

Annual Financial Report

of the

**Somerset County  
Improvement Authority**

For the Years Ended December 31, 2020 and 2019

Prepared By

Somerset County Improvement Authority

Finance Department

**SOMERSET COUNTY IMPROVEMENT AUTHORITY**

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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
Somerset County Improvement Authority  
Somerville, New Jersey 08876

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

We have audited the accompanying financial statements of the Somerset County Improvement Authority, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

# SUPLEE, CLOONEY & COMPANY

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 Somerset County Improvement Authority'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 Somerset County Improvement Authority'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Somerset County Improvement Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Somerset County Improvement Authority's basic financial statements. The supplemental data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The supplemental data schedules are the responsibility of management and were derived from and relate 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. In our opinion, the financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021 on our consideration of the Somerset County Improvement Authority'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 Somerset County Improvement Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

July 9, 2021



# SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Board  
Somerset County Improvement Authority  
Somerville, New Jersey 08876

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Somerset County Improvement Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Somerset County Improvement Authority's financial statements, and have issued our report thereon dated July 9, 2021.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Somerset County Improvement Authority's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Somerset County Improvement Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Somerset County Improvement Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Somerset County Improvement Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Somerset County Improvement Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Somerset County Improvement Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Somerset County Improvement Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



July 9, 2021



**MANAGEMENT DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis (Unaudited)**

In this section of the annual report, management of the Somerset County Improvement Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended December 31, 2020 and 2019. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended December 31, 2020 and 2019. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

### **Financial Highlights**

Total assets at December 31, 2020 and 2019 totaled \$191.9 million and \$155.8 million, respectively, largely comprised of leases, investments and projects in process. The overall increase in Total Assets is the result of new lease agreements with North Plainfield and Montgomery for pending projects of approximately \$62 million offset with the receipt of lease, mortgage and other payments in accordance with payment schedules. Liabilities total \$177.4 million and \$146.2 million, respectively, largely comprised of bonds and notes payable financing the investments and projects. The \$31.2 million increase is largely the result of bonds issued to finance the new capital projects offset with payments made on outstanding Bonds in accordance with payment schedules. Working capital balances are adequate to meet the operational needs of the Authority.

Operating Revenues total \$1.9 million and \$2.1 million in 2020 and 2019, respectively, is comprised of rent income on project investments and administrative fees. Operating Expenses in 2020 and 2019 amounted to \$188,000 and \$185,000, respectively.

Cash and Cash Equivalents total \$7.5 million and \$9.2 million at December 31, 2020 and 2019, respectively. The decrease in Cash and Cash Equivalents is largely the result of repayments on Bonds and Notes as well as new lease financing activities.

Bonds Payable of \$109.6 million and \$81.5 million and Notes Payable of \$33.2 million and \$47.0 million at December 31, 2020 and 2019, respectively, represent the financing for various projects. Bonds Payable increased with additional investments in projects as well as various refundings, while Notes Payable decreased with repayments.

## **Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes to Net Position; a Statement of Cash Flows; and Notes to the financial statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## **Summary of Organization and Business**

The Somerset County Improvement Authority is a public body corporate and politic, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented, and was created by virtue of an ordinance of the Board of Chosen Freeholders of the County of Somerset, New Jersey, duly adopted August 21, 2001.

The Authority was created for the purpose of financing capital projects for the County of Somerset and other local governmental units within the County of Somerset for which the Board of Commissioners of the Authority exercises financial accountability.

## Condensed Financial Statements

### Condensed Statements of Net Position

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,513,912	\$ 9,154,245	\$ 8,384,690
Lease Payments Receivable	141,753,937	106,654,341	108,942,303
Mortgages Receivable	3,418,777	3,730,507	4,030,858
Other Receivables	2,867,677	3,000,939	2,844,068
Other Assets	36,308,628	33,229,222	35,070,323
<u>Total Assets</u>	<u>\$ 191,862,931</u>	<u>\$ 155,769,254</u>	<u>\$ 159,272,242</u>
<u>Liabilities</u>			
Accounts and Other Payables	\$ 1,423,325	\$ 2,031,614	\$ 1,447,034
Deferred Income	104,416	134,416	104,416
Bonds Payable	109,567,589	81,496,671	89,187,178
Notes Payable	33,185,000	47,005,000	41,405,000
Other Liabilities	33,125,542	15,531,120	17,607,000
<u>Total Liabilities</u>	<u>\$ 177,405,872</u>	<u>\$ 146,198,821</u>	<u>\$ 149,750,628</u>
Deferred Inflows	\$ 7,277,691	2,327,244	2,522,254
<u>Net Position</u>			
Invested in Capital Assets	\$ 5,369,320	\$ 4,864,805	\$ 4,253,793
Restricted	1,154,882	1,709,680	1,219,831
Restricted for Capital Improvements	70,684	70,684	70,684
Unrestricted	584,482	598,020	1,455,052
<u>Total Net Position</u>	<u>\$ 7,179,368</u>	<u>\$ 7,243,189</u>	<u>\$ 6,999,360</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 191,862,931</u>	<u>\$ 155,769,254</u>	<u>\$ 159,272,242</u>

### Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>Year Ended</u> <u>December 31, 2020</u>	<u>Year Ended</u> <u>December 31, 2019</u>	<u>Year Ended</u> <u>December 31, 2018</u>
Operating Revenues	\$ 1,917,750	\$ 2,059,944	\$ 1,663,174
Operating Expenses	187,674	184,672	169,523
Depreciation Expense	831,902	831,902	831,902
Operating Income	\$ 898,174	\$ 1,043,370	\$ 661,749
Non Operating Revenues (Expenses)	\$ (961,995)	\$ (799,541)	\$ (327,959)
Change in Net Position	\$ (63,821)	\$ 243,829	\$ 333,790
Net Position, Beginning of Year	7,243,189	6,999,360	6,665,570
Net Position, End of Year	<u>\$ 7,179,368</u>	<u>\$ 7,243,189</u>	<u>\$ 6,999,360</u>

## **Bonds Payable**

The Authority issues bonds to finance the major projects and improvements throughout the County of Somerset, New Jersey. A summary of the Bonds Payable activity for the years ended December 31, 2020 and 2019 is as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Bonds Payable at Beginning of Year	\$ 81,496,671	\$ 89,187,178
Bonds Issued	35,065,000	--
Bonds Refunded	(18,790,000)	--
Refunding Issued	19,595,000	--
Principal Payments on Bonds	<u>(7,799,082)</u>	<u>(7,690,507)</u>
Bonds Payable at End of Year	<u>\$109,567,589</u>	<u>\$ 81,496,671</u>

## **Notes Payable**

The Authority issues notes to finance some of the major projects and improvements throughout the County of Somerset, New Jersey. A summary of the Notes Payable activity for the years ended December 31, 2020 and 2019 is as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Notes Payable Beginning of Year	\$47,005,000	\$41,405,000
Notes Issued	24,785,000	38,605,000
Scheduled Note Retirements	<u>(38,605,000)</u>	<u>(33,005,000)</u>
Notes Payable at End of Year	<u>\$33,185,000</u>	<u>\$47,005,000</u>

## **Contacting the Authority's Management**

Any questions about the Authority's report or if additional information is needed, please contact the Financial Advisor of the Somerset County Improvement Authority, Somerset County Administration Building, Somerville, New Jersey 08876.

