

OFFICIAL STATEMENT DATED JULY 12, 2017

NEW ISSUE – Book-Entry-Only

RATING: S&P: “AA-/stable”
(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 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) will not be treated as a preference item under Section 57 of the Code for the purpose of calculating the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Bonds is included in the adjusted current earnings of a corporation for purposes of the federal alternative minimum tax imposed on corporations. 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.

\$13,469,000
CITY OF MILLVILLE
in the County of Cumberland, State of New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,804,000 General Improvement Bonds
\$2,065,000 Water Utility Bonds
and
\$600,000 Sewer Utility Bonds
(NON-BANK QUALIFIED) (CALLABLE)

Dated: Date of Delivery

Due: July 15, as shown below

The \$13,469,000 aggregate principal amount of General Obligation Bonds, Series 2017, consisting of: (i) \$10,804,000 General Improvement Bonds (the “General Improvement Bonds”); (ii) \$2,065,000 Water Utility Bonds (the “Water Utility Bonds”); and (iii) \$600,000 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 January 15 and July 15, commencing January 15, 2018, to and including their respective dates of maturity. 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 January 1 and July 1 (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 191-2017 and 192-2017 adopted by the City Commission on June 20, 2017.

The Bonds are being issued, along with other available funds of the City, to provide funds, which will be used to: (i) refund, on a current basis, \$9,572,291 in aggregate principal amount of outstanding bond anticipation notes of the City maturing August 1, 2017; (ii) finance the cost of various capital improvements in and by the City in the amount of \$5,856,678; 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.

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 July 26, 2017.

Jefferies

\$13,469,000
CITY OF MILLVILLE
in the County of Cumberland, State of New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,804,000 General Improvement Bonds
\$2,065,000 Water Utility Bonds
and
\$600,000 Sewer Utility Bonds

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, AND CUSIPS *

Year	General Improvement Bonds Amount	Water Utility Bonds Amount	Sewer Utility Bonds Amount	Combined Maturity Schedule Amount	Interest Rate	Yield	CUSIPS*
2018	\$475,000	\$60,000	\$25,000	\$560,000	2.00%	1.00%	601464UJ7
2019	475,000	60,000	25,000	560,000	2.00	1.18	601464UK4
2020	475,000	60,000	50,000	585,000	3.00	1.37	601464UL2
2021	950,000	60,000	50,000	1,060,000	2.00	1.48	601464UM0
2022	950,000	85,000	50,000	1,085,000	3.00	1.62	601464UN8
2023	950,000	100,000	50,000	1,100,000	4.00	1.80	601464UP3
2024	950,000	100,000	50,000	1,100,000	4.00	1.95	601464UQ1
2025	950,000	110,000	50,000	1,110,000	4.00	2.15	601464UR9
2026	950,000	120,000	50,000	1,120,000	2.25	2.45	601464US7
2027	950,000	120,000	50,000	1,120,000	2.50	2.65	601464UT5
2028	925,000	120,000	50,000	1,095,000	3.00	2.85	601464UU2
2029	900,000	120,000	50,000	1,070,000	3.00	2.95	601464UV0
2030	904,000	120,000	50,000	1,074,000	3.00	3.00	601464UW8
2031		120,000		120,000	3.00	3.12	601464UX6
2032		120,000		120,000	3.00	3.20	601464UY4
2033		120,000		120,000	3.125	3.28	601464UZ1
2034		120,000		120,000	3.125	3.35	601464VA5
2035		120,000		120,000	3.25	3.40	601464VB3
2036		120,000		120,000	3.25	3.43	601464VC1
2037		110,000		110,000	3.25	3.45	601464VD9

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by 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 representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

MAYOR

Michael Santiago

CITY COMMISSION

Lynne Porreca Compari
David W. Ennis
Joseph Sooy
William Davis

CITY CHIEF FINANCIAL OFFICER

Marcella D. Shepard

MUNICIPAL CLERK

Jeanne Hitchner

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Millville, New Jersey

CITY AUDITOR

Ford, Scott & Associates, L.L.C.
Ocean City, 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 nor 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.

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**OFFICIAL STATEMENT
RELATING TO

\$13,469,000
CITY OF MILLVILLE
IN THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,804,000 General Improvement Bonds
\$2,065,000 Water Utility Bonds
and
\$600,000 Sewer Utility Bonds
(NON-BANK QUALIFIED) (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 \$13,469,000 aggregate principal amount of General Obligation Bonds, Series 2017, consisting of: (i) \$10,804,000 General Improvement Bonds (the “General Improvement Bonds”); (ii) \$2,065,000 Water Utility Bonds (the “Water Utility Bonds”); and (iii) \$600,000 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 July 15 in each of the years and in the amounts set forth on the inside front cover page. The Bonds shall bear interest, which is payable semiannually on the fifteenth (15th) day of January and July in each year (each constituting an “Interest Payment Date”), commencing January 15, 2018, at the interest rates set forth on the inside front cover page. The record dates for payment of the interest on the Bonds shall be January 1 and July 1 next preceding the interest payment dates. The Bonds may be purchased in book-entry only 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 inside 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 behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

* Source: The Depository Trust Company

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.

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 MATTERS") 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 on or prior to July 15, 2025, shall not be subject to redemption prior to their respective maturity dates. The Bonds of this issue maturing on or after July 15, 2026 are redeemable at the option of the City in whole or in part on any date on or after July 15, 2025, 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 and Purpose

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 various 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 resolutions duly adopted by the City Commission on June 20, 2017.

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. Any such estoppel period has concluded prior to the date of this Official Statement.

Purpose of the General Improvement Bonds

The proceeds of the General Improvement Bonds, along with other available funds of the City in the amount of \$300,580, are being used to: (i) refund, on a current basis, a \$6,356,902 aggregate portion of bond anticipation notes of the City originally issued in the aggregate principal amount of \$9,572,291, dated August 2, 2016 and maturing August 1, 2017 (the “Prior Notes”); (ii) finance the cost of various general improvements in and by the City in the amount of \$4,747,678; 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 on the following table by ordinance number, description and date of final adoption, amount of the Prior Notes 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>Purpose</u>	<u>Principal Amount of Prior Notes to be Redeemed with the Bonds</u>	<u>Amount of New Money</u>
41-2007	Improvements to Vacant Land and Environmental Remediation, finally adopted October 16, 2007	\$216,000	\$1,000,000
36-2012	Various Capital Improvements, finally adopted May 15, 2012	882,322	115,980
04-2013	Various Capital Improvements, finally adopted March 19, 2013	4,500,000	644,794
33-2014	Various Capital Improvements, finally adopted September 2, 2014	293,000	68,000
16-2015	Acquisition of Mechanical Broom Sweepers, finally adopted June 16, 2015	165,000	17,600
24-2016	Various Capital Improvements, finally adopted June 7, 2016	0	459,804
29-2016	Various Capital Improvements, finally adopted July 19, 2016	0	950,000

45-2016	Various Capital Improvements, finally adopted October 18, 2016	0	285,000
23-2017	Various Capital Improvements, finally adopted June 7, 2017	<u>0</u>	<u>1,206,500</u>
SUBTOTAL:		<u>\$6,056,322</u>	<u>\$4,747,678</u>
TOTAL GENERAL IMPROVEMENT BONDS:			<u>\$10,804,000</u>

Purpose of the Water Utility Bonds

The proceeds of the Water Utility Bonds, along with other available funds of the City in the amount of \$845, are being used to: (i) refund, on a current basis, a \$956,845 aggregate portion of the Prior Notes; (ii) finance the cost of various water utility improvements in and by the City in the amount of \$1,109,000; 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 Prior Notes 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>Purpose</u>	<u>Principal Amount of Prior Notes to be Redeemed with the Bonds</u>	<u>Amount of New Money</u>
06-2016	Improvements to the Municipal Water Utility System, finally adopted February 16, 2016	\$956,000	\$9,000
24-2017	Improvements to the Municipal Water Utility System, finally adopted June 7, 2017	<u>0</u>	<u>1,100,000</u>
SUBTOTAL:		<u>\$956,000</u>	<u>\$1,109,000</u>
TOTAL WATER UTILITY BONDS:			<u>\$2,065,000</u>

Purpose of the Sewer Utility Bonds

The proceeds of the Sewer Utility Bonds, along with other available funds of the City in the amount of \$1,658,544, are being used to: (i) refund, on a current basis, a \$2,258,544 aggregate portion of the Prior Notes; and (ii) 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 a duly adopted, approved and published bond ordinance of the City, which bond ordinance is described on the following table by ordinance number, description and date of final adoption, amount of the Prior Notes being refunded with the Sewer Utility Bonds, and amount of new money. The bond ordinance is:

Sewer Utility Bond Ordinance

<u>Ordinance No.</u>	<u>Purpose</u>	Principal Amount of Prior Notes to be Redeemed with the Bonds
19-2009	Upgrades to Wastewater Treatment Plant, finally adopted June 16, 2009	<u>\$600,000</u>
TOTAL SEWER UTILITY BONDS:		<u>\$600,000</u>

SECURITY AND SOURCE OF PAYMENT

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

Enforcement of a claim for 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 Committee, whose powers have been vested in the Local Finance Board (hereinafter defined).

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, 2016.

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.

Tax bills are mailed annually in June by the City's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes are due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 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 unit’s 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, 2016 for the City unit 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.

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the “Code”), establishes 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 excluded from gross income for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for federal income tax purposes retroactive to the date of issuance and delivery of the Bonds. In its Arbitrage and Tax Certificate (the “Tax Certificate”), which will be delivered in connection with the issuance of the Bonds and pursuant to the Code, the City will represent that the City expects and intends to be able to comply with, and will, to the extent permitted by

law, comply with the provisions and procedures set forth in the Tax Certificate and do and perform all acts and things necessary or desirable in order to assure that, under the Code as presently in effect, interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code.

In the opinion of Fleishman Daniels Law Offices, LLC, Bond Counsel to the City (“Bond Counsel”), under existing statutes, regulations, administrative pronouncements, rulings and judicial decisions, and assuming continuing compliance by the City with certain tax covenants described in the Tax Certificate, interest on the Bonds is not includable for federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum tax imposed by Section 55 of the Code. However, the interest on the Bonds owned by corporations will be included in such corporations’ “adjusted current earnings” (as defined in Section 56(g) of the Code) in calculating such corporations’ alternative minimum taxable income for purposes of determining the federal alternative minimum tax.

Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of Bonds in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Bonds and not as interest.

Additional Federal Income Tax Consequences Relating to 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 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 insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

In the opinion of Fleishman Daniels Law Offices, LLC, Bond Counsel, to be delivered simultaneously with the delivery of the Bonds, under existing law as enacted and construed on the date hereof, interest on the Bonds and any gain on the sale of the Bonds are not includable in gross income under the existing 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.

Prospective Tax Law Changes

Federal, State or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation,

administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's approving legal opinion with respect to the Bonds.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH 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). THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES 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 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 in a 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 Underwriter of the Bonds in complying with the Rule.

Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) operating data for the fiscal year ending June 30, 2012; (ii) audited financial information for the fiscal year ending June 30, 2012; and (iii) adopted budget information for the fiscal year ending June 30, 2013. Additionally, the City acknowledges that it previously failed to file event notices and late filing notices in connection with its timely filings of: (i) audited financial information; (ii) operating data; (iii) adopted budget information, all as described above; and late filing notices and/or event notices in connection with (a) certain bond insurer rating changes in 2013 and 2014; and (b) an underlying rating change in 2014. Such notices of events and late filings have since been filed with the MSRB’s Electronic Municipal Market Access Dataport (“EMMA”). The City appointed Phoenix Advisors, LLC in November of 2014 to serve as continuing disclosure agent.

LITIGATION

To the knowledge of Brock D. Russell, Esquire, Millville, New Jersey (the “City Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the City or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, 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’s Attorney and delivered to the purchaser of the Bonds at the closing.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to 11 U.S.C. Section 901, et seq., as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors’ rights and municipalities in general. The Bankruptcy code permits 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 certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that any county, municipality or other political subdivision of the State, including the City, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, 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.

THE CITY HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

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 purchasers of the Bonds, by certificates signed by the Chief Financial Officer, that to his/her 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.

Ford, Scott & Associates, L.L.C., Ocean City, 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 Attorney 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 Appendix A and Appendix B and throughout this Official Statement, nor have they verified the accuracy, completeness or fairness thereof (except under the heading "TAX MATTERS") and, accordingly, expresses no opinion with respect thereto.

All other information contained in this Official Statement has been obtained by the City from sources which the City considers to be reliable, but makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

RATING

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

The inclusion of the Rating Agency's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the "Rating" described in the preceding paragraph. The Outlook is only the Rating Agency's forward-looking view of the City. The City has no obligation to treat any change in the Outlook as an "Event", as defined and described under the Rule or under the provisions of the City's Continuing Disclosure Certificate, or to notify holders of the Bonds as to any changes to the Outlook after the date hereof.

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 at a public sale by Jefferies LLC. (the "Underwriter") at a price of \$13,873,070.00 which reflects the par amount of the Bonds plus a net original issue premium of \$530,624.75 and less an Underwriter's discount of \$126,554.75.

The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared and issued by the City in connection with the sale of the Bonds. The Bonds are being offered for sale at the yields or prices set forth on the inside front cover page of the Official Statement.

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 Fleishman Daniels Law Offices, LLC, Linwood, New Jersey, Bond Counsel to the City, 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 Attorney.

BONDHOLDERS' RISK

It is to be 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 original purchaser 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 original purchaser of the Bonds 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.

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, (609) 825-7000, ext. 7214, or Phoenix Advisors, LLC, 4 West Park Street, 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.

FINANCIAL STATEMENTS

The balance sheets – statutory basis of the various funds of the City as of and for the year ended December 31, 2016 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2016, together with the Notes to the Financial Statements for the years then ended, are presented in Appendix “B” to the Official Statement. The financial statements referred to above have been audited by Ford, Scott and Associates LLC, Ocean City, New Jersey, independent auditor, as stated in its report appearing in Appendix “B”.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion 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.

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

By: /s/ Marcella Shepard

Marcella Shepard, Chief Financial Officer

Dated: July 12, 2017

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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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. 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 County, 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.

