

NEW ISSUE – Book-Entry-Only

**RATING: S&P: “AA-”
(See "RATING" herein)**

In the opinion of Fleishman Daniels Law Offices, LLC, Linwood, New Jersey (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions existing as of the date hereof and assuming continuing compliance by the City of Millville with certain covenants described herein, interest on the Bonds (as defined below) (i) is not includable in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale of the Bonds are not includable in gross income under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof. See “TAX MATTERS” herein.

\$14,603,000*
CITY OF MILLVILLE
IN THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$9,101,000* General Improvement Bonds
\$4,155,000* Water Utility Bonds
and
\$1,347,000* Sewer Utility Bonds
(BOOK-ENTRY-ONLY) (CALLABLE)

Dated: Date of Delivery

Due: May 1, as shown on the inside front cover page

The \$14,603,000* aggregate principal amount of General Obligation Bonds, Series 2022, consisting of: (i) \$9,101,000* General Improvement Bonds (the “General Improvement Bonds”); (ii) \$4,155,000* Water Utility Bonds (the “Water Utility Bonds”); and (iii) \$1,347,000* Sewer Utility Bonds (the “Sewer Utility Bonds”, and together with the General Improvement Bonds and the Water Utility Bonds, the “Bonds”), are valid and legally binding general obligations of the City of Millville, in the County of Cumberland, State of New Jersey (the “City”) and are secured by a pledge of the full faith and credit of the City for the payment of the principal thereof and interest thereon. The principal of and interest on the Bonds are payable, if not paid from other sources, from ad valorem taxes to be levied upon all the taxable property within the City without limitation as to rate or amount. Interest on the Bonds will be payable each May 1 and November 1, commencing May 1, 2023, to and including their respective dates of maturity or prior redemption. Interest on the Bonds will be credited to the participants of DTC (as hereinafter defined) as listed on the records of DTC as of each next preceding April 15 and October 15 (the “Record Dates” for the payment of interest on the Bonds). The Bonds will be issued in the form of one certificate for the aggregate principal amount of Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as Securities Depository. See “DEPOSITORY TRUST COMPANY INFORMATION-Book-Entry Only System” herein. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof except, where necessary, also in the amount of \$1,000.

The Bonds are authorized by and are issued pursuant to: (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) certain bond ordinances as more fully described herein; and (iii) Resolution Numbers 127 and 128 adopted by the City Commission on April 5, 2022.

The Bonds are being issued to provide funds which will be used to: (i) refund, on a current basis, \$10,513,000 in aggregate principal amount of outstanding bond anticipation notes of the City maturing May 4, 2022; (ii) finance the cost of various capital improvements in and by the City in the amount of \$4,090,000; and (iii) pay the costs associated with the issuance of the Bonds.

The Bonds are subject to redemption prior to their stated maturities. See “THE BONDS-Redemption” herein.

The Bonds are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the City.

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

The Bonds are offered when, as and if issued, and delivered to the Underwriter, as defined herein, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Fleishman Daniels Law Offices, LLC, Linwood, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Attorney, Brock D. Russell, Esquire, Millville, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey served as Municipal Advisor to the City in connection with the Bonds. It is expected that delivery of the Bonds in book-entry only form will be made at DTC in New York, New York on or about May 3, 2022.

BID PROPOSALS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION VIA THE PARITY ELECTRONIC BID SYSTEM ON TUESDAY, APRIL 20, 2022 UNTIL 11:00 A.M. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED ON WWW.MUNIHUB.COM

* Preliminary, subject to change.

\$14,603,000*
CITY OF MILLVILLE
IN THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2022

Consisting of:
\$9,101,000* General Improvement Bonds
\$4,155,000* Water Utility Bonds
and
\$1,347,000* Sewer Utility Bonds
(BOOK-ENTRY-ONLY) (CALLABLE)

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS**

<u>Year</u>	<u>General Improvement Bonds Amount*</u>	<u>Water Utility Bonds Amount*</u>	<u>Sewer Utility Bonds Amount*</u>	<u>Combined Maturity Schedule Amount*</u>	<u>Interest Rate %</u>	<u>Yield %</u>	<u>CUSIPS**</u>
2023	\$486,000	\$125,000	\$57,000	\$668,000			
2024	760,000	160,000	70,000	990,000			
2025	800,000	165,000	70,000	1,035,000			
2026	800,000	170,000	80,000	1,050,000			
2027	825,000	175,000	80,000	1,080,000			
2028	855,000	180,000	90,000	1,125,000			
2029	865,000	185,000	100,000	1,150,000			
2030	890,000	190,000	100,000	1,180,000			
2031	925,000	195,000	100,000	1,220,000			
2032	925,000	200,000	100,000	1,225,000			
2033	970,000	210,000	100,000	1,280,000			
2034		225,000	100,000	325,000			
2035		235,000	100,000	335,000			
2036		240,000	100,000	340,000			
2037		250,000	100,000	350,000			
2038		250,000		250,000			
2039		250,000		250,000			
2040		250,000		250,000			
2041		250,000		250,000			
2042		250,000		250,000			

* Preliminary, subject to change.

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

**CITY OF MILLVILLE
IN THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY**

MAYOR

Lisa M. Orndorf

CITY COMMISSION

Benjamin J. Romanik
Joseph Sooy
C. Kirk Hewitt
Robert McQuade

CITY CHIEF FINANCIAL OFFICER

Marcella D. Shepard

CITY ADMINISTRATOR/CLERK

Jeanne M. Parkinson

CITY SOLICITOR

Brock D. Russell, Esq.
Millville, New Jersey

CITY AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

BOND COUNSEL

Fleishman Daniels Law Offices, LLC
Linwood, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this document, 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 City and other sources deemed reliable; however, 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 City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, 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.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the City, the Municipal Advisor, or the Underwriter.

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

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

TABLE OF CONTENTS

INTRODUCTION	1
THE BONDS	1
General Description	1
Book-Entry-Only System	2
Discontinuation of Book-Entry-Only System.....	4
Redemption.....	4
AUTHORIZATION AND PURPOSE OF THE BONDS	5
Authorization	5
Purpose of the General Improvement Bonds	5
Purpose of the Water Utility Bonds.....	7
Purpose of the Sewer Utility Bonds.....	7
SECURITY AND SOURCE OF PAYMENT	8
Taxing Power.....	8
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT	8
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....	8
Debt Limits	9
Exceptions to Debt Limits - Extensions of Credit	9
Short Term Financing.....	9
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	9
Tax Assessment and Collection Procedure.....	12
Tax Appeals.....	12
Real Estate Taxes.....	13
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	13
Operation of Utilities	13
RECENT HEALTHCARE DEVELOPMENTS.....	14
NO DEFAULT	14
TAX MATTERS	15
Federal Tax Exemption	15
Original Issue Discount	15
Original Issue Premium	15
Additional Federal Income Tax Consequence of Holding the Bonds.....	16
Changes in Federal Tax Law Regarding the Bonds.....	16
State Taxation	16
BANK QUALIFICATION.....	17
LEGALITY FOR INVESTMENT	17
SECONDARY MARKET DISCLOSURE	17
LITIGATION	17
MUNICIPAL BANKRUPTCY	18
PREPARATION OF OFFICIAL STATEMENT	18
RATING.....	19
UNDERWRITING	19
MUNICIPAL ADVISOR	19
APPROVAL OF LEGAL PROCEEDINGS.....	19
RISK TO HOLDERS OF BONDS	20
CERTIFICATES OF THE CITY	20
FINANCIAL STATEMENTS.....	20
ADDITIONAL INFORMATION	20
MISCELLANEOUS.....	21

APPENDIX A - GENERAL INFORMATION REGARDING THE CITY

APPENDIX B - FINANCIAL STATEMENTS OF THE CITY

APPENDIX C - FORM OF BOND COUNSEL'S OPINION

APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

**OFFICIAL STATEMENT
Relating to**

\$14,603,000*

**CITY OF MILLVILLE
IN THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2022**

Consisting of:

\$9,101,000* General Improvement Bonds

\$4,155,000* Water Utility Bonds

and

\$1,347,000* Sewer Utility Bonds

(BOOK-ENTRY-ONLY) (CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of Millville (the “City”), in the County of Cumberland, in the State of New Jersey (the “State”) in connection with the sale and issuance of \$14,603,000* aggregate principal amount of General Obligation Bonds, Series 2022, consisting of: (i) \$9,101,000* General Improvement Bonds (the “General Improvement Bonds”); (ii) \$4,155,000* Water Utility Bonds (the “Water Utility Bonds”); and (iii) \$1,347,000* Sewer Utility Bonds (the “Sewer Utility Bonds”, and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds"). This Official Statement has been executed by and on behalf of the City by the 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 their 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 City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the City.

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

THE BONDS

General Description

The Bonds shall be dated and shall bear interest from their date of delivery and will mature on May 1 in each of the years and in the amounts set forth on the inside front cover page hereof. The Bonds shall bear interest, which is payable semiannually on the first (1st) day of May and November in each year (each constituting an “Interest Payment Date”), commencing May 1, 2023, at the interest rates set forth on the inside front cover page hereof. The record dates for payment of the interest on the Bonds shall be April 15 and October 15 next preceding the interest payment dates. The Bonds may be purchased in book-entry only

* Preliminary, subject to change

form in the amount of \$5,000 or any integral multiple thereof, except where necessary, also in the amount of \$1,000, through book-entries made on the books and the records of The Depository Trust Company, New York, New York (“DTC”) and its participants. See “Book-Entry-Only-System”. The City will act as the “Bond Registrar/Paying Agent” for the Bonds.

Book-Entry-Only System*

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered 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 Bond certificate will be issued for each maturity as set forth on the cover page hereof each 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 relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("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

* Source: The Depository Trust Company

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only 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 the 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 the 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.

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

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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest with respect to 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 City on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or Redemption Price of and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City, or the City's hereafter designated 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 City 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 City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.

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

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

Discontinuation of Book-Entry-Only System

If the City, 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 City will attempt to locate another qualified Securities Depository. If the City fails to find such a Securities Depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the City shall notify DTC of the termination of the book-entry only system.

Redemption

The Bonds of this issue maturing prior to May 1, 2030, shall not be subject to redemption prior to their respective maturity dates. The Bonds of this issue maturing on or after May 1, 2030 are redeemable at the option of the City in whole or in part on any date on or after May 1, 2029, upon notice as required herein at par (the "Redemption Price"), plus in each case 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 not less than thirty (30) days, nor more than sixty (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 City or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the 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 City determines to redeem a portion of the Bonds prior to maturity, such Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

AUTHORIZATION AND PURPOSE OF THE BONDS

Authorization

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by the bond ordinances duly adopted by the City Commission on the dates set forth in the chart on the following pages and published and approved as required by law, and by two (2) resolutions duly adopted by the City Commission on April 5, 2022.

The bond ordinances authorizing the Bonds were published in full or in summary after their 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 ordinances 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 obligations 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 City. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the General Improvement Bonds

The proceeds of the General Improvement Bonds in the amount of \$9,101,000 are being used to: (i) refund, on a current basis, a bond anticipation note of the City originally issued in the aggregate principal amount of \$5,713,000, dated May 5, 2021, and maturing May 4, 2022 (the “Prior General Improvement Note”); (ii) finance the cost of various general improvements in and by the City in the amount of \$3,388,000; and (iii) pay the costs associated with the issuance of the General Improvement Bonds.

The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, amount of the Prior General Improvement Note being refunded with the General Improvement Bonds, and amount of new money. The bond ordinances are:

General Improvement Bond Ordinances

<u>Ordinance No.</u>	<u>Description and Date of Adoption</u>	<u>Refunded Note Amount</u>	<u>New Money</u>
33-2007	Providing for acquisition of computer equipment and technology and other purchases within the City, finally adopted September 18, 2007.	\$0	\$40,916
41-2007	Improvements to Vacant Land and Environmental Remediation, finally adopted on October 16, 2007.	1,350,000	0
10-2008	Providing for capital expenditures for public purchases by the City, finally adopted on April 15, 2008.	0	2,128
12-2008	Providing for capital expenditures for	0	800

	purchase of real property purchases by the City, finally adopted on May 20, 2008.		
34-2008	Providing for capital expenditures for road improvements by the City, finally adopted on June 17, 2008.	0	32,687
12-2009	Providing for capital expenditures for public purchases by the City, finally adopted on March 3, 2009.	0	203,219
46-2018	Providing for various capital improvements by the City, finally adopted on August 21, 2018.	420,000	0
37-2019	Providing for various capital improvements and purchases in and by the City, finally adopted on June 18, 2019.	1,510,000	0
52-2019	Providing for various purchases and repairs of vehicles and related equipment for EMS Department and Shared Services by the City, finally adopted on December 3, 2019.	1,650,000	0
19-2020	Providing for various capital improvements and purchases in and by the City, finally adopted on October 20, 2020.	783,000	0
02-2021	Providing for expansion and improvements to Millville Library by the City, finally adopted on February 2, 2021.	0	771,250
13-2021	Providing for continuing environmental remediation and demolition of former airwork facility at the Millville Municipal Airport by the City, finally adopted on May 4, 2021.	0	475,000
21-2021	Providing for purchases of vehicles for Fire Department and Police Department by the City, finally adopted on July 20, 2021.	0	1,634,000
08-2022	Providing for various capital improvements and purchases in and by the City, finally adopted on February 1, 2022.	0	228,000
SUBTOTAL:		<u>\$5,713,000</u>	<u>\$3,388,000</u>
TOTAL GENERAL IMPROVEMENT PROCEEDS:			<u>\$9,101,000</u>

Purpose of the Water Utility Bonds

The proceeds of the Water Utility Bonds in the amount of \$4,155,000 are being used to: (i) refund, on a current basis, a Water Utility note in the aggregate principal amount of \$4,030,000, dated May 5, 2021, and maturing May 4, 2022 (the “Prior Water Utility Note”); (ii) finance the cost of various water utility improvements in and by the City in the amount of \$125,000; and (iii) pay the costs associated with the issuance of the Water Utility Bonds.

The purposes for which the Water Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, amount of the Water Utility Prior Note being refunded with the Water Utility Bonds, and amount of new money. The bond ordinances are:

Water Utility Bond Ordinances			
<u>Ordinance No.</u>	<u>Description and Date of Adoption</u>	<u>Refunded Note</u> <u>Amount</u>	<u>New Money</u>
36-2019	Providing for various improvements to the Municipal Water Utility System by the City, finally adopted on June 18, 2019.	\$2,000,000	\$125,000
20-2020	Providing for various improvements to the municipal water and sewer utility systems by the City, finally adopted on October 20, 2020.	2,030,000	0
SUBTOTAL:		<u>\$4,030,000</u>	<u>\$125,000</u>
TOTAL WATER UTILITY PROCEEDS:			<u>\$4,155,000</u>

Purpose of the Sewer Utility Bonds

The proceeds of the Sewer Utility Bonds in the amount of \$1,347,000 are being used to: (i) refund, on a current basis, a sewer utility note in the aggregate principal amount of \$770,000, dated May 5, 2021, and maturing on May 4, 2022 (the “Prior Sewer Utility Note”, and together with the Prior General Improvement Note and Prior Water Utility Note being referred to as the “Prior Notes”); (ii) finance the cost of various sewer utility improvements in and by the City in the amount of \$577,000; and (iii) pay the costs associated with the issuance of the Sewer Utility Bonds.

The purposes for which the Sewer Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, amount of the Prior Sewer Utility Note being refunded with the Sewer Utility Bonds, and amount of new money. The bond ordinances are:

Sewer Utility Bond Ordinances

<u>Ordinance No.</u>	<u>Description and Date of Adoption</u>	<u>Refunded Note</u>	
		<u>Amount</u>	<u>New Money</u>
06-2008	Providing for various upgrades and improvements to the Wastewater Collection System by the City, finally adopted on February 19, 2008.	\$0	\$228,575
39-2012	Providing for various improvements to the Municipal Water Utility System by the City, finally adopted on December 18, 2012.	0	348,425
36-2019	Providing for various capital improvements and upgrades to the Municipal Sewer Utility Systems by the City, finally adopted on June 18, 2019.	700,000	0
20-2020	Providing for various improvements to the municipal water and sewer utility systems by the City, finally adopted on October 20, 2020.	70,000	0
SUBTOTAL:		<u>\$770,000</u>	<u>\$577,000</u>
TOTAL SEWER UTILITY PROCEEDS:			<u>\$1,347,000</u>

SECURITY AND SOURCE OF PAYMENT

Taxing Power

The Bonds are valid and binding general obligation bonds of the City, and the City has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the City and, unless paid from other sources, the City is required by law to levy *ad valorem* taxes upon all the real property taxable within the City for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount. Enforcement of a claim for the payment of principal of or interest on bonds or notes of the City is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds 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, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the City are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the City has not exceeded its statutory debt limit as of December 31, 2021.

