Capital	31,827,238.31	31,026,712.97	30,838,680.71
Fixed Capital Authorized and Uncompleted	1,029,817.20	1,679,817.20	1,079,817.20
Total Capital Fund	33,729,692.04	34,038,057.11	33,412,345.04
TOTAL ASSETS	$ 39,141,012.93	$ 40,238,215.98	$ 39,808,039.47

TOWNSHIP OF DENVILLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31, 2025	2024	2023
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves	$ 294,697.30	$ 299,511.86	$ 136,073.70
Reserve for Encumbrances	105,629.81	26,585.37	101,923.75
Accounts Payable - Vendors	623.59	67.38	157.22
Sewer Rent Overpayments	14,470.99		
Reserve for Accrued Interest on Loans	3,451.97	6,763.04	10,492.66
	418,873.66	332,927.65	248,647.33
Reserve for Receivables and Inventory	286,417.81	362,656.37	173,804.82
Fund Balance	2,327,534.55	2,223,027.11	2,482,789.50
Total Operating Fund	3,032,826.02	2,918,611.13	2,905,241.65
Assessment Trust Fund:			
Environmental Infrastructure Trust Loan	245,000.00	549,641.39	938,143.83
Interfund Accounts Payable	69,392.85	474,804.33	102,206.93
Reserve for Assessment and Leins	1,354,110.27	1,580,487.68	1,580,487.68
Fund Balance	709,991.75	676,614.34	869,614.34
Total Assessment Trust Fund	2,378,494.87	3,281,547.74	3,490,452.78
Capital Fund:			
Improvement Authorizations			
Funded	50,792.66	540,085.77	100,792.66
Capital Improvement Fund	88,146.84	53,146.84	653,146.84
Reserve for Sewer Improvements	63,222.00	63,222.00	63,222.00
Reserve to Pay Debt Service	10,020.72	10,020.72	10,020.72
Interfund Accounts Payable		4,597.30	6,210.60
Reserve for Amortization	31,827,238.31	31,026,712.97	30,838,680.71
Deferred Reserve for Amortization	1,029,817.20	1,679,817.20	1,079,817.20
Fund Balance	660,454.31	660,454.31	660,454.31
Total Assessment Trust Fund	33,729,692.04	34,038,057.11	33,412,345.04
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 39,141,012.93	$ 40,238,215.98	$ 39,808,039.47

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

TOWNSHIP OF DENVILLE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
- REGULATORY BASIS

	Year Ended December 31		
	2025	2024	2023
Revenue and Other Income Realized			
Fund Balance Utilized	$ 1,100,000.00	$ 975,000.00	$ 925,000.00
Sewer Rents	3,003,888.17	2,548,996.52	2,789,160.99
Sewer Assessment Fund Balance	193,000.00	193,000.00	104,000.00
Nonbudget Revenue	700,042.83	821,351.88	611,339.91
Other Credits to Income:	253,259.37	82,545.21	269,732.42
Total Income	5,250,190.37	4,620,893.61	4,699,233.32
Expenditures			
Budget Expenditures:			
Operating	3,558,966.00	3,560,724.00	3,290,930.00
Capital Improvements	220,000.00	100,000.00	160,000.00
Debt Services	17,088.93		69,911.71
Deferred Charges and Statutory Expenditures	249,628.00	244,932.00	235,456.00
Total Expenditures	4,045,682.93	3,905,656.00	3,756,297.71
Excess in Revenue/Statutory Excecss to Fund Balance	1,204,507.44	715,237.61	942,935.61
Fund Balance			
Balance January 1	2,223,027.11	2,482,789.50	2,464,853.89
	3,427,534.55	3,198,027.11	3,407,789.50
Decreased by:			
Utilized by Sewer Utility Operating Budget	1,100,000.00	975,000.00	925,000.00
Balance December 31	$ 2,327,534.55	$ 2,223,027.11	$ 2,482,789.50

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

TOWNSHIP OF DENVILLE
SEWER ASSESSMENT TRUST FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	For the Years Ended December 31,		
	2025	2024	2023
Balance January 1	$ 676,614.34	$ 869,614.34	$ 973,614.34
Increased by:			
Collection of Unpledged Assessments	226,377.41		
	902,991.75	869,614.34	973,614.34
Decreased by:			
Surplus Anticipated in Sewer Utility Operating Fund	193,000.00	193,000.00	104,000.00
Balance December 31	$ 709,991.75	$ 676,614.34	$ 869,614.34