Public Safety

The safety of the residents of the City is maintained by full-time officers and civilian personnel. The police department and Municipal Court occupy a 14,000 square foot facility adjacent to City Hall.

The Operations Division (Uniform Division) comprises the largest personnel commitment in the police department. It is comprised of the Patrol Section and the Neighborhood Crime Prevention Unit. The special officers are also used to supplement regular officers during special events. Another valuable tool of the patrol section are K9 officers who are assigned to each shift.

In addition to the operations division, the police department is composed of several other sections and units which fall under the Administration Division. Of these, the Detective Bureau is the largest and is responsible for all follow up investigations and major crimes investigations. A plain clothes Narcotics Unit operates in conjunction with the Cumberland County Organized

¹ Source: The City, unless otherwise indicated.

Crime Task Force. Additional units within the Administration Division are Internal Affairs, Traffic Safety, Training, Information Technology, and Records Management.

Fire Protection and Emergency Services

The Fire Department (the "Department") consists of volunteer firefighters, career firefighters, one career chief and part-time deputy chiefs. The apparatus maintained by the Department consists of four class "A" Pumpers and various rescue, utility and quint trucks. In addition, there is a fire safety house used for fire prevention training. The Department answers approximately 1000 alarms per year with an average of twenty firefighters responding per alarm. The Department has members that participate on the Cumberland County Hazardous Materials, Urban Search & Rescue and Water Rescue teams.

A portion of the fire building is dedicated to an Office of Emergency Management which conforms to all State and Federal requirements and regulations. Drills are held each year to test the efficiency and cohesiveness of the police, fire, and rescue units. The Emergency Operating Command Center is completely equipped to handle any type of emergency.

The Millville Rescue Squad (the "Squad") has evolved from an all-volunteer, non-profit emergency transport organization into an emergency medical response organization with a nine-member Board of Directors, a paid executive director and several executive officers as well as approximately two hundred full-time and 75 part-time employees. The Squad staff also retains limited active volunteer members. The Squad operated over forty vehicles that provide comprehensive medical response, rescue and transport services.

Streets and Roads

The Department of Streets and Roads has the responsibility for construction and maintenance of over 122 miles of local streets. This department also supervises the private contractor responsible for municipal trash collection and disposal. As part of normal maintenance, the department coordinates the storm drainage system, street sweeping and cleaning and various other services. Leaf and brush pick-up is provided to residents in both the spring and fall. The City also participates in a recycling program of paper, plastic food and beverage containers, aluminum and glass and has been able to obtain state recycling grants as well as Clean Communities grants.

Recreation

Recreation opportunities within the City, as well as the maintenance of public properties, are provided by the Millville Recreation Department. There are recreational activities and special youth and family events planned year round. Facilities include: four (4) community parks, six (6) softball fields, eight (8) baseball fields, ten (10) soccer fields, five (5) outdoor basketball courts, nine (9) tennis courts, five (5) playgrounds, three (3) football fields, one (1) street hockey court, two (2) boat ramps, one (1) race track for radio controlled cars, a fishing pier at Sharp Street, senior citizens center and fishing, swimming and hiking at Union Lake. The City also utilizes the athletic fields and the gymnasiums of the public school system. There are numerous youth sports

leagues in the city for both young men and women including softball, baseball, basketball, and football.

In 2009, the City constructed six (6) new soccer fields within the City's new airport industrial park. These fields are adjacent to the Rob Shannon sports complex (former landfill) and will ultimately form a complete sports facility, with open space and passive and active recreation, for all citizens.

Sewer Utility

The City's Sanitary Sewer System (the "System") consists of a 5.0 Million Gallons per Day ("MGD") secondary sewage treatment plant; approximately 95 miles of gravity sewer lines; and 20 sewage pump stations. The City has completed periodic upgrades to the plant, as needed.

Water Utility

The City's water supply comes from nine (9) deep wells, eight (8) are sourced from the Cohansey Aquifer and one (1) from the Kirkwood Aquifer. These wells range in depth from approximately 120 to 320 feet. The wells supply four (4) treatment locations.

Millville Municipal Airport

Millville Airport was established in 1941 as the first Army defense airport in the U.S. In June 1947, the City began operations of the existing Airport. Former barracks buildings were initially used for veterans housing and then later for small business operations. In October 1999, the City transferred the day-to-day operations of the facility to the Delaware River & Bay Authority with a 30-year lease agreement with two 30-year renewal options. It is the second largest Airport in area in the State, covering 983 acres and containing one active 5,000-foot long runway and one 6,000-foot instrument assisted runway.

Industrial Development

Industrial and commercial development within the City includes a broad spectrum of operations, including a downtown business district, professional offices, retail and commercial development, manufacturing complexes and three industrial parks. The City is pursuing a goal of diversifying its economic base from that of a manufacturing heritage to a more service based economy. In recent years, the City has seen development in all sectors and a particularly strong development activity by the commercial sector in the corridor adjacent to Routes 55 and 47.

The City has three (3) industrial parks in which the majority of industries are located. The South Millville Industrial Park includes 205 acres of land with over 25 industries representing approximately 1,800 jobs. This park is serviced by City water and sewer as well as electric, gas, telephone, and rail siding. Access is provided to State Highways 47, 49 and 55. This park is also home to the North American headquarters of T-Fal Corporation (over 650,000 square feet) and Durand Glass Manufacturing, the City's largest employer, which is investing over \$40 million in its facilities and expanding its workforce to over 1,000 employees.

The Airport Industrial Park (the "Park"), including both airside and land-based parcels, was developed with \$1.3 million in Federal Economic Development Administration funds. Airside land is available for lease, while all land-based parcels were sold within 24 months of the Park's completion. All sites have City water, sewer, curbs, gutters, drainage, electric, gas, and telephone lines. The Park is located within the Urban Enterprise Zone, it contains a Foreign Trade Zone. In addition to these development incentive programs, the airport has been designated as a Redevelopment Area. A completely new Airport Master Plan guiding future development and an Airport Access Plan have been completed.

Phase Two of the Park was completed and dedicated as the James R. Hurley Airport Industrial Park. The 300-acre expansion was paid for through State and Federal grants and includes full utilities and an extension of Bogden Boulevard, the Airports main access road. The entire parcel is located within both the City's Urban Enterprise Zone and a redevelopment area.

The Gorton Road Industrial Park in south Millville was completed utilizing funding from the United States Economic Development Administration and the New Jersey Economic Development Authority. The new park is located within minutes of a Route 55 interchange, Route 47 and Route 49. To date, all parcels have been sold resulting in the construction of additional industrial buildings. This park is also within the Urban Enterprise Zone.

Economic Incentive Programs

One of the most successful economic development incentives offered by the City is the Urban Enterprise Zone. The City was designated as a joint zone with the City of Vineland in December 1985. Businesses must increase their permanent fulltime employment level by at least one person in order to qualify for the program, and must maintain this level throughout their program involvement. The benefits to the businesses include tax abatement, unemployment insurance and job training benefits, prioritizing for State funding, and the ability to charge reduced sales tax. A qualified business can purchase supplies or construction materials without being charged any State sales tax.

In addition to being designated a Foreign Trade Zone and an Urban Enterprise Zone, in 1999, the Airport was part of the federally designated Cumberland County Empowerment Zone. The Airport is considered a "development site" under the Empowerment Zone designation, providing numerous opportunities for business expansion. New and existing businesses can receive tax credits and low interest financing in return for generating new job opportunities for Empowerment Zone residents.

The New Jersey Motorsports Park at Millville Airport

The New Jersey Motorsports Park (NJMP), a \$50 million, 500-acre complex, opened adjacent to Millville Airport in 2008. The facility consists of two signature road courses, first class karting track, garages, VIP suites, a conference center, residential villas, and a clubhouse/restaurant.

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”).

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. The City's share of pension costs in 2016, which is based upon the annual billings received from the State, amounted to \$775,572 for PERS and \$1,614,518 for PFRS.

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

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>				
2016	13,298	12,317	981	7.4%
2015	13,451	12,228	1,223	9.1%
2014	13,361	12,084	1,277	9.6%
2013	13,741	12,172	1,569	11.4%
2012	14,160	12,285	1,875	13.2%
<u>County</u>				
2016	67,209	62,184	5,025	7.5%
2015	67,753	61,732	6,021	8.9%
2014	67,710	60,988	6,722	9.9%
2013	69,153	61,015	8,138	11.8%
2012	71,079	61,706	9,373	13.2%
<u>State</u>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

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

Income (as of 2015)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$48,542	\$50,750	\$71,180
Median Family Income	61,361	60,388	86,779
Per Capita Income	23,720	22,524	35,768

Source: US Bureau of the Census, 2015 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>
2015 Estimate	28,230	-0.60%	155,241	-1.06%	8,958,013	1.89%
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, 2015 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>2016 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Goodmill, LLC	\$33,949,400	2.31%
Durand Glass MFG Co. Inc.	24,884,600	1.69%
T-Fal Corporation	21,323,000	1.45%
NJ Motor Sports Park	20,000,000	1.36%
ACP Cumb Assoc/Amer Cont	16,975,000	1.15%
Target Millville Urban LLC	14,692,600	1.00%
Lowes Home Center	11,200,000	0.76%
Genesis Health Ventures	7,176,400	0.49%
Acme Markets	6,980,900	0.47%
Millville Village	<u>6,613,800</u>	<u>0.45%</u>
Total	<u>\$163,795,700</u>	<u>11.12%</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>
2016	\$48,610,325	\$47,471,646	97.66%
2015	47,776,082	46,596,724	97.53%
2014	47,925,632	46,705,620	97.45%
2013TY	24,020,483	23,239,435	96.75%
2013SFY	47,892,471	46,649,671	97.41%
2012SFY	45,908,696	44,854,781	97.70%

TY: Transition Year
 SFY: State Fiscal Year
 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>
2016	\$274,635	\$1,133,582	\$1,408,217	2.90%
2015	390,232	1,074,775	1,465,007	3.07%
2014	601,588	892,610	1,494,198	3.12%
2013TY	480,729	848,202	1,328,931	5.53%
2013SFY	471,558	641,155	1,112,713	2.32%
2012SFY	315,320	641,155	956,475	2.08%

TY: Transition Year
 SFY: State Fiscal Year
 Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2016	\$3,892,700
2015	3,392,700
2014	1,385,230
2013TY	1,385,230
2013SFY	1,385,230
2012SFY	1,385,230

TY: Transition Year
 SFY: State Fiscal Year
 Source: Annual Audit Reports of the City

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>	Local			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2017	\$1.266	\$0.799	\$1.227	\$3.293
2016	1.266	0.800	1.230	3.296
2015	1.266	0.766	1.190	3.222
2014	1.266	0.755	1.207	3.228
2013	1.258	0.735	1.190	3.183

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

Valuation of Property

<u>Year</u>	Aggregate Assessed Valuation of <u>Real Property</u>	Aggregate True Value of <u>Real Property</u>	Ratio of Assessed to <u>True Value</u>	Assessed Value of <u>Personal Property</u>	Equalized <u>Valuation</u>
2017	\$1,470,113,400	\$1,575,666,268	93.30%	\$4,421,221	\$1,580,087,489
2016	1,468,024,400	1,577,842,218	93.04	4,459,310	1,582,301,528
2015	1,474,615,900	1,603,017,611	91.99	4,615,071	1,607,632,682
2014	1,477,571,500	1,573,726,169	93.89	4,179,468	1,577,905,637
2013	1,481,916,700	1,710,430,171	86.64	4,490,992	1,714,921,163

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>
2017	\$25,996,300	\$1,050,860,600	\$10,490,600	\$236,306,200	\$109,763,400	\$36,696,300	\$1,470,113,400
2016	26,720,700	1,051,029,000	10,611,200	233,291,000	110,010,500	36,362,000	1,468,024,400
2015	27,304,700	1,053,515,400	10,827,800	235,235,800	111,370,200	36,362,000	1,474,615,900
2014	28,045,400	1,055,856,500	10,841,300	233,142,100	113,324,200	36,362,000	1,477,571,500
2013	29,278,900	1,059,429,000	10,688,400	231,313,800	114,195,000	37,011,600	1,481,916,700

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

Financial Operations

The following table summarizes the City's Current Fund budget since 2013. 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>2013TY</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fund Balance Utilized	\$496,738	\$4,627,974	\$5,638,730	\$5,862,830	\$5,748,139
Miscellaneous Revenues	5,378,058	7,739,119	8,570,064	7,982,799	7,650,034
Receipts from Delinquent Taxes	250,000	500,000	500,000	652,000	652,000
Amount to be Raised by Taxation	<u>9,335,000</u>	<u>18,614,053</u>	<u>18,719,053</u>	<u>18,634,053</u>	<u>18,664,053</u>
Total Revenue:	<u>\$15,459,796</u>	<u>\$31,481,146</u>	<u>\$33,427,847</u>	<u>\$33,131,682</u>	<u>\$32,714,226</u>
<u>Appropriations</u>					
General Appropriations	\$11,870,532	\$25,573,522	\$26,169,966	\$26,228,692	\$26,284,663
Operations (Excluded from CAPS)	781,090	1,678,012	1,255,339	1,179,593	1,202,684
Deferred Charges and Statutory Expenditures	0	0	0	185,000	0
Capital Improvement Fund	0	50,000	450,000	50,000	50,000
Municipal Debt Service	1,686,047	1,905,646	3,255,444	3,228,594	3,001,795
Reserve for Uncollected Taxes	<u>1,122,128</u>	<u>2,273,966</u>	<u>2,297,097</u>	<u>2,259,803</u>	<u>2,175,084</u>
Total Appropriations:	<u>\$15,459,796</u>	<u>\$31,481,146</u>	<u>\$33,427,847</u>	<u>\$33,131,682</u>	<u>\$32,714,226</u>

TY: Transition Year
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 three (3) fiscal years ending December 31, the Transition Year (July 1, 2013 to December 31, 2013), and fiscal years ending June 30, 2012 to 2013.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$8,735,807	\$5,748,139
2015	10,299,846	5,862,830
2014	11,444,885	5,638,730
2013TY	11,176,412	4,627,974
2013SFY	8,039,922	496,738
2012SFY	5,782,470	3,985,268

TY: Transition Year
SFY: State Fiscal Year
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 three (3) fiscal years ending December 31, the Transition Year (July 1, 2013 to December 31, 2013), and fiscal years ending June 30, 2012 to 2013.