Exceptions to Debt Limits - Extensions of Credit

The City 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 City 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 City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City, without approval of the Local Finance Board, 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).

Short Term Financing

The City 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 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, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one-year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. 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.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt 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 ("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, among others, for certification.

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, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of

the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

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 years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

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 which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

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

Upon the filing of certified adopted budgets by the local school district, regional 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 provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located with the special districts.

For calendar year municipalities, tax bills are mailed annually in June of the current year by the City’s Tax Collector. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

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 City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 in each year 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.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the revenue will at least be equal to the tax levy required to balance the budget.

The 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 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 units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2020 for the City is on file with the Clerk and is available for review during business hours.

Operation of Utilities

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

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

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

RECENT HEALTHCARE DEVELOPMENTS

COVID-19, a respiratory disease caused by a new strain of coronavirus, had been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on, March 13, 2020, then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020 and issued multiple Executive Orders regarding the Pandemic. On June 4, 2021, Governor Murphy signed an Executive Order declaring the end to the state of emergency, effective July 4, 2021, subject to certain executive orders remaining in effect until January 1, 2022 (although Governor Murphy retained the authority to issue orders and waivers under the Emergency Health Powers Act through January 11, 2022). On January 11, 2022, Governor Murphy reinstated, via Executive Order, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency expired 30 days from January 11, 2022 but was later extended, via Executive Order, for an additional 30 days, effective February 10, 2022. On March 4, 2022, Governor Murphy announced that he is ending the public health emergency that was reinstated in the State, effective March 7, 2022. Depending on future events, ongoing actions may be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical public health-related challenges. The Pandemic has negatively affected travel, commerce and financial markets globally, and may continue negatively affecting economic growth and financial markets worldwide.

Because of the evolving nature of the outbreak and new variants of COVID-19, along with federal, state and local responses thereto, the City cannot predict how the outbreak may impact the financial condition or operations of the City, if there will be any impact on the assessed values of property within the City or unexpected deferrals of tax payments to municipalities, or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs to the City.

The American Rescue Plan Act of 2020 (the “Plan”) was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The Plan includes funding for States and local governments, including the City, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential services during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. Based on available information as of January 1, 2022, the City is expected to receive a total of approximately \$7,200,000 in federal funding from the Plan.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the City as of the date hereof.

TAX MATTERS

Federal Tax Exemption

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 City 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 City 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 City 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. Fleishman Daniels Law Offices, LLC ("Bond Counsel") will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the City 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 City observes its covenants with respect to compliance with the Code, 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 the alternative minimum tax. Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner 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 a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. 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 Consequence 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.

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 of New Jersey. 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 as enacted and construed on the date hereof, 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. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL 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 WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE) OR REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

BANK QUALIFICATION

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

LEGALITY FOR INVESTMENT

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

SECONDARY MARKET DISCLOSURE

The City has covenanted for the benefit of bondholders to provide certain financial information and operating data of the City by and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed and within the timeframe established in the Continuing Disclosure Certificate (the "Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix "D" hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Bonds. This covenant is being made by the City to assist the purchaser of the Bonds in complying with the Rule.

The City has previously entered into continuing disclosure undertakings under the Rule. The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey in December of 2014 to act as Continuing Disclosure Agent/Dissemination Agent to assist in the filing of certain information on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access dataport as required under its undertakings.

LITIGATION

To the knowledge of Brock D. Russell, Millville, New Jersey (the "City Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority of 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 City or the title of any of the present officers. Moreover, to the knowledge of the City Solicitor, no litigation is presently pending or threatened that, in the opinion of the City Solicitor, would have a material adverse impact on

the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City Solicitor and delivered to the purchaser of the Bonds at the closing.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, *et seq.* (the "Bankruptcy Code"), 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 creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to 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.

Reference to the Bankruptcy Code or the State statute should not create any implication that the City expects to utilize the benefits of their provisions.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter, by certificates signed by the Chief Financial Officer, that to such officer's 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.

Bowman & Company LLP, Voorhees, New Jersey assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

The City Solicitor has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

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

RATING

S&P Global Ratings, acting through Standard and Poor's Financial Services LLC (the "Rating Agency"), has assigned its municipal bond rating of "AA-" to the Bonds.

The rating reflects only the view of the Rating Agency at the time such rating is issued and an explanation of the significance of such rating may be obtained from the Rating Agency. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the City by _____, _____ (the "Underwriter") at a purchase price of \$_____ (the "Purchase Price") in accordance with the Notice of Sale. The Purchase Price of the Bonds reflects the par amount of the Bonds plus a bid premium of \$_____. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which yields may be changed from time to time by the Underwriter without notice.

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

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

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will express no opinion relating thereto.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed

therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgement of the transaction opined upon, or the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

CERTIFICATES OF THE CITY

Upon the delivery of the Bonds, the Underwriter shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement, as of its date, did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the Underwriter shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefore, and a certificate dated as of the date of the delivery of the Bonds and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds, are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

FINANCIAL STATEMENTS

Appendix "B" contains certain audited financial statements of the City for the City's fiscal year ended December 31, 2020 (the "Audited Financial Statements"). Appendix "B" also contains certain unaudited financial information of the City for the City's fiscal year ended December 31, 2021 (together with the Audited Financial Statements, the "Financial Statements"). The Audited Financial Statements were extracted from the report prepared by Bowman & Company LLP, Voorhees, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the Audited Financial Statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Marcella Shepard, Chief Financial Officer, City of Millville, 12 South High Street, Millville, New Jersey, (856) 825-7000 ext. 7214 or Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, (609) 291-0130.

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

MISCELLANEOUS

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

THE CITY OF MILLVILLE IN THE COUNTY OF CUMBERLAND, NEW JERSEY

By: _____
Marcella Shepard, Chief Financial Officer

Dated: April 13, 2022

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Millville (the “City”), in the County of Cumberland (the “County”), State of New Jersey (the “State”).

General Information

The City was incorporated as a “city” by an act of the State Legislature in 1866 and operated under the Mayor-Council form of government until 1913 when the Mayor was elected by the people. In 1913, the Walsh Act was passed and the City began its present Commission form of government. There are five elected Commissioners, one of whom serves as Mayor.

The City is located in the southern part of the State, approximately 45 miles from Philadelphia, 120 Miles from New York City and 140 miles from Washington, D.C. It lies between the southern terminal of the New Jersey Turnpike, the Garden State Parkway, State Highway 55 (which runs through the northeastern portion of the City) and the Atlantic City Expressway. Its bordering municipalities include Deerfield Township, Lawrence Township, Downe Township, Commercial Township, Maurice River Township and Vineland City. Union Lake, over 4,000 acres of upland, Maurice River, and two Wildlife Management Areas embody some of the natural alluring sites. The City comprises an area of about 44.3 square miles.

Transportation is provided by bus to Atlantic City, Philadelphia, New York City and Wilmington, Delaware. Several motor freight common carriers connect the City with Philadelphia, New York, Baltimore and other cities. The Millville Municipal Airport (the "Airport") is an air freight depot and a maintenance field. Water transportation is available by means of the Maurice River which is navigable from the Delaware Bay to the center of the City.

Retirement Systems

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

¹ Source: The City, unless otherwise indicated.

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2020	13,320	11,782	1,538	11.5%
2019	13,044	12,361	683	5.2%
2018	12,891	12,102	789	6.1%
2017	13,031	12,159	872	6.7%
2016	13,205	12,239	966	7.3%
<u>County</u>				
2020	66,277	59,148	7,129	10.8%
2019	65,506	62,056	3,450	5.3%
2018	64,829	60,799	4,030	6.2%
2017	65,511	61,052	4,459	6.8%
2016	66,509	61,566	4,943	7.4%
<u>State</u>				
2020	4,495,200	4,055,300	439,900	9.8%
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%

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

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2020)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$63,182	\$55,709	\$85,245
Median Family Income	71,250	67,467	104,804
Per Capita Income	42,192	28,311	44,153

Source: US Bureau of the Census, 2020 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2020	27,491	-3.20%	154,152	-1.75%	9,288,994	5.65%
2010	28,400	5.78	156,898	7.14	8,791,894	4.49
2000	26,847	3.29	146,438	6.07	8,414,350	8.85
1990	25,992	4.74	138,053	3.90	7,730,188	4.96
1980	24,815	16.14	132,866	9.47	7,365,001	2.75

Source: United States Department of Commerce, US Bureau of the Census, 2020 American Community Survey 5-Year Estimates

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2021 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Goodmill, LLC	\$35,251,100	2.43%
Durand Glass Mfg Co. Inc.	22,000,000	1.52%
T-Fal Corporation	17,630,100	1.22%
ACP Cumb Assoc/Amer Cont	16,975,000	1.17%
Lowes Home Center #1816	11,200,000	0.77%
Genesis Health Ventures	7,176,400	0.50%
Millville Village Inc.	6,613,800	0.46%
Grand Prix Partners	6,500,000	0.45%
Oakview Apartments	6,369,600	0.44%
Cumberland Green Apartments	<u>6,006,400</u>	<u>0.41%</u>
Total	<u>\$135,722,400</u>	<u>9.36%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2021U	\$53,428,760	\$52,549,556	98.35%
2020	52,690,541	51,492,197	97.73%
2019	50,351,883	49,073,656	97.46%
2018	49,897,116	48,491,252	97.18%
2017	49,360,037	48,300,419	97.85%

U: Unaudited
Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2021U	\$264,161	\$547,771	\$811,932	1.52%
2020	351,552	679,046	1,030,598	1.96%
2019	200,871	893,777	1,094,648	2.17%
2018	304,226	685,426	989,652	1.98%
2017	118,439	943,656	1,062,095	2.15%

U: Unaudited
Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2021U	\$4,734,229
2020	4,732,230
2019	5,219,030
2018	3,986,130
2017	2,733,330

U: Unaudited
Source: Annual Audit Reports of the City

[Remainder of Page Intentionally Left Blank]

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2021	\$1.386	\$0.945	\$1.337	\$3.668
2020	1.366	0.903	1.338	3.607
2019	1.313	0.867	1.260	3.440
2018	1.267	0.830	1.272	3.369
2017	1.266	0.815	1.257	3.338

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2021	\$1,444,949,600	\$1,733,384,837	83.36%	\$4,746,222	\$1,738,131,059
2020	1,453,905,800	1,563,675,844	92.98	4,574,683	1,568,250,527
2019	1,456,608,500	1,565,067,691	93.07	4,618,847	1,569,686,538
2018	1,471,775,700	1,561,234,433	94.27	4,512,425	1,565,746,858
2017	1,470,113,400	1,584,344,649	92.79	4,421,221	1,588,765,870

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 City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2021	\$25,543,000	\$1,044,514,100	\$11,547,900	\$225,191,100	\$101,475,700	\$36,677,800	\$1,444,949,600
2020	25,874,000	1,045,647,900	11,740,000	230,256,800	103,588,800	36,798,300	1,453,905,800
2019	25,907,200	1,047,876,000	11,152,900	230,363,500	104,510,600	36,798,300	1,456,608,500
2018	27,771,500	1,050,270,900	10,857,200	233,851,400	112,207,900	36,816,800	1,471,775,700
2017	25,996,300	1,050,860,600	10,490,600	236,306,200	109,763,400	36,696,300	1,470,113,400

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

Financial Operations

The following table summarizes the City’s Current Fund budget. 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

<u>Anticipated Revenues</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Fund Balance Utilized	\$5,748,139	\$7,518,091	\$4,881,695	\$4,192,596	\$4,758,400
Miscellaneous Revenues	7,650,034	7,866,810	9,601,810	9,516,203	8,949,833
Receipts from Delinquent Taxes	652,000	652,000	652,000	652,000	652,000
Amount to be Raised by Taxation	<u>18,664,053</u>	<u>18,690,053</u>	<u>19,177,721</u>	<u>19,914,245</u>	<u>20,090,000</u>
Total Revenue:	<u>\$32,714,226</u>	<u>\$34,726,954</u>	<u>\$34,313,226</u>	<u>\$34,275,044</u>	<u>\$34,450,233</u>
<u>Appropriations</u>					
General Appropriations	\$26,284,663	\$26,636,272	\$27,336,646	\$27,057,243	\$28,198,363
Operations (Excluded from CAPS)	1,202,684	1,069,680	1,069,680	1,617,132	833,680
Deferred Charges and Statutory Expenditures	0	0	200,000	45,000	0
Capital Improvement Fund	50,000	1,550,000	50,000	50,000	50,000
Municipal Debt Service	3,001,795	3,294,119	3,321,900	3,288,212	3,096,482
Reserve for Uncollected Taxes	<u>2,175,084</u>	<u>2,176,883</u>	<u>2,335,001</u>	<u>2,217,457</u>	<u>2,271,708</u>
Total Appropriations:	<u>\$32,714,226</u>	<u>\$34,726,954</u>	<u>\$34,313,226</u>	<u>\$34,275,044</u>	<u>\$34,450,233</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

The following table lists the City’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.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2021U	\$6,161,852	N/A
2020	6,129,712	4,758,400
2019	5,543,730	4,192,596
2018	6,197,766	4,881,695
2017	8,920,947	7,518,091

U: Unaudited
Source: Annual Audit Reports of the City

Water Utility Fund

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

Fund Balance - Water Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2021U	\$2,301,487	N/A
2020	2,220,330	745,700
2019	2,277,706	806,430
2018	2,421,931	921,468
2017	2,705,458	895,504

U: Unaudited
Source: Annual Audit Reports of the City

Sewer Utility Fund

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

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2021U	\$5,151,315	N/A
2020	4,798,572	297,050
2019	4,702,512	618,107
2018	4,905,560	754,659
2017	4,200,803	385,290

U: Unaudited
Source: Annual Audit Reports of the City

[Remainder of Page Intentionally Left Blank]

City Indebtedness as of December 31, 2021

General Purpose Debt

Serial Bonds	\$11,968,000
Bond Anticipation Notes	5,713,750
Bonds and Notes Authorized but Not Issued	3,945,616
Other Bonds, Notes and Loans	<u>246,436</u>
Total:	\$21,873,801

Local School District Debt

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

Self-Liquidating Debt

Serial Bonds	\$4,751,000
Bond Anticipation Notes	4,800,000
Bonds and Notes Authorized but Not Issued	703,160
Other Bonds, Notes and Loans	
Total:	\$10,254,160

TOTAL GROSS DEBT

\$32,127,961

Less: Statutory Deductions	
General Purpose Debt	\$636,034
Local School District Debt	0
Self-Liquidating Debt	<u>10,254,160</u>
Total:	\$10,890,194

TOTAL NET DEBT

\$21,237,768

Source: Annual Debt Statement of the City

[Remainder of Page Intentionally Left Blank]

Overlapping Debt (as of December 31, 2021)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$0	100.00%	\$0
County	276,334,077	18.81%	<u>51,991,772</u>
Net Indirect Debt			\$51,991,772
Net Direct Debt			<u>21,237,768</u>
Total Net Direct and Indirect Debt			<u>\$73,229,540</u>

Debt Limit

Average Equalized Valuation Basis (2019, 2020, 2021)	\$1,620,709,457
Permitted Debt Limitation (3 1/2%)	56,724,831
Less: Net Debt	<u>21,237,768</u>
Remaining Borrowing Power	<u>\$35,487,063</u>
Percentage of Net Debt to Average Equalized Valuation	1.310%
Gross Debt Per Capita based on 2020 population of 27,491	\$1,169
Net Debt Per Capita based on 2020 population of 27,491	\$773

Source: Annual Debt Statement of the City

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the City's annual audit report.

³ City percentage of County debt is based on the City's share of total equalized valuation in the County.