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**BASIC FINANCIAL STATEMENTS**

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ <u>1,350,148</u>	\$ <u>1,601,435</u>
<u>Total Unrestricted Current Assets</u>	\$ <u>1,350,148</u>	\$ <u>1,601,435</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 6,163,764	\$ 7,552,810
Rent and Fees Receivable	58,200	11,414
Accrued Interest Receivable	1,002,159	1,102,315
Minimum Lease Payments Receivable	33,837,792	32,978,054
Mortgage Receivable	324,354	311,730
Notes Receivable	80,591	79,892
Fixed Assets	24,950,794	25,619,987
Investments	<u>1,210,000</u>	<u>1,200,000</u>
<u>Total Restricted Current Assets</u>	\$ <u>67,627,654</u>	\$ <u>68,856,202</u>
<u>Total Current Assets</u>	\$ <u>68,977,802</u>	\$ <u>70,457,637</u>
Noncurrent Assets:		
Minimum Lease Payments Receivable	\$ 107,916,145	\$ 73,676,287
Mortgage Receivable	3,094,423	3,418,777
Notes Receivable	1,726,727	1,807,318
Investments	3,690,000	4,945,000
Deferred Bond Premium	<u>6,457,834</u>	<u>1,464,235</u>
<u>Total Noncurrent Assets</u>	\$ <u>122,885,129</u>	\$ <u>85,311,617</u>
<u>TOTAL ASSETS</u>	\$ <u><u>191,862,931</u></u>	\$ <u><u>155,769,254</u></u>



SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 8,092	\$ 20,799
Deferred Income	104,416	134,416
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ 64,830	\$ 420,385
Interest Payable	1,350,403	1,590,430
Escrow Payable	38,604	1,354,525
Bonds Payable	7,948,917	7,799,082
Notes Payable	33,185,000	47,005,000
Leases Payable	629,960	668,727
Unearned Income	29,901,974	10,629,645
Deferred Lease Payments	1,003,830	1,360,829
	<u>74,123,518</u>	<u>70,828,623</u>
<u>Total Restricted Current Liabilities</u>	\$	\$
	<u>74,236,026</u>	<u>70,983,838</u>
<u>Total Current Liabilities</u>	\$	\$
Bonds Payable	101,618,672	73,697,589
Leases Payable	1,551,174	1,517,394
	<u>103,169,846</u>	<u>75,214,983</u>
<u>Total Long-Term Debt</u>	\$	\$
	<u>177,405,872</u>	<u>146,198,821</u>
<u>TOTAL LIABILITIES</u>	\$	\$
Deferred Inflows:		
Premium on Sale of Bonds, Net of Amortization	7,277,691	2,327,244
	<u>7,277,691</u>	<u>2,327,244</u>
<u>NET POSITION</u>		
Net Position:		
Invested in Capital Assets	\$ 5,369,320	\$ 4,864,805
Restricted	1,154,882	1,709,680
Restricted - Capital Improvements	70,684	70,684
Unrestricted	584,482	598,020
	<u>7,179,368</u>	<u>7,243,189</u>
<u>TOTAL NET POSITION</u>	\$	\$
	<u>191,862,931</u>	<u>155,769,254</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	\$	\$

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

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues (Expenses):		
Administrative Fee Income	\$ 494,302	\$ 127,710
Rent Income	1,423,448	1,932,234
Operating Expenses	(187,674)	(184,672)
Depreciation Expense	<u>(831,902)</u>	<u>(831,902)</u>
Operating Income	\$ <u>898,174</u>	\$ <u>1,043,370</u>
Nonoperating Revenue (Expense):		
Interest Income - Unrestricted	\$ 10,000	\$ 49,611
Interest Income	2,534,582	4,267,985
Interest Expense	(3,506,577)	(4,660,887)
Capital Improvements	<u>-</u>	<u>(456,250)</u>
Total Nonoperating Revenue (Expense)	\$ <u>(961,995)</u>	\$ <u>(799,541)</u>
Change in Net Position	\$ (63,821)	\$ 243,829
Net Position, Beginning of Year	\$ <u>7,243,189</u>	\$ <u>6,999,360</u>
Net Position, End of Year	\$ <u><u>7,179,368</u></u>	\$ <u><u>7,243,189</u></u>

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

SOMERSET COUNTY IMPROVEMENT AUTHORITYSTATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 1,840,964	\$ 2,106,149
Payments to Suppliers	<u>(200,381)</u>	<u>(177,981)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,640,583</u>	<u>\$ 1,928,168</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuing Bonds	\$ 60,311,352	\$ -
Proceeds from Issuing Notes	24,785,000	39,090,908
Payment of Bond Principal	(7,799,082)	(7,690,507)
Payment of Note Principal	(38,605,000)	(33,005,000)
Other Financing Use - Refunding Bonds	(18,790,000)	-
Interest Paid on Bonds	(4,447,509)	(5,134,187)
Net Lease Financing Activity	(18,548,114)	4,379,646
Receipt (Release) of Escrow Funds	<u>(1,315,921)</u>	<u>-</u>
Net Cash Used in Financing Activities	<u>\$ (4,409,274)</u>	<u>\$ (2,359,140)</u>
Cash Flows From Investing Activities:		
Purchases of Capital Projects	\$ (162,014)	\$ (368,639)
Payments Received on Mortgage Receivable	311,730	300,351
Payments Received on Notes Receivable	79,892	79,204
Payments Received on Local Unit Bonds	1,245,000	1,240,000
Payments for Capital Improvements	(356,250)	(100,000)
Interest Received	<u>10,000</u>	<u>49,611</u>
Net Cash Provided by Investing Activities	<u>\$ 1,128,358</u>	<u>\$ 1,200,527</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,640,333)	\$ 769,555
Cash and Cash Equivalents, Beginning of Year	<u>\$ 9,154,245</u>	<u>\$ 8,384,690</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,513,912</u>	<u>\$ 9,154,245</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Operating Income	\$ 898,174	\$ 1,043,370
Depreciation	831,902	831,902
Changes in Operating Assets and Liabilities:		
Rent Receivable	(26,786)	16,205
Fee Receivable	(20,000)	-
Accounts Payable	(12,707)	6,691
Deferred Income	<u>(30,000)</u>	<u>30,000</u>
Net Cash Provided by Operating Activities	<u>\$ 1,640,583</u>	<u>\$ 1,928,168</u>