Fund Balance - Water Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$2,636,244	\$457,043
2015	2,401,111	504,149
2014	2,157,623	657,751
2013TY	2,290,734	686,940
2013SFY	1,827,637	175,060
2012SFY	1,327,374	489,961

TY: Transition Year
SFY: State Fiscal Year
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 three (3) fiscal years ending December 31, the Transition Year (July 1, 2013 to December 31, 2013), and fiscal years ending June 30, 2012 to 2013.

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$3,133,329	\$166,019
2015	3,222,926	464,775
2014	2,742,204	792,195
2013TY	2,698,861	781,390
2013SFY	2,346,295	523,472
2012SFY	2,313,703	911,640

TY: Transition Year
SFY: State Fiscal Year
Source: Annual Audit Reports of the City

Revenue Allocation District Operating Fund*

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Revenue Allocation Utility Fund for the past three (3) fiscal years ending December 31, the Transition Year (July 1, 2013 to December 31, 2013), and fiscal years ending June 30, 2012 to 2013.

Fund Balance		
<u>Revenue Allocation Utility Operating Fund*</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2016	--	--
2015	--	--
2014	--	--
2013TY	210,288	80,000
2013SFY	624,139	441,845
2012SFY	930,164	447,210

* The City previously maintained a Revenue Allocation District Fund. The Revenue Allocation fund was discontinued as of December 31, 2014. All assets, liabilities and fund balance were transferred to the Current Fund.

TY: Transition Year

SFY: State Fiscal Year

Source: Annual Audit Reports of the City

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City Indebtedness as of December 31, 2016

General Purpose Debt	
Serial Bonds	\$13,324,000
Bond Anticipation Notes	6,356,902
Bonds and Notes Authorized but Not Issued	5,369,059
Other Bonds, Notes and Loans	<u>537,881</u>
Total:	\$25,587,842
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	\$5,331,000
Bond Anticipation Notes	3,215,389
Bonds and Notes Authorized but Not Issued	8,310,075
Other Bonds, Notes and Loans	<u>6,665,651</u>
Total:	\$23,522,115
TOTAL GROSS DEBT	<u>\$49,109,957</u>
Less: Statutory Deductions	
General Purpose Debt	\$1,121,154
Local School District Debt	0
Self-Liquidating Debt	<u>23,522,115</u>
Total:	\$24,643,269
TOTAL NET DEBT	<u>\$24,466,688</u>

Source: Annual Debt Statement of the City

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Overlapping Debt (as of December 31, 2016)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	125,226,762	18.22%	<u>22,820,955</u>
Net Indirect Debt			\$22,820,955
Net Direct Debt			<u>24,466,688</u>
Total Net Direct and Indirect Debt			<u>\$47,287,644</u>

Debt Limit

Average Equalized Valuation Basis (2014, 2015, 2016)	\$1,584,861,999
Permitted Debt Limitation (3 1/2%)	55,470,170
Less: Net Debt	<u>24,466,688</u>
Remaining Borrowing Power	<u>\$31,003,482</u>
Percentage of Net Debt to Average Equalized Valuation	1.544%
Gross Debt Per Capita based on 2010 population of 28,400	\$1,729
Net Debt Per Capita based on 2010 population of 28,400	\$862

Source: Annual Debt Statement of the City

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

APPENDIX B

FINANCIAL DATA OF THE CITY

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Commission
City of Millville
County of Cumberland, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheet - regulatory basis of the various funds and account group of the City of Millville, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, 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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Millville on the basis of the financial reporting provisions 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, to meet the requirements 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” 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 each fund of the City of Millville.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Millville basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017 on our consideration of the City of Millville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Millville's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

June 16, 2017

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EXHIBIT - A
CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 18,058,526.03	18,710,099.40
Cash - Change	<u>2,200.00</u>	<u>2,200.00</u>
Total Cash	<u>18,060,726.03</u>	<u>18,712,299.40</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	<u>44,562.01</u>	<u>43,408.04</u>
Total Other Receivables	<u>44,562.01</u>	<u>43,408.04</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,133,582.11	1,074,774.92
Tax Title and Other Liens	274,634.93	390,232.33
Property Acquired for Taxes - at Assessed Valuation	3,892,700.00	3,392,700.00
Revenue Accounts Receivable	20,945.49	19,182.32
Protested Checks Receivable	-	8,504.40
Due from Bank	2,314.17	2,314.17
Interfund Receivable:		
Animal Control Fund	13.53	7.22
Trust Other	-	49,016.99
Grant Fund	-	5,325.61
Water Utility Operating	178.40	-
Sewer Utility Operating	550.60	1,454.20
Total Receivables and Other Assets	<u>5,324,919.23</u>	<u>4,943,512.16</u>
Deferred Charges:		
Emergency Appropriation	<u>-</u>	<u>185,000.00</u>
Total Deferred Charges	<u>-</u>	<u>185,000.00</u>
Total Regular Fund	<u>23,430,207.27</u>	<u>23,884,219.60</u>
Federal and State Grant Fund:		
Cash	1,098,429.26	1,220,051.76
Federal and State Grants Receivable	<u>2,179,242.64</u>	<u>2,450,324.93</u>
Total Federal and State Grant Fund	<u>3,277,671.90</u>	<u>3,670,376.69</u>
Total Current Fund	<u>\$ 26,707,879.17</u>	<u>27,554,596.29</u>

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

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,502,081.84	1,945,027.85
Reserve for Encumbrances	531,521.97	485,929.60
Accounts Payable	258,751.78	230,257.12
Prepaid Taxes	365,337.04	356,024.86
Overpaid Taxes	93,255.30	5,508.81
Local School Tax Payable	2,691,565.74	2,701,565.43
County Added Tax Payable	28,819.90	42,708.91
Due to State:		
Marriage Licenses	429.00	748.00
Burial Fees	15.00	20.00
Interfund Payable:		
Trust Other	2,200.00	962.59
Payroll Trust	2,753.70	-
Grant Fund	-	7.00
Water Operating Fund	-	8,117.42
Other Reserves		
Tax Appeals	2,617,628.84	2,584,796.72
Insurance Proceeds	147,330.32	151,397.57
Sale of Municipal Asset Proceeds	127,790.00	127,790.00
	<u>9,369,480.43</u>	<u>8,640,861.88</u>
Reserve for Receivables and Other Assets	5,324,919.23	4,943,512.16
Fund Balance	<u>8,735,807.61</u>	<u>10,299,845.56</u>
Total Regular Fund	<u>23,430,207.27</u>	<u>23,884,219.60</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	80,800.17
Appropriated Reserves	3,136,273.47	3,578,871.26
Accounts Payable	5,386.65	5,386.65
Encumbrances Payable	136,011.78	-
Due to Current Fund	-	5,318.61
	<u>3,277,671.90</u>	<u>3,670,376.69</u>
Total Federal and State Grant Fund	<u>3,277,671.90</u>	<u>3,670,376.69</u>
Total Current Fund	<u>\$ 26,707,879.17</u>	<u>27,554,596.29</u>

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2016	Year 2015
Revenue and Other Income Realized		
Fund Balance	\$ 5,862,830.00	5,638,730.00
Miscellaneous Revenue Anticipated	9,133,466.56	9,619,854.15
Receipts from Delinquent Taxes	758,955.29	909,923.27
Receipts from Current Taxes	47,471,646.14	46,596,724.48
Non Budget Revenue	373,628.93	643,374.51
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,754,971.49	2,049,823.28
Interfund Returned	55,061.49	100,160.18
Accounts Payable Cancelled	-	68,243.92
Refund of Prior Year's Expenditures	-	40,925.59
Cancelled Prior Year Stale Dated Checks	752.86	-
Cancellation of Trust Fund Reserves	-	49,473.41
Total Income	65,411,312.76	65,717,232.79
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,421,778.14	12,047,304.00
Other Expenses	12,036,195.00	11,605,681.00
Deferred Charges & Statutory Expenditures	2,770,719.00	2,516,981.34
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,511,835.23	2,346,921.18
Capital Improvements	50,000.00	635,000.00
Debt Service	3,222,506.89	3,246,161.73
Deferred Charges	185,000.00	-
Local District School Tax	11,772,394.00	11,319,609.00
County Tax	18,074,643.74	17,590,438.59
County Share of Added Tax	28,819.90	42,708.91
Refund of Prior Year's Revenue	29,818.63	-
Other:		
Prior Year's Deduction Disallowed	8,810.18	8,726.71
Cancelled Grant Balances	-	49,009.50
Total Expenditures	61,112,520.71	61,408,541.96

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	<u>Year 2016</u>	<u>Year 2015</u>
Excess/(Deficit) in Revenue	\$ <u>4,298,792.05</u>	<u>4,308,690.83</u>
Adjustments to Income before Fund Balance:		
None		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Emergency Appropriation	-	185,000.00
Total Adjustments	<u>-</u>	<u>185,000.00</u>
Statutory Excess to Fund Balance	<u>4,298,792.05</u>	<u>4,493,690.83</u>
Fund Balance January 1	<u>10,299,845.56</u>	<u>11,444,884.73</u>
	14,598,637.61	15,938,575.56
Decreased by:		
Utilization as Anticipated Revenue	<u>5,862,830.00</u>	<u>5,638,730.00</u>
Fund Balance December 31	<u>\$ <u>8,735,807.61</u></u>	<u>10,299,845.56</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 5,862,830.00		-
Total Fund Balance Anticipated	<u>5,862,830.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	14,500.00		314.00
Other	18,000.00		2,377.00
Fees and Permits	350,000.00		606,927.35
Fines and Costs:			
Municipal Court	371,000.00		3,896.25
Interest and Costs on Taxes	175,000.00		6,379.85
Interest on Investments and Deposits	80,000.00		7,002.00
Manufactured Homes Annual Service Fee	230,000.00		8,537.83
Cable Franchise Fee	80,000.00		14,771.82
Rent - Millville Library	176,680.00		-
Total Section A: Local Revenues	<u>1,495,180.00</u>	<u>-</u>	<u>650,206.10</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief Aid	219,204.00		-
Energy Receipts Tax	4,000,669.00		-
Open Space PILOT AID (Garden State Trust)	29,852.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>4,249,725.00</u>	<u>-</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	100,000.00		159,965.00	59,965.00
Total Section C: Uniform Construction Code Fees	<u>100,000.00</u>	<u>-</u>	<u>159,965.00</u>	<u>59,965.00</u>
Section D: Interlocal Service Agreements				
Millville Board of Education - Gasoline	20,000.00		8,457.22	(11,542.78)
Shared Services - Tax Assessor	29,000.00		29,004.00	4.00
Total Section D: Interlocal Service Agreements	<u>49,000.00</u>	<u>-</u>	<u>37,461.22</u>	<u>(11,538.78)</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Municipal Alliance on Alcoholism and Drug Abuse		31,594.00	31,594.00	-
Drunk Driving Enforcement Fund		12,967.47	12,967.47	-
Clean Communities Program		73,663.92	73,663.92	-
Safe & Secure Communities Program		90,000.00	90,000.00	-
Drive Sober or Get Pulled Over		5,000.00	5,000.00	-
Click it or Ticket		5,000.00	5,000.00	-
Bullet Proof Vest Partnership		4,755.97	4,755.97	-
Local Law Enforcement Grant		22,026.00	22,026.00	-
Body Armor Grant		6,434.70	6,434.70	-
Recycling Tonnage Grant		80,800.17	80,800.17	-
Total Section F: Special Items - Public and Private Programs		<u>332,242.23</u>	<u>332,242.23</u>	<u>-</u>
Off-Set with Appropriations	<u>-</u>		<u>332,242.23</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Realized
Section G: Other Special Items			Excess or (Deficit)
Anticipated Water Utility Operating Surplus of Prior Year	201,586.00		201,586.00
Anticipated Sewer Utility Operating Surplus of Prior Year	385,290.00		385,290.00
Uniform Fire Safety Act Fees	83,000.00		83,473.42
PILOT - Abatements	475,000.00		574,039.29
Hotel Motel Tax	125,000.00		141,058.45
PILOT - Housing Authority	75,670.00		79,219.13
PILOT - Senior Center	33,359.00		34,031.72
NJ UEZ - Debt Service Aid	622,269.00		622,269.00
Reserve for Payment of Debt	87,720.00		87,720.00
Total Section G: Other Special Items	2,088,894.00	-	2,208,687.01
Total Miscellaneous Revenues:	7,982,799.00	332,242.23	9,133,466.56
Receipts from Delinquent Taxes	652,000.00		758,955.29
Amount to be Raised by Taxes for Support of Municipal Budget	18,634,053.00		19,855,591.36
Local Tax for Municipal Purposes			1,221,538.36
Total Amount to be Raised by Taxes for Support of Municipal Budget	18,634,053.00	-	19,855,591.36
Budget Totals	33,131,682.00	332,242.23	35,610,843.21
Non-Budget Revenues:			
Other Non-Budget Revenues:			373,628.93
\$	33,131,682.00	332,242.23	35,984,472.14

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 47,471,646.14
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	47,471,646.14
Allocated to:	
School, County and Other Taxes	<u>29,875,857.64</u>
Balance for Support of Municipal Budget Appropriations	17,595,788.50
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>2,259,802.86</u>
Amount for Support of Municipal Budget Appropriations	<u><u>19,855,591.36</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	744,957.71
Tax Title Lien Collections	<u>13,997.58</u>

Total Receipts from Delinquent Taxes

758,955.29

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Sale of Maps	36.00
Photo Copies	234.65
Lot Cleaning Assessments	118,895.33
Firearm Registration	2,263.00
Sale of Municipal Assets	20,747.00
Accident Reports	147.50
Confiscated Funds	1,789.57
Cost of Tax Sale	26,600.69
MRNA - RAD Revenue	3,277.50
Sprint Rent Proceeds	34,287.58
T - Mobile Rent Proceeds	23,335.60
AT & T Rent Proceeds	31,429.55
Senior & Vets Admin Fee	5,451.83
FEMA	20,524.93
RAD Revenue	3,277.50
Miscellaneous	<u>81,330.70</u>