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY

FOR THE YEAR ENDED 2021
COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the City Board of Commissioners
City of Millville
Millville, New Jersey 08332

Management is responsible for the accompanying financial statements of the City of Millville, County of Cumberland, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2021 and the related statement of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
February 28, 2022

CITY OF MILLVILLE
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

ASSETS

Regular Fund:

Cash	\$ 16,241,936.60
Change Funds	2,200.00
Due from State of New Jersey:	
Veterans' and Senior Citizens' Deductions	42,082.34
	16,286,218.94

Receivables and Other Assets with Full Reserves:

Protested Checks Receivable	1,875.00
Due from Bank	2,314.17
Delinquent Taxes Receivable	547,770.86
Tax Title Liens Receivable	264,161.03
Property Maintenance Assessments Receivable	241,081.71
Property Acquired for Taxes--Assessed Valuation	4,658,730.00
Due Animal Control Fund	20.36
Due Trust Other Fund	1,048.96
Due Water Utility Operating Fund	342.73
Due Sewer Operating Fund	332.27
	5,717,677.09
	22,003,896.03

Federal and State Grant Fund:

Cash	4,668,621.70
Due from Current Fund	440.00
Federal and State Grants Receivable	3,416,009.16
Total Federal and State Grant Fund	8,085,070.86
	\$ 30,088,966.89

(Continued)

CITY OF MILLVILLE
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

LIABILITIES, RESERVES
AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$	2,051,933.68
Reserve for Encumbrances		343,226.43
Accounts Payable		19,247.00
Tax Overpayments		627.14
Prepaid Taxes		590,801.04
Due County for Added Taxes		92,567.71
Local District School Taxes Payable		3,796,347.14
Due State of New Jersey--Marriage License Fees		248.00
Due State of New Jersey--Burial Fees		30.00
Due Federal and State Grant Fund		440.00
Due General Capital Fund		50,499.13
Reserve for Tax Appeals		2,724,335.92
Reserve for Insurance Proceeds		326,273.35
Reserve for Proceeds from Sale of Municipal Assets		127,790.00

10,124,366.54

Reserves for Receivables		5,717,677.09
Fund Balance		6,161,852.40

Total Regular Fund		<u>22,003,896.03</u>
--------------------	--	----------------------

Federal and State Grant Fund:

Reserve for Encumbrances		867,428.06
Accounts Payable		5,386.65
Reserve for State and Federal Grants:		
Appropriated		3,672,809.65
Unappropriated		3,539,446.50

Total Federal and State Grant Fund		<u>8,085,070.86</u>
------------------------------------	--	---------------------

\$ 30,088,966.89

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2021

Revenue and Other Income Realized

Fund Balance Utilized	\$ 4,758,400.00
Miscellaneous Revenues Anticipated	10,374,058.75
Receipts from Delinquent Taxes	848,237.78
Receipts from Current Taxes	52,549,556.19
Non-Budget Revenue	482,411.73
Other Credits to Income:	
Cancellation of Accounts Payable	55,604.52
Reserve Liquidated:	
Unexpended Balance of Appropriation Reserves	1,962,606.57
Interfund Loans Returned:	
Trust Other Fund	2,110.76
Sewer Utility Operating Fund	692.83
	71,033,679.13
 Total Income	 71,033,679.13

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	
Salaries and Wages	12,887,151.92
Other Expenses	12,016,463.08
Deferred Charges and Statutory Expenditures Within "CAPS"	3,294,748.00
Operations--Excluded from "CAPS":	
Salaries and Wages	48,600.00
Other Expenses	1,700,583.30
Capital Improvements--Excluded from "CAPS"	50,000.00
Municipal Debt Service--Excluded from "CAPS"	3,093,381.73
County Taxes	19,359,525.56
Due County for Added and Omitted Taxes	92,567.71
Local District School Tax	13,694,492.00
Prior Year Senior Citizen and Veteran Deduction Disallowed	5,278.08
Interfund Loans Made:	
Animal Control Fund	5.07
Water Utility Operating Fund	342.73
	66,243,139.18
 Total Expenditures	 66,243,139.18
 Excess in Revenue	 4,790,539.95
 Fund Balance	
Balance January 1	6,129,712.45
	10,920,252.40
Decreased by:	
Utilized as Anticipated Revenue	4,758,400.00
 Balance December 31	 \$ 6,161,852.40

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

ASSETS

Animal Control Fund:

Cash	\$	16,066.03
Protested Checks		49.00
		16,115.03
Total Animal Control Fund		16,115.03

Other Funds:

Cash		4,258,478.16
Due Water Utility Operating Fund		1,095.64
Due from Bank		586.54
Mortgage and Loan Receivable--UEZ Assistance Program		2,470,798.73
		6,730,959.07
Total Other Funds		6,730,959.07

Length of Service Awards Program:

Investments - Length of Service Awards Program		550,866.98
		550,866.98
Total Length of Service Awards Program		550,866.98

Community Development Fund:

Cash		326,855.76
Community Development Block Grants Receivable		736,251.80
Home Investment Partnership Program Receivable		449,272.45
Mortgages Receivable--Reserve for Rehabilitation Projects		63,643.89
Mortgages Receivable--Reserve for U.D.A.G.		73,525.14
		1,649,549.04
Total Community Development Fund		1,649,549.04

\$ 8,947,490.12

(Continued)

CITY OF MILLVILLE
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

LIABILITIES AND RESERVES

Animal Control Fund:	
Due Current Fund	\$ 20.36
Due to Employee	39.00
Reserve for Animal Control	16,055.67
Total Animal Control Fund	16,115.03
Other Funds:	
Due Current Fund	1,048.96
Due Sewer Operating Fund	2,209.54
Miscellaneous Trust Reserves:	
Outside Employment for Police	23,127.70
Public Defender	12,644.17
Planning Board Escrows	342,041.94
Unemployment Compensation Insurance	98,477.42
Landfill Closure	156,423.51
Municipal Alliance Grant Funds	552.74
Self-Insurance Funds	135,597.14
Neighborhood Preservation Program	315.00
State Law Enforcement Fund	15,891.85
Snow Removal	116,809.31
Vanaman Memorial Park Donations	6,052.00
Memorial in Patriot Park Donations	1,415.88
Parking Offenses Adjudication Act	13,756.12
COAH Fees	210,455.68
Millville Garden Rent Revenue	7,755.93
Neighborhood Opportunity Fund	2,860.00
Recreation Donations	10,141.66
Uniform Fire Safety Act Penalties	17,520.36
Employee Accumulated Absences	1,241,049.17
Reserve for Sheldon Estate Bequest	6,650.46
Reserve for Payroll Taxes Payable	335,374.77
Reserve for Tax Title Lien Redemption	435,901.24
Reserve for Revolving Loan Fund--UEZ Assistance Program	850,557.01
Reserve for UEZ 1st Generation Project	215,530.78
Reserve for Mortgage Receivable--UEZ Assistance Program	2,470,798.73
Total Other Funds	6,730,959.07

(Continued)

CITY OF MILLVILLE
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

LIABILITIES AND RESERVES (CONT'D)

Length of Service Awards Program:	
Reserve for Length of Service Awards Program	<u>\$ 550,866.98</u>
Total Length of Service Awards Program	<u>550,866.98</u>
Community Development Fund:	
Reserve for Mortgage Notes Receivable	63,643.89
Reserve for Mortgage Notes Receivable--U.D.A.G.	73,525.14
Reserve for Community Development Funds	801,160.52
Reserve for Revolving Loan Fund--Rehabilitation Program	115,638.01
Reserve for Home Investment Partnership Program	462,689.03
Reserve for Revolving Loan Fund--U.D.A.G.	115,689.60
Reserve for U.D.A.G. Interest	17,152.85
Reserve for Third Ward Neighborhood Preservation	<u>50.00</u>
Total Community Development Fund	<u>1,649,549.04</u>
	<u><u>\$ 8,947,490.12</u></u>

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

ASSETS

Cash	\$ 1,940,962.98
Due Current Fund	50,499.13
Grants Receivable	135,039.27
Deferred Charges to Future Taxation:	
Funded	12,214,435.68
Unfunded	8,875,615.54
	<u>\$ 23,216,552.60</u>

LIABILITIES, RESERVES
AND FUND BALANCE

General Serial Bonds	\$ 11,968,000.00
Bond Anticipation Notes	5,713,000.00
Due State of New Jersey:	
Green Trust Loan Payable	246,435.68
Improvement Authorizations:	
Funded	497,932.04
Unfunded	1,380,066.17
Reserve for Encumbrances	1,809,078.84
Reserve for Preliminary Expenses	2,850.00
Reserve for Payment of Debt	636,033.58
Capital Improvement Fund	188,264.86
Reserve for Grants Receivable	135,039.27
Fund Balance	639,852.16
	<u>\$ 23,216,552.60</u>

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
WATER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

ASSETS

Operating Fund:	
Cash	\$ 3,188,114.19
	<u>3,188,114.19</u>
Receivables with Full Reserves:	
Consumer Accounts Receivable	307,183.16
Water Utility Liens	6,871.92
Fire Hydrant Rentals	202.75
Other Accounts Receivable	6,006.63
	<u>320,264.46</u>
Total Operating Fund	<u>3,508,378.65</u>
Assessment Trust Fund:	
Cash	<u>11,000.00</u>
Total Assessment Trust Fund	<u>11,000.00</u>
Capital Fund:	
Cash	5,343,861.60
Fixed Capital	22,214,726.58
Fixed Capital Authorized and Uncompleted	6,353,236.31
	<u>33,911,824.49</u>
Total Capital Fund	<u>\$ 37,431,203.14</u>

(Continued)

CITY OF MILLVILLE
WATER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

LIABILITIES, RESERVES
AND FUND BALANCE

Operating Fund:

Liabilities:

Appropriation Reserves	\$	579,793.14
Reserve for Encumbrances		178,638.00
Accrued Interest on Bonds, Notes, and Loans		100,781.21
Accounts Payable		1,836.61
Water Rental Overpayments		6,792.52
Due Current Fund		342.73
Due Trust Other Fund		1,095.64
Reserve for Insurance Proceeds		15,217.20
Reserve for Sale of Municipal Assets		2,130.00

886,627.05

Reserve for Receivables		320,264.46
Fund Balance		2,301,487.14

Total Operating Fund		3,508,378.65
----------------------	--	--------------

Assessment Trust Fund:

Fund Balance		11,000.00
Total Assessment Trust Fund		11,000.00

Capital Fund:

Serial Bonds		3,001,000.00
NJ Environmental Infrastructure Loan Payable		2,267,611.69
Bond Anticipation Notes		4,030,000.00
Improvement Authorizations:		
Funded		652,230.04
Unfunded		3,126,547.59
Capital Improvement Fund		169,402.58
Reserve for Encumbrances		122,453.30
Reserve for:		
Amortization		16,686,796.67
Deferred Amortization		2,456,709.31
Reserve for Payment of Debt		594,825.02
Fund Balance		804,248.29

Total Capital Fund		33,911,824.49
--------------------	--	---------------

\$ 37,431,203.14

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
WATER UTILITY FUND
Statement of Operation and Changes in Operating Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2021

Revenue and Other
Income Realized

Fund Balance	\$ 745,700.00
Water Rents	3,353,994.74
Fire Hydrant Service	12,848.25
Miscellaneous	186,884.49
Other Credits to Income:	
Protested Checks	165.00
Accounts Payable Canceled	9,101.13
Unexpended Balance of Appropriation Reserves	642,394.04
	4,951,087.65
Total Income	4,951,087.65

Expenditures

Operating	2,833,679.89
Capital Improvements	175,000.00
Debt Service	723,341.85
Deferred Charges and Statutory Expenditures	188,805.11
Reserve Created:	
Water Turn On and Off	1,817.25
	3,922,644.10
Total Expenditures	3,922,644.10
Excess in Revenue	1,028,443.55

Fund Balance

Balance January 1	2,220,329.59
	3,248,773.14
Decreased by:	
Utilized as Revenue by Water Operating Budget	745,700.00
Utilized as Revenue by Current Fund Budget	201,586.00
	2,301,487.14
Balance December 31	\$ 2,301,487.14

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

ASSETS

Operating Fund:	
Cash	\$ 6,288,958.13
Due from Trust Other Fund	2,209.54
	6,291,167.67
Receivables with Full Reserves:	
Consumer Accounts Receivable	596,428.59
Sewer Utility Liens	4,392.52
Other Accounts Receivable - Protested Checks	155.84
	600,976.95
Total Operating Fund	6,892,144.62
Assessment Trust Fund:	
Cash	62,488.35
Total Assessment Trust Fund	62,488.35
Capital Fund:	
Cash	1,698,251.90
Due from State of NJ -- Environmental Infrastructure Trust	52,618.75
Due from Sewer Utility Operating Fund	75,000.00
Fixed Capital	28,702,802.25
Fixed Capital Authorized and Uncompleted	20,623,116.64
Total Capital Fund	51,151,789.54
	\$ 58,106,422.51

(Continued)

CITY OF MILLVILLE
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2021

LIABILITIES, RESERVES
AND FUND BALANCE

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 663,795.90
Reserve for Encumbrances	299,541.85
Accrued Interest on Bonds, Notes and Loans	69,826.95
Sewer Rental Overpayments	17,406.00
Accounts Payable	8,601.26
Reserve for Insurance Proceeds	706.86
Due to Current Fund	332.27
Due to Sewer Utility Capital Fund	75,000.00
Reserve for Sale of Municipal Assets	4,641.10

1,139,852.19

Reserve for Receivables 600,976.95

Fund Balance 5,151,315.48

Total Operating Fund 6,892,144.62

Assessment Trust Fund:

Fund Balance 62,488.35

Total Assessment Trust Fund 62,488.35

Capital Fund:

Serial Bonds Payable	1,750,000.00
New Jersey Environmental Infrastructure Loans Payable	9,195,691.04
Bond Anticipation Notes	770,000.00

Improvement Authorizations:

Funded 21,703.08

Unfunded 568,654.54

Contracts Payable 99,400.27

Contracts Payable - Reserve for Preliminary Expenses 768,165.71

Capital Improvement Fund 768,165.71

Reserve for:

Deferred Reserve for Amortization 3,796,441.08

Amortization 33,277,927.75

Reserve for Payment of Debt 561,957.65

Fund Balance 341,848.42

Total Capital Fund 51,151,789.54

\$ 58,106,422.51

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
SEWER UTILITY OPERATING FUND
Statement of Operations and Changes in Operating Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2021

Revenue and Other
Income Realized

Fund Balance Utilized	\$ 297,050.00
Rents	5,991,286.22
Miscellaneous	244,107.70
Other Credits to Income:	
Reserve for Protested Checks Receivable-- Liquidated	129.16
Unexpended Balance of Appropriation Reserves	704,965.44
Accounts Payable Canceled	10,406.41
	7,247,944.93
Total Income	7,247,944.93

Expenditures

Operating	4,408,850.00
Capital Improvements	185,000.00
Debt Service	1,364,011.04
Deferred Charges and Statutory Expenditures	255,000.00
	6,212,861.04
Total Expenditures	6,212,861.04

Excess in Revenue	1,035,083.89
-------------------	--------------

Fund Balance

Balance January 1	4,798,571.59
	5,833,655.48
Decreased by:	
Utilized as Revenue	297,050.00
Utilized as Revenue in Current Fund	385,290.00
	5,151,315.48
Balance December 31	\$ 5,151,315.48

See Independent Accountant's Compilation Report and selected notes.

CITY OF MILLVILLE
Selected Information - Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Millville (hereafter referred to as the "City") was incorporated as a City by an act of the State Legislature in 1866. In 1913, the Walsh Act was passed and the City began operating under its present Commission form of government. There are five elected Commissioners, one of whom serves as Mayor. The City is located in Cumberland County, approximately 45 miles from Philadelphia, Pennsylvania and comprises approximately 44 square miles. The present population according to the 2020 census is 27,491.

Component Units - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Millville Public Library
210 Buck St.
Millville, NJ 08332

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows (cont'd):

Water Utility Operating and Capital Funds - The Water Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Water Utility Assessment Fund - The Water Utility Assessment Fund accounts for special assessments levied against property owners for water improvements which benefit property owners, rather than the City as a whole.