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

TOWNSHIP OF DENVILLE
SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	For the Years Ended December 31,		
	2025	2024	2023
Balance January 1	$ 660,454.31	$ 660,454.31	$ 660,454.31
Balance December 31	$ 660,454.31	$ 660,454.31	$ 660,454.31

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

TOWNSHIP OF DENVILLE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2025		2024		2023	
	Anticipated	Realized	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	$ 1,100,000.00	$ 1,100,000.00	$ 975,000.00	$ 975,000.00	$ 925,000.00	$ 925,000.00
Sewer Service Charges	2,532,684.00	3,003,888.17	2,769,306.00	2,548,996.52	2,769,213.00	2,789,160.99
Sewer Assessment Surplus	193,000.00	193,000.00	193,000.00	193,000.00	104,000.00	104,000.00
Budget Totals	3,825,684.00	4,296,888.17	3,937,306.00	3,716,996.52	3,798,213.00	3,818,160.99
Nonbudget Revenue	220,000.00	700,042.83		821,351.88		611,339.91
	$ 4,045,684.00	$ 4,996,931.00	$ 3,937,306.00	$ 4,538,348.40	$ 3,798,213.00	$ 4,429,500.90

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

TOWNSHIP OF DENVILLE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Years Ended December 31,

	2025			2024			2023		
	Budget After Modification	Paid or Charged	Cancelled/ Reserved	Budget After Modification	Paid or Charged	Cancelled/ Reserved	Budget After Modification	Paid or Charged	Cancelled/ Reserved
Operating:									
Salaries and Wages	$ 930,466.00	$ 776,651.82	$ 153,814.18	$ 855,592.00	$ 740,384.37	$ 115,207.63	$ 747,707.00	$ 709,526.82	$ 38,180.18
Other Expenses	628,500.00	542,991.11	85,508.89	579,000.00	512,094.86	66,905.14	544,500.00	484,674.55	59,825.45
Group Insurance Plan for Employees	500,000.00	493,903.20	6,096.80	500,000.00	496,060.41	3,939.59	505,000.00	504,804.44	195.56
RVRSA (R.S. 40:14A - Contribution)	1,500,000.00	1,479,757.59	20,242.41	1,626,132.00	1,551,523.00	74,609.00	1,493,723.00	1,491,724.00	1,999.00
Capital Improvements:									
Capital Improvement Fund	35,000.00	35,000.00		50,000.00	50,000.00		50,000.00	50,000.00	
Capital Outlay	185,000.00	174,349.90	10,650.10	50,000.00	28,032.26	21,967.74	110,000.00	80,615.37	29,384.63
Debt Service:									
Interest on Loans	17,090.00	17,088.93	1.07	31,650.00		31,650.00	40,787.00		40,787.00
Morris County Improvement Authority -									
Lease Principal							67,657.00	67,656.50	0.50
Lease Interest							3,383.00	2,255.21	1,127.79
Deferred Charges and Statutory Expenditures:									
Statutory Expenditures:									
Contribution to:									
Public Employee's Retirement System	189,628.00	189,628.00		184,932.00	184,932.00		175,456.00	175,455.20	0.80
Social Security System (O.A.S.I.)	60,000.00	41,615.08	18,384.92	60,000.00	43,117.24	16,882.76	60,000.00	53,511.92	6,488.08
Total Sewer Utility Appropriations	$4,045,684.00	$3,750,985.63	$ 294,698.37	$3,937,306.00	$3,606,144.14	$ 331,161.86	$3,798,213.00	$3,620,224.01	$ 177,988.99

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

TOWNSHIP OF DENVILLE
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31, 2025	December 31, 2024	December 31, 2023
ASSETS			
Cash and Cash Equivalents	$ 485,071.17	$ 467,798.33	$ 407,345.43
TOTAL ASSETS	$ 485,071.17	$ 467,798.33	$ 407,345.43
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Public Assistance Expenditures	$ 485,071.17	$ 467,798.33	$ 407,345.43
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 485,071.17	$ 467,798.33	$ 407,345.43