Total Miscellaneous Revenue Not Anticipated:

\$ 373,628.93

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 49,000.00	49,000.00	47,217.88		1,782.12	0.00
Other Expenses	20,214.00	18,614.00	3,171.59		15,442.41	-
Human Resources						
Salaries and Wages	106,500.00	106,500.00	99,806.15		6,693.85	-
Other Expenses	14,375.00	14,375.00	6,090.32		8,284.68	-
Board of Commissioners						
Salaries and Wages	71,000.00	71,000.00	59,942.09		11,057.91	-
Other Expenses	7,920.00	7,920.00	2,941.09		4,978.91	-
Municipal Clerk's Office						
Salaries and Wages	336,500.00	336,500.00	320,854.96	4,262.65	15,645.04	(0.00)
Other Expenses	61,285.00	62,885.00	55,988.97		2,633.38	-
Financial Administration						
Salaries and Wages	442,000.00	442,000.00	397,420.81	3,895.06	44,579.19	(0.00)
Other Expenses	43,850.00	43,850.00	32,857.03		7,097.91	-
Annual Audit	50,000.00	50,000.00			50,000.00	-
Information Systems						
Salaries and Wages	45,000.00	33,000.00	25,338.11		7,661.89	-
Other Expenses	134,300.00	116,300.00	55,911.76	36,998.98	23,389.26	-
Collection of Taxes						
Salaries and Wages	166,000.00	166,000.00	164,973.62	271.50	1,026.38	0.00
Other Expenses	28,050.00	28,050.00	22,001.00		5,777.50	-
Assessment of Taxes						
Salaries and Wages	185,500.00	185,500.00	181,759.84		3,740.16	0.00
Other Expenses	119,400.00	79,400.00	32,319.15	4,218.36	42,862.49	-
Legal Services and Costs						
Other Expenses	308,250.00	348,250.00	341,189.44	6,078.93	981.63	(0.00)
Municipal Court						
Salaries and Wages	360,000.00	360,000.00	357,573.12		2,426.88	0.00
Other Expenses	58,750.00	58,750.00	47,488.99	433.84	10,827.17	-
Public Defender						
Other Expenses	37,500.00	37,500.00	31,011.90	2,062.50	4,425.60	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Engineering Services and Costs						
Salaries and Wages	256,000.00	206,000.00	203,458.54		2,541.46	(0.00)
Other Expenses	35,000.00	85,000.00	63,573.91	8,975.42	12,450.67	-
Economic Development						
Other Expenses	30,000.00	30,000.00	28,610.53	1,387.47	2.00	0.00
LAND USE ADMINISTRATION						
Planning/Community Development						
Other Expenses	52,600.00	52,600.00	13,269.53	10,492.67	28,837.80	-
Planning Board						
Salaries and Wages	23,000.00	23,000.00	19,287.30		3,712.70	-
Other Expenses	28,350.00	28,350.00	27,159.48	22.75	1,167.77	-
Zoning Board of Adjustment						
Salaries and Wages	30,000.00	30,000.00	29,239.55		760.45	-
Other Expenses	19,600.00	19,600.00	11,197.11	23.82	8,379.07	-
Bureau of Permits and Inspections						
Salaries and Wages	255,000.00	255,000.00	199,985.31		55,014.69	-
Other Expenses	108,450.00	108,450.00	62,325.06	24,337.66	21,787.28	-
INSURANCE						
Surety Bond Premiums	5,000.00	5,000.00	1,250.00		3,750.00	-
General Liability	365,000.00	365,000.00	345,995.58		19,004.42	-
Workers Compensation Insurance	950,000.00	950,000.00	864,149.12		85,850.88	-
Employee Group Health	4,531,087.00	4,531,087.00	4,141,169.76		389,917.24	-
Health Benefit Waiver	50,200.00	50,200.00	50,200.00			-
PUBLIC SAFETY						
Police						
Salaries and Wages	6,405,178.14	6,405,178.14	5,968,658.78	100,000.00	336,519.36	(0.00)
Other Expenses	482,100.00	482,100.00	347,054.37	129,354.65	5,690.98	0.00
Office of Emergency Management						
Salaries and Wages	15,000.00	15,000.00	14,194.56		805.44	-
Other Expenses	20,175.00	20,175.00	12,477.07	2,073.34	5,624.59	-
Aid to Volunteer Ambulance Companies	105,000.00	105,000.00	105,000.00			-
Fire Department						
Salaries and Wages	971,900.00	971,900.00	964,574.29		7,325.71	(0.00)
Other Expenses	101,500.00	119,500.00	85,774.97	29,553.49	4,171.54	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Prosecutor's Office						
Other Expenses	74,000.00	74,000.00	49,537.53	5,250.00	19,212.47	-
Uniform Fire Safety Act						
Salaries and Wages	43,500.00	43,500.00	30,720.14		12,779.86	-
Other Expenses	25,100.00	25,100.00	23,664.02	1,086.79	349.19	-
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	824,000.00	824,000.00	714,192.91		109,807.09	-
Other Expenses	196,350.00	208,350.00	189,822.22	11,177.32	7,350.46	(0.00)
Shade Tree Commission						
Salaries and Wages	1,000.00	1,000.00	999.96		0.04	(0.00)
Other Expenses	7,000.00	7,000.00	4,690.00	1,960.00	350.00	-
Solid Waste and Recycling Collection						
Salaries and Wages	7,500.00	7,500.00	1,740.63		5,759.37	-
Other Expenses	996,214.00	996,214.00	766,289.08	95,732.33	134,192.59	-
Solid Waste and Recycling-Apartments	15,000.00	15,000.00	14,593.20	331.10	75.70	(0.00)
Public Buildings and Grounds						
Salaries and Wages	112,000.00	112,000.00	106,135.63		5,864.37	-
Other Expenses	173,125.00	173,125.00	124,878.25	31,090.59	17,156.16	-
Fleet Management						
Salaries and Wages	168,000.00	168,000.00	163,680.05	651.59	4,319.95	0.00
Other Expenses	21,450.00	21,450.00	17,227.38		3,571.03	-
HEALTH AND HUMAN SERVICES						
Animal Control Services						
Salaries and Wages	63,000.00	63,000.00	58,118.11		4,881.89	-
Other Expenses	36,000.00	36,000.00	35,196.70	776.00	27.30	0.00
Contributions to Social Services Agencies	6,900.00	6,900.00	6,900.00			-
PARKS AND RECREATION						
Recreation Services and Programs						
Salaries and Wages	86,000.00	86,000.00	81,200.80		4,799.20	-
Other Expenses	56,950.00	56,950.00	49,617.21	1,052.50	6,280.29	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Federal and State Downtown Maintenance						
Salaries and Wages	29,000.00	29,000.00	28,917.15		82.85	(0.00)
Other Expenses	36,000.00	36,000.00	25,605.62	918.35	9,476.03	-
Park and Playgrounds						
Salaries and Wages	216,000.00	216,000.00	205,691.30		10,308.70	-
Other Expenses	132,900.00	132,900.00	111,431.81	8,370.11	13,098.08	-
Celebration of Public Events						
Other Expenses	31,250.00	31,250.00	19,992.69		11,257.31	-
UNIFORM CONSTRUCTION CODE-N.J.S.A. 5:23-4.17						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	66,000.00	66,000.00	51,146.64		14,853.36	-
Other Expenses	26,200.00	26,200.00	20,645.99	211.01	5,343.00	-
Elevator Inspector						
Other Expenses	15,000.00	15,000.00	4,168.00		10,832.00	-
UNCLASSIFIED						
Reserve for Payment of Unused Accumulated Sick	100,000.00	100,000.00	100,000.00			-
Electricity	487,950.00	487,950.00	344,779.67		143,170.33	-
Street Lighting	659,000.00	659,000.00	578,542.19	5,502.19	74,955.62	-
Telephone	241,350.00	241,350.00	209,988.27		31,361.73	-
Natural Gas	87,900.00	87,900.00	56,328.40		31,571.60	-
Gasoline	260,000.00	260,000.00	116,926.73		143,073.27	-
Landfill/Solid Waste Disposal Costs	668,800.00	668,800.00	524,271.82	2,969.00	141,559.18	-
TOTAL OPERATIONS WITHIN "CAPS"	23,455,973.14	23,455,973.14	20,682,102.74	531,521.97	2,242,348.43	(0.00)
Contingent	2,000.00	2,000.00			2,000.00	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	23,457,973.14	23,457,973.14	20,682,102.74	531,521.97	2,244,348.43	(0.00)
Detail:						
Salaries and Wages	11,483,778.14	11,421,778.14	10,647,028.23	100,000.00	674,749.91	(0.00)
Other Expenses	11,974,195.00	12,036,195.00	10,035,074.51	431,521.97	1,569,598.52	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	637,201.00	637,201.00	637,201.00	-	-	-
Social Security System (O.A.S.I.)	500,000.00	500,000.00	430,531.73	-	69,468.27	-
Police and Firemen's Retirement System	1,614,518.00	1,614,518.00	1,614,518.00	-	-	-
Unemployment Compensation Insurance	16,000.00	16,000.00	-	-	16,000.00	-
Defined Contribution Retirement Program	3,000.00	3,000.00	-	-	3,000.00	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,770,719.00	2,770,719.00	2,682,250.73	-	88,468.27	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	26,228,692.14	26,228,692.14	23,364,353.47	531,521.97	2,332,816.70	(0.00)
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Employee Group Health Insurance	77,413.00	77,413.00	-	-	77,413.00	-
Tax Appeal Refunds	200,000.00	200,000.00	200,000.00	-	-	-
Interest on Tax Appeals	10,000.00	10,000.00	-	-	10,000.00	-
Aid to Library (N.J.S.A. 40:54-35)	689,680.00	689,680.00	689,680.00	-	-	-
Recycling Tax	40,000.00	40,000.00	26,240.67	-	13,759.33	-
Length of Service Awards Program	30,000.00	30,000.00	16,100.00	-	13,900.00	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Shared Service Agreements						
Millville Board of Education-Gasoline	20,000.00	20,000.00	7,908.69		12,091.31	-
Millville Board of Education-Information Technology	33,500.00	33,500.00	33,500.00	-		-
Tax Assessor Shared Service with Upper Deerfield	29,000.00	29,000.00	29,000.00			-
	<u>1,129,593.00</u>	<u>1,129,593.00</u>	<u>1,002,429.36</u>	<u>-</u>	<u>127,163.64</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities		73,663.92	73,663.92			-
Drunk Driving Enforcement Fund		12,967.47	12,967.47			-
Matching Funds for Grants	50,000.00	50,000.00	7,898.50		42,101.50	-
Click it or Ticket		5,000.00	5,000.00			-
Drive Sober or Get Pulled Over		5,000.00	5,000.00			-
Body Armor Grant		6,434.70	6,434.70			-
Bulletproof Vest Partnership		4,755.97	4,755.97			-
Edward Byrne Justice Assistance Grant Program		22,026.00	22,026.00			-
Safe & Secure		90,000.00	90,000.00			-
Municipal Alliance on Alcoholism and Drug Abuse		31,594.00	31,594.00			-
Recycling Tonnage Grant		80,800.17	80,800.17			-
	<u>50,000.00</u>	<u>382,242.23</u>	<u>340,140.73</u>	<u>-</u>	<u>42,101.50</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS" Detail:						
Other Expenses	1,179,593.00	1,511,835.23	1,342,570.09	-	169,265.14	-
(C) Capital Improvements						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	169,265.14	-
Total Capital Improvements	50,000.00	50,000.00	50,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,367,000.00	2,377,000.00	2,377,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	110,549.00	110,549.00	110,549.00	-	-	-
Interest on Bonds	600,570.00	590,570.00	584,792.08	-	-	5,777.92
Interest on Notes	84,000.00	84,000.00	83,694.07	-	-	305.93
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	66,475.00	66,475.00	66,471.74	-	-	3.26
Total Debt Service	3,228,594.00	3,228,594.00	3,222,506.89	-	-	6,087.11
(E) Deferred Charges - Municipal Emergency Authorizations	185,000.00	185,000.00	185,000.00	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,643,187.00	4,975,429.23	4,800,076.98	-	6,087.11
SUBTOTAL GENERAL APPROPRIATIONS	30,871,879.14	31,204,121.37	28,164,430.45	531,521.97	6,087.11
(M) Reserve for Uncollected Taxes	2,259,802.86	2,259,802.86	2,259,802.86		-
TOTAL GENERAL APPROPRIATIONS	\$ 33,131,682.00	33,463,924.23	30,424,233.31	531,521.97	6,087.11
Budget	\$ 33,131,682.00				Cancelled
Appropriations by 40A.4-87	332,242.23				Overexpended
Emergency Appropriations	\$ 33,463,924.23				\$ 6,087.11
Reserve for Uncollected Taxes		\$ 2,259,802.86			\$ (0.00)
Reserve for Tax Appeals		200,000.00			
Federal and State Grants		340,140.73			
Deferred Charges		185,000.00			
Disbursements		27,439,289.72			
		\$ 30,424,233.31			\$ 6,087.11

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

EXHIBIT - B
TRUST FUND

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:		
Cash	\$ 23,315.11	21,029.74
Protested Checks	49.00	28.00
	<u>23,364.11</u>	<u>21,057.74</u>
Other Funds:		
Cash - Community Development Trust	202,698.75	321,470.59
Cash - Other Trust	5,455,117.84	5,888,047.41
Cash - Payroll Trust	163,008.11	72,751.59
Due from Water Utility Fund - Payroll	3,348.83	1,992.44
Due from Sewer Utility Fund - Payroll	-	38.38
Due from Current Fund - UDAG	-	1,040.00
Due from Current Fund - Payroll Trust	2,753.70	276.38
Due from Current Fund - Trust Other	2,200.00	-
Due from CDBG Trust - Trust Other	1,109.86	-
Due from CDBG Trust - Payroll Trust Fund	7.05	-
Due from CDBG Trust - UEZ	-	17,000.00
Due from Bank	137.86	137.86
Accounts Receivable - Public Defender Fees	314,665.65	193,446.06
Mortgages & Loans Receivable - UEZ	3,077,392.33	3,367,211.92
CDBG Grants Receivable	130,988.25	214,326.81
Home Investment Partnership Program Receivable	296,689.92	330,114.12
Mortgages Receivable - Rehabilitation Projects	77,784.28	81,472.06
Mortgages Receivable - UDAG	130,980.83	152,379.44
Other Receivables - CDBG	32,448.35	-
	<u>9,891,331.61</u>	<u>10,641,705.06</u>
	<u>9,914,695.72</u>	<u>10,662,762.80</u>