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Sewer Utility Assessment Fund - The Sewer Utility Assessment Fund accounts special assessments levied against property owners for sewer improvements which benefit property owners, rather than the City as a whole.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The City must adopt an annual budget for its current and utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the City's length of service awards program, however, are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets (Cont'd) - The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Cumberland and the City of Millville School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Millville School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2020 and decreased by the amount deferred at December 31, 2021.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

FOR THE YEARS ENDED 2020, 2019, 2018 AND 2017

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Board of Commissioners
City of Millville
Millville, New Jersey 08332

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Millville, in the County of Cumberland, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State 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.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the 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 the City of Millville, in the County of Cumberland, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Millville, in the County of Cumberland, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 17, 2021

CITY OF MILLVILLE
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Regular Fund:				
Cash	\$ 16,515,942.90	\$ 16,226,001.44	\$ 15,228,184.55	\$ 19,393,811.52
Change Funds	2,200.00	2,200.00	2,200.00	2,200.00
Due from State of New Jersey:				
Veterans' and Senior Citizens' Deductions	41,164.53	122,354.09	77,146.10	77,153.07
	16,559,307.43	16,350,555.53	15,307,530.65	19,473,164.59
Receivables and Other Assets with Full Reserves:				
Protested Checks Receivable	1,775.00	5,049.79	5,159.79	14,114.94
Due from Bank	2,314.17	2,314.17	2,314.17	2,314.17
Delinquent Taxes Receivable	679,045.55	893,777.16	685,425.81	943,656.44
Tax Title Liens Receivable	351,552.13	200,870.99	304,225.78	118,438.81
Penalty Surcharge Receivable	11,395.20	1,752.43		11,247.32
Property Maintenance Assessments Receivable	244,271.06	210,495.56	217,572.36	169,853.08
Property Acquired for Taxes--Assessed Valuation	4,732,230.00	5,219,030.00	3,986,130.00	2,733,330.00
Revenue Accounts Receivable	12,392.73	22,567.47	19,171.00	29,385.46
Interfunds Receivable	4,200.11	4,089.00	3,858.62	1,619.59
	6,039,175.95	6,559,946.57	5,223,857.53	4,023,959.81
Deferred Charges:				
Emergency Authorizations		45,000.00	200,000.00	
	22,598,483.38	22,955,502.10	20,731,388.18	23,497,124.40
Federal and State Grant Fund:				
Cash	889,693.41	1,337,391.16	365,366.33	879,824.45
Federal and State Grants Receivable	3,220,136.78	2,107,041.76	3,209,322.99	2,779,262.67
	4,109,830.19	3,444,432.92	3,574,689.32	3,659,087.12
Total Federal and State Grant Fund	4,109,830.19	3,444,432.92	3,574,689.32	3,659,087.12
	\$ 26,708,313.57	\$ 26,399,935.02	\$ 24,306,077.50	\$ 27,156,211.52

(Continued)

CITY OF MILLVILLE

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Regular Fund:				
Liabilities:				
Appropriation Reserves	\$ 2,655,741.61	\$ 3,397,287.87	\$ 2,417,062.89	\$ 3,007,129.74
Reserve for Encumbrances	505,458.42	377,592.61	343,801.03	395,939.53
Accounts Payable	26,510.20	107,100.06	141,459.70	263,109.57
Tax Overpayments	4,238.46	2,011.41	7,617.34	13,681.16
Prepaid Taxes	453,435.97	436,564.83	451,982.88	760,758.67
Due County for Added Taxes	30,831.13	31,473.25	60,761.21	52,680.12
Local District School Taxes Payable	3,581,451.14	3,374,817.14	3,058,119.14	2,964,105.14
Due State of New Jersey--Marriage License Fees	177.00	282.00	357.00	304.00
Due State of New Jersey--Burial Fees	20.00	20.00	15.00	15.00
Interfunds Payable	38.64	550.66	2,565.54	25,859.20
Reserve for Tax Appeals	2,724,335.92	2,724,335.92	2,544,335.92	2,760,241.07
Reserve for Insurance Proceeds	319,566.49	272,000.12	153,897.44	180,604.07
Reserve for Proceeds from Sale of Municipal Assets	127,790.00	127,790.00	127,790.00	127,790.00
	10,429,594.98	10,851,825.87	9,309,765.09	10,552,217.27
Reserves for Receivables	6,039,175.95	6,559,946.57	5,223,857.53	4,023,959.81
Fund Balance	6,129,712.45	5,543,729.66	6,197,765.56	8,920,947.32
Total Regular Fund	22,598,483.38	22,955,502.10	20,731,388.18	23,497,124.40
Federal and State Grant Fund:				
Reserve for Encumbrances	97,780.76	223,687.68	556,834.63	282,968.55
Accounts Payable	5,386.65	5,386.65	5,386.65	5,386.65
Reserve for State and Federal Grants:				
Appropriated	4,006,662.78	3,141,422.16	2,976,356.63	3,286,270.27
Unappropriated		73,936.43	36,111.41	84,461.65
Total Federal and State Grant Fund	4,109,830.19	3,444,432.92	3,574,689.32	3,659,087.12
	\$ 26,708,313.57	\$ 26,399,935.02	\$ 24,306,077.50	\$ 27,156,211.52

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE

CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 4,192,596.00	\$ 4,881,695.00	\$ 7,518,091.00	\$ 5,748,139.00
Miscellaneous Revenues Anticipated	10,186,329.61	10,694,657.40	8,936,980.68	9,704,133.14
Receipts from Delinquent Taxes	890,672.67	773,060.66	856,360.73	1,050,541.26
Receipts from Current Taxes	51,492,197.00	49,073,656.08	48,491,251.59	48,300,419.33
Non-Budget and Other Income	595,616.73	352,878.95	641,445.68	858,350.91
Liquidation of Reserves	2,904,349.97	2,149,307.81	2,706,455.79	2,326,891.24
Interfund Loans Returned:				
Animal Control Fund			46.32	
Trust Other Fund	466.57	133.34		
Water Utility Operating Fund	449.93		1,474.28	
Sewer Utility Operating Fund				550.60
Total Income	70,262,678.48	67,925,389.24	69,152,106.07	67,989,025.48
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Operations	26,421,657.19	26,236,151.40	25,633,455.86	26,031,669.91
Deferred Charges and Statutory Expenditures	3,004,861.00	3,084,817.00	2,797,595.00	2,688,030.00
Capital Improvements	50,000.00	50,000.00	1,750,000.00	50,000.00
Municipal Debt Service	3,223,211.73	3,271,899.23	3,294,118.12	2,682,644.78
County Taxes	19,497,217.19	18,400,448.54	18,759,991.74	18,521,461.31
Due County for Added and Omitted Taxes	30,831.13	31,473.25	60,761.21	52,680.12
Local District School Tax	13,167,781.00	12,661,327.00	12,247,999.00	12,007,842.00
Prior Year Senior Citizen and Veteran Deduction Disallowed	8,260.27	6,250.00	6,363.70	5,876.05
Cancellation Senior/Veteran Receivable	79,252.57			
Creation of Reserve for Interfunds/Receivables	1,027.61	363.72	6,912.20	15,542.60
Total Expenditures	65,484,099.69	63,742,730.14	64,557,196.83	62,055,746.77
Excess in Revenue	4,778,578.79	4,182,659.10	4,594,909.24	5,933,278.71
Adjustments to Income Before Fund Balance:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year		45,000.00	200,000.00	
Statutory Excess to Fund Balance	4,778,578.79	4,227,659.10	4,794,909.24	5,933,278.71
<u>Fund Balance</u>				
Balance January 1	5,543,729.66	6,197,765.56	8,920,947.32	8,735,807.61
	10,322,308.45	10,425,424.66	13,715,856.56	14,669,086.32
Decreased by:				
Utilized as Anticipated Revenue	4,192,596.00	4,881,695.00	7,518,091.00	5,748,139.00
Balance December 31	\$ 6,129,712.45	\$ 5,543,729.66	\$ 6,197,765.56	\$ 8,920,947.32

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
TRUST FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Animal Control Fund:				
Cash	\$ 8,800.31	\$ 9,063.24	\$ 3,400.84	\$ 11,118.56
Protested Checks	49.00	49.00	49.00	49.00
Total Animal Control Fund	8,849.31	9,112.24	3,449.84	11,167.56
Other Funds:				
Cash	3,842,154.79	3,627,749.32	5,523,134.67	5,722,911.08
Interfunds Receivable	1,095.64	1,388.64	1,095.64	22,670.06
Due from Bank	137.86	137.86	137.86	137.86
Mortgage and Loan Receivable--UEZ Assistance Program	2,565,505.66	2,676,033.46	2,794,792.55	2,940,347.62
Total Other Funds	6,408,893.95	6,305,309.28	8,319,160.72	8,686,066.62
Length of Service Awards Program:				
Investments - Length of Service Awards Program	506,840.35	456,629.56	376,619.92	397,360.99
Total Length of Service Awards Program	506,840.35	456,629.56	376,619.92	397,360.99
Community Development Fund:				
Cash	264,186.38	288,499.34	316,376.11	262,148.51
Interfunds Receivable			1,444.54	3,037.49
Community Development Block Grants Receivable	752,403.72	483,660.93	540,786.82	434,101.56
Home Investment Partnership Program Receivable	562,404.45	558,244.45	352,664.45	457,227.80
Mortgages Receivable--Reserve for Rehabilitation Projects	63,643.89	63,643.89	63,643.89	77,446.22
Mortgages Receivable--Reserve for U.D.A.G.	77,953.93	82,420.31	92,322.90	104,119.85
Total Community Development Fund	1,720,592.37	1,476,468.92	1,367,238.71	1,338,081.43
	\$ 8,645,175.98	\$ 8,247,520.00	\$ 10,066,469.19	\$ 10,432,676.60

LIABILITIES AND RESERVES

Animal Control Fund:				
Due Current Fund	\$ 15.29	\$ 12.78	\$ 11.72	\$ 58.04
Due Trust Other Fund		293.00		
Due State of New Jersey-Animal Registration Fees				0.20
Due to Employee	39.00	39.00	39.00	39.00
Reserve for Animal Control	8,795.02	8,767.46	3,399.12	11,070.32
Total Animal Control Fund	8,849.31	9,112.24	3,449.84	11,167.56

(Continued)

CITY OF MILLVILLE

TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
LIABILITIES AND RESERVES				
Other Funds:				
Due Community Development Fund			\$ 1,024.15	\$ 1,817.10
Interfunds Payable	\$ 5,368.26	\$ 5,835.83	5,969.17	1,957.06
Miscellaneous Trust Reserves:				
Outside Employment for Police	32,887.47	45,154.68	37,146.87	24,721.61
Public Defender	10,919.17	12,520.75	76,851.75	71,526.75
Planning Board Escrows	307,038.67	265,252.98	299,312.11	255,522.22
Unemployment Compensation Insurance	42,447.10	48,524.10	13,237.21	34,558.89
Landfill Closure	154,120.04	151,869.10	150,057.59	149,047.21
Municipal Alliance Grant Funds	711.24	1,722.89	2,200.89	1,312.71
Self-Insurance Funds	201,289.24	210,913.22	1,916,345.92	2,107,934.45
Neighborhood Preservation Program	315.00	315.00	315.00	315.00
State Law Enforcement Fund	15,891.85	15,891.85	15,891.85	15,891.85
Snow Removal	89,757.31	52,832.26	41,237.07	46,855.47
Vanaman Memorial Park Donations	6,052.00	6,052.00	1,052.00	1,052.00
Memorial in Patriot Park Donations	1,415.88	5,265.88	5,295.88	5,195.88
Parking Offenses Adjudication Act	12,494.12	12,518.00	11,502.00	10,720.00
COAH Fees	57,566.51	60,436.60	36,151.21	22,651.30
Millville Garden Rent Revenue	7,755.93	7,755.93	7,755.93	7,755.93
Neighborhood Opportunity Fund	2,860.00	2,860.00	2,860.00	2,860.00
Recreation Donations	9,082.16	5,417.72	4,909.70	4,909.70
Uniform Fire Safety Act Penalties	10,953.96	14,044.95	19,081.62	5,722.21
Employee Accumulated Absences	1,194,799.11	1,083,549.11	1,083,549.11	966,299.11
Reserve for Sheldon Estate Bequest	6,648.50	6,646.51	6,644.53	6,642.55
Reserve for Payroll Taxes Payable	218,656.55	199,787.56	176,245.78	169,900.61
Reserve for Tax Title Lien Redemption	438,721.90	431,082.14	664,566.91	1,000,483.56
Reserve for Revolving Loan Fund--UEZ Assistance Program	800,105.54	767,495.98	729,633.14	614,535.05
Reserve for UEZ 1st Generation Project	215,530.78	215,530.78	215,530.78	215,530.78
Reserve for Mortgage Receivable--UEZ Assistance Program	2,565,505.66	2,676,033.46	2,794,792.55	2,940,347.62
Total Other Funds	6,408,893.95	6,305,309.28	8,319,160.72	8,686,066.62
Length of Service Awards Program:				
Reserve for Length of Service Awards Program	506,840.35	456,629.56	376,619.92	397,360.99
Total Length of Service Awards Program	506,840.35	456,629.56	376,619.92	397,360.99
Community Development Fund:				
Reserve for Mortgage Notes Receivable	63,643.89	63,643.89	63,643.89	77,446.22
Reserve for Mortgage Notes Receivable--U.D.A.G.	77,953.93	82,420.31	92,322.90	104,119.85
Reserve for Community Development Funds	750,165.21	501,050.08	582,604.75	489,746.35
Reserve for Revolving Loan Fund--Rehabilitation Program	115,638.01	115,748.01	116,087.34	121,147.31
Reserve for Home Investment Partnership Program	578,448.53	581,813.53	376,193.53	402,393.53
Reserve for Revolving Loan Fund--U.D.A.G.	128,335.65	129,844.14	134,456.70	141,645.88
Reserve for U.D.A.G. Interest	6,357.15	1,898.96	1,879.60	1,532.29
Reserve for Third Ward Neighborhood Preservation	50.00	50.00	50.00	50.00
Total Community Development Fund	1,720,592.37	1,476,468.92	1,367,238.71	1,338,081.43
	\$ 8,645,175.98	\$ 8,247,520.00	\$ 10,066,469.19	\$ 10,432,676.60

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 2,933,633.38	\$ 1,625,052.36	\$ 2,451,125.96	\$ 4,191,983.64
Grants Receivable	135,039.27	135,039.27	135,039.27	135,039.27
Deferred Charges to Future Taxation:				
Funded	14,755,067.70	17,409,505.05	20,022,771.23	22,574,889.33
Unfunded	5,995,365.54	5,211,615.54	2,051,060.54	1,631,060.54
	<u>\$ 23,819,105.89</u>	<u>\$ 24,381,212.22</u>	<u>\$ 24,659,997.00</u>	<u>\$ 28,532,972.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
General Serial Bonds	\$ 14,448,000.00	\$ 17,043,000.00	\$ 19,598,000.00	\$ 22,093,000.00
Bond Anticipation Notes	4,930,000.00			
Due State of New Jersey:				
Green Trust Loan Payable	307,067.70	366,505.05	424,771.23	481,889.33
Improvement Authorizations:				
Funded	532,005.14	766,062.22	732,649.54	1,438,638.48
Unfunded	1,305,894.89	3,092,759.76	1,108,635.82	1,068,257.69
Reserve for Encumbrances	625,733.01	1,094,230.04	553,940.26	1,122,187.13
Reserve for Preliminary Expenses	2,850.00	2,850.00	2,850.00	2,850.00
Reserve for Payment of Debt	743,033.58	850,033.58	957,033.58	1,064,033.58
Capital Improvement Fund	249,264.86	240,514.86	356,859.86	336,859.86
Reserve for Grants Receivable	135,039.27	135,039.27	135,039.27	135,039.27
Fund Balance	540,217.44	790,217.44	790,217.44	790,217.44
	<u>\$ 23,819,105.89</u>	<u>\$ 24,381,212.22</u>	<u>\$ 24,659,997.00</u>	<u>\$ 28,532,972.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
WATER UTILITY FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Operating Fund:				
Cash	\$ 3,096,390.49	\$ 3,278,299.29	\$ 3,314,883.76	\$ 3,443,732.14
Due Sewer Operating Fund	100.00		64.27	
Due Current Fund	38.64			
	<u>3,096,529.13</u>	<u>3,278,299.29</u>	<u>3,314,948.03</u>	<u>3,443,732.14</u>
Receivables with Full Reserves:				
Consumer Accounts Receivable	272,749.57	201,523.92	227,256.20	118,112.76
Water Utility Liens	9,000.84	9,990.73	12,019.65	838.76
Fire Hydrant Rentals	651.00		500.16	200.84
Other Accounts Receivable	4,354.38	4,425.01	3,160.94	4,029.18
	<u>286,755.79</u>	<u>215,939.66</u>	<u>242,936.95</u>	<u>123,181.54</u>
Total Operating Fund	<u>3,383,284.92</u>	<u>3,494,238.95</u>	<u>3,557,884.98</u>	<u>3,566,913.68</u>
Assessment Trust Fund:				
Cash	11,000.00	11,000.00	11,000.00	11,000.00
Total Assessment Trust Fund	<u>11,000.00</u>	<u>11,000.00</u>	<u>11,000.00</u>	<u>11,000.00</u>
Capital Fund:				
Cash	3,647,274.90	2,150,422.73	2,432,423.98	2,963,609.20
Fixed Capital	22,214,726.58	22,100,546.58	22,033,177.58	22,012,247.58
Fixed Capital Authorized and Uncompleted	6,353,236.31	4,323,236.31	2,198,236.31	2,198,236.31
Total Capital Fund	<u>32,215,237.79</u>	<u>28,574,205.62</u>	<u>26,663,837.87</u>	<u>27,174,093.09</u>
	<u>\$ 35,609,522.71</u>	<u>\$ 32,079,444.57</u>	<u>\$ 30,232,722.85</u>	<u>\$ 30,752,006.77</u>