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

TOWNSHIP OF DENVILLE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,		
	2025	2024	2023
ASSETS			
Land	$ 18,502,487.77	$ 18,502,487.77	$ 18,502,487.77
Building and Improvements	8,287,189.60	8,240,804.23	7,918,153.23
Equipment	26,109,268.69	25,162,994.23	23,098,765.52
TOTAL ASSETS	$ 52,898,946.06	$ 51,906,286.23	$ 49,519,406.52
RESERVE			
Reserve for Fixed Assets	$ 52,898,946.06	$ 51,906,286.23	$ 49,519,406.52
TOTAL RESERVE	$ 52,898,946.06	$ 51,906,286.23	$ 49,519,406.52

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

B. Description of Funds (Cont'd)

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

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

Sewer Utility Operating, Assessment Trust and Capital Funds - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned sewer utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey statutes. The operations of the State funded General Assistance were transferred to the County of Morris effective during the year 2012.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Township's budget in the Current Fund. Grant revenue is realized in the Capital Funds when improvements are authorized. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

C. Basis of Accounting (Cont'd)

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

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; federal and state grants and assistance would be recognized when earned, not when awarded or budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and fixed assets purchased by the Utility Funds would be depreciated and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans, or by financed purchase agreements.

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, except for the Utility Operating Funds. The amounts reflected as inventories on the Utility Fund balance sheets are offset by reserves.

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

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

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

TOWNSHIP OF DENVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

F. Budgets/Budgetary Controls

The annual appropriated budgets are usually prepared in the first quarter for current operating, utility, assessment and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
Issued			
General:			
Bonds, Notes and Financed Purchases	$ 3,860,000	$ 5,560,000	$ 12,473,900
Sewer Assessment:			
Bonds, Loans, Notes and Financed Purchases	245,000	549,641	938,144
Total Issued	4,105,000	6,109,641	13,412,044
Authorized but not Issued:			
General:			
Bonds and Notes	1,770,600	2,070,600	1,485,750
Water Utility:			
Bonds, Loans and Notes	7,300,000		
Total Authorized but not Issued	9,070,600	2,070,600	1,485,750

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

Summary of Municipal Debt (Cont'd)

	December 31, 2025	December 31, 2024	December 31, 2023
Less:			
Water Utility:			
Reserve to Pay Debt Service	$ 3,127	$ 3,127	$ 3,127
Sewer Utility:			
Reserve to Pay Debt Service	10,021	10,021	10,021
	13,148	13,148	13,148
Net Bonds, Notes, Loans and Leases Issued and Authorized but not Issued	$ 13,162,452	$ 8,167,093	$ 14,884,646

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the revised Annual Debt Statement as of December 31, 2025 and indicates a statutory net debt of .126%.

	Gross Debt	Deductions	Net Debt
School District Debt	$ 3,329,324	$ 3,329,324	
Water and Sewer Utility Debt	7,545,000	7,545,000	
General Debt	5,630,600		$ 5,630,600
	$ 16,504,924	$ 10,874,324	$ 5,630,600

Net Debt $5,630,600 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $4,483,975,530 = .126%.

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

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

3-1/2% Average Equalized Valuation of Real Property		$ 156,939,144
Net Debt		5,630,600
Remaining Borrowing Power		$ 151,308,544

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

Cash Receipts from Fees, Rents or Other Charges for Year		$ 5,782,329
Deductions:		
Operating and Maintenance Costs		3,408,194
Excess in Revenue		$ 2,374,135

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

Cash Receipts from Fees, Rents or Other Charges for Year		$ 4,996,931
Deductions:		
Operating and Maintenance Costs	$3,808,594	
Debt Service	17,089	
		3,825,683
Excess in Revenue		$ 1,171,248

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

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

TOWNSHIP OF DENVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2023	Retirements	Balance 12/31/2024
Serial Bonds:			
General Capital Fund	$ 7,215,000	$ 1,655,000	$ 5,560,000
Bond Anticipation Notes:			
General Capital Fund	5,258,900	5,258,900	
Loans Payable:			
Sewer Assessment Fund:			
Infrastructure Trust Loan	938,144	388,503	549,641
	$ 13,412,044	$ 7,302,403	$ 6,109,641