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

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:		
Due to State of New Jersey	20.80	69.60
Prepaid License Fees	72.00	893.00
Due to Current Fund	13.53	7.22
Overpayments	39.00	39.00
Reserve for Dog Fund Expenditures	23,218.78	20,048.92
	<u>23,364.11</u>	<u>21,057.74</u>
Other Funds:		
Miscellaneous Trust Reserves:		
Outside Employment of Police	39,223.57	42,600.67
Public Defender	63,652.25	54,097.25
Planning Board Escrows	247,185.47	203,253.53
Unemployment Compensation Insurance	27,148.23	115,454.68
Landfill Closure	148,155.61	147,591.48
Municipal Alliance Grant Funds	1,176.88	883.19
Self - Insurance Funds	2,110,332.56	2,112,690.34
Neighborhood Preservation Program	315.00	315.00
State Law Enforcement Trust	17,111.85	15,891.85
Snow Removal	47,179.82	85,189.29
Vanaman Memorial Park Donations	1,052.00	952.00
Memorial in Patriot Park Donations	5,255.88	5,255.88
Parking Offenses Adjudication Act	9,408.00	7,616.00
COAH Fees	22,150.39	22,132.78
Millville Garden Rent Revenue	7,755.93	7,755.93
Neighborhood Opportunity Fund	2,860.00	2,860.00
Recreation Donations	4,909.70	4,909.70
Uniform Fire Safety Act	4,830.62	376.62
Employee Accumulated Absences	846,317.15	790,100.40
Reserve for Sheldon Estate Bequest	6,640.57	6,613.84
Payroll Taxes Payable	167,298.49	75,196.65
TTL Redemptions	1,178,720.57	1,112,622.83
Accounts Receivable - Public Defender Fees	314,665.65	193,446.06
Reserve for:		
Revolving Loan Fund - UEZ	451,514.87	901,348.76
UEZ 1st Generation Project	215,530.78	215,518.40
Mortgage Receivable - UEZ	3,077,392.33	3,367,211.92
Mortgages Receivable - CDBG	77,784.28	81,472.06
Mortgages Receivable - UDAG	130,980.83	152,379.44
CDBG Funds	165,322.30	288,078.03
Revolving Loan Fund - Rehabilitation Program	120,809.25	159,516.10
Home Investment Partnership Income	213,468.53	277,202.73
Revolving Loan Fund - UDAG	129,207.18	124,750.87
UDAG Interest	402.75	-
Other Receivables	32,448.35	-
Third Ward Neighborhood Preservation	50.00	50.00
Due to Sewer Operating - Payroll	1,957.06	-
Due to UEZ - CDBG Trust	-	17,000.00
Due to Other Trust Fund - CDBG Trust	1,109.86	-
Due to Payroll Trust Fund - CDBG Trust	7.05	-
Due to Current Fund - Trust Other	-	49,016.99
Due to Current Fund - CDBG Trust	-	353.79
	<u>9,891,331.61</u>	<u>10,641,705.06</u>
Total	\$ <u>9,914,695.72</u>	<u>10,662,762.80</u>

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

EXHIBIT - C
GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 1,419,678.65	1,492,198.94
Deferred Charges to Future Taxation -		
Funded	13,861,881.99	16,239,771.37
Unfunded	11,725,960.54	11,929,397.43
Interfunds and Receivables		
Grants Receivable	135,039.27	135,039.27
	<u>27,142,560.45</u>	<u>29,796,407.01</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	13,324,000.00	15,647,000.00
Green Trust Loans Payable	537,881.99	592,771.37
Bond Anticipation Notes Payable	6,356,902.00	5,579,451.00
Improvement Authorizations:		
Funded	206,888.85	214,734.59
Unfunded	3,418,639.87	4,967,398.67
Encumbrances Payable	1,222,747.59	614,512.89
Due to Current Fund	-	-
Due to Federal & State Grant Fund	-	-
Due to Sewer Capital Fund	-	-
Reserve for Payment of Debt	1,121,153.58	1,208,873.58
Reserve for Preliminary Expenses	2,850.00	2,850.00
Reserve for Grants Receivable	135,039.27	135,039.27
Capital Improvement Fund	350,359.86	389,561.73
Fund Balance	466,097.44	444,213.91
	<u>\$ 27,142,560.45</u>	<u>\$ 29,796,407.01</u>

There were bonds and notes authorized but not issued at December 31

2015	6,349,946.43
2016	5,369,058.54

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

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2016	Year 2015
	<u> </u>	<u> </u>
Beginning Balance	\$ 444,213.91	1,118,387.91
Increased by:		
Funded Improvement Authorization Canceled	2,428.41	
Premium on Sale of Bond Anticipation Notes	19,455.12	25,826.00
Decreased by:		
Surplus budgeted in Current Fund	-	(400,000.00)
Appropriated to Fund Improvement Authorizations	-	(300,000.00)
	<u> </u>	<u> </u>
Ending Balance December 31	\$ <u>466,097.44</u>	<u>444,213.91</u>

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

EXHIBIT - D
WATER UTILITY FUND

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**WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
ASSETS		
Operating Fund:		
Cash	\$ 3,244,788.56	3,042,263.15
Interfunds and Receivables		
Due from Current Fund	-	8,117.42
Due from Sewer Operating Fund	-	9.91
	3,244,788.56	3,050,390.48
Receivables and Other Assets with Full Reserves:		
Water Sewer Accounts Receivable	163,398.72	147,214.55
Utility Liens	706.26	2,994.46
Other Accounts Receivable	4,176.85	1,457.82
	168,281.83	151,666.83
Total Operating Fund	3,413,070.39	3,202,057.31
Assessment Fund:		
Cash	11,000.00	11,000.00
Total Assessment Fund	11,000.00	11,000.00
Capital Fund:		
Cash - Treasurer	1,809,055.53	1,565,705.83
Fixed Capital - Complete	14,040,638.01	14,040,638.01
Fixed Capital - Authorized and Uncomplete	9,303,138.88	9,303,138.88
Total Capital Fund	25,152,832.42	24,909,482.72
	\$ 28,576,902.81	28,122,540.03

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

**WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 431,297.75	402,701.09
Reserve for Encumbrances	81,911.70	163,670.70
Accounts Payable	8,383.23	8,073.79
Overpaid Water Rents	14,660.66	3,347.99
Accrued Interest on Bonds and Notes	44,775.33	45,504.66
Reserve for Insurance Proceeds	21,858.70	21,858.70
Reserve for Sale of Municipal Assets	2,130.00	2,130.00
Interfunds:		
Due to Current Fund	178.40	-
Due to Payroll Trust	3,348.83	1,992.44
	608,544.60	649,279.37
Reserve for Receivables	168,281.83	151,666.83
Fund Balance	2,636,243.96	2,401,111.11
Total Operating Fund	3,413,070.39	3,202,057.31
Assessment Fund:		
Fund Balance	11,000.00	11,000.00
Total Assessment Fund	11,000.00	11,000.00
Capital Fund:		
Bond Anticipation Notes Payable	956,845.00	-
Serial Bonds Payable	2,171,000.00	2,370,000.00
NJ Environmental Infrastructure Trust Loan Payable	3,604,759.83	3,857,240.18
Reserve for Payment of Debt	594,825.02	594,825.02
Improvement Authorizations:		
Funded	132,391.09	711,346.87
Unfunded	249,421.97	965,845.22
Reserve for Amortization	14,903,654.89	14,714,654.89
Deferred Reserve for Amortization	1,698,516.95	1,446,036.60
Capital Improvement Fund	169,402.58	169,402.58
Fund Balance	672,015.09	80,131.36
Total Capital Fund	25,152,832.42	24,909,482.72
	\$ 28,576,902.81	28,122,540.03

There were bonds and notes authorized but not issued at December 31

2015	955,845.22
2016	9,000.22

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

**WATER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2016	Year 2015
	<u> </u>	<u> </u>
Revenue and Other Income Realized		
Fund Balance	\$ 504,148.75	456,164.50
Water & Sewer Rents	3,562,110.82	3,473,300.69
Miscellaneous Revenue Anticipated	90,777.26	93,681.68
UEZ Debt Service Aid	75,526.25	84,702.50
Other Credits to Income:		
Accounts Payable Cancelled	-	3,677.32
Unexpended Balance of Appropriation Reserves	438,264.81	483,908.06
Total Income	<u>4,670,827.89</u>	<u>4,595,434.75</u>
Expenditures		
Operations	2,784,589.00	2,759,691.00
Capital Improvements	145,000.00	145,000.00
Debt Service	633,371.29	622,504.86
Deferred Charges and Statutory Expenditures	167,000.00	167,000.00
Other Charges:		
Protested Checks		
Total Expenditures	<u>3,729,960.29</u>	<u>3,694,195.86</u>
Excess in Revenue	<u>940,867.60</u>	<u>901,238.89</u>
Adjustments to Income before Fund Balance:		
None		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>940,867.60</u>	<u>901,238.89</u>
Beginning Fund Balance	<u>2,401,111.11</u>	<u>2,157,622.72</u>
	3,341,978.71	3,058,861.61
Decreased by:		
Utilization as Anticipated Revenue	504,148.75	456,164.50
Utilization as Anticipated Revenue - Current Fund	<u>201,586.00</u>	<u>201,586.00</u>
Fund Balance December 31	<u>\$ 2,636,243.96</u>	<u>2,401,111.11</u>

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

**WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2015	Year 2014
Beginning Balance	\$ 80,131.36	80,131.36
Increased by:		
Premiums on sale of Bonds & Notes	2,927.95	
Cancellation of PY Funded Ordinance Balances	588,955.78	
Decreased by:		
None		
Ending Balance December 31	\$ 672,015.09	80,131.36

Exhibit D - 2a

**WATER ASSESSMENT FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2015	Year 2014
Beginning Balance	\$ 11,000.00	11,000.00
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ 11,000.00	11,000.00

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

**WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 504,148.75	504,148.75	-
Rents	3,125,000.00	3,562,110.82	437,110.82
Fire Hydrant Service	11,400.00	12,698.10	1,298.10
NJUEZ - Debt Service Aid	75,526.25	75,526.25	-
Miscellaneous Revenue	52,000.00	78,079.16	26,079.16
	<u>\$ 3,768,075.00</u>	<u>4,232,563.08</u>	<u>464,488.08</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	3,571,460.93
Prepayments & Overpayments Applied	3,347.99
Liens Collected	-
	<u>3,574,808.92</u>

Miscellaneous Revenue Anticipated

Interest on Delinquent Rents	14,085.17
Turn ON & Turn Off Fees	14,115.28
Water Service Contracts	4,500.00
Meter Fees	3,053.81
Connection Fees	21,620.00
Interest on Investments	17,838.47
Miscellaneous	2,866.43
	<u>78,079.16</u>

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

**WATER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,150,793.00	1,150,793.00	1,052,967.24		97,825.76	
Other Expenses	1,633,796.00	1,633,796.00	1,315,453.76	75,611.70	242,730.54	
	<u>2,784,589.00</u>	<u>2,784,589.00</u>	<u>2,368,421.00</u>	<u>75,611.70</u>	<u>340,556.30</u>	<u>-</u>
Capital Improvements:						
Capital Outlay	145,000.00	145,000.00	75,906.45	6,300.00	62,793.55	
	<u>145,000.00</u>	<u>145,000.00</u>	<u>75,906.45</u>	<u>6,300.00</u>	<u>62,793.55</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	249,000.00	254,000.00	254,000.00			-
Interest on Bonds	99,530.00	94,530.00	82,503.08			12,026.92
Interest On Notes	14,000.00	14,000.00	5,016.79			8,983.21
Water Supply & Infrastructure Bond Loans	298,956.00	298,956.00	291,851.42			7,104.58
	<u>661,486.00</u>	<u>661,486.00</u>	<u>633,371.29</u>	<u>-</u>	<u>-</u>	<u>28,114.71</u>
Deferred Charges and Statutory Expenditures:						
Cost of Improvements Authorized Ordinance 42-07	10,000.00	10,000.00				10,000.00
Public Employees' Retirement System	68,000.00	68,000.00	63,118.00		4,882.00	
Social Security System	97,000.00	97,000.00	75,934.10		21,065.90	
Disability Insurance	2,000.00	2,000.00			2,000.00	
	<u>177,000.00</u>	<u>177,000.00</u>	<u>139,052.10</u>	<u>-</u>	<u>27,947.90</u>	<u>10,000.00</u>
\$	<u><u>3,768,075.00</u></u>	<u><u>3,768,075.00</u></u>	<u><u>3,216,750.84</u></u>	<u><u>81,911.70</u></u>	<u><u>431,297.75</u></u>	<u><u>38,114.71</u></u>

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

EXHIBIT - E
SEWER UTILITY FUND

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**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
ASSETS		
Operating Fund:		
Cash	\$ 4,471,093.75	4,237,974.02
Interfunds and Receivables		
Due from Payroll Trust	1,957.06	-
	4,473,050.81	4,237,974.02
Receivables and Other Assets with Full Reserves:		
Sewer Accounts Receivable	283,783.86	251,817.09
Sewer Liens	1,468.87	671.10
Due from Bank	522.56	522.56
Protested Checks	-	925.37
	285,775.29	253,936.12
Total Operating Fund	4,758,826.10	4,491,910.14
Assessment Fund:		
Cash	61,504.82	61,504.82
Assessments Receivable	983.53	983.53
Total Assessment Fund	62,488.35	62,488.35
Capital Fund:		
Cash - Treasurer	1,756,263.27	1,246,051.62
Interfunds and Receivables		
Due from Sewer Utility Operating Fund	100,000.00	108,228.00
NJ EIT Receivable	67,811.75	67,811.75
Fixed Capital - Complete	23,575,158.54	23,575,158.54
Fixed Capital - Authorized and Uncomplete	24,314,422.25	24,438,182.45
Total Capital Fund	49,813,655.81	49,435,432.36
	\$ 54,634,970.26	53,989,830.85