(Continued)

CITY OF MILLVILLE
WATER UTILITY FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES</u>				
<u>AND FUND BALANCE</u>				
Operating Fund:				
Liabilities:				
Appropriation Reserves	\$ 689,726.57	\$ 726,159.42	\$ 696,335.47	\$ 495,321.92
Reserve for Encumbrances	74,849.70	163,984.29	92,572.32	147,486.85
Accrued Interest on Bonds, Notes, and Loans	73,320.64	55,712.31	59,695.63	62,437.31
Accounts Payable	5,056.06	23,351.50	12,510.00	4,964.00
Water Rental Overpayments	14,803.73	12,493.07	13,373.57	4,950.26
Due Current Fund		449.93	87.27	1,561.55
Due Trust Other Fund	1,095.64	1,095.64	1,095.64	3,348.83
Due Sewer Operating Fund				855.93
Reserve for Insurance Proceeds	15,217.20	15,217.20	15,217.20	15,217.20
Reserve for Sale of Municipal Assets	2,130.00	2,130.00	2,130.00	2,130.00
	876,199.54	1,000,593.36	893,017.10	738,273.85
Reserve for Receivables	286,755.79	215,939.66	242,936.95	123,181.54
Fund Balance	2,220,329.59	2,277,705.93	2,421,930.93	2,705,458.29
Total Operating Fund	3,383,284.92	3,494,238.95	3,557,884.98	3,566,913.68
Assessment Trust Fund:				
Fund Balance	11,000.00	11,000.00	11,000.00	11,000.00
Total Assessment Trust Fund	11,000.00	11,000.00	11,000.00	11,000.00
Capital Fund:				
Serial Bonds	3,261,000.00	3,521,000.00	3,786,000.00	4,041,000.00
NJ Environmental Infrastructure Loan Payable	2,546,863.88	2,814,600.66	3,083,852.86	3,346,233.52
Bond Anticipation Notes	2,000,000.00			
Improvement Authorizations:				
Funded	652,230.04	644,572.87	855,768.29	1,226,119.84
Unfunded	3,567,600.22	2,070,315.22	845.22	239,405.37
Capital Improvement Fund	169,402.58	169,402.58	169,402.58	169,402.58
Reserve for Encumbrances	85,097.17	63,187.17	78,463.00	736.52
Reserve for:				
Amortization	16,426,796.67	16,052,616.67	15,720,247.67	15,444,317.67
Deferred Amortization	2,177,457.12	1,909,720.34	1,640,468.14	1,378,087.48
Reserve for Payment of Debt	594,825.02	594,825.02	594,825.02	594,825.02
Fund Balance	733,965.09	733,965.09	733,965.09	733,965.09
Total Capital Fund	32,215,237.79	28,574,205.62	26,663,837.87	27,174,093.09
	\$ 35,609,522.71	\$ 32,079,444.57	\$ 30,232,722.85	\$ 30,752,006.77

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
WATER UTILITY FUND
 Statements of Operation and Changes in Operating Fund Balance -- Regulatory Basis

<u>Revenue and Other Income Realized</u>	<u>For the Years Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fund Balance	\$ 604,844.00	\$ 719,882.00	\$ 693,918.00	\$ 457,043.00
Water Rents	3,134,782.08	3,235,053.51	3,213,913.29	3,429,151.58
Fire Hydrant Service	11,349.00	14,925.67	12,775.68	12,503.21
Miscellaneous	129,211.89	106,768.53	109,540.79	115,279.53
Other Credits to Income:				
Protested Checks			1,000.00	500.00
Water Turn On and Off Reserve Liquidated	235.63			
Accounts Payable Canceled	23,351.50		4,954.00	3,419.23
Unexpended Balance of Appropriation Reserves	677,282.57	675,621.03	528,860.05	398,504.76
Total Income	4,581,056.67	4,752,250.74	4,564,961.81	4,416,401.31
<u>Expenditures</u>				
Operating	2,793,314.00	2,935,987.00	2,962,454.00	2,774,796.00
Capital Improvements	175,000.00	175,000.00	145,000.00	145,000.00
Debt Service	682,524.01	681,697.90	678,506.32	600,352.88
Deferred Charges and Statutory Expenditures	181,000.00	181,000.00	163,000.00	167,000.00
Refund of Prior Year Revenue				855.93
Reserve Created:				
Protested Checks	165.00	1,322.84	4,024.85	553.17
Total Expenditures	3,832,003.01	3,975,007.74	3,952,985.17	3,688,557.98
Excess in Revenue	749,053.66	777,243.00	611,976.64	727,843.33
<u>Fund Balance</u>				
Balance January 1	2,277,705.93	2,421,930.93	2,705,458.29	2,636,243.96
	3,026,759.59	3,199,173.93	3,317,434.93	3,364,087.29
Decreased by:				
Utilized as Revenue by Water Operating Budget	604,844.00	719,882.00	693,918.00	457,043.00
Utilized as Revenue by Current Fund Budget	201,586.00	201,586.00	201,586.00	201,586.00
Balance December 31	\$ 2,220,329.59	\$ 2,277,705.93	\$ 2,421,930.93	\$ 2,705,458.29

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Fund:				
Cash	\$ 5,934,514.60	\$ 5,861,802.99	\$ 5,684,593.69	\$ 5,480,177.90
Due from Current Fund		550.66	2,145.15	5,317.58
Due from Trust Other Fund	2,208.54	2,209.54	2,209.54	1,957.06
Due from Water Operating Fund				855.93
	<u>5,936,723.14</u>	<u>5,864,563.19</u>	<u>5,688,948.38</u>	<u>5,488,308.47</u>
Receivables with Full Reserves:				
Consumer Accounts Receivable	574,775.15	402,014.30	418,662.50	230,646.00
Sewer Utility Liens	10,541.37	6,403.33	19,057.27	2,560.87
Due from Bank				522.56
Other Accounts Receivable - Connection Fees				17,943.36
Other Accounts Receivable - Protested Checks	285.00	25.00	221.40	2,111.58
	<u>585,601.52</u>	<u>408,442.63</u>	<u>437,941.17</u>	<u>253,784.37</u>
Total Operating Fund	<u>6,522,324.66</u>	<u>6,273,005.82</u>	<u>6,126,889.55</u>	<u>5,742,092.84</u>
Assessment Trust Fund:				
Cash	62,488.35	62,054.82	61,504.82	61,504.82
Assessments Receivable			983.53	983.53
Due from Sewer Operating Fund		433.53		
Total Assessment Trust Fund	<u>62,488.35</u>	<u>62,488.35</u>	<u>62,488.35</u>	<u>62,488.35</u>
Capital Fund:				
Cash	2,017,149.19	1,515,997.18	1,476,393.23	270,115.72
Due from State of NJ -- Environmental Infrastructure Trust	52,618.75	52,618.75	52,618.75	2,545,618.75
Due from Sewer Utility Operating Fund			100,000.00	100,000.00
Fixed Capital	28,672,802.25	28,488,023.31	28,488,023.31	28,308,116.31
Fixed Capital Authorized and Uncompleted	20,623,116.64	20,553,116.64	19,853,116.64	19,853,116.64
Total Capital Fund	<u>51,365,686.83</u>	<u>50,609,755.88</u>	<u>49,970,151.93</u>	<u>51,076,967.42</u>
	<u>\$57,950,499.84</u>	<u>\$56,945,250.05</u>	<u>\$56,159,529.83</u>	<u>\$56,881,548.61</u>

(Continued)

CITY OF MILLVILLE
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Fund:				
Liabilities:				
Appropriation Reserves	\$ 812,207.91	\$ 674,182.71	\$ 389,083.17	\$ 656,972.29
Reserve for Encumbrances	206,688.56	374,976.52	170,466.32	331,347.97
Accrued Interest on Bonds, Notes and Loans	75,190.01	76,045.85	83,666.68	55,076.20
Sewer Rental Overpayments	21,323.44	14,892.90	16,699.92	8,507.47
Accounts Payable	16,268.57	16,171.53	18,060.00	130,253.90
Reserve for Insurance Proceeds	706.86	706.86	706.86	706.86
Due to Current Fund	1,025.10			
Due to Sewer Assessment Fund		433.53		
Due to Sewer Utility Capital Fund			100,000.00	100,000.00
Due to Water Operating Fund	100.00		64.27	
Reserve for Sale of Municipal Assets	4,641.10	4,641.10	4,641.10	4,641.10
	1,138,151.55	1,162,051.00	783,388.32	1,287,505.79
Reserve for Receivables	585,601.52	408,442.63	437,941.17	253,784.37
Fund Balance	4,798,571.59	4,702,512.19	4,905,560.06	4,200,802.68
Total Operating Fund	6,522,324.66	6,273,005.82	6,126,889.55	5,742,092.84
Assessment Trust Fund:				
Reserve for Assessments and Liens			983.53	983.53
Fund Balance	62,488.35	62,488.35	61,504.82	61,504.82
Total Assessment Trust Fund	62,488.35	62,488.35	62,488.35	62,488.35
Capital Fund:				
Serial Bonds Payable	2,195,000.00	2,640,000.00	3,035,000.00	3,430,000.00
New Jersey Environmental Infrastructure Loans Payable	9,933,524.45	10,661,357.86	11,474,039.46	12,075,943.85
Bond Anticipation Notes	700,000.00			
Improvement Authorizations:				
Funded	19,574.69	59,574.69	177,099.66	177,011.25
Unfunded	673,678.60	947,902.48	287,017.48	163,709.19
Contracts Payable	142,230.00	4,668.92	8,425.00	1,518,544.19
Contracts Payable - Reserve for Preliminary Expenses	255,830.31			
Capital Improvement Fund	693,936.09	901,951.59	801,951.59	701,951.59
Reserve for:				
Deferred Reserve for Amortization	3,618,323.84	3,410,306.34	3,253,922.72	3,097,539.10
Amortization	32,243,211.58	31,093,616.73	30,042,318.75	29,021,890.98
Reserve for Payment of Debt	561,957.65	561,957.65	561,957.65	561,957.65
Fund Balance	328,419.62	328,419.62	328,419.62	328,419.62
Total Capital Fund	51,365,686.83	50,609,755.88	49,970,151.93	51,076,967.42
	\$57,950,499.84	\$56,945,250.05	\$56,159,529.83	\$56,881,548.61

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis

<u>Revenue and Other Income Realized</u>	For the Years Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fund Balance Utilized	\$ 232,817.00	\$ 369,369.00		\$ 166,019.00
Rents	5,846,397.50	6,051,998.57	\$ 6,052,034.52	6,066,454.83
Miscellaneous	158,224.86	127,743.21	125,614.13	121,035.42
Other Credits to Income:				
Reserve for Protested Checks Receivable-- Liquidated	3,948.51			
Due from Bank -- Liquidated			522.56	
Unexpended Balance of Appropriation Reserves	631,424.83	287,447.24	720,378.26	733,956.71
Accounts Payable Canceled	16,171.53		130,253.90	124,181.28
Total Income	6,888,984.23	6,836,558.02	7,028,803.37	7,211,647.24
<u>Expenditures</u>				
Operating	4,363,608.00	4,391,120.00	4,250,650.00	4,245,884.00
Capital Improvements	185,000.00	210,000.00	210,000.00	180,000.00
Debt Service	1,378,001.32	1,437,510.15	1,230,070.30	941,980.26
Deferred Charges and Statutory Expenditures	244,000.00	244,000.00	235,000.00	225,000.00
Other Debits to Income:				
Accounts Receivable Cancelled			522.56	
Reserve for Protested Checks Receivable-- Created	4,208.51	2,316.74	12,513.13	
Total Expenditures	6,174,817.83	6,284,946.89	5,938,755.99	5,592,864.26
Excess in Revenue	714,166.40	551,611.13	1,090,047.38	1,618,782.98
<u>Fund Balance</u>				
Balance January 1	4,702,512.19	4,905,560.06	4,200,802.68	3,133,328.70
	5,416,678.59	5,457,171.19	5,290,850.06	4,752,111.68
Decreased by:				
Utilized as Revenue	232,817.00	369,369.00		166,019.00
Utilized as Revenue in Current Fund	385,290.00	385,290.00	385,290.00	385,290.00
Balance December 31	\$ 4,798,571.59	\$ 4,702,512.19	\$ 4,905,560.06	\$ 4,200,802.68

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MILLVILLE
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Millville (hereafter referred to as the "City") was incorporated as a City by an act of the State Legislature in 1866. In 1913, the Walsh Act was passed and the City began operating under its present Commission form of government. There are five elected Commissioners, one of whom serves as Mayor. The City is located in Cumberland County, approximately 45 miles from Philadelphia, Pennsylvania and comprises approximately 44 square miles. The present population according to the 2010 census is 28,400.

Component Units - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Millville Public Library
210 Buck St.
Millville, NJ 08332

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* (the "Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows (cont'd):

Water Utility Operating and Capital Funds - The Water Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Water Utility Assessment Fund - The Water Utility Assessment Fund accounts for special assessments levied against property owners for water improvements which benefit property owners, rather than the City as a whole.