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2024	Retirements	Balance 12/31/2025
Serial Bonds:			
General Capital Fund	$ 5,560,000	$ 1,700,000	$ 3,860,000
Loans Payable:			
Sewer Assessment Fund:			
Infrastructure Trust Loan	549,641	304,641	245,000
	$ 6,109,641	$ 2,004,641	$ 4,105,000

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

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

General Capital Serial Bonds

Purpose	Final Maturity	Rate	Amount
General Improvement	09/01/29	1.00-2.00%	$ 3,860,000.00

Sewer Assessment Infrastructure Trust Loans

Purpose	Final Maturity	Rate	Amount
Various Sewer Improvements	09/01/26	4.00-5.00%	245,000.00
	Total Debt Issued and Outstanding		$ 4,105,000.00

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

Calendar	General		
Year	Principal	Interest	Total
2026	$ 935,000	$ 67,250	$ 1,002,250
2027	955,000	48,550	1,003,550
2028	975,000	29,450	1,004,450
2029	995,000	9,950	1,004,950
	$ 3,860,000	$ 155,200	$ 4,015,200

Infrastructure Loans

On September 1, 2006, the Township of Denville entered into two loan agreements with the State of New Jersey, acting by and through a New Jersey Department of Environmental Protection Fund (the "Fund"), and the New Jersey Infrastructure Trust (the "Trust"), in the revised aggregate amount of $7,479,246, which represents direct obligations of the Township. The loan agreements were obtained to finance a portion of the Openaki/Kitchel Road sewer improvement project.

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

Infrastructure Loans (Cont'd)

At December 31, 2025, the Township has borrowed or "drawn down" $6,163,149 for this project. This amount has been finalized by the Department of Environmental Protection. The difference or unexpended proceeds of the "Trust" loan were retired by New Jersey Infrastructure Trust from funds on hand, and the unexpended proceeds of the "Fund" have been reduced from future debt service payments. Principal payments to the "Fund" commenced on February 1, 2009 and will continue on a semiannual basis over 17 years at zero interest. Principal payments to the "Trust" commenced on September 1, 2009 and will continue on a semiannual basis over 17 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds, and interest earnings are not available from the capitalized interest account.

Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Schedule of Annual Debt Service For Principal and Interest for the Next Two Years for Loans Issued and Outstanding

Calendar Year	Infrastructure Trust Loan Principal	Infrastructure Trust Loan Interest	Total
2026	$ 245,000.00	$ 10,412.50	$ 255,412.50
	$ 245,000.00	$ 10,412.50	$ 255,412.50

Note 3: Fund Balances Appropriated

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

Current Fund	$ 4,000,000
Water Utility Operating Fund	1,400,000
Sewer Utility Operating Fund	1,100,000

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Denville has not elected to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and is adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to $948,136 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $30,525 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

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

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Township reported a liability was $9,467,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Township's proportion was 0.0697%, which was an increase of 0.0005% from its proportion measured as of June 30, 2023.

The Township has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Public Employee's Retirement System's (PERS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2024 pension information in the Note to the Financial Statements as the June 30, 2025 pension information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2024. For the year ended December 31, 2025, the Township recognized actual pension expense in the amount of $948,136.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

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

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

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	5.57%
U.S. Treasuries	4.00%	5.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Note 5: Pension Plans (Cont'd)

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

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	$ 12,686,422	$ 9,467,910	$ 6,876,493

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount.

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

Special Funding Situation

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

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to $1,379,391 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $233,558 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of $233,559.

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

Pension Liabilities and Pension Expense

At June 30, 2024, the Township's liability for its proportionate share of the net pension liability was $10,297,869. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was 0.0997%, which was an increase of 0.0058% from its proportion measured as of June 30, 2023. The Township has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Services, State of New Jersey is permitting municipalities to include the June 30, 2024 pension information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is $2,030,203 as of June 30, 2024. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was 0.0997%, which was an increase of 0.0058% from its proportion measured as of June 30, 2023 which is the same proportion as the Township's. The Township has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	$	10,297,869
State's Proportionate Share of the Net Pension Liability Associated with the Township		2,030,203
Total Net Pension Liability	$	12,328,072

For the year ended December 31, 2025, the Township recognized total pension expense of $1,379,391.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% - 16.25% based on years of service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

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

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2024

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	$ 17,614,071	$ 12,328,072	$ 7,925,992

Pension Plan Fiduciary Net Position - PFRS

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

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of $23,199.85 for the year ended December 31, 2025. Employee contributions to DCRP amounted to $31,604.63 for the year ended December 31, 2025.