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

## SOMERSET COUNTY IMPROVEMENT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(1) GENERAL

The Somerset County Improvement Authority is a public body corporate and politic, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented, and was created by virtue of an ordinance of the Board of Chosen Freeholders of the County of Somerset, New Jersey, duly adopted August 21, 2001.

Reporting Entity

The Authority was created for the purpose of financing capital projects for the County of Somerset and other local governmental units within the County of Somerset for which the Board of Commissioners of the Authority exercises financial accountability. The Board members are appointed to five-year terms by The Board of Chosen Freeholders. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into investment in capital assets, restricted and unrestricted components.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Operating Activity

Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of the Authority. Non-operating revenues mainly consist of investment income and miscellaneous income. Non-operating expenses mainly consist of debt service interest and debt-related fees.

Revenue

Revenue is derived from administrative and financing fees. In addition, the Authority receives revenue from rental activities and lease agreements.

Cash and Cash Equivalents

The Authority considers petty cash, change funds, cash in banks and short-term investments with original maturities of three months or less as cash and cash equivalents.

Investments

Investments are stated at cost which approximates fair value.

Minimum Lease Payments Receivable

Minimum lease payments receivable are to be received in an amount equal to annual debt service of the Authority until the interest on and the principal of the bonds is fully paid. Leases are accounted for as direct financing leases.

Use of Estimates

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

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Income

The leases are accounted for as direct financing leases. Accordingly, the future interest payments on the bonds issued to cover the cost of the lease property is recorded as unearned income. The revenue is amortized over the lease term at a rate equal to interest expense.

Restricted Accounts

In accordance with the bond resolutions securing the Authority's various bond issues, the Authority has established various cash and investment accounts with a trustee. These bond resolutions provide and mandate various restrictions on the Authority's revenue and the use of funds in these trustee accounts.

Net Position

Equity is classified as net position and displayed in four components:

- 1) Invested in Capital Assets - consists of capital asset investments reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.
- 3) Restricted - Capital Improvements - constraints placed on net position for capital improvements that are externally imposed by contractual agreement.
- 4) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at December 31 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Cash - Checking	\$ 2,383,825	\$ 3,618,750
Money Market Accounts	<u>5,130,087</u>	<u>5,535,495</u>
	<u>\$ 7,513,912</u>	<u>\$ 9,154,245</u>

The Authority maintains the checking accounts in the same bank. The cash on deposit of the Authority is partially insured by Federal Deposit Insurance Corporation in the amount of \$250,000 in each depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act.

The Money Market Accounts are held in restricted trust accounts. Scheduled lease payments as well as bond proceeds have been received in anticipation of bond principal and interest payments and project costs due in the subsequent year.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.



SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(6) INVESTMENTS

At December 31, the Authority had the following investments at fair value:

	<u>2020</u>	<u>2019</u>
General Obligation Bonds: Borough of Somerville (2009B)	\$ 985,000	\$ 1,250,000
General Obligation Bonds: Borough of Somerville (2009C)	1,065,000	1,350,000
General Improvement Bonds: Borough of Somerville (2012)	2,600,000	3,000,000
Loan Revenue Refunding Bonds: Borough of Somerville (2014B)	<u>250,000</u>	<u>545,000</u>
	\$4,900,000	\$6,145,000
Due in one year	<u>1,210,000</u>	<u>1,200,000</u>
	<u>\$ 3,690,000</u>	<u>\$ 4,945,000</u>

The Authority 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, it is the Authority's intention to hold these investments to maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS

- A. The Authority has entered into a lease agreement with the Somerset Patriots ("The Local Unit") dated December 20, 2007, to lease certain property to the Local Unit. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds.

Effective January 1, 2019 a First Amendment to the Second Amended and Restated Stadium Lease Agreement was consummated. Rent provisions were modified and the amounts deposited annually to the Improvements Reserve increased. At the end of the term, the Ballpark pays the remaining principal amount due on the Bonds and can purchase the Facility for \$1.

Effective January 1, 2020 a Third Amendment to the Second Amended and Restated Stadium Lease Agreement was consummated which expands the use of improvement reserve funds and provides that the Somerset Patriots shall set aside such funds to utilize at its discretion. The improvement reserve is now known as the Facility Expenditure Fund.

Total Minimum Lease Payments to be Received	\$10,794,824
Estimated Residual Value	<u>                  —</u>
	\$10,794,824
Less: Unearned Income	<u>      1,518,574</u>
Net Investment in Direct Financing Leases	<u><u>      \$9,276,250</u></u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 297,023
2022	293,088
2023	342,955
2024	336,335
2025	327,538

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

B. The Authority has entered into a lease agreement with a solar energy provider to provide solar energy panels for various towns ("The Local Units") dated November 16, 2010, to provide funding for renewable energy projects for the Local Units under sublease agreements. The lease requires the solar energy provider to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the solar energy provider will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. The Local Units are responsible for all operating, maintenance and repair of the equipment during the term of the subleases.

Total Minimum Lease Payments to be Received	\$6,875,139
Estimated Residual Value	<u>          --</u>
	\$6,875,139
Less: Unearned Income	<u>      875,139</u>
Net Investment in Direct Financing Leases	<u>\$ 6,000,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 1,497,200
2022	1,438,517
2023	1,374,833
2024	1,311,393
2025	1,253,197

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- C. The Authority has entered into a lease agreement with a solar energy provider to provide solar energy panels for various towns ("The Local Units") dated August 1, 2011, to provide funding for renewable energy projects for the Local Units under sublease agreements. The lease requires the solar energy provider to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the solar energy provider will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. The Local Units are responsible for all operating, maintenance and repair of the equipment during the term of the subleases.