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Sewer Utility Assessment Fund - The Sewer Utility Assessment Fund accounts special assessments levied against property owners for sewer improvements which benefit property owners, rather than the City as a whole.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The City must adopt an annual budget for its current and utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the City's length of service awards program, however, are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets (Cont'd) - The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Cumberland and the City of Millville School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Millville School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2019 and decreased by the amount deferred at December 31, 2020.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2020, the City's bank balances of \$39,502,648.58 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 38,846,557.84
Uninsured and Uncollateralized	<u>656,090.74</u>
Total	<u><u>\$ 39,502,648.58</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 3.607</u>	<u>\$ 3.440</u>	<u>\$ 3.369</u>	<u>\$ 3.338</u>	<u>\$ 3.296</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.366	\$ 1.313	\$ 1.267	\$ 1.266	\$ 1.266
County	1.338	1.260	1.272	1.257	1.230
Local School	.903	.867	.830	.815	.800

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 1,458,480,483.00
2019	1,461,227,347.00
2018	1,476,288,125.00
2017	1,474,534,621.00
2016	1,472,483,710.00

Note 3: PROPERTY TAXES (CONT'D)

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 52,690,540.92	\$ 51,492,197.00	97.73%
2019	50,351,883.13	49,073,656.08	97.46%
2018	49,897,116.09	48,491,251.59	97.18%
2017	49,360,037.10	48,300,419.33	97.85%
2016	48,610,325.27	47,471,646.14	97.66%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 351,552.13	\$ 679,045.55	\$ 1,030,597.68	1.96%
2019	200,870.99	893,777.16	1,094,648.15	2.17%
2018	304,225.78	685,425.81	989,651.59	1.98%
2017	118,438.81	943,656.44	1,062,095.25	2.15%
2016	274,634.93	1,133,582.11	1,408,217.04	2.90%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2020	90
2019	65
2018	85
2017	38
2016	36

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 4,732,230.00
2019	5,219,030.00
2018	3,986,130.00
2017	2,733,330.00
2016	2,732,230.00

Note 5: WATER UTILITY SERVICE CHARGES

The following is a five-year comparison of water utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2020	\$ 201,523.92	\$ 9,990.73	\$ 3,265,041.62	\$ 3,476,556.27	\$ 3,134,782.08
2019	227,256.20	12,019.65	3,221,785.00	3,461,060.85	3,235,053.51
2018	118,112.76	838.76	3,391,419.39	3,510,370.91	3,213,913.29
2017	163,398.72	706.26	3,383,998.12	3,548,103.10	3,429,151.58
2016	147,214.55	2,994.46	3,591,482.02	3,741,691.03	3,574,808.95

Note 6: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2020	\$ 402,014.30	\$ 6,403.33	\$ 6,050,704.68	\$ 6,459,122.31	\$ 5,846,397.50
2019	418,662.50	19,057.27	6,077,729.63	6,515,449.40	6,051,998.57
2018	230,646.00	2,560.87	6,343,919.23	6,577,126.10	6,052,034.52
2017	283,783.86	1,468.87	6,041,749.45	6,327,002.18	6,066,454.83
2016	251,817.09	671.10	5,978,065.90	6,230,554.09	5,946,099.13

Note 7: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 6,129,712.45	\$ 4,758,400.00	77.63%
2019	5,543,729.66	4,192,596.00	75.63%
2018	6,197,765.56	4,881,695.00	78.77%
2017	8,920,947.32	7,518,091.00	84.27%
2016	8,735,807.61	5,748,139.00	65.80%

Water Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 2,220,329.59	\$ 745,700.00	33.59%
2019	2,277,705.93	806,430.00	35.41%
2018	2,421,930.93	921,468.00	38.05%
2017	2,705,458.29	895,504.00	33.10%
2016	2,636,243.96	658,629.00	24.98%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 4,798,571.59	\$ 297,050.00	6.19%
2019	4,702,512.19	618,107.00	13.14%
2018	4,905,560.06	754,659.00	15.38%
2017	4,200,802.68	385,290.00	9.17%
2016	3,133,328.70	551,309.00	17.59%

Note 8: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 4,200.11	\$ 38.64
Trust - Animal Control		15.29
Trust - Other	1,095.64	5,368.26
Water Utility - Operating	138.64	1,095.64
Sewer Utility - Operating	2,208.54	1,125.10
Totals	<u>\$ 7,642.93</u>	<u>\$ 7,642.93</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2021, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

A substantial number of the City's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several City employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. In addition, certain City employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the City, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the City. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Police and Firemen's Retirement System - 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 10 years of service, except disability benefits, which vest after four 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

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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The City's contractually required contribution rate for the year ended December 31, 2020 was 14.66% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the City's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$906,030.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the City's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$788,910.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$463,382.80.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. 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 cost and unfunded accrued liability.

Special Funding Situation Component - 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 specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The City's contractually required contribution rate for the year ended December 31, 2020 was 32.73% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2020, the City's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$1,996,348.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the City's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$1,761,599.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$609,942.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the year ended December 31, 2020 was 4.52% of the City's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2020 was \$275,745.00, and is payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2019 was \$227,068.00, which was paid on April 1, 2020.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2020, employee contributions totaled \$11,109.90, and the City's contributions were \$6,060.03. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the City's proportionate share of the PERS net pension liability was \$13,506,089.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the City's proportion was 0.0828219171%, which was an increase of 0.0017171992 % from its proportion measured as of June 30, 2019.

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Pension Expense - For the year ended December 31, 2020, the City's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$198,906.00. This (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the City's contribution to PERS was \$788,910.00, and was paid on April 1, 2020.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2020, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$ 23,089,977.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	<u>3,583,459.00</u>
	<u><u>\$ 26,673,436.00</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the City's proportion was 0.1786967493%, which was an increase of 0.0043001033% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the City, was 0.1786967493%, which was an increase of 0.0043001033% from its proportion, on-behalf of the City, measured as of June 30, 2019.

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Police and Firemen's Retirement System (Cont'd)

Pension Expense - For the year ended December 31, 2020, the City's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$871,865.00. This (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the City's contribution to PFRS was \$1,761,599.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the City, calculated by the Plan as of the June 30, 2020 measurement date, was \$406,113.00. This on-behalf (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2020, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 245,924.00	\$ 232,786.00	\$ 478,710.00	\$ 47,763.00	\$ 82,867.00	\$ 130,630.00
Changes of Assumptions	438,153.00	58,106.00	496,259.00	5,655,127.00	6,190,285.00	11,845,412.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	461,649.00	1,353,873.00	1,815,522.00	-	-	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	645,727.00	1,269,260.00	1,914,987.00	774,299.00	1,218,977.00	1,993,276.00
City Contributions Subsequent to the Measurement Date	453,015.00	998,174.00	1,451,189.00	-	-	-
	<u>\$ 2,244,468.00</u>	<u>\$ 3,912,199.00</u>	<u>\$ 6,156,667.00</u>	<u>\$ 6,477,189.00</u>	<u>\$ 7,492,129.00</u>	<u>\$ 13,969,318.00</u>

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amounts of \$453,015.00 and \$998,174.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the City's year end of December 31, 2020.

The City will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 9: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (1,911,174.00)	\$ (2,548,622.00)	\$ (4,459,796.00)
2022	(1,624,000.00)	(1,543,810.00)	(3,167,810.00)
2023	(825,038.00)	(453,178.00)	(1,278,216.00)
2024	(260,287.00)	56,316.00	(203,971.00)
2025	(65,237.00)	(88,810.00)	(154,047.00)
	<u>\$ (4,685,736.00)</u>	<u>\$ (4,578,104.00)</u>	<u>\$ (9,263,840.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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 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-2020.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) 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' and PFRS' target asset allocation as of June 30, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on 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. 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 would be based on 78% of the actuarially determined contributions for the State 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 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.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 measurement date based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State 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 City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the City's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 17,001,913.00</u>	<u>\$ 13,506,089.00</u>	<u>\$ 10,539,787.00</u>

Note 9: PENSION PLANS (CONT'D)**Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the City's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the City and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 30,704,917.00	\$ 23,089,977.00	\$ 16,765,188.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	<u>4,765,263.00</u>	<u>3,583,459.00</u>	<u>2,601,881.00</u>
	<u>\$ 35,470,180.00</u>	<u>\$ 26,673,436.00</u>	<u>\$ 19,367,069.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the City's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Eight Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.0828219171%	0.0811047179%	0.0787111860%	0.0835067657%
City's Proportionate Share of the Net Pension Liability	\$ 13,506,089.00	\$ 14,613,840.00	\$ 15,497,840.00	\$ 19,439,040.00
City's Covered Payroll (Plan Measurement Period)	\$ 5,868,064.00	\$ 5,679,524.00	\$ 5,407,328.00	\$ 5,716,328.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	230.16%	257.31%	286.61%	340.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0869501822%	0.0902109235%	0.0858453883%	0.0830261391%
City's Proportionate Share of the Net Pension Liability	\$ 25,752,150.00	\$ 20,250,545.00	\$ 16,072,605.00	\$ 15,867,945.00
City's Covered Payroll (Plan Measurement Period)	\$ 5,971,600.00	\$ 6,178,560.00	\$ 6,009,304.00	\$ 5,787,888.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	431.24%	327.76%	267.46%	274.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 906,030.00	\$ 788,910.00	\$ 782,922.00	\$ 773,601.00
City's Contribution in Relation to the Contractually Required Contribution	\$ (906,030.00)	\$ (788,910.00)	(782,922.00)	(773,601.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 6,178,312.00	\$ 5,898,545.00	\$ 5,700,297.00	\$ 5,453,054.00
City's Contributions as a Percentage of Covered Payroll	14.66%	13.37%	13.73%	14.19%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 772,453.00	\$ 775,572.00	\$ 707,697.00	\$ 625,585.00
City's Contribution in Relation to the Contractually Required Contribution	(772,453.00)	(775,572.00)	(707,697.00)	(625,585.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 5,642,285.00	\$ 5,994,904.00	\$ 6,193,627.00	\$ 6,140,792.00
City's Contributions as a Percentage of Covered Payroll	13.69%	12.94%	11.43%	10.19%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Eight Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.1786967493%	0.1743966460%	0.1677097604%	0.1754074151%
City's Proportionate Share of the Net Pension Liability	\$ 23,089,977.00	\$ 21,342,346.00	\$ 22,693,895.00	\$ 27,079,514.00
State's Proportionate Share of the Net Pension Liability associated with the City	<u>3,583,459.00</u>	<u>3,369,997.00</u>	<u>3,082,590.00</u>	<u>3,033,134.00</u>
Total	<u>\$ 26,673,436.00</u>	<u>\$ 24,712,343.00</u>	<u>\$ 25,776,485.00</u>	<u>\$ 30,112,648.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 6,165,908.00	\$ 5,833,436.00	\$ 5,570,024.00	\$ 5,524,428.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.48%	365.86%	407.43%	490.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.1859257362%	0.1986241402%	0.1887112842%	0.1915114609%
City's Proportionate Share of the Net Pension Liability	\$ 35,516,572.00	\$ 33,083,858.00	\$ 23,738,129.00	\$ 25,459,721.00
State's Proportionate Share of the Net Pension Liability associated with the City	<u>2,982,511.00</u>	<u>2,901,343.00</u>	<u>2,556,198.00</u>	<u>2,373,155.00</u>
Total	<u>\$ 38,499,083.00</u>	<u>\$ 35,985,201.00</u>	<u>\$ 26,294,327.00</u>	<u>\$ 27,832,876.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 6,025,780.00	\$ 6,277,748.00	\$ 5,964,540.00	\$ 5,813,944.40
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	589.41%	527.00%	397.99%	437.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Eight Years)

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 1,996,348.00	\$ 1,761,599.00	\$ 1,639,610.00	\$ 1,552,388.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(1,996,348.00)</u>	<u>(1,761,599.00)</u>	<u>(1,639,610.00)</u>	<u>(1,552,388.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 6,099,420.00	\$ 6,213,032.00	\$ 5,927,886.00	\$ 5,563,901.00
City's Contributions as a Percentage of Covered Payroll	32.73%	28.35%	27.66%	27.90%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 1,515,928.00	\$ 1,614,518.00	\$ 1,449,433.00	\$ 1,397,225.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(1,515,928.00)</u>	<u>(1,614,518.00)</u>	<u>(1,449,433.00)</u>	<u>(1,397,225.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 5,524,825.00	\$ 5,815,293.00	\$ 6,184,573.00	\$ 6,018,794.00
City's Contributions as a Percentage of Covered Payroll	27.44%	27.76%	23.44%	23.21%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Other Notes to Supplementary Pension Information (Cont'd)

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

Changes in Assumptions (Cont'd)

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The City's length of service awards program (the "Plan"), which is a defined contribution plan reported in the City's trust fund, was created by a City Ordinance adopted on June 1, 1999 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.

The voters of the City approved the adoption of the Plan at the general election held on November 2, 1999, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2000. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The City's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the City, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Amendments - The City may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the City, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the City's governing body, provided, however, that any amendment required by the IRS, may be adopted by the City's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the City shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The City may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the City shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The City elected to contribute \$1,150.00 for the year ended December 31, 2020, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The City has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2020, the City's total expenditure to the Plan was \$16,100.00.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Participant Accounts - Each participant's account is credited with the City's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The City has placed the amounts deferred, including earnings, in an account maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the City to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the City. These funds, however, are not available for funding the operations of the City.

Vesting - The City, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the year ended December 31, 2020, no accounts were forfeited.

Investments - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

Plan Information - Additional information about the City's length of service awards program can be obtained by contacting the Plan Administrator.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Supplementary Length of Service Award Program Information

In accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the following schedule of City contributions to the length of service award program is presented. This schedule is presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Plan Calculated Contribution	\$ 14,950.00	\$ 16,100.00	\$ 19,550.00	\$ 18,400.00
City's Contributions in Relation to the Plan Calculated Contribution	<u>(14,950.00)</u>	<u>(16,100.00)</u>	<u>(19,550.00)</u>	<u>(18,400.00)</u>
City's Plan Calculated Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
City's Plan Calculated Contribution	\$ 16,100.00	\$ 11,500.00	\$ 16,100.00	
City's Contributions in Relation to the Plan Calculated Contribution	<u>(16,100.00)</u>	<u>(11,500.00)</u>	<u>(16,100.00)</u>	
City's Plan Calculated Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The City provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, vision, and prescription plan. The City provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree populations: Council 18 employees retiring with at least fifteen (15) years of service with the City and the duration of the benefit is five (5) years for fifteen (15) years of service, eight (8) years for twenty (20) years of service, and thirteen (13) years with twenty-five (25) years of service; Police, Superior and Fire employees retiring with at least twenty-five (25) years of service with the City and the duration of the benefit is twelve (12) years; Administrative employees retiring with at least fifteen (15) years of service with the City and the duration of the benefit is five (5) years for fifteen (15) years of service, nine (9) years for twenty (20) years of service, and thirteen (13) years with twenty-five (25) years of service.

Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the City and Council 18, Police, Superior, Fire and Administrative. The Plan is administered by the City; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the City provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2020, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	156
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	186
	342

Total OPEB Liability

The City's total OPEB liability of \$11,572,494.00 was measured as of December 31, 2020 and was determined by an actuarial valuation as of this same date.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	See "Salary Increases" Table
Discount Rate	2.12%
Healthcare Cost Trend Rates	See "Health Care Cost Trend Rates" Table
Retirees' Share of Benefit-Related Costs	See "Retirees' Share of Benefit-Related Costs" Table

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Actuarial Assumptions and Other Inputs (Cont'd)

Salary Increases

Public Employees' Retirement System (PERS)

<u>Service</u>	<u>Annual Rate of Increase (%)</u>	
	<u>FYE 2019 to FYE 2026</u>	<u>FYE 2026 and Later</u>
0	6.00%	7.00%
5	4.75%	5.75%
10	3.60%	4.60%
15	2.80%	3.80%
20	2.60%	3.60%
25	2.40%	3.40%
29	2.00%	3.00%

Police and Firemen's Retirement System (PFRS)

<u>Service</u>	<u>Annual Rate of Increase (%)</u>
0	15.25%
1	15.25%
2	12.75%
3	10.75%
4	10.25%
5	9.25%
6	8.25%
7	7.25%
8	5.75%
9	5.25%
10	4.75%
11	4.25%
12	3.75%
13	3.25%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Actuarial Assumptions and Other Inputs (Cont'd)

Health Care Cost Trend Rates

To Fiscal Year Ending	Annual Rate of Increase (%)				
	Medical		RX	Dental	Vision
	Pre-65	Post-65			
2021	6.50%	5.30%	7.10%	5.00%	3.00%
2022	6.40%	5.20%	7.00%	5.00%	3.00%
2023	6.30%	5.10%	6.90%	5.00%	3.00%
2024	6.04%	5.01%	6.56%	5.00%	3.00%
2025	5.79%	4.93%	6.21%	5.00%	3.00%
2026	5.53%	4.84%	5.87%	5.00%	3.00%
2027	5.27%	4.76%	5.53%	5.00%	3.00%
2028	5.01%	4.67%	5.19%	5.00%	3.00%
2029	4.76%	4.59%	4.84%	5.00%	3.00%
2030 & Later	4.50%	4.50%	4.50%	5.00%	3.00%

Retirees' Share of Benefit-Related Costs

Retirement Allowance (RA)	Single	Family
RA < \$20k	4.50%	3.43%
\$20k =< RA < \$25k	5.50%	3.43%
\$25k =< RA < \$30k	7.50%	4.43%
\$30k =< RA < \$35k	10.00%	5.85%
\$35k =< RA < \$40k	11.00%	6.85%
\$40k =< RA < \$45k	12.00%	7.85%
\$45k =< RA < \$50k	14.00%	9.85%
\$50k =< RA < \$55k	20.00%	14.55%
\$55k =< RA < \$60k	23.00%	16.55%
\$60k =< RA < \$65k	27.00%	20.40%
\$65k =< RA < \$70k	29.00%	22.40%
\$70k =< RA < \$75k	32.00%	25.40%
\$75k =< RA < \$80k	33.00%	26.40%
\$80k =< RA < \$85k	34.00%	27.40%
\$85k =< RA < \$90k	34.00%	29.40%
\$90k =< RA < \$95k	34.00%	29.70%
\$95k =< RA < \$100k	35.00%	29.85%
\$100k =< RA < \$110k	35.00%	34.55%
\$110k =< RA	35.00%	35.00%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Actuarial Assumptions and Other Inputs (Cont'd)

The discount rate was based on the 20-Bond General Obligation (GO) Index.