Note 6: Selected Tax Rate Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000 at December 31 of the current year. Unpaid taxes of the prior years may be placed in lien at a tax sale held after April 1 and through December 10. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Note 6: Selected Tax Rate Information (Cont'd)

	2025	2024	2023
Tax Rate	2.789	2.756	2.645
Apportionment of Tax Rate			
Municipal	0.537	0.532	0.525
County	0.346	0.334	0.312
Local School	1.166	1.136	1.090
Regional High School	0.740	0.754	0.718
Assessed Valuations			
2025	$ 3,178,366,300		
2024		$ 3,109,423,200	
2023			$ 3,095,150,900

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies.

A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2025	$ 89,687,458	$ 88,812,896	99.02%
2024	87,390,903	86,600,381	99.10%
2023	82,311,898	81,658,310	99.21%

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

Note 7: Cash and Cash Equivalents

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial 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 Township 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 Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in the section of this Note on investments pages.

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

Deposits:

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

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

> The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition
>
> If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

Note 7: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

(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.

Note 7: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

As of December 31, 2025, cash and cash equivalents of the Township of Denville consisted of the following:

Fund	Checking Accounts	Cash on Hand	Totals
Current	$ 15,067,330.23	$ 350.00	$ 15,067,680.23
Animal Control Trust	22,507.66		22,507.66
Other Trust	7,257,560.02		7,257,560.02
General Capital	3,440,680.61		3,440,680.61
Water Utility Operating	6,268,493.46	200.00	6,268,693.46
Water Utility Capital	2,226,711.40		2,226,711.40
Sewer Utility Assessment	1,024,384.60		1,024,384.60
Sewer Utility Operating	2,614,460.77		2,614,460.77
Sewer Utility Capital	872,636.53		872,636.53
Public Assistance	485,071.17		485,071.17
	$ 39,279,836.45	$ 550.00	$ 39,280,386.45

The carrying amount of the Township of Denville's cash and cash equivalents at December 31, 2025, was $39,280,386.45 and the bank balance was $37,840,052.69.

Note 8: Accrued Sick and Vacation Benefits

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid upon retirement at the employee's current rate upon such termination. It is estimated that the current cost of such unpaid compensation would approximate $1,390,907.00. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accrued Sick and Vacation of $1,153,030.90 on the Trust Funds balance sheet at December 31, 2025.

Balance at December 31, 2024	$ 1,295,297.81
Net Change	95,609.19
Balance at December 31, 2025	$ 1,390,907.00
Amount Due within One Year	$ -0-

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

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

Note 9: Risk Management (Cont'd)

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

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

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

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Fund's financial statements for the year ended December 31, 2025 were unavailable at the time of this audit. Selected financial information for the Fund as of December 31, 2024 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	$ 41,731,805
Net Position	$ 14,656,747
Total Revenue	$ 27,339,632
Total Expenses	$ 26,449,607
Change in Net Position	$ 623,483
Members Dividends	$ 266,542

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

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

New Jersey Unemployment Compensation Insurance

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

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

Year	Employee Contributions	Amount Reimbursed	Ending Balance
2023	$ 18,040.01	$ 21,759.10	$ 231,163.78
2024	12,226.22	49,444.49	193,945.51
2025		121,364.33	72,581.18

Self-Insurance Deductible

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

Note 10: Contingencies

The Township is periodically involved in lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2025.

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve in the amount of $3,399,947.72 which it feels should be sufficient to cover these tax appeals.

Note 11: Open Space Trust Fund

The Township of Denville created an Open Space Trust Fund with a tax levy of $.03 per $100 of assessed valuation in 2003. The funds collected are used to acquire and maintain open space property in the Township. The balances of the Open Space Trust Fund at December 31, 2025 and 2024 were $711,244 and $557,955 respectively.