Total Minimum Lease Payments to be Received	\$20,769,660
Estimated Residual Value	<u>                  —</u>
	\$20,769,660
Less: Unearned Income	<u>          1,630,010</u>
Net Investment in Direct Financing Leases	<u>\$19,139,650</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 2,120,717
2022	2,043,098
2023	1,965,478
2024	1,887,859
2025	1,810,239

A settlement of a contractor dispute was finalized in 2015. The Contractor is responsible for all billings of energy usage to the Local Units and SRECS (Solar Renewable Energy Credits). The County is responsible for ensuring sufficient funds are available for the debt service on the Bonds.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- D. The Authority has entered into a lease agreement with the Adult Day Center of Somerset County ("The Local Unit") dated August 1, 2011, which leases certain property improvements to the Local Unit. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time the Local Unit will have ownership of the improvements. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$831,007
Estimated Residual Value	<u>          --</u>
	\$831,007
Less: Unearned Income	<u>      165,763</u>
Net Investment in Direct Financing Leases	<u><u>      \$665,244</u></u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 27,700
2022	27,700
2023	27,700
2024	27,700
2025	27,700

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- E. The Authority has entered into a lease agreement with the Somerset County Educational Services Commission ("The Local Unit") dated May 30, 2013, to provide funding for the acquisition and renovation of a warehouse building for use as a Career Center. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time the Local Unit will have ownership of the improvements. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$6,889,713
Estimated Residual Value	<u>          --</u>
	\$6,889,713
Less: Unearned Income	<u>1,174,713</u>
Net Investment in Direct Financing Leases	<u>\$ 5,715,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 583,631
2022	585,331
2023	582,581
2024	579,531
2025	581,181

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

F. The Authority has entered into a lease agreement with the Somerset County Educational Services Commission ("The Local Unit") dated December 30, 2014, to provide funding to lease certain items of equipment to the Local Unit. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority. This lease was consummated consistent with the refunding of the Revenue Bonds - 2006A.

The term of the lease commenced with the issuance of the refunding bonds and will terminate upon retirement of the bonds. At that time the Local Unit will have ownership of the equipment. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$4,344,750
Estimated Residual Value	<u>          —</u>
	\$4,344,750
Less: Unearned Income	<u>      669,750</u>
Net Investment in Direct Financing Leases	<u>\$3,675,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 723,750
2022	721,750
2023	723,500
2024	723,750
2025	727,500

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- G. The Authority has entered into a lease agreement with the Borough of Somerville ("The Local Unit") dated June 10, 2016, to provide funding to lease property to the Local Unit. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority. This lease was consummated consistent with the issuance of the Lease Revenue Bonds - 2016.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time the Local Unit will have ownership of the property. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$856,965
Estimated Residual Value	<u>—</u>
	\$856,965
Less: Unearned Income	<u>136,995</u>
Net Investment in Direct Financing Leases	<u>\$719,970</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 43,590
2022	43,209
2023	47,796
2024	47,351
2025	46,907



SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

H. The Authority has entered into a lease agreement with the County of Somerset ("The Local Unit") dated October 28, 2009, to lease certain property to the Local Unit. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

In 2018 the 2009A bonds were refunded providing longer term financing for the project.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time the Local Unit will surrender the property to the Authority or purchase it at a nominal value. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$5,556,800
Estimated Residual Value	<u>          --</u>
	\$5,556,800
Less: Unearned Income	<u>    926,800</u>
Net Investment in Direct Financing Leases	<u>\$4,630,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 695,200
2022	679,800
2023	659,200
2024	638,600
2025	618,000

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- I. The Authority has entered into a lease agreement with the Township of Montgomery ("The Local Unit") dated September 10, 2020, for the acquisition of certain property and the construction of a new building. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time the Local Unit will surrender the property to the Authority or purchase it at a nominal value. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$57,346,682
Estimated Residual Value	<u>                    -</u>
	\$57,346,682
Less: Unearned Income	<u>22,281,692</u>
Net Investment in Direct Financing Leases	<u>\$35,065,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$ 1,911,757
2022	1,911,231
2023	1,913,481
2024	1,908,981
2025	1,912,981

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- J. The Authority has entered into a lease agreement with the Township of Hillsborough ("The Local Unit") dated May 22, 2019, for the acquisition of certain property. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the notes outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the notes and will terminate upon retirement of the notes. At that time the Local Unit will surrender the property to the Authority or purchase it at a nominal value. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$20,210,199
Estimated Residual Value	<u>                  —</u>
	\$20,210,199
Less: Unearned Income	<u>          395,199</u>
Net Investment in Direct Financing Leases	<u>\$19,815,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$19,815,000
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- K. The Authority has entered into a lease agreement with the Borough of North Plainfield ("The Local Unit") dated April 17, 2019, for the acquisition of certain property. The lease requires the Local Unit to pay to the Authority a "Basic" annual rent equal to the debt service on the notes outstanding. As additional rent, the Local Unit will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the notes and will terminate upon retirement of the notes. At that time the Local Unit will surrender the property to the Authority or purchase it at a nominal value. The Local Unit is responsible for all operating, maintenance and repair of the property during the term of the lease.

Total Minimum Lease Payments to be Received	\$5,097,065
Estimated Residual Value	<u>          —</u>
	\$5,097,065
Less: Unearned Income	<u>      127,065</u>
Net Investment in Direct Financing Leases	<u>\$4,970,000</u>

Payments on the lease to be received over the next five years are as follows:

2021	\$4,970,000
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(7) LEASE AGREEMENTS (CONTINUED)

- L. The Authority has entered into various master lease agreements with TD Bank Commercial Leasing. An aggregate of \$10,000,000 has been provided for the purpose of making available equipment financing for Local Units directly with TD Bank Commercial Leasing. Sublease agreements require the Local Units to pay to the Authority a "Basic" annual rent equal to the debt service on the respective master lease outstanding. As additional rent, the Local Units will pay the Authority administrative fees incurred by the Authority.

The terms of the leases commence with the advancement of funds under the respective master lease agreement and will terminate upon retirement of the respective sublease agreements. At that time the Local Units will surrender the equipment to the Authority or purchase it at a nominal value. The Local Units are responsible for all operating, maintenance and repair of the equipment during the term of the lease.