Mortality rates were based on the following:

Pre-Retirement (PERS) - PUBGH2010EE Pub-2010 Public Plans, Fully Generational MP2020, "General" Classification, Headcount-Weighted, Employees Mortality

Pre-Retirement (PFRS) - PUBGH2010EE Pub-2010 Public Plans, Fully Generational MP2020, "Safety" Classification, Headcount-Weighted, Employees Mortality

Post-Retirement - PUBGH2010HA Pub-2010 Public Plans, Fully Generational MP2020, "General" Classification, Headcount-Weighted, Healthy Annuitant Mortality

An experience study was not performed on the actuarial assumptions used in the December 31, 2020 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by the Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2019		\$ 21,031,047.00
Changes for the Year:		
Service Cost	\$1,039,651.00	
Interest Cost	587,342.00	
Benefit Payments	(1,278,323.00)	
Changes in Assumptions	(8,073,915.00)	
Difference between Expected and Actual Experience	<u>(1,733,308.00)</u>	
Net Changes		<u>(9,458,553.00)</u>
Balance at December 31, 2020		<u>\$ 11,572,494.00</u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74% at December 31, 2019 to 2.12% at December 31, 2020.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Sensitivity of Total OPEB Liability to Changes in Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	December 31, 2020		
	1.00% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1.00% Increase <u>(3.12%)</u>
Total OPEB Liability	<u>\$ 12,334,254.00</u>	<u>\$ 11,572,494.00</u>	<u>\$ 10,860,854.00</u>

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	December 31, 2020		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 10,459,659.00</u>	<u>\$ 11,572,494.00</u>	<u>\$ 12,882,927.00</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2020, the City recognized OPEB expense of \$239,207.00. As of December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,133,320.00	\$ -
Difference Between Expected and Actual Experience	<u>-</u>	<u>8,697,682.00</u>
	<u>\$ 1,133,320.00</u>	<u>\$ 8,697,682.00</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

CITY OF MILLVILLE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending Dec 31,	
2021	\$ (1,387,786.00)
2022	(1,387,786.00)
2023	(1,374,416.00)
2024	(1,269,051.00)
2025	(1,532,380.00)
Thereafter	<u>(612,943.00)</u>
	<u>\$ (7,564,362.00)</u>

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the City's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	<u>Plan Measurement Date December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 1,039,651.00	\$ 934,685.00	\$ 994,987.00
Interest Cost	587,342.00	798,120.00	707,022.00
Benefit Payments	(1,278,323.00)	(1,893,457.00)	(1,845,104.00)
Changes in Assumptions	(8,073,915.00)	1,713,314.00	(859,048.00)
Difference Between Expected and Actual Experience	<u>(1,733,308.00)</u>	<u>-</u>	<u>-</u>
Net Change in Total OPEB Liability	(9,458,553.00)	1,552,662.00	(1,002,143.00)
Total OPEB Liability - Beginning of Year	<u>21,031,047.00</u>	<u>19,478,385.00</u>	<u>20,480,528.00</u>
Total OPEB Liability - End of Year	<u>\$ 11,572,494.00</u>	<u>\$ 21,031,047.00</u>	<u>\$ 19,478,385.00</u>
Covered-Employee Payroll	\$ 12,166,742.00	\$ 11,866,457.34	\$ 11,628,183.00
Total OPEB Liability as a Percentage of Covered Payroll	95.12%	177.23%	167.51%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate changed from 2.74% as of the December 31, 2019 measurement date to 2.12% as of the December 31, 2020 measurement date. On December 20, 2019 the President signed the 2020 appropriations bill which includes the SECURE Act. Under the SECURE Act, the Excise Tax on High-Cost Plans ("Cadillac Tax") was repealed for all tax years beginning after December 31, 2019. The mortality improvement scale was updated from MP-2018 to MP-2020 to reflect latest available mortality improvement scale issued by the Society of Actuaries as of the measurement date. The health care trend and claim rates have been updated to better anticipate future experience under the plan. Future retiree participation percentage has been updated from 70% to 100%. Marriage percentage updated from 70% to 55%. Salary scale assumptions, retirement dates, withdrawal rates and disability rates were updated.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**STATE HEALTH BENEFITS PLAN**

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020 was not available; therefore, the information from the measurement period June 30, 2019 is disclosed below.

General Information about the OPEB Plan

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. 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.

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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The City was billed monthly by the Plan and paid \$1,033,155.01, for the year ended December 31, 2019, representing 8.53% of the City's covered payroll. During the year ended December 31, 2019, retirees were required to contribute \$46,289.90 to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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% 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. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the City, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the City, is \$260,431.00 for the year ended December 31, 2019 representing 2.15% of the City's covered payroll.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2019 the City's and State's proportionate share of the net OPEB liability were as follows:

City's Proportionate Share of Net OPEB Liability	\$ 23,135,741.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the City	19,647,356.00
	<u>\$ 42,783,097.00</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The City's proportion of the net OPEB liability was 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, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the City's proportion was 0.170793% which was a decrease of 0.009773% from its proportion measured as of the June 30, 2018 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the City was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the City was 0.355562% which was a decrease of 0.003391% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the City's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$644,302.00). This (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the City made contributions to the Plan totaling \$1,033,155.01.

At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the City, calculated by the Plan as of the June 30, 2019 measurement date is \$260,431.00. This on-behalf (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the City had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 6,765,793.00
Changes of Assumptions	-	8,198,792.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	19,057.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	1,376,708.00	3,847,230.00
City Contributions Subsequent to the Measurement Date	<u>590,359.34</u>	<u>-</u>
	<u>\$ 1,986,124.34</u>	<u>\$ 18,811,815.00</u>

\$590,359.34 reported as deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be included as a reduction of the City's net OPEB liability during the year ending December 31, 2020. The City will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,	
2020	\$ (2,862,810.00)
2021	(2,862,810.00)
2022	(2,864,304.00)
2023	(2,866,719.00)
2024	(2,868,925.00)
Thereafter	<u>(3,090,482.00)</u>
	<u>\$ (17,416,050.00)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

Actuarial Assumptions (Cont'd)

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. 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.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the City's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, for the City and the State of New Jersey, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
City's Proportionate Share of the Net OPEB Liability	\$ 26,750,802.00	\$ 23,135,741.00	\$ 20,198,026.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>22,717,342.00</u>	<u>19,647,356.00</u>	<u>17,152,587.00</u>
	<u>\$ 49,468,144.00</u>	<u>\$ 42,783,097.00</u>	<u>\$ 37,350,613.00</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

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

The City's and State's proportionate share of the net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 19,523,714.00	\$ 23,135,741.00	\$ 27,743,489.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	16,579,947.00	19,647,356.00	23,560,352.00
	<u>\$ 36,103,661.00</u>	<u>\$ 42,783,097.00</u>	<u>\$ 51,303,841.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the City's Proportionate Share of the net OPEB Liability (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.170793%	0.180566%	0.172518%
City's Proportionate Share of the Net OPEB Liability	\$ 23,135,741.00	\$ 28,288,586.00	\$ 35,220,910.00
State's Proportionate Share of the Net OPEB Liability Associated with the City	19,647,356.00	22,304,781.00	30,614,376.00
Total	<u>\$ 42,783,097.00</u>	<u>\$ 50,593,367.00</u>	<u>\$ 65,835,286.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 11,980,189.00	\$ 11,226,334.00	\$ 11,028,104.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	193.12%	251.98%	319.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

STATE HEALTH BENEFITS PLAN (CONT'D)

Schedule of the City's Contributions (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Required Contributions	\$ 1,033,155.01	\$ 1,122,736.56	\$ 1,748,603.88
City's Contributions in Relation to the Required Contribution	<u>(1,033,155.01)</u>	<u>(1,122,736.56)</u>	<u>(1,748,603.88)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 12,111,577.00	\$ 11,628,183.00	\$ 11,016,955.00
City's Contributions as a Percentage of Covered Payroll	8.53%	9.66%	15.87%

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 12: COMPENSATED ABSENCES

Under the existing policy of the City, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward, but the carry-forward is limited to the equivalent of one year's accrued vacation days.

The City compensates employees for unused sick leave and vacation days upon termination or retirement. For unused sick leave, however, the current policy provides one compensated day for every two days accumulated.

The City has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2020, the balance of the fund was \$1,194,799.11. It is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$2,901,445.26.

Note 13: DEFERRED COMPENSATION SALARY ACCOUNT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements.

Note 14: SANITARY LANDFILL ESCROW CLOSURE FUND

The City operates a municipal landfill located in the southern part of the City. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

The City has received State approval for its Landfill Closure Plan. As of December 31, 2020 the Reserve for Landfill Closure had a balance of \$154,120.04. However, the escrow closure fund balance at year-end does not represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

Note 15: CAPITAL DEBT

General Obligation Bonds

General Obligation Bonds, Series 2011 - On November 1, 2011, the City issued \$16,185,000.00 of general improvement, water utility, sewer utility, and revenue allocation district bonds, with interest rates ranging from 3.0% to 5.0%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is November 1, 2023.

General Obligation Refunding Bonds, Series 2012 - On September 5, 2012, the City issued \$8,015,000.00 in general obligation refunding bonds, with interest rates ranging from 1.00% to 2.50%, to advance refund \$1,735,000.00 in outstanding 2001 general improvement bonds with an interest rate of 4.10%, \$5,124,000.00 in outstanding 2004 general improvement bonds with an interest rate of 4.125%, \$154,000.00 in outstanding 2004 water utility bonds with an interest rate of 4.125%, and \$592,000.00 in outstanding 2004 sewer utility bonds with an interest rate of 4.125%. The final maturity of the bonds is July 15, 2020.

General Obligation Refunding Bonds, Series 2016 - On April 21, 2016, the City issued \$4,265,000.00 in general obligation refunding bonds, with interest rates ranging from 2.00% to 3.00%, to advance refund \$1,751,000.00 in outstanding 2008 general improvement bonds with an interest rate of 5.0%, \$1,405,000.00 in outstanding 2008 water utility bonds with an interest rate of 5.0%, and \$965,000.00 in outstanding 2008 sewer utility bonds with an interest rate of 5.0%. The final maturity of the bonds is September 1, 2028.

General Obligation Bonds, Series 2017 - On July 26, 2017, the City issued \$13,469,000.00 of general improvement, water utility, and sewer utility bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is July 15, 2037.

The following schedule represents the remaining debt service, through maturity, for the general improvement, water utility and sewer utility bonds:

Bonded Debt issued and Outstanding

Year	General		Water Utility		Sewer Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 2,480,000.00	\$ 465,565.00	\$ 260,000.00	\$ 101,405.00	\$ 445,000.00	\$ 72,225.00	\$ 3,824,195.00
2022	2,500,000.00	375,665.00	290,000.00	92,805.00	450,000.00	53,375.00	3,761,845.00
2023	2,614,000.00	300,665.00	321,000.00	84,105.00	455,000.00	39,875.00	3,814,645.00
2024	1,275,000.00	212,745.00	255,000.00	73,475.00	150,000.00	25,725.00	1,991,945.00
2025	950,000.00	164,995.00	260,000.00	64,825.00	150,000.00	20,725.00	1,610,545.00
2026-30	4,629,000.00	395,725.00	1,045,000.00	208,825.00	545,000.00	39,175.00	6,862,725.00
2031-35			600,000.00	93,925.00			693,925.00
2036-37			230,000.00	11,050.00			241,050.00
Totals	<u>\$ 14,448,000.00</u>	<u>\$ 1,915,360.00</u>	<u>\$ 3,261,000.00</u>	<u>\$ 730,415.00</u>	<u>\$ 2,195,000.00</u>	<u>\$ 251,100.00</u>	<u>\$ 22,800,875.00</u>

Note 15: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Environmental Infrastructure Loans

The City entered into loan agreements with the State of New Jersey Environmental Infrastructure Trust. The loans consists of two parts - a Trust Loan repayable at market interest rates and a Fund Loan repayable with no interest.

Water Utility NJEIT Loan Series 2003A - On October 15, 2003, the City entered into a loan agreement in the amount of \$1,451,680.00 with the New Jersey Environmental Infrastructure Trust. The final payment of the loan is September 1, 2023.

Water Utility NJEIT Loan Series 2013A - On May 22, 2013, the City entered into a loan agreement in the amount of \$3,660,000.00 with the New Jersey Environmental Infrastructure Trust. The final payment of the loan is August 1, 2032.

Sewer Utility NJEIT Loan Series 2003A - On October 15, 2003, the City entered into a loan agreement in the amount of \$2,850,000.00 with the New Jersey Environmental Infrastructure Trust. The final payment of the loan is September 1, 2023.

Sewer Utility NJEIT Loan Series 2010A - On March 10, 2010, the City entered into a loan agreement in the amount of \$4,286,975.00 with the New Jersey Environmental Infrastructure Trust. The final payment of the loan is August 1, 2029.

Sewer Utility NJEIT Loan Series 2018A - On December 1, 2017, the City entered into a loan agreement in the amount of \$9,423,760.00 with the New Jersey Environmental Infrastructure Trust. The final payment of the loan is September 1, 2037.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

Schedule of NJEIT Loans

<u>Year</u>	<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 279,252.19	\$ 29,487.50	\$ 737,833.41	\$ 120,600.00	\$ 1,167,173.10
2022	262,609.60	25,212.50	753,000.39	109,725.00	1,150,547.49
2023	246,101.68	20,800.00	762,863.95	97,350.00	1,127,115.63
2024	191,101.68	15,700.00	584,716.17	84,487.50	876,005.35
2025	191,101.68	13,200.00	589,716.17	76,637.50	870,655.35
2026-30	980,508.40	42,600.00	2,934,055.85	263,087.50	4,220,251.75
2031-35	396,188.65	5,100.00	2,525,955.85	125,925.02	3,053,169.52
2036-37			1,045,382.66	16,537.52	1,061,920.18
Totals	<u>\$ 2,546,863.88</u>	<u>\$ 152,100.00</u>	<u>\$ 9,933,524.45</u>	<u>\$ 894,350.04</u>	<u>\$ 13,526,838.37</u>

Note 15: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Green Acres Loans

The City entered into 3 loan agreements with the State of New Jersey under the Green Acres and Recreational Act. Provisions of these agreements require the City to repay the loans in semi-annual installments over twenty years bearing interest at two percent commencing nine months from the date of the final receipt of funds. The remaining principal balance on these 3 loans as of December 31, 2020 was \$307,067.70.

Green Trust Loan - On July 22, 2003, the City entered into a loan agreement in the amount of \$250,000.00 with the State of New Jersey with an interest rate of 2.00%, for the Green Acres-Sharp Street Recreation Complex. The final payment of the loan is April 4, 2022.

Green Trust Loan - On December 9, 2005, the City entered into a loan agreement in the amount of \$250,000.00 with the State of New Jersey with an interest rate of 2.00%, for the Public Marina. The final payment of the loan is September 6, 2024.