Note 12: Economic Dependency

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

Note 13: Deferred Compensation Plan

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

Note 14: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	$ 217.08	$ 1,459,333.41
Federal and State Grant Fund	224,990.81	97,000.00
Other Trust Fund	1,234,342.60	300,000.00
General Capital Fund	397,000.00	
Water Utility Operating Fund		62,771.67
Sewer Utility Operating Fund	131,947.44	
Sewer Utility Assessment Fund		69,392.85
	$ 1,988,497.93	$ 1,988,497.93

The Current Fund interfund receivable represents Trash collection fees received in Water Utility Operating Fund. The interfund receivable in Federal and State Grant Fund represents the net of grant receipts in Current Fund and expenditures by the Current Fund. The interfund receivable in the Other Trust Funds is mainly due to tax sale premiums received in Current Fund that are due to the Other Trust Fund, as well as a transfer to the Storm Recovery, Self-Insurance and Recreation trust reserves that have not been transferred in cash. The interfund receivable in the General Capital Fund is grant receipts in Federal and State Grant Fund not transferred as of year end. The interfund receivable in the Sewer Utility Operating Fund represents mainly interest and assessment interest that has not been transferred in cash from the Sewer Utility Assessment and Capital Funds as well as sewer rents collected in Water Utility Operating Fund.

Note 15: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Contributions

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

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2024 OPEB information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2024 was $15,659,151. At June 30, 2024, the State's proportion related to the Township was 0.3211% which was a decrease of 0.0090% from its proportion measured as of June 30, 2023. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2024, the State of New Jersey's OPEB benefit related to the Township was $1,517,107.

Actuarial Assumptions and Other Inputs

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

Salary Increases*:	
Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25% based on years of service

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

Pre-Retirement Healthy Mortality

Pre-retirement mortality rates for PERS were based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Post-Retirement Healthy Mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Disabled Retiree Mortality

Disabled retiree mortality rates for PERS future disabled retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

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

Discount Rate

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

Note 16: Tax Abatements

As of December 31, 2025, the Township provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Township pursuant to the authority contained in Section 18 of the Limited Dividend Law (N.J.SA. 55:16-18), Section 30 of the HFA Law (N.J.S.A. 55:14J-30) and a resolution of the Mayor and Township Council and with the approval of the New Jersey Housing Finance Agency (NJHFA) as provided under Section 30(b) of the NJHFA law. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Township an annual service charge for municipal services in an amount not exceeding the tax on the property on which the abatement is received. The annual service charge made by the nonprofit housing corporation will be in an amount not exceeding 3.00% of the annual gross revenues of the housing development as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Township or the nonprofit housing corporation or a dispute arises between the two parties either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion to accomplish the purposes of the Limited-Dividend Laws and the HFA Law.

The Township recognized revenue in the amount of $22,794 from this annual service charge or payment in lieu of taxes which is recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2025 without the abatement would have been $257,603 of which $49,599 would have been for the local municipal tax, minimum library tax and municipal open space tax.

As of December 31, 2025, the Township has provided a tax abatement to the Morris County Housing Authority under the U.S. Department of Housing and Urban Development. In consideration of the full abatement of taxes, the Authority is required to pay to the Township an annual service charge for municipal services in an amount not exceeding the tax on the property on which the abatement is received. The annual service charge made by the Authority will be in an amount not exceeding 10.00% of the net rent charged as detailed in Form HUD-52267.

The Township recognized revenue in the amount of $76,677.16 from this annual service charge or payment in lieu of taxes which is recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2025 without the abatement would have been $231,423 of which $44,559 would have been for the local municipal tax, minimum library tax and municipal open space tax.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

MS&B McMANIMON • SCOTLAND • BAUMANN 75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

_____________, 2026

Township Council of the
Township of Denville, in the
County of Morris, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Denville, in the County of Morris, New Jersey (the "*Township*"), in connection with the issuance by the Township of its $_,___,000 General Improvement Bonds, Series 2026 (the "*Bonds*"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township adopted on July 14, 2026, in all respects duly approved, and the bond ordinance referred to therein, in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "*Certificate*") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]