During 2020 and 2019, a total of \$697,766 and \$485,821, respectively, in subleases were consummated.

Total Minimum Lease Payments to be Received	\$2,181,134
Estimated Residual Value	<u>          --</u>
	<u>\$2,181,134</u>

Payments on all leases to be received over the next five years are as follows:

2021	\$629,960
2022	491,904
2023	440,122
2024	295,584
2025	203,480

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(8) FIXED ASSETS

A. On March 4, 2003, the Authority purchased real estate in connection with the acquisition of open space in certain municipalities in Somerset County (County). The Authority will facilitate the renovation of the buildings on the real estate and the care of the property as open space for the County. The Project was funded by the issuance of County Guaranteed Project Notes in the amount of \$23,000,000. These notes matured March 4, 2004.

On March 3, 2004, the Authority sold a portion of this real estate to the open space project for \$10,000,000. The remaining balance of the project was funded by the issuance of County Guaranteed Project Notes in the amount of \$14,000,000. These notes matured on March 2, 2005 and were renewed for the same amount which matured on March 1, 2006.

On June 21, 2004, the Authority purchased additional real estate known as Peapack/Gladstone in connection with the acquisition of open space in the County. The purchase was funded by the issuance of County Guaranteed Project Notes in the amount of \$1,400,000. These notes matured on June 2, 2005 and were renewed for the same amount which matured on June 1, 2006.

In March 2006, the Authority sold a portion of this property and retired the Peapack/Gladstone note.

In July 2009, the Authority sold 275 acres of this property to the open space program for \$8.6 million and issued County Guaranteed Revenue Bonds for \$6 million to finance the remaining project. These proceeds were used to retire the outstanding note on the project.

On February 1, 2005, the Authority entered into a lease agreement which provides for the care of this real estate. The lease term is for one year with automatic month to month extensions. Annual rent to the Authority is \$1.

The Authority has leased the remaining real estate to The Virgin Spa at Natirar, LLC for the purposes of renovating and developing the property for public benefit. The Authority began collecting voluntary rent from the Virgin Spa in 2010. Rent payments received for the years 2020 and 2019 amounted to \$151,336 and \$228,840, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(8) FIXED ASSETS (CONTINUED)

A. The Authority capitalizes all costs associated with the Project. Costs incurred on this Project through December 31, 2020 are as follows:

Purchase Cost	\$22,000,000
Peapack/Gladstone Real Estate	1,400,000
Real Estate Sale	(22,661,473)
Return of Escrow	(25,000)
Interest Cost on Debt	3,166,913
Grants Paid	750,000
Other Expenses	571,488
Interest Received	<u>(8,542)</u>
 Total Project Costs	 <u>\$ 5,193,386</u>

B. On April 21, 2005, the Authority purchased real estate property utilized by the Board of Social Services. The Authority facilitated the construction of a building on the real estate for the Board of Social Services. The Project was initially funded by the issuance of County Guaranteed Project Notes.

In conjunction with the purchase of the property, the Authority assumed a lease agreement to receive monthly rental payments from the Board of Social Services on the property. All real estate tax and utility costs are the responsibility of the tenant.

In 2011 the Authority purchased additional properties to facilitate the construction of this building at a purchase cost of \$1,605,000.

In 2014 the Authority issued Bonds totaling \$19,115,000 for permanent financing of this project. A portion of the bond proceeds repaid the outstanding notes in full. The remaining funds were deposited to various Trust accounts to be utilized for the construction and related costs of the project and to pay costs of issuance. Construction of the Social Services building began in 2014 and construction was completed in June 2016. The Authority owns the building and leases it to the County of Somerset.

The Authority capitalized all costs associated with the Project. Costs incurred on the Project through December 31, 2020 are as follows:

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(8) FIXED ASSETS (CONTINUED)

B.

Purchase Cost	\$ 4,755,000
Construction Contractor	11,554,846
Construction Manager	404,089
Demolition and Asbestos Removal	109,500
Real Estate Taxes	162,764
Engineering Services	203,027
Architecture	1,142,311
Furniture and Equipment	2,041,362
Other Expenses	330,127
Interest Cost on Debt	2,432,783
Interest Received	<u>(262,626)</u>
	<u>\$22,873,183</u>

The Authority has consummated a lease agreement with the County of Somerset Board of Social Services for their use of the completed building. The lease agreement commenced upon occupancy and expires December 31, 2041. The lease agreement provides for a monthly rental of \$104,416 by the Board of Social Services. The Board of Social Services is responsible for all utilities and maintenance of the premises.

In conjunction with the completion of the building, the Authority capitalized the full cost of the project and recognized depreciation expense on the property. Assets were capitalized as follows:

<u>Asset Class</u>	<u>Depreciable Life</u>	<u>Asset Cost</u>
Land	none	\$ 4,871,595
Building	30 yrs	15,961,378
Furniture	8 yrs	1,445,553
Equipment	5 yrs	<u>595,809</u>
		<u>\$22,874,335</u>

Accordingly, depreciation expense of \$831,902 was recorded in each of the years ended December 31, 2020 and 2019.



SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(8) FIXED ASSETS (CONTINUED)

- C. In 2018, the Authority assisted the Township of Hillsborough in the purchase of property.

The Authority capitalizes all costs associated with the Project. Costs incurred on the Project through December 31, 2020 are as follows:

Interest Cost on Debt	<u>\$503,078</u>
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- D. In 2019, the Authority assisted the Borough of North Plainfield in the purchase of property.

The Authority capitalizes all costs associated with the Project. Costs incurred on the Project through December 31, 2020 are as follows:

Interest Cost on Debt	<u>\$106,874</u>
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(9) MORTGAGES RECEIVABLE

On August 4, 2004, the Authority entered into a Loan Agreement with the Somerset Residence Corporation for a total amount of \$6,500,000. The loan refinanced an existing mortgage as well as the rehabilitation of the Lena and David T. Wilentz Senior Residence Apartments in the Township of Franklin. This loan is secured by a first mortgage lien on the property. Payments of principal and interest are due monthly in accordance with an amortization schedule.

The project was funded by the issuance of Revenue Bonds, Series 2004 Somerset Residence Corporation Project. A total of \$6,500,000 was issued. Payments on the bonds were made under the same terms and conditions as the mortgage payments received. Mortgage payments received have been assigned directly to the bondholder.