Green Trust Loan - On March 29, 2010, the City entered into a loan agreement in the amount of \$500,000.00 with the State of New Jersey with an interest rate of 2.00%, for the Waterfront IV&V project. The final payment of the loan is December 31, 2027.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

Schedule of Green Trust Loans

<u>Year</u>	<u>Principal</u>	<u>General</u> <u>Interest</u>	<u>Total</u>
2021	\$ 60,632.02	\$ 5,839.71	\$ 66,471.73
2022	53,733.72	4,621.00	58,354.72
2023	46,615.58	3,622.12	50,237.70
2024	47,552.56	2,685.16	50,237.72
2025	32,193.17	1,810.51	34,003.68
2026-27	66,340.65	1,666.77	68,007.42
Totals	<u>\$ 307,067.70</u>	<u>\$ 20,245.27</u>	<u>\$ 327,312.97</u>

Note 15: CAPITAL DEBT (CONT'D)

The following schedule represents the City's summary of debt for the current and two previous years:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 19,685,067.70	\$ 17,409,505.05	\$ 20,022,771.23
Water Utility:			
Bonds, Loans and Notes	7,807,863.88	6,335,600.66	6,869,852.86
Sewer Utility:			
Bonds, Loans and Notes	12,828,524.45	13,301,357.86	14,509,039.46
Total Issued	<u>40,321,456.03</u>	<u>37,046,463.57</u>	<u>41,401,663.55</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	1,065,365.54	5,211,615.54	2,051,060.54
Water Utility:			
Bonds, Loans and Notes	2,155,845.22	2,125,845.22	845.22
Sewer Utility:			
Bonds, Loans and Notes	647,315.02	1,277,315.02	577,315.02
Total Authorized but not Issued	<u>3,868,525.78</u>	<u>8,614,775.78</u>	<u>2,629,220.78</u>
Total Issued and Authorized but not Issued	<u>44,189,981.81</u>	<u>45,661,239.35</u>	<u>44,030,884.33</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	743,033.58	850,033.58	957,033.58
Water Utility:			
Self-Liquidating	9,963,709.10	8,461,445.88	6,870,698.08
Sewer Utility:			
Self-Liquidating	13,475,839.47	14,578,672.88	15,086,354.48
Total Deductions	<u>24,182,582.15</u>	<u>23,890,152.34</u>	<u>22,914,086.14</u>
Net Debt	<u>\$ 20,007,399.66</u>	<u>\$ 21,771,087.01</u>	<u>\$ 21,116,798.19</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.280%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Self-Liquidating	\$ 23,439,548.57	\$ 23,439,548.57	
General	20,750,433.24	743,033.58	\$ 20,007,399.66
	<u>\$ 44,189,981.81</u>	<u>\$ 24,182,582.15</u>	<u>\$ 20,007,399.66</u>

Net debt \$20,007,399.66 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,563,325,989.33, equals 1.280%.

Note 15: CAPITAL DEBT (CONT'D)**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 54,716,409.63
Less: Net Debt	<u>20,007,399.66</u>
Remaining Borrowing Power	<u><u>\$ 34,709,009.97</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 3,880,186.97
Deductions:	
Operating and Maintenance Costs	\$ 2,974,314.00
Debt Service	<u>682,524.01</u>
Total Deductions	<u>3,656,838.01</u>
Excess in Revenue	<u><u>\$ 223,348.96</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 6,237,439.36
Deductions:	
Operating and Maintenance Costs	\$ 4,607,608.00
Debt Service	<u>1,378,001.32</u>
Total Deductions	<u>5,985,609.32</u>
Excess in Revenue	<u><u>\$ 251,830.04</u></u>

Note 16: SCHOOL TAXES

Millville School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance December 31,	
	<u>2020</u>	<u>2019</u>
Balance of Tax	\$ 5,372,451.14	\$ 5,165,817.14
Deferred	<u>1,791,000.00</u>	<u>1,791,000.00</u>
Taxes Payable	<u>\$ 3,581,451.14</u>	<u>\$ 3,058,119.14</u>

Note 17: RISK MANAGEMENT

The City 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.

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

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

<u>Year</u>	<u>City Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020		\$ 6,077.00	\$ 42,447.10
2019	\$ 65,197.48	29,910.59	48,524.10
2018		21,321.68	13,237.21

Joint Insurance Pool - The City of Millville is a member of the Atlantic County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation including Employer's Liability
- General Liability including Police Professional and Employee Benefit Liability
- Automobile Liability
- Blanket Crime including Public Employee Dishonesty
- Property Including Boiler and Machinery
- Public Officials and Employment Practices Liability
- Volunteer Directors and Officers Liability
- Cyber Liability

Note 17: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

- Excess Workers' Compensation
- Excess General Liability
- Non-Owned Aircraft Liability
- Excess Auto Liability
- Fidelity and Performance (Blanket)
- Excess Property including Boiler and Machinery
- Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2020, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
 Greentree Centre/525 Lincoln Drive West
 PO Box 488
 Marlton, New Jersey 08053
 www.acmjif.org

Municipal Excess Liability Joint Insurance Fund
 250 Pehle Ave, Suite 701
 Saddlebrook, New Jersey 07663

Self-Insurance Reserve – In addition to the commercial insurance and the insurance provided by the public entity risk pools, the City maintained a self-insurance fund for employee medical insurance and general liability claims. As of December 31, 2020 the balance in the Reserve for Self-Insurance Fund in the Trust Other Fund was \$201,289.24. After February 28, 2006 medical insurance was provided by a commercial carrier until February 16, 2010, when the City authorized participation in the State Health Benefits Program. In addition, the Reserve for Self-Insurance Fund is used to satisfy deductibles for commercial insurance and public entity risk pool claims.

The following is a summary of the claims liability of the City's trust fund for self-insured workers' compensation for the current and previous year:

	<u>2020</u>	<u>2019</u>
Incurred Claims	\$ 9,623.98	\$ 5,432.70
Payment of Claims	<u>(9,623.98)</u>	<u>(5,432.70)</u>

There have been no settlements that exceed the City's coverage for years ended December 31, 2020, 2019 and 2018.

Note 18: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Litigation - The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, cannot be determined at this time.

Note 19: CONCENTRATIONS

The City depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 20: TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the state Long Term Tax Exemption Law. Under the Law, municipalities may grant property tax abatements to Urban Renewal Entities to undertake commercial and residential redevelopment projects, relocation projects for residents displaced by the redevelopment area, and low and moderate income housing projects.

For the year ended December 31, 2020, the City abated property taxes totaling \$1,917,809.88 including the following tax abatement agreements that each exceeded ten percent (10%) of the total amount abated:

- A seventy-six percent (76%) property tax abatement to a motor sports park. The abatement amounted to \$546,400.00.
- A fifty percent (50%) property tax reduction for a department store retailer. The abatement amounted to \$265,402.08.
- An eighty-nine percent (89%) property tax reduction for the housing authority. The abatement amounted to \$644,875.71.

Note 21: SUBSEQUENT EVENTS

Tax Appeals - As of December 31, 2020, several tax appeals were on file against the City. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the City, the estimated impact of the tax refunds could be material.

Authorization of Debt - Subsequent to December 31, the City authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Introduced</u>	<u>Authorization</u>
General Improvements		
Authorizing Expansion and Improvements to the Millville Public Library	1/19/2021	\$ 771,250.00
Continuing Environmental Remediation Work and Demolition of the Electroplating Building of the Former Airwork Facility Group Located at the Millville Municipal Airport	4/20/2021	475,000.00
Purchases of a Fire Truck and Police Patrol SUVs	7/6/2021	1,634,000.00

COVID-19 - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2021.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

FLEISHMAN • DANIELS LAW OFFICES, LLC

A NEW JERSEY LIMITED LIABILITY COMPANY
646 Ocean Heights Avenue - Suite 103
Linwood, New Jersey 08221

JOEL M. FLEISHMAN, ESQUIRE
Member NJ & PA Bar
E-mail: Joel@fdlawllc.com

(609) 272-1266
FAX (609) 272-9351

MICHAEL R. RANN, ESQUIRE
Of Counsel
Member NJ Bar
E-mail: Michael@fdlawllc.com

Please refer to: 20042-17

John W. Daniels, Esquire
(2002-2016)

_____, 2022

An opinion in substantially the following form will be delivered at Closing, assuming no material changes in facts or law.

The Mayor and City Commissioners of the
City of Millville, in the
County of Cumberland, New Jersey

***RE: \$14,603,000* Aggregate Principal Amount
City of Millville, County of Cumberland, New Jersey
General Obligation Bonds, Series 2022***

Ladies and Gentlemen:

This office has served as Bond Counsel in connection with the issuance and sale by the City of Millville in the County of Cumberland, New Jersey (the “City”) of \$14,603,000 aggregate principal amount General Obligation Bonds, Series 2022, dated the date hereof, consisting of \$9,101,000 General Improvement Bonds, Series 2022 (the “GI Bonds”), \$4,155,000 Water Utility Bonds, Series 2022 (the “Water Utility Bonds”), and \$1,347,000 Sewer Utility Bonds, Series 2022 (the “Sewer Utility Bonds”; and collectively with the GI Bonds and Water Utility Bonds being hereinafter referred to as the “Bonds”).

The Bonds are authorized to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1, *et seq.* (the “Act”); a resolution of the City adopted on April 5, 2022, and entitled “RESOLUTION PROVIDING FOR THE COMBINATION OF CERTAIN ISSUES OF GENERAL OBLIGATION BONDS OR NOTES OF THE CITY OF MILLVILLE, IN THE COUNTY OF CUMBERLAND, NEW JERSEY, INTO A SINGLE ISSUE OF GENERAL IMPROVEMENT BONDS IN AGGREGATE PRINCIPAL AMOUNT OF \$14,603,000” (the “Combining Resolution”), and the various bond ordinances referred to therein (the “Bond Ordinances”), each in all respects duly approved and published as required by law; and a resolution of the City adopted on April 5, 2022, and entitled “RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$14,603,000 GENERAL OBLIGATION BONDS, SERIES 2022, CONSISTING OF \$9,101,000 GENERAL IMPROVEMENT BONDS, \$4,155,000 WATER UTILITY BONDS AND \$1,347,000 SEWER UTILITY BONDS, OF THE CITY OF MILLVILLE, IN

* Preliminary, subject to change

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Commissioners of the City of Millville

_____, 2022

Page 2

THE COUNTY OF CUMBERLAND, NEW JERSEY, AND PROVIDING FOR THEIR SALE" (the "**Bond Resolution**"; and together with the Combining Resolution and the Bond Ordinances referred to therein, the "**Local Proceedings**").

The Bonds are being issued: (i) for the purpose of providing funds to permanently finance the costs of certain general capital improvements as described in the Bond Ordinances (the "**Projects**"); and (ii) to pay the costs of issuance of the Bonds.

The Bonds are subject to redemption prior to maturity. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository.

We have examined such matters of law, certified copies of the Local Proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) the Local Proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the City enforceable in accordance with their terms, and (iii) the City has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "**Code**"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of the issuance of the Bonds. On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "**Tax 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 the Code. In the event the City continuously complies with its covenants and in reliance on representations,

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Commissioners of the City of Millville

_____, 2022

Page 3

certifications of fact and statements of reasonable expectations made by the City in the Tax 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 is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as enacted and construed on the date hereof.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

For purposes of this Opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles now or hereafter enacted by any state or by the federal government relating to the enforcement of creditors' rights generally, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would be available as a remedy in every situation (regardless of whether enforcement is considered in proceedings at law or in equity).

The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy, or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Bonds, including the appendices thereto, and make no representation that we have independently verified the contents thereof.

FLEISHMAN ♦ DANIELS LAW OFFICES, LLC

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate ("**Disclosure Certificate**") is executed and delivered as of this __ day of May, 2022, by and between the City of Millville, County of Cumberland, New Jersey (the "**City**") pursuant to Resolution No. 127-2022, entitled "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$14,603,000 GENERAL OBLIGATION BONDS, SERIES 2022, CONSISTING OF \$9,101,000 GENERAL IMPROVEMENT BONDS, \$4,155,000 WATER UTILITY BONDS AND \$1,347,000 SEWER UTILITY BONDS, OF THE CITY OF MILLVILLE, IN THE COUNTY OF CUMBERLAND, NEW JERSEY AND PROVIDING FOR THEIR SALE", adopted on April 5, 2022 (the "**Bond Resolution**") in connection with the issuance by the City of \$14,603,000* General Obligation Bonds, Series 2022 (collectively, the "**Bonds**"), pursuant to the following bond ordinances heretofore adopted by the City Commission: Bond Ordinance No. 33-2007, finally adopted on September 18, 2007; Bond Ordinance No. 41-2007, finally adopted on October 16, 2007; Bond Ordinance No. 06-2008, finally adopted on February 19, 2008; Bond Ordinance No. 10-2008, finally adopted on April 15, 2008; Bond Ordinance No. 12-2008, finally adopted on May 20, 2008; Bond Ordinance No. 34-2008, finally adopted on June 17, 2008; Bond Ordinance No. 12-2009, finally adopted on March 3, 2009; Bond Ordinance No. 39-2012, finally adopted on December 18, 2012; Bond Ordinance No. 46-2018, finally adopted on August 21, 2018; Bond Ordinance 36-2019, finally adopted on June 18, 2019; Bond Ordinance No. 37-2019, finally adopted on June 18, 2019; Bond Ordinance No. 52-2019, finally adopted on December 3, 2019; Bond Ordinance No. 19-2020, finally adopted on October 20, 2020; Bond Ordinance No. 20-2020, finally adopted on October 20, 2020; Bond Ordinance No. 02-2021, finally adopted on February 2, 2021; Bond Ordinance No. 13-2021, finally adopted on May 4, 2021; Bond Ordinance No. 21-2021, finally adopted on July 20, 2021; and Bond Ordinance No. 08-2022, finally adopted on February 1, 2022, in all respects duly approved and published as required by law (the "**Bond Ordinances**").

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (as defined below). The City acknowledges it is an "Obligated Person" under the Rule (as defined below).

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

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

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

* Preliminary, subject to change

income tax purposes.

“Bondholder” or **“Holder”** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with EMMA (as defined herein) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the City with EMMA pursuant to Section 5 of this Disclosure Certificate.

“Disclosure Representative” shall mean the Chief Financial Officer of the City or her designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

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

“EMMA” shall mean the Electronic Municipal Market Access system, an internet based filing system created and maintained by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, commencing September 15, 2022 (for the calendar

year ending December 31, 2021), until termination of the City's reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 hereof, the Annual Report prepared for the preceding fiscal year of the City. Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the City are not available by such date, the City shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the City, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the City.

(b) Not later than September 30 of each year (commencing September 30, 2022), the Dissemination Agent shall file with EMMA a copy of the Annual Report pursuant to subsection (a) hereof.

(c) If the City does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as **Exhibit A**, with copies to the City (if the Dissemination Agent is not the City).

(d) Each year the Dissemination Agent shall file a report with the City (if the Dissemination Agent is not the City), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the City changes, the City shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the City, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City (as of December 31 of each year).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

(2) Certain financial information and operating data of the City consisting of: (a) City indebtedness; (b) the City's most current adopted budget; (c) property valuation

information; and (d) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

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-exempt status of the Bonds;
7. Modifications to the rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the City;

13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a financial obligation¹ of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the City, if any such event reflects financial difficulties.

The City shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events, the City shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the City determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

¹ The term “financial obligation” 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). 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 Rule 15c2-12.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an "Obligated Person" (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, LLC. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Intentionally Omitted.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate,

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

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner of the Bonds may, at the Bondholder's or Beneficial Owner's cost and expense, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriter and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City:

City of Millville
Millville Municipal Building
12 S. High Street
Millville, New Jersey 08332
Attn: Marcella Shepard, Chief Financial Officer
Telecopy No.: (856) 7000 ext. 7214
Email: marcella.shepard@millvillenj.gov

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attn: Anthony Inverso
Telecopy No.: (609) 291-9940
Email: ainverso@muniadvisors.com

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

Section 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey, as applicable.

IN WITNESS WHEREOF, THE CITY OF MILLVILLE, COUNTY OF CUMBERLAND, has caused this Disclosure Certificate to be executed on its behalf by the Mayor and Chief Financial Officer and its corporate seal to be hereunto affixed, attested by the City Clerk, all as of the day and year first above written.

[SEAL]
Attest:

CITY OF MILLVILLE
CUMBERLAND COUNTY, NEW JERSEY

Jeanne Parkinson, City Clerk

By: _____
Lisa M. Orndorf, Mayor

By: _____
Marcella Shepard
Chief Financial Officer

EXHIBIT "A"

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Millville, County of Cumberland, New Jersey

Name of Bond Issue: \$14,603,000* GENERAL OBLIGATION BONDS, SERIES 2022,
CONSISTING OF \$9,101,000 GENERAL IMPROVEMENT
BONDS, \$4,155,000 WATER UTILITY BONDS AND \$1,347,000
SEWER UTILITY BONDS

CUSIP No. _____

Date of Issuance: May _____, 2022

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate for the Bonds dated as of May _____, 2022 executed by the City.

Dated: _____

Dissemination Agent
(on behalf of the City)

cc: City of Millville

* Preliminary, subject to change