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

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Operating Fund:		
Appropriation Reserves	\$ 783,538.55	248,720.78
Reserve for Encumbrances	133,682.27	452,036.92
Accounts Payable	235,102.73	117,306.89
Overpaid Sewer Rents	18,506.20	5,547.04
Accrued Interest on Bonds and Notes	62,993.80	76,357.95
Reserve for Insurance Proceeds	706.86	706.86
Reserve for Sale of Municipal Assets	4,641.10	4,641.10
Interfunds:		
Due to Current Fund	550.60	1,454.20
Due to Payroll Trust Fund	-	38.38
Due to Sewer Capital Fund	100,000.00	108,228.00
Due to Water Operating Fund	-	9.91
	<u>1,339,722.11</u>	<u>1,015,048.03</u>
Reserve for Receivables	285,775.29	253,936.12
Fund Balance	3,133,328.70	3,222,925.99
Total Operating Fund	<u>4,758,826.10</u>	<u>4,491,910.14</u>
Assessment Fund:		
Reserve for Assessments and Liens	983.53	983.53
Fund Balance	61,504.82	61,504.82
Total Assessment Fund	<u>62,488.35</u>	<u>62,488.35</u>
Capital Fund:		
Encumbrances Payable	7,762,230.49	790,223.75
Bond Anticipation Notes Payable	2,258,544.00	1,608,544.00
Serial Bonds Payable	3,160,000.00	3,699,000.00
NJEIT Loans Payable	3,060,891.07	5,085,063.84
Improvement Authorizations:		
Funded	195,409.53	267,805.21
Unfunded	793,181.16	8,171,479.91
Reserve for Amortization	27,090,214.26	26,453,549.48
Deferred Reserve for Amortization	4,018,856.44	1,994,683.67
Reserve for Payment of Debt	561,957.65	559,622.43
Capital Improvement Fund	601,951.59	501,951.59
Fund Balance	310,419.62	303,508.48
Total Capital Fund	<u>49,813,655.81</u>	<u>49,435,432.36</u>
	<u>\$ 54,634,970.26</u>	<u>53,989,830.85</u>

There were bonds and notes authorized but not issued at December 31

	2015	9,172,500.00
	2016	8,301,075.02

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

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,

	Year 2016	Year 2015
	<u> </u>	<u> </u>
Revenue and Other Income Realized		
Fund Balance	\$ 464,775.28	406,904.68
Water & Sewer Rents	5,946,099.13	5,911,818.61
Miscellaneous Revenue Anticipated	99,184.05	190,171.43
NJ UEZ - Debt Service Aid	66,278.72	70,773.32
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	257,166.52	632,339.14
Prior Year's Accounts Payable Cancelled	-	27,688.09
Total Income	<u>6,833,503.70</u>	<u>7,239,695.27</u>
Expenditures		
Operations	4,237,853.00	4,212,048.00
Capital Improvements	180,000.00	180,000.00
Debt Service	1,430,182.71	1,349,730.22
Deferred Charges and Statutory Expenditures	225,000.00	225,000.00
Total Expenditures	<u>6,073,035.71</u>	<u>5,966,778.22</u>
Excess in Revenue	<u>760,467.99</u>	<u>1,272,917.05</u>
Adjustments to Income before Fund Balance:		
None		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>760,467.99</u>	<u>1,272,917.05</u>
Fund Balance January 1	<u>3,222,925.99</u>	<u>2,742,203.62</u>
	3,983,393.98	4,015,120.67
Decreased by:		
Utilization as Anticipated Revenue	464,775.28	406,904.68
Utilization as Anticipated Revenue - Current Fund	<u>385,290.00</u>	<u>385,290.00</u>
Fund Balance December 31	<u>\$ 3,133,328.70</u>	<u>3,222,925.99</u>

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

**SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2016	Year 2015
	<u> </u>	<u> </u>
Beginning Balance	\$ 303,508.48	293,021.48
Increased by:		
Premiums on sale of Bonds & Notes	6,911.14	10,487.00
Decreased by:		
None		
	<u> </u>	<u> </u>
Ending Balance December 31	\$ <u>310,419.62</u>	<u>303,508.48</u>

Exhibit E - 2a

**SEWER UTILITY ASSESSMENT FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2016	Year 2015
	<u> </u>	<u> </u>
Beginning Balance	\$ 61,504.82	61,504.82
Increased by:		
Collection of Assessments	-	-
Decreased by:		
None		
	<u> </u>	<u> </u>
Ending Balance December 31	\$ <u>61,504.82</u>	<u>61,504.82</u>

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

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 464,775.28	464,775.28	-
Rents	5,881,000.00	5,946,099.13	65,099.13
Miscellaneous	86,800.00	99,184.05	12,384.05
NJ UEZ - Debt Service Aid	66,278.72	66,278.72	-
	<u>\$ 6,498,854.00</u>	<u>6,576,337.18</u>	<u>77,483.18</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections

5,946,099.13

Liens Collected

-

5,946,099.13

Miscellaneous Revenue Anticipated

Interest on Delinquent Rents

26,970.66

Connection Fees

40,020.00

Interest on Investments

22,531.26

Miscellaneous

9,662.13

99,184.05

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

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,363,069.00	1,363,069.00	1,227,356.69		135,712.31	
Other Expenses	2,874,784.00	2,874,784.00	2,160,270.94	133,682.27	580,830.79	
	<u>4,237,853.00</u>	<u>4,237,853.00</u>	<u>3,387,627.63</u>	<u>133,682.27</u>	<u>716,543.10</u>	<u>-</u>
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		-	
Capital Outlay	80,000.00	80,000.00	62,383.46		17,616.54	
	<u>180,000.00</u>	<u>180,000.00</u>	<u>162,383.46</u>	<u>-</u>	<u>17,616.54</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	569,000.00	574,000.00	574,000.00			
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00			
Interest on Bonds	155,480.00	150,480.00	142,742.05			7,737.95
Interest on Notes	31,600.00	31,600.00	30,875.30			724.70
NJ Wastewater Treatment Loans	999,921.00	999,921.00	582,565.36			417,355.64
	<u>1,856,001.00</u>	<u>1,856,001.00</u>	<u>1,430,182.71</u>	<u>-</u>	<u>-</u>	<u>425,818.29</u>
Deferred Charges and Statutory Expenditures:						
Public Employees' Retirement System	103,000.00	103,000.00	75,253.00		27,747.00	
Social Security System	120,000.00	120,000.00	100,368.09		19,631.91	
Disability Insurance	2,000.00	2,000.00			2,000.00	
	<u>225,000.00</u>	<u>225,000.00</u>	<u>175,621.09</u>	<u>-</u>	<u>49,378.91</u>	<u>-</u>
	<u>\$ 6,498,854.00</u>	<u>6,498,854.00</u>	<u>5,155,814.89</u>	<u>133,682.27</u>	<u>783,538.55</u>	<u>425,818.29</u>

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

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

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NOTES TO FINANCIAL STATEMENTS

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**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the City of Millville have been prepared in conformity with the Basis of Accounting established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

Description of Financial Reporting Entity

The City of Millville 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 unit of the City of Millville are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. If the provisions of GASB 14 and GASB 39 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the City of Millville, the primary government.

Millville Public Library
210 Buck Street
Millville, New Jersey 08332

Millville Development Corporation
12 S. High Street
Millville, New Jersey 08332

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

Basis of Presentation, Fund Accounting

The financial statement of the City of Millville contain all funds and account group in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of Millville accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Funds

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

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 for special assessments levied against property owners for Sewer improvements which benefit property owners, rather than the City as a whole.

Budgets and Budgetary Accounting

The City of Millville must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th 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.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The public hearing must not be held less than twenty-eight days after the date of introduction. 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.

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

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

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1(a) provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the City of Millville requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and federal banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Generally, the City considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

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 fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets, with the exception of Land are valued at historical cost, or estimated historical cost if actual historical cost is not available. Land is valued at the Assessed Valuation of 1985 which is the year of implementation of fixed asset accounting for New Jersey Municipal Governments.

No depreciation on general fixed assets is recorded in the financial statements.

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

Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately.

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. 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, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

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 Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

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 made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation reserves are not established under GAAP.

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 as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the City's budget. Other amounts that are due the City, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1st of the year following their final due date are subject to tax sale in accordance with the statutes. 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 entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes

The City is responsible for levying, collecting and remitting school taxes for the City of Millville School District. Fund Balance is charged for the full amount required, to be raised from taxation, to operate the school districts from January 1st through December 31st. School taxes are levied on the calendar year eliminating the possibility of deferred school taxes.

County Taxes

The City is responsible for levying, collecting and remitting county taxes for the County of Cumberland. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, fund balance is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A reserve for uncollected taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31st are recorded as a cash liability. 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. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Compensated Absences and Post-Employment 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 post employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements" This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension issues – an amendment of GASB Statements No. 67, No.68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, may have an effect on the City's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations" This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$2,259,802.86 and \$2,297,097.36, respectively.

To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$5,862,860.00 and \$5,638,730.00. In addition, the entity operates self-liquidating Water and Sewer & Revenue Utility's. Under New Jersey Statutes a separate budget for each utility must be adopted concurrently with the operating budget of the entity. The utility budgets must be a balanced cash basis budget with fund balance being used to balance the budget. The amounts of fund balance budgeted to balance the 2016 and 2015 Water Budgets were \$504,148.75 and \$456,164.50, the 2016 and 2015 Sewer Budgets were \$464,775.28 and \$406,904.68.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 2: BUDGETARY INFORMATION (Continued)

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity the City Commission. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Current Fund:</u>		
Salaries & Wages:		
Engineering Services & Costs	\$ (50,000.00)	
Other Expenses:		
Assessment of Taxes	(40,000.00)	(50,000.00)
Legal Services & Costs	40,000.00	99,000.00
Engineering Services & Costs	50,000.00	
Planning & Community Development		69,000.00
Employee Group Health		(52,000.00)
Street Lighting		52,000.00
Telephone		60,000.00
Gasoline		(100,000.00)
<u>Water Utility</u>		
None Significant		-
<u>Sewer Utility</u>		
None Significant		

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016 and 2015, the following budget insertions were approved:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Clean Communities	\$ 73,663.92	\$ 64,425.62
Urban Enterprise Zone		
Drunk Driving Enforcement Fund	12,967.47	
Municipal Alliance on Alcoholism and Drug Abuse	31,594.00	31,594.00
Make it Click/Buckle Up/You Drink	5,000.00	4,000.00
Body Armor Grant	6,434.70	6,730.37
Drive Sober or Get Pulled Over	5,000.00	
Emergency Management Assistance Grant		5,000.00
Bulletproof Vest Partnership	4,755.97	8,427.41
Edward Bryne Justice Assistance Grant Program		
NJ DOT Transportation Trust Fund		517,000.00
NJ DOT Safe Streets		213,300.00
Safe & Secure	90,000.00	90,000.00
Sustainable NJ Grant		10,000.00
Recycling Tonnage Grant	80,800.17	97,416.83
NJ Forest Service		3,000.00
HMEP Grant -HazMat Training		19,995.00
Local Law Enforcement Grant	22,026.00	20,693.00
	<u>\$ 332,242.23</u>	<u>\$ 1,091,582.23</u>

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 2: BUDGETARY INFORMATION (Continued)

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. In 2015 an Emergency Appropriation was made to repair a sinkhole at Esibill Avenue, the entire amount has been raised in the 2016 Budget.

Note 3: INVESTMENTS

As of December 31, 2016 and 2015, the municipality had no investments.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New

Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered 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 trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015, \$191,220.65 and \$104,803.04 of the municipality's bank balances of \$39,091,194.68 and \$38,098,816.11 was exposed to custodial credit risk.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Land & Improvements	\$ 44,855,794.65	38,000.00		44,893,794.65
Buildings	6,338,728.98	229,424.36	41,198.00	6,526,955.34
Machinery & Equipment	12,873,363.53	249,167.46	39,350.00	13,083,180.99
	<u>\$ 64,067,887.16</u>	<u>516,591.82</u>	<u>80,548.00</u>	<u>64,503,930.98</u>

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Land & Improvements	\$ 46,723,794.65		1,868,000.00	44,855,794.65
Buildings	6,338,728.98			6,338,728.98
Machinery & Equipment	12,566,035.66	457,264.03	149,936.16	12,873,363.53
	<u>\$ 65,628,559.29</u>	<u>457,264.03</u>	<u>2,017,936.16</u>	<u>64,067,887.16</u>

Note 6: SHORT-TERM FINANCING

The following is a summary of changes in short-term debt for the years ended December 31, 2016 and 2015:

	General Capital Fund	Water Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2015	\$ 5,579,451.00	\$ -	\$ 1,608,544.00	\$ 7,187,995.00
Increases	6,356,902.00	956,845.00	2,358,544.00	9,672,291.00
Decreases	(5,579,451.00)		(1,708,544.00)	(7,287,995.00)
Balance December 31, 2016	<u>\$ 6,356,902.00</u>	<u>\$ 956,845.00</u>	<u>\$ 2,258,544.00</u>	<u>\$ 9,572,291.00</u>

	General Capital Fund	Water Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2014	\$ 5,120,000.00	\$ -	\$ 1,616,772.00	\$ 6,736,772.00
Increases	5,579,451.00		1,608,544.00	7,187,995.00
Decreases	(5,120,000.00)		(1,616,772.00)	(6,736,772.00)
Balance December 31, 2015	<u>\$ 5,579,451.00</u>	<u>\$ -</u>	<u>\$ 1,608,544.00</u>	<u>\$ 7,187,995.00</u>

Short-term debt provides for financing of governmental activities and capital projects.

On August 2, 2016 the City issued a Bond Anticipation Note in the Amount of \$9,572,291.00, bearing interest at a rate of 1.250% per annum to fund various General Capital, Water and Sewer Capital

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 6: SHORT-TERM FINANCING (Continued)

Ordinances. The Note is due August 1, 2017 and it is anticipated that the City will reissued the note at that date for one year at the prevailing interest rate.