In 2014 the Mortgage and associated Bonds were refinanced with Somerset Residence Refunding Bonds, Series 2014, in the amount of \$5,185,620. Proceeds of the bonds repaid the former bonds and costs of issuance.

The outstanding amount due on the refinanced Mortgage Receivable is \$3,418,777 as of December 31, 2020.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(10) BONDS PAYABLE

The Authority has issued various bonds for capital purposes. Principal payments due on the bonds for the next five years and five-year increments are as follows:

2021	\$ 7,948,917
2022	7,665,528
2023	7,677,235
2024	7,545,471
2025	7,144,481
2026 – 2030	22,444,681
2031 – 2035	20,606,037
2036 – 2040	12,068,565
2041 – 2045	7,470,913
2046 – 2050	<u>8,995,761</u>
	<u>\$109,567,589</u>

A summary of the Bonds Payable activity for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Bonds Payable at Beginning of Year	\$81,496,671	\$89,187,178
Bonds Issued	35,065,000	--
Bonds Refunded	(18,790,000)	--
Refunding Issued	19,595,000	--
Principal Payments on Bonds	<u>(7,799,082)</u>	<u>(7,690,507)</u>
Bonds Payable at End of Year	<u>\$109,567,589</u>	<u>\$81,496,671</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(11) NOTES PAYABLE

The Authority has issued various Notes for capital purposes at interest rates ranging from .5% to 3%. Principal payments due on notes payable are as follows:

2021 \$33,185,000

A summary of the Notes Payable activity for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Notes Payable Beginning of Year	\$47,005,000	\$41,405,000
Notes Issued	24,785,000	38,605,000
Scheduled Note Retirements	<u>(38,605,000)</u>	<u>(33,005,000)</u>
Notes Payable at End of Year	<u>\$33,185,000</u>	<u>\$47,005,000</u>

(12) DEFERRED INFLOWS

The Authority realized a premium on the sale of several of its Bonds. The premium has been recorded as a deferred inflow and is being amortized over the terms of the respective bonds and is included with interest expense. Unamortized bond premium at December 31, 2020 and 2019 amounts to \$7,277,691 and \$2,327,244, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(13) NET POSITION

The components of net position are as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Net Position:		
Invested in Capital Assets, net of related liabilities	\$5,369,320	\$4,864,805
Restricted:		
Renewable Energy Project Fund	<u>1,154,882</u>	<u>1,709,680</u>
Total Restricted	<u>\$6,524,202</u>	<u>\$6,574,485</u>
Restricted – Capital Improvements	70,684	70,684
Unrestricted	<u>584,482</u>	<u>598,020</u>
Total Net Position	<u>\$7,179,368</u>	<u>\$7,243,189</u>

(14) LEASE AGREEMENT

The County of Somerset has leased a portion of its Neshanic Valley Golf Course and Clubhouse to the Authority. The Authority subleases the facility to Crave Events, a concession vendor, on behalf of the Somerset County Park Commission. Annual rent of \$30,000 or \$2,500 per month or 7% of Gross Revenues, whichever is greater, is due to the Authority by Crave Events. The Authority remits this rent amount to the Park Commission. For the years ended December 31, 2020 and 2019, the total rent received from Crave Events and remitted to the Park Commission amounted to \$29,714 and \$30,000, respectively.

(15) SUBSEQUENT EVENTS

The Somerset County Improvement Authority has evaluated subsequent events occurring after the financial statement date through July 9, 2021, which is the date the financial statements were available to be issued. Based on this evaluation, the following subsequent event has occurred.

In April 2021, the Authority approved the issuance of County Guaranteed Lease Revenue Project Notes not to exceed \$22,000,000

There are no other subsequent events requiring disclosure.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(16) CONTINGENCIES AND COMMITMENTS

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2020, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

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**SUPPLEMENTARY INFORMATION**

SOMERSET COUNTY IMPROVEMENT AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS  
 FUNDED BY OPERATING REVENUES COMPARED TO BUDGET  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u> <u>BUDGET</u>	<u>2020</u> <u>ACTUAL</u>	<u>INCREASE/</u> <u>(DECREASE)</u>	<u>2019</u> <u>ACTUAL</u>
<b>Revenues:</b>				
Somerset County Contribution	\$	\$	\$	\$
Administrative Fees and Service Charges	50,000	494,302	444,302	127,710
Rent Income		1,423,448	1,423,448	1,932,234
Principal and Interest Payments	<u>51,619,447</u>	<u>50,851,591</u>	<u>(767,856)</u>	<u>45,829,694</u>
<b><u>TOTAL REVENUES</u></b>	<b><u>\$ 51,669,447</u></b>	<b><u>\$ 52,769,341</u></b>	<b><u>\$ 1,099,894</u></b>	<b><u>\$ 47,889,638</u></b>
<b>Operating Expenses:</b>				
Administration	<u>\$ 50,000</u>	<u>\$ 187,674</u>	<u>\$ 137,674</u>	<u>\$ 184,672</u>
<b><u>TOTAL OPERATING EXPENSES</u></b>	<b><u>\$ 50,000</u></b>	<b><u>\$ 187,674</u></b>	<b><u>137,674</u></b>	<b><u>184,672</u></b>
<b>Debt Service:</b>				
Principal on Bonds and Notes	\$ 46,734,703	\$ 46,404,082	\$ (330,621)	\$ 40,695,507
Interest on Bonds and Notes	4,884,744	4,447,509	(437,235)	5,134,187
Accumulated Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL DEBT SERVICE</u></b>	<b><u>\$ 51,619,447</u></b>	<b><u>\$ 50,851,591</u></b>	<b><u>\$ (767,856)</u></b>	<b><u>\$ 45,829,694</u></b>
<b><u>TOTAL OPERATING EXPENSES</u></b> <b><u>AND DEBT SERVICE</u></b>	<b><u>\$ 51,669,447</u></b>	<b><u>\$ 51,039,265</u></b>	<b><u>\$ (630,182)</u></b>	<b><u>\$ 46,014,366</u></b>
<b><u>EXCESS (DEFICIT) OF REVENUES</u></b> <b><u>OVER EXPENDITURES</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,730,076</u></b>	<b><u>\$ 1,730,076</u></b>	<b><u>\$ 1,875,272</u></b>

Reconciliation to Operating Income

Excess (Deficit) of Revenues over Expenditures	\$ 1,730,076
Add: Principal payments on Bonds and Notes	46,404,082
Interest payments on Bonds and Notes	4,447,509
Less: Principal and Interest payments received	(50,851,591)
Less: Depreciation Expense	<u>(831,902)</u>
Operating Income (Exhibit B)	<u>\$ 898,174</u>



SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

TOWNSHIP GUARANTEED  
REVENUE BONDS, SERIES 2006  
(OLDWICK FIRE COMPANY PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 1</u>
2021	4.79%	\$ <u>33,333</u>
		\$ <u><u>33,333</u></u>

Interest is due and payable monthly

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

TOWNSHIP GUARANTEED  
REVENUE BONDS, SERIES 2007, AS AMENDED  
(BALLPARK RECREATION PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 20</u>
2021	0.970%	\$ 131,250
2022	0.970%	137,500
2023	1.325%	145,000
2024	1.325%	153,750
2025	1.325%	161,250
2026	1.325%	170,000
2027	1.325%	178,750
2028	1.325%	190,000
2029	1.445%	200,000
2030	1.445%	211,250
2031	1.445%	222,500
2032	1.445%	7,375,000
		<hr/>
		\$ <u>9,276,250</u>

The bonds pay interest semi-annually.

These bonds were refinanced January 1, 2011 with a reduced interest rate.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

REVENUE BONDS, SERIES 2009  
(NATIRAR PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE JULY 1</u>
2021	3.75%	\$ 200,000
2022	3.75%	200,000
2023	3.75%	200,000
2024	3.75%	200,000
2025	3.75%	200,000
2026	3.75%	200,000
2027	3.75%	200,000
2028	3.75%	200,000
2029	3.75%	200,000
2030	3.75%	200,000
2031	3.75%	200,000
2032	3.75%	200,000
2033	3.75%	200,000
2034	3.75%	200,000
2035	3.75%	200,000
2036	3.75%	200,000
2037	3.75%	200,000
2038	3.75%	200,000
2039	3.75%	200,000
		<hr/>
		\$ <u>3,800,000</u>

The bonds pay interest annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LOAN REVENUE BONDS, SERIES 2009B  
(FEDERALLY TAXABLE)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE OCTOBER 1</u>
2021	3.38%	\$ 265,000
2022	3.50%	265,000
2023	4.00%	265,000
2024	4.00%	<u>190,000</u>
		\$ <u><u>985,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LOAN REVENUE BONDS, SERIES 2009C  
(FEDERALLY TAXABLE)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE OCTOBER 1</u>
2021	5.125%	\$ 285,000
2022	5.125%	285,000
2023	5.250%	285,000
2024	5.250%	<u>210,000</u>
		\$ <u><u>1,065,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

REVENUE BONDS, SERIES 2010  
(ADULT DAY CENTER OF SOMERSET COUNTY, INC. PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>		<u>PRINCIPAL DUE DECEMBER 15</u>
2021	1.500%	\$	47,258
2022	1.500%		47,966
2023	1.500%		48,686
2024	1.500%		49,416
2025	1.500%		50,157
2026	1.500%		50,910
2027	1.500%		51,673
2028	1.500%		52,448
2029	1.500%		53,235
2030	1.500%		54,034
2031	1.500%		54,844
2032	1.500%		55,667
2033	1.500%		56,502
2034	1.500%		57,349
2035	1.500%		58,210
2036	1.500%		59,083
2037	1.500%		59,969
2038	1.500%		60,869
2039	1.500%		61,782
2040	1.500%		62,708
2041	1.500%		63,649
2042	1.500%		64,604
2043	1.500%		65,573
2044	1.500%		66,556
2045	1.500%		67,555
2046	1.500%		68,568
2047	1.500%		69,597
2048	1.500%		70,641
2049	1.500%		71,700
2050	1.500%		72,775
		\$	<u>1,773,984</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LEASE REVENUE BONDS, SERIES 2011  
(ADULT DAY CENTER)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>		<u>PRINCIPAL DUE DECEMBER 15</u>
2021	1.500%	\$	17,722
2022	1.500%		17,987
2023	1.500%		18,257
2024	1.500%		18,531
2025	1.500%		18,809
2026	1.500%		19,091
2027	1.500%		19,378
2028	1.500%		19,668
2029	1.500%		19,963
2030	1.500%		20,263
2031	1.500%		20,567
2032	1.500%		20,875
2033	1.500%		21,188
2034	1.500%		21,506
2035	1.500%		21,829
2036	1.500%		22,156
2037	1.500%		22,488
2038	1.500%		22,826
2039	1.500%		23,168
2040	1.500%		23,516
2041	1.500%		23,868
2042	1.500%		24,226
2043	1.500%		24,590
2044	1.500%		24,959
2045	1.500%		25,333
2046	1.500%		25,713
2047	1.500%		26,099
2048	1.500%		26,490
2049	1.500%		26,887
2050	1.500%		27,291
			<hr/>
		\$	<u>665,244</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
GOVERNMENTAL LOAN REVENUE BONDS, SERIES 2012  
(SOMERVILLE PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE SEPTEMBER 15</u>
2021	2.000%	\$ 410,000
2022	2.000%	420,000
2023	2.000%	430,000
2024	2.100%	440,000
2025	2.250%	475,000
2026	2.375%	425,000
		<hr/>
		\$ 2,600,000
		<hr/> <hr/>

The bonds pay interest semi-annually.



SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
 LEASE REVENUE BONDS (SOMERSET COUNTY EDUCATIONAL SERVICES  
COMMISSION PROJECT) SERIES 2013

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE AUGUST 1</u>
2021	2.000%	\$ 415,000
2022	3.000%	425,000
2023	3.000%	435,000
2024	3.000%	445,000
2025	3.000%	460,000
2026	3.000%	470,000
2027	3.000%	480,000
2028	3.000%	495,000
2029	3.000%	505,000
2030	3.000%	520,000
2031	3.125%	530,000
2032	3.125%	535,000
		<hr/>
		\$ 5,715,000
		<hr/> <hr/>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

REFUNDING REVENUE BONDS, SERIES 2014  
(SOMERSET RESIDENCE CORPORATION PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>		<u>PRINCIPAL</u> <u>DUE</u>
2021	3.80%	\$	324,354
2022	3.80%		337,074
2023	3.80%		350,292
2024	3.80%		363,774
2025	3.80%		378,295
2026	3.80%		393,130
2027	3.80%		408,547
2028	3.80%		424,482
2029	3.80%		438,829
			<hr/>
		\$	<u>3,418,777</u>