Note 7: LONG-TERM DEBT

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.544%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
Water Utility Debt	6,741,605.05	6,741,605.05	-
Sewer Utility Debt	16,780,510.09	16,780,510.09	-
General Debt	<u>25,587,842.53</u>	<u>1,121,153.58</u>	<u>24,466,688.95</u>
	<u>\$ 49,109,957.67</u>	<u>\$ 24,643,268.72</u>	<u>\$ 24,466,688.95</u>

Net debt \$24,466,688.95 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$1,584,861,999.33 = 1.544%.

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

3-1/2% of Equalized Valuation Basis	\$ 55,470,169.98
Net Debt	<u>24,466,688.95</u>
Remaining Borrowing Power	<u>\$ 31,003,481.03</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 4,670,827.89
Deductions:	
Operating & Maintenance Costs	\$ 2,951,589.00
Debt Service per Water and Sewer Utility Fund	<u>633,371.29</u>
Total Deductions	<u>3,584,960.29</u>
Excess in Revenue	<u>\$ 1,085,867.60</u>

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 7: LONG-TERM DEBT (Continued)

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$	6,833,503.70
Deductions:		
Operating & Maintenance Costs	\$	4,462,853.00
Debt Service per Water and Sewer Utility Fund		<u>1,430,182.71</u>
Total Deductions		<u>5,893,035.71</u>
Excess in Revenue	\$	<u><u>940,467.99</u></u>

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**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7: LONG-TERM DEBT (Continued)

Summary of Municipal Debt

	Year 2016	Year 2015	Year 2014
	<u> </u>	<u> </u>	<u> </u>
Issued:			
General:			
Bonds, Notes & Loans	\$ 20,218,783.99	\$ 21,819,222.37	\$ 23,783,579.22
Water Utility:			
Bonds, Notes & Loans	6,732,604.83	6,227,240.18	6,701,675.39
Sewer Utility:			
Bonds, Notes & Loans	5,319,435.39	10,392,607.84	11,570,240.19
Total Issued	<u>32,270,824.21</u>	<u>38,439,070.39</u>	<u>42,055,494.80</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>112,153.58</u>	<u>1,208,873.58</u>	<u>2,522,604.66</u>
	<u>32,158,670.63</u>	<u>37,230,196.81</u>	<u>39,532,890.14</u>
Authorized But Not Issued:			
General:			
Bonds, Notes & Loans	5,369,058.54	6,349,946.43	6,710,946.43
Water Utility:			
Bonds, Notes & Loans	9,000.22	955,845.22	955,845.22
Sewer Utility:			
Bonds, Notes & Loans	8,301,075.02	9,172,500.00	9,172,500.00
Total Authorized But Not Issued	<u>13,679,133.78</u>	<u>16,478,291.65</u>	<u>16,839,291.65</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 45,837,804.41</u>	<u>\$ 53,708,488.46</u>	<u>\$ 56,372,181.79</u>

Description of Bonds and Loans Payable

At December 31, 2016, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$3,756,000 General Refunding Bonds dated September 1, 2008, due in annual installments through September 1, 2018, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2016, is \$500,000.00.

\$5,639,000 General Obligation Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016, is \$3,889,000.00.

\$7,222,000 General Refunding Bonds dated September 5, 2012, due in annual installments through July 15, 2020, bearing interest at rates varying from 2.000% to 2.500%. The balance remaining as of December 31, 2016, is \$2,765,000.00.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7: LONG-TERM DEBT (Continued)

\$7,025,000 Revenue Allocation District Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016, is \$4,375,000.00.

\$1,805,000 General Refunding Bonds dated April 21, 2016, due in annual installments through September 1, 2024, bearing interest at rates varying from 2.000% to 3.000%. The balance remaining as of December 31, 2016, is \$1,795,000.00.

Green Trust Loan, due in semi-annual installments through 2027, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2016, is \$537,881.99.

At December 31, 2016, bonds payable in the Water Utility Fund consisted of the following individual issues:

\$2,430,000 Water Utility Bonds dated September 1, 2008, due in annual installments through September 1, 2018, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2016, is \$250,000.

\$671,000 Water Utility Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016, is \$466,000.00.

\$164,000 Water Utility Refunding Bonds dated September 5, 2012, due in annual installments through July 15, 2016, bearing interest at 2.000%. The balance remaining as of December 31, 2016, is \$0.00.

\$1,460,000 Water Utility Refunding Bonds dated September 1, 2016, due in annual installments through September 1, 2028, bearing interest at rates varying from 2.000% to 3.000%. The balance remaining as of December 31, 2016, is \$1,455,000.00.

New Jersey Environmental Infrastructure – Trust Loan - Series 2014-A, due in annual installments through August 2032, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016 is \$780,000.00.

New Jersey Environmental Infrastructure – Fund Loan - Series 2014-A, due in semi - annual installments through August 2032, interest free. The balance remaining as of December 31, 2016 is \$2,256,612.17.

New Jersey Environmental Infrastructure – Trust Loan - Series 2003-A, due in annual installments through September 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016 is \$360,000.00.

New Jersey Environmental Infrastructure – Fund Loan - Series 2003-A, due in semi - annual installments through September 2023, interest free. The balance remaining as of December 31, 2016 is \$208,147.66.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7: LONG-TERM DEBT (Continued)

At December 31, 2016, bonds payable in the Sewer Utility Fund consisted of the following individual issues:

\$1,630,000 Sewer Utility Bonds dated September 1, 2008, due in annual installments through September 1, 2018, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2016, is \$165,000.00.

\$2,850,000 Sewer Utility Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016, is \$2,000,000.00.

\$629,000 Sewer Utility Refunding Bonds dated September 5, 2012, due in annual installments through July 15, 2016, bearing interest at 2.000%. The balance remaining as of December 31, 2016, is \$0.00.

\$1,000,000 Sewer Utility Refunding Bonds dated April 21, 2016, due in annual installments through September 1, 2028, bearing interest at rates varying from 2.000% to 3.000%. The balance remaining as of December 31, 2016, is \$955,000.00.

New Jersey Environmental Infrastructure – Trust Loan - Series 1996-A, due in annual installments through August 2016, bearing interest at rates varying from 5.000% to 5.250%. The balance remaining as of December 31, 2016 is \$0.00.

New Jersey Environmental Infrastructure – Trust Loan - Series 1999-A, due in annual installments through September 2019, bearing interest at rates varying from 4.750% to 5.700%. The balance remaining as of December 31, 2016 is \$285,000.00.

New Jersey Environmental Infrastructure – Fund Loan - Series 1999-A, due in semi - annual installments through September 2017, interest free. The balance remaining as of December 31, 2016 is \$62,798.60.

New Jersey Environmental Infrastructure – Trust Loan - Series 2003-A, due in annual installments through September 2023, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2016 is \$700,000.00.

New Jersey Environmental Infrastructure – Fund Loan - Series 2003-A, due in semi - annual installments through September 2023, interest free. The balance remaining as of December 31, 2016 is \$509,267.47.

New Jersey Environmental Infrastructure – Trust Loan - Series 2010-A, due in annual installments through August 2029, bearing interest at rates varying from 3.500% to 5.000%. The balance remaining as of December 31, 2016 is \$795,000.00.

New Jersey Environmental Infrastructure – Fund Loan - Series 2010-A, due in semi - annual installments through September 2029, interest free. The balance remaining as of December 31, 2016 is \$708,825.00.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7: LONG-TERM DEBT (Continued)

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding 12/31/15</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/16</u>	<u>Amounts Due Within One Year</u>
General Capital Fund:					
Serial Bonds Payable	\$ 15,647,000.00	\$ 54,000.00	2,377,000.00	13,324,000.00	2,035,000.00
Loans Payable	592,771.37		54,889.38	537,881.99	55,992.66
Compensated Absences Pay.	1,551,127.84	123,576.94	83,727.23	1,590,977.55	-
Total General Capital Fund	<u>17,790,899.21</u>	<u>54,000.00</u>	<u>2,515,616.61</u>	<u>15,452,859.54</u>	<u>2,090,992.66</u>
Utility Capital Funds:					
Water Bonds Payable	2,370,000.00	55,000.00	254,000.00	2,171,000.00	195,000.00
Water Loans Payable	3,857,240.18		252,480.35	3,604,759.83	258,526.31
Sewer Bonds Payable	3,699,000.00	35,000.00	574,000.00	3,160,000.00	330,000.00
Sewer Loans Payable	5,085,063.84		2,024,172.77	3,060,891.07	517,757.22
Total Utility Capital Fund	<u>15,011,304.02</u>	<u>-</u>	<u>3,104,653.12</u>	<u>11,996,650.90</u>	<u>1,301,283.53</u>
Total All Funds	<u>\$ 32,802,203.23</u>	<u>\$ 54,000.00</u>	<u>5,620,269.73</u>	<u>27,449,510.44</u>	<u>3,392,276.19</u>

	<u>Outstanding 12/31/14</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/15</u>	<u>Amounts Due Within One Year</u>
General Capital Fund:				
Serial Bonds Payable	\$ 18,017,000.00	2,370,000.00	15,647,000.00	2,367,000.00
Loans Payable	646,579.22	53,807.85	592,771.37	54,889.38
Compensated Absences Pay.	1,786,191.49	235,063.65	1,551,127.84	
Total General Capital Fund	<u>20,449,770.71</u>	<u>2,658,871.50</u>	<u>17,790,899.21</u>	<u>2,421,889.38</u>
Utility Capital Funds:				
Water Bonds Payable	2,592,000.00	222,000.00	2,370,000.00	249,000.00
Water Loans Payable	4,109,675.39	252,435.21	3,857,240.18	251,465.35
Sewer Bonds Payable	4,257,000.00	558,000.00	3,699,000.00	569,000.00
Sewer Loans Payable	5,696,468.19	611,404.35	5,085,063.84	606,522.77
Total Utility Capital Fund	<u>16,655,143.58</u>	<u>1,643,839.56</u>	<u>15,011,304.02</u>	<u>1,675,988.12</u>
Total All Funds	<u>\$ 37,104,914.29</u>	<u>4,302,711.06</u>	<u>32,802,203.23</u>	<u>4,097,877.50</u>

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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Note 7: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding

Year Ending December 31	General Capital Fund		Water Capital Fund		Sewer Capital Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	2,035,000.00	518,730.00	195,000.00	76,530.00	330,000.00	126,000.00
2018	2,020,000.00	437,730.00	195,000.00	67,080.00	370,000.00	109,650.00
2019	2,080,000.00	355,380.00	205,000.00	57,630.00	370,000.00	91,300.00
2020	2,120,000.00	273,742.50	200,000.00	50,080.00	395,000.00	74,700.00
2021	1,530,000.00	189,367.50	200,000.00	42,680.00	395,000.00	56,850.00
2022-2026	3,539,000.00	195,682.50	881,000.00	118,110.00	1,105,000.00	101,550.00
2027-2028			295,000.00	13,200.00	195,000.00	8,700.00
	<u>\$ 13,324,000.00</u>	<u>1,970,632.50</u>	<u>2,171,000.00</u>	<u>425,310.00</u>	<u>3,160,000.00</u>	<u>568,750.00</u>

Schedule of Annual Debt Service for Principal and Interest for Loans

Year Ending December 31	General Capital Fund		Water Capital Fund		Sewer Capital Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	55,992.66	10,479.07	258,526.31	44,490.00	408,707.22	81,022.50
2018	57,118.11	9,353.62	262,380.66	41,200.00	361,776.94	70,252.50
2019	58,266.18	8,205.55	269,252.20	37,687.50	372,490.43	58,512.50
2020	59,437.35	7,034.38	267,736.76	33,587.50	282,642.24	46,062.50
2021	60,632.02	5,839.71	279,252.19	29,487.50	287,642.24	38,312.50
2022-2026	212,935.28	13,902.22	1,082,016.52	86,612.50	964,057.00	97,800.00
2027-2031	33,500.39	503.34	990,508.40	34,350.00	383,575.00	17,800.00
2032			195,086.79	1,650.00		
	<u>\$ 537,881.99</u>	<u>55,317.89</u>	<u>3,604,759.83</u>	<u>309,065.00</u>	<u>3,060,891.07</u>	<u>409,762.50</u>

Note 8: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be carried forward for 2 years.

The City of Millville compensates employees for unused sick leave upon termination or retirement. The current policy provides that non-police personnel receive a payment for 50% of accumulated sick days with a maximum payment of \$13,000 to \$15,000 depending on job title. Police personnel receive 70% of accumulated sick days, with a maximum payment of \$12,000. All personnel receive payment for unused vacation time earned for current year and the amount of unused vacation time that was carried forward from previous 2 years.

The City does not record accrued expenses for compensated absences. The City has established an Accumulated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2016 and 2015 the balance of the fund was \$846,317.15 and \$790,100.40, respectively. It is estimated that, at December 31, 2016 and 2015, accrued benefits for compensated absences are valued at \$1,590,977.55 and \$1,551,127.84, respectively.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
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Note 9: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2016	Balance December 31, 2015
Prepaid Taxes - Cash Liability	\$ 365,337.04	\$ 356,024.86

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$11,772,394.00 and \$11,319,609.00 have been raised for the 2016 and 2015 calendar years and remitted to the school district.