Monthly principal and interest payments of \$37,450.38 are due on the first of each month in accordance with an Amortization Schedule

Payments commenced October 1, 2004

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
 REFUNDING LEASE REVENUE BONDS, SERIES 2014A  
(SOMERSET COUNTY EDUCATIONAL SERVICES COMMISSION)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE AUGUST 1</u>
2021	5.00%	\$ 540,000
2022	5.00%	565,000
2023	5.00%	595,000
2024	5.00%	625,000
2025	5.00%	660,000
2026	5.00%	690,000
		<hr/>
		\$ <u>3,675,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
GOVERNMENTAL LOAN REFUNDING REVENUE BONDS, SERIES 2014B  
(BOROUGH OF SOMERVILLE)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE AUGUST 1</u>
2021	4.00%	\$ <u>250,000</u>
		\$ <u><u>250,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
 LEASE REVENUE BONDS, SERIES 2014  
(SOMERSET COUNTY BOARD OF SOCIAL SERVICES)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>		<u>PRINCIPAL DUE FEBRUARY 15</u>
2021	4.40%	\$	545,000
2022	4.40%		575,000
2023	4.30%		600,000
2024	4.30%		635,000
2025	4.30%		665,000
2026	4.30%		700,000
2027	4.30%		735,000
2028	4.20%		775,000
2029	4.10%		810,000
2030	4.10%		850,000
2031	4.10%		885,000
2032	4.10%		920,000
2033	4.10%		960,000
2034	4.10%		995,000
2035	4.10%		1,040,000
2036	4.10%		1,080,000
2037	4.10%		1,130,000
2038	4.10%		1,175,000
2039	4.10%		1,225,000
		\$	<u>16,300,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LEASE REVENUE BONDS, SERIES 2016  
(BOROUGH OF SOMERVILLE PARKING PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>		<u>PRINCIPAL DUE APRIL 1</u>
2021	1.27%	\$	30,000
2022	1.27%		30,000
2023	1.27%		35,000
2024	1.27%		35,000
2025	1.27%		35,000
2026	1.88%		40,000
2027	1.88%		40,000
2028	1.88%		45,000
2029	1.88%		45,000
2030	1.88%		45,000
2031	2.20%		50,000
2032	2.20%		50,000
2033	2.20%		55,000
2034	2.20%		60,000
2035	2.20%		60,000
2036	2.45%		65,000
			<hr/>
		\$	<u>720,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
 LEASE REVENUE BONDS, SERIES 2009A - REFUNDING 2017  
(BRIDGEWATER, HILLSBOROUGH AND BERNARDS PROPERTY ACQUISITION PROJECTS)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE OCTOBER 1</u>
2021	4.00%	\$ 510,000
2022	4.00%	515,000
2023	4.00%	515,000
2024	4.00%	515,000
2025	4.00%	515,000
2026	4.00%	515,000
2027	4.00%	515,000
2028	4.00%	515,000
2029	4.00%	515,000
		<hr/>
		\$ <u>4,630,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LEASE REVENUE BONDS, SERIES 2020  
(TOWNSHIP OF MONTGOMERY)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>		<u>PRINCIPAL DUE SEPTEMBER 1</u>
2021	5.00%	\$	655,000
2022	5.00%		655,000
2023	5.00%		690,000
2024	5.00%		720,000
2025	5.00%		760,000
2026	5.00%		795,000
2027	5.00%		835,000
2028	5.00%		880,000
2029	5.00%		920,000
2030	5.00%		970,000
2031	4.00%		1,015,000
2032	4.00%		1,055,000
2033	4.00%		1,100,000
2034	1.88%		1,145,000
2035	1.88%		1,165,000
2036	2.00%		1,185,000
2037	2.00%		1,210,000
2038	2.00%		1,235,000
2039	2.13%		1,260,000
2040	2.13%		1,285,000
2041	2.25%		1,315,000
2042	4.00%		1,345,000
2043	4.00%		1,395,000
2044	4.00%		1,455,000
2045	4.00%		1,510,000
2046	4.00%		1,570,000
2047	4.00%		1,635,000
2048	4.00%		1,700,000
2049	4.00%		1,765,000
2050	4.00%		1,840,000
		\$	<u>35,065,000</u>

The bonds pay interest semi-annually.



SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
 LEASE REVENUE REFUNDING BONDS, SERIES 2020  
(RENEWABLE ENERGY PROGRAM (PROGRAM I BONDS))

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE SEPTEMBER 1</u>
2021	0.382%	\$ 1,350,000
2022	0.442%	1,325,000
2023	0.535%	1,270,000
2024	0.821%	1,215,000
2025	0.971%	1,160,000
2026	1.244%	1,115,000
		<hr/>
		\$ <u>7,435,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED  
LEASE REVENUE REFUNDING BONDS, SERIES 2020  
(RENEWABLE ENERGY PROGRAM (PROGRAM II BONDS))

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE SEPTEMBER 1</u>
2021	0.382%	\$ 1,940,000
2022	0.442%	1,865,000
2023	0.535%	1,795,000
2024	0.821%	1,730,000
2025	0.971%	1,670,000
2026	1.244%	1,610,000
2027	1.394%	1,550,000
		<hr/>
		\$ 12,160,000
		<hr/> <hr/>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED PROJECT NOTES  
(RENEWABLE ENERGY PROGRAM LEASE REVENUE NOTE, SERIES 2015)

<u>YEAR OF</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>APRIL 24</u>
2021	0.00%	\$ <u>8,400,000</u>
		\$ <u><u>8,400,000</u></u>

The note pays interest at maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED LEASE REVENUE NOTES  
(TOWNSHIP OF HILLSBOROUGH PROJECT, SERIES 2020)

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE JUNE 6</u>
2021	2.00%	\$ <u>19,815,000</u>
		\$ <u><u>19,815,000</u></u>

The note pays interest at maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES PAYABLE DECEMBER 31, 2020

COUNTY GUARANTEED LEASE REVENUE PROJECT NOTES  
(BOROUGH OF NORTH PLAINFIELD PROJECT, SERIES 2020)

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 28</u>
2021	2.55%	\$ <u>4,970,000</u>
		\$ <u><u>4,970,000</u></u>

The note pays interest at maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

DECEMBER 31, 2020

GENERAL COMMENTS AND RECOMMENDATIONS

NONE