Note 11: PENSION PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 11: PENSION PLANS (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60, and under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation, if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement 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.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 7.06% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Currently, Members contribute at a rate of 10.0% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$775,572.00 for 2016, \$713,245.00 for the year 2015 and \$641,518.00 for 2014.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 11: PENSION PLANS (Continued)

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/16	\$ 775,572.00	100%	\$ -
12/31/15	713,245.00	100%	-
12/31/14	641,518.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$1,614,518.00 for 2016 \$1,449,433.00 for 2015 and \$1,681,411.00 for 2014

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/16	\$ 1,614,518.00	100%	\$ -
12/31/15	\$ 1,449,433.00	100%	-
12/31/14	1,681,411.00	100%	-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$0.00 for 2016, \$0.00 for 2015 and \$0.00 for 2014.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.78% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2016, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 11: PENSION PLANS (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$25,752,150.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.08695018220%, which would be a decrease of 3.61% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$2,572,916.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 478,912.00	
Changes of assumptions	5,334,470.00	
Changes in proportion	834,338.00	(531,392.00)
Net difference between projected and actual earnings on pension plan investments	981,953.00	
Total	\$ 7,629,673.00	(531,392.00)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

	Year ended June 30,	
2017	\$	1,606,385.24
2018		1,606,385.24
2019		1,836,428.33
2020		1,536,784.58
2021		512,297.61
Total	\$	7,098,281.00

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. 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 through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 30,861,472.92	25,752,150.00	21,538,489.94

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$35,516,572.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.18592573620%, which would be a decrease of 6.39% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$3,660,920.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		
Changes of assumptions	\$ 4,919,337.00	
Changes in proportion	847,314.00	
Net difference between projected and actual earnings on pension plan investments	2,488,575.00	(232,816.00)
Total	<u>\$ 8,255,226.00</u>	<u>(232,816.00)</u>

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	1,540,449.36
2018		1,540,449.36
2019		2,044,631.25
2020		1,197,790.66
2021		370,423.00
Total	\$	6,693,743.63

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 12: PENSION LIABILITIES (Continued)

2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 45,150,680.49	35,516,572.00	27,663,691.33

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. 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. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.18592573620% for 2016. The net pension liability amount allocated to the Municipality was \$2,982,511.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$380,937.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 13: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the State Health Benefits Plan "SHBP" The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website www.state.nj.us/treasury/pensions.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City contributions to SHBP for the year ended December 31, 2016 and 2015 were \$1,529,724.58 and \$1,498,364.09, respectively and for the fiscal year ended June 30, 2014 were \$1,692,951.72.

Note 14: PROPERTY TAXES

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

Upon the filing of certified adopted budgets by the municipality, the local school district, fire districts, regional school district and the county, the 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 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due February 1st, May 1st, August 1st, and November 1st, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1st and May 1st of the fiscal year, are based upon one-half of the prior year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey statutes.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 14: PROPERTY TAXES (Continued)

Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. 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 the 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 Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged to a reserve set aside for this purpose or directly to operations.

Note 15: ECONOMIC DEPENDENCY

The City of Millville is not economically dependent on any one funding agency within the City or the State of New Jersey.

Note 16: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Utility Fund Balance Utilized as Current Fund Revenue	Percent Utilized
2016	\$ 8,735,807.61	5,748,139.00		65.80%
2015	10,299,845.56	5,862,830.00		56.92%
2014	11,444,884.73	5,638,730.00		49.27%
2013	11,176,411.92	4,627,974.00		41.41%
2012	5,782,469.73	3,985,268.00		68.92%
2016	2,636,243.96	457,043.00	201,586.00	24.98%
2015	2,401,111.11	504,148.75	201,586.00	29.39%
2014	2,157,622.72	456,164.50	201,586.00	30.48%
2013	1,827,637.36	175,059.50	-	9.58%
2012	1,327,373.70	288,374.55	201,586.00	36.91%
2016	3,133,328.70	166,019.00	385,290.00	17.59%
2015	3,222,925.99	464,775.28	385,290.00	26.38%
2014	2,742,203.62	406,904.68	385,290.00	28.89%
2013	2,346,294.85	523,472.27	-	22.31%
2012	2,313,702.83	526,350.20	385,290.00	39.40%

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 17: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2016 are as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 742.53	\$ 4,953.70
Animal Control Trust	-	13.53
Other Trust	3,309.86	-
CDBG Trust		1,116.91
Payroll Trust	6,109.58	1,957.06
Water Operating	-	3,527.23
Sewer Operating	1,957.06	100,550.60
Sewer Capital	100,000.00	-
Total	<u>\$ 112,119.03</u>	<u>\$ 112,119.03</u>

The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts, these Interfund balances will be liquidated in 2017.

Note 18: FEDERAL AND STATE GRANTS

In the normal course of operations, the City participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

Note 19: 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. The City protects itself from these losses with a combination of commercial insurance, participation in the Atlantic County Municipal Joint Insurance Fund and self-insurance.

Commercial insurance is maintained for employee medical claims, flood damage, accidental medical, boiler & machinery and surety bonds required for officials as required by law. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City is a member of the Atlantic County Joint Municipal Insurance Fund, a public entity risk pool consisting of over 40 municipalities, all within the State of New Jersey. In conjunction with the Atlantic County Joint Municipal Insurance Fund, excess coverages are maintained through the Municipal Excess Liability Joint Insurance Fund, also a public entity risk pool, serving multiple joint insurance funds. Coverages are provided by the Funds for theft, public official's liability, general liability, law enforcement professional liability, employee benefits liability, automobile insurance and worker's compensation claims.

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
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YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 19: RISK MANAGEMENT (Continued)

Property and Liability Insurance

Contributions to each Fund, including reserves for contingencies, are payable in quarterly installments and are based on assumptions determined by each Funds' actuaries. The Commissioner of Insurance of the State of New Jersey may order additional assessments imposed on each member to supplement each Funds' claim, loss retention or administrative accounts to assure the payment of each Funds' obligations. The Funds publish their own annual financial reports which may 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

In addition to the commercial insurance and the insurance provided by the public entity risk pools, the City maintained through a self-insurance fund for employee medical insurance and general liability claims. As of December 31, 2016 the balance in the Reserve for Self-Insurance Fund in the Trust Other Fund was \$2,110,332.56. Employee medical insurance is provided either by commercial insurance or by the self-insurance plan, administered by Insurance Design Administrators, a third-party administrator. Premiums for commercial coverage in excess of the costs for the coverages provided under the self-insurance plan are paid by the employee. Claims not exceeding \$45,000 per employee per year are paid from the self-insurance fund, while those exceeding \$45,000 per employee per year are paid by SAFECO Life Insurance Company. The maximum lifetime reimbursement per employee is \$2,000,000. 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. Claims have not exceeded commercial coverage the last 3 years.

New Jersey Unemployment Compensation Insurance – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the entity 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 entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity's trust fund for the previous three years:

Calendar Year	City Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2016	\$ -	-	-	88,306.45	27,148.23
2015	-	46,027.98	1.37	55,510.97	115,454.68
2014	-	-	157.70	34,690.21	124,936.30

**CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 20: 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 21: SANITARY LANDFILL ESCROW CLOSURE FUND

The City of Millville 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, 2016 the Reserve for Landfill Closure had a balance of \$148,155.61. 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 22: 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, would not be material to the financial statements.

Note 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and June 16, 2017 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statements and no items have come to the attention of the City that would require disclosure.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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FLEISHMAN • DANIELS LAW OFFICES, LLC

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JOHN W. DANIELS, ESQUIRE

Of Counsel

E-mail: Joel@fdlawllc.com

July 26, 2017

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

Jefferies LLC
New York, New York

**RE: \$13,469,000 Aggregate Principal Amount
City of Millville, County of Cumberland, New Jersey
General Obligation Bonds, Series 2017**

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 \$13,469,000 aggregate principal amount General Obligation Bonds, Series 2017, consisting of \$10,804,000 General Improvement Bonds, Series 2017 (the "GI Bonds"), \$2,065,000 Water Utility Bonds, Series 2017 (the "Water Utility Bonds"), and \$600,000 Sewer Utility Bonds, Series 2017 (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 (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1, et seq. (the "Local Bond Law"); (ii) Resolution No. R192-2017 Determining the Form and Details of the Bonds adopted by the City Commission on June 20, 2017 (the "Bond Resolution"); and (iii) Resolution No. R191-2017 adopted by the City Commission on June 20, 2017 (the "Combining Resolution") combining into a single issue of bonds the following bond ordinances heretofore adopted by the City Commissioners (collectively, the "Ordinances"): Bond Ordinance No. 41-2007, finally adopted on October 16, 2007; Bond Ordinance No. 19-2009, finally adopted on June 16, 2009; Bond Ordinance No. 36-2012, finally adopted on May 15, 2012; Bond Ordinance No. 04-2013, finally adopted on March 19, 2013; Bond Ordinance No. 33-2014, finally adopted on September 2, 2014; Bond Ordinance 16-2015, finally adopted on June 16, 2015; Bond Ordinance No. 06-2016, finally adopted on February 16, 2016; Bond Ordinance No. 24-

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The Mayor and City Commissioners of the City of Millville
Jefferies LLC
July 26, 2017
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2016, finally adopted on June 7, 2016; Bond Ordinance No. 29-2016, finally adopted on July 19, 2016; Bond Ordinance No. 45-2016, finally adopted on October 18, 2016; Bond Ordinance No. 23-2017, finally adopted on June 7, 2017; and Bond Ordinance No. 24-2017, finally adopted on June 7, 2017, in all respects duly approved and published as required by law (the foregoing Ordinances, Bond Resolution and Combining Resolution are collectively referred to herein as the "Local Proceedings").

The Bonds are being issued for the purpose of providing funds to permanently finance the cost of certain general capital improvements as described in the Ordinances (the "Projects") and 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.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds including, without limitation, (a) copies of the Local Proceedings; (b) such matters of law, including, *inter alia*, the Local Bond Law, and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we deem necessary including, without limitation, the Arbitrage and Tax Certificate delivered by the City and dated the date of delivery of the Bonds (the "Tax Certificate"). We have also examined a fully executed Bond, or a true copy thereof, and have assumed that all other Bonds have been similarly executed. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined.

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

1. The City is a municipal corporation of the State of New Jersey, duly and validly organized and existing under the laws of the State of New Jersey and authorized to undertake the financing of the Projects, to adopt or enact the Local Proceedings and to issue and deliver the Bonds.

2. The Local Proceedings have been validly enacted or adopted by the City and are in full force and effect.

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The Mayor and City Commissioners of the City of Millville
Jefferies LLC
July 26, 2017
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3. The Bonds have been duly authorized, issued, executed, and sold by the City. The Bonds constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms.

4. On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Code. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. However, it is also our opinion that interest on the Bonds held by a corporate taxpayer will be included in such corporation's "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporation's alternative minimum taxable income for purposes of determining the federal alternative minimum tax.

5. Under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale thereof are not includible in gross income. Other than as specifically set forth in this Opinion, we express no opinion regarding federal or state tax consequences arising with respect to the Bonds.

6. The power and obligation of the City to pay the Bonds is unlimited, and the City shall be required to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

These opinions are based on statutes, regulations, administrative pronouncements and judicial decisions existing as of the date of this letter.

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"

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The Mayor and City Commissioners of the City of Millville
Jefferies LLC
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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).

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth in the numbered paragraphs 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. We assume no obligations to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (“**Disclosure Certificate**”) is executed and delivered as of this ___ day of _____, 2017, by and between the City of Millville, County of Cumberland, New Jersey (the “**City**”) pursuant to Resolution No. R192-2017, entitled “RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$13,469,000 GENERAL OBLIGATION BONDS, SERIES 2017, CONSISTING OF \$10,804,000 GENERAL IMPROVEMENT BONDS, \$2,065,000 WATER UTILITY BONDS AND \$600,000 SEWER UTILITY BONDS, OF THE CITY OF MILLVILLE, IN THE COUNTY OF CUMBERLAND, NEW JERSEY AND PROVIDING FOR THEIR SALE”, adopted by the City Commission on June 20, 2017 (the “**Bond Resolution**”); and (iii) Resolution No. R191-2017 adopted by the City Commission on June 20, 2017 (the “**Combining Resolution**”) combining into a single issue of bonds the following bond ordinances heretofore adopted by the City Commissioners (collectively, the “**Ordinances**”): Bond Ordinance No. 41-2007, finally adopted on October 16, 2007; Bond Ordinance No. 19-2009, finally adopted on June 16, 2009; Bond Ordinance No. 36-2012, finally adopted on May 15, 2012; Bond Ordinance No. 04-2013, finally adopted on March 19, 2013; Bond Ordinance No. 33-2014, finally adopted on September 2, 2014; Bond Ordinance 16-2015, finally adopted on June 16, 2015; Bond Ordinance No. 06-2016, finally adopted on February 16, 2016; Bond Ordinance No. 24-2016, finally adopted on June 7, 2016; Bond Ordinance No. 29-2016, finally adopted on July 19, 2016; Bond Ordinance No. 45-2016, finally adopted on October 18, 2016; Bond Ordinance No. 23-2017, finally adopted on June 7, 2017; and Bond Ordinance No. 24-2017, finally adopted on June 7, 2017, in all respects duly approved and published as required by law; in connection with the issuance and sale by the Issuer of \$13,469,000 aggregate principal amount General Obligation Bonds, Series 2017, consisting of \$10,804,000 General Improvement Bonds, Series 2017, \$2,065,000 Water Utility Bonds, Series 2017, and \$600,000 Sewer Utility Bonds, Series 2017 (collectively, the “**Bonds**”).

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 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 his 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, a website created 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, 2018 (for the calendar year ending December 31, 2017), 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, 2018), 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; and

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

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.

(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.

(a) 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. In the event that the Dissemination Agent is replaced or discharged, the City shall provide written notice of such event to the Underwriter. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. 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. The initial Dissemination Agent shall be Phoenix Advisors, LLC, Bordentown, New Jersey.

(b) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days written notice to the City. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the City, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

SECTION 8. Prior Compliance with the Rule. Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) operating data for the fiscal year ended June 30, 2012; (ii) audited financial statements for the fiscal year ended June 30, 2012; and (iii) adopted budget information for the fiscal year ended June 30, 2013. Additionally, the City acknowledges that it previously failed to file material event notices and late filing notices in connection with its timely filings of: (i) audited financial information; (ii) operating data; (iii) adopted budget information; and late filing notices and/or event notices in connection with (a) certain bond insurance rating changes in 2013 and 2014; and (b) an underlying rating change in 2014. Such notices of material events and late filings have been filed with EMMA as of the date of this Certificate. The City has appointed Phoenix Advisors, LLC to serve as Dissemination Agent with respect to the Bonds.

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 Issuer:
City of Millville
12 S. High Street
Millville, New Jersey 08332
Attn: Marcella Shepard, Chief Financial Officer
Telecopy No.: (856) 825-3686
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
4 West Park Street
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]

CITY OF MILLVILLE

Attest:

Jeanne Hitchner, RMC, City Clerk

By: _____
Michael Santiago, 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: \$13,469,000 General Obligation Bonds, Series 2017
CUSIP No. _____

Date of Issuance: July __, 2017

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 _____, 2017, executed by the City.

Dated: _____

Dissemination Agent
(on behalf of the City)

cc: City of Millville