

Annual Financial Report

of the

**Somerset County
Improvement Authority**

For the Years Ended December 31, 2021 and 2020

Prepared By

Somerset County Improvement Authority

Finance Department

SOMERSET COUNTY IMPROVEMENT AUTHORITY

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FINANCIAL SECTION



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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, which comprises the statements of net position as of December 31, 2021 and 2020 and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

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, for the years ended December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Somerset County Improvement Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Somerset County Improvement Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Somerset County Improvement Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Somerset County Improvement Authority's ability to continue as a going concern for a reasonable period of time.

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

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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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2022 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.

August 9, 2022





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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 the Somerset County Improvement Authority as of and for the years ended December 31, 2021 and 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 August 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Somerset County Improvement Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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.

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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 the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 9, 2022

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

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, 2021 and 2020. 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, 2021 and 2020. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Financial Highlights

Total assets at December 31, 2021 and 2020 totaled \$197.9 million and \$191.9 million, respectively, largely comprised of leases, investments and projects in process. The overall increase in Total Assets is the result of a new lease agreement with the Patriots Stadium to include additional funding for improvements offset with the receipt of lease, mortgage and other payments in accordance with payment schedules. Liabilities total \$183.3 million and \$177.4 million, respectively, largely comprised of bonds and notes payable financing the investments and projects. The \$5.9 million increase is largely the result of bonds and notes issued to finance the new capital projects offset with payments made on outstanding Bonds and notes in accordance with payment schedules. Working capital balances are adequate to meet the operational needs of the Authority.

Operating Revenues total \$1.6 million and \$1.9 million in 2021 and 2020, respectively, is comprised of rent income on project investments and administrative fees. Operating Expenses in 2021 and 2020 amounted to \$98,000 and \$188,000, respectively.

Cash and Cash Equivalents total \$7.3 million and \$7.5 million at December 31, 2021 and 2020, 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 \$120.9 million and \$109.6 million and Notes Payable of \$25.4 million and \$33.2 million at December 31, 2021 and 2020, respectively, represent the financing for various projects. Bonds Payable increased with additional investments in projects offset with one refunding and scheduled repayments. 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.

Financial Analysis

The following condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

Condensed Statements of Net Position

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,291,390	\$ 7,513,912	\$ 9,154,245
Lease Payments Receivable	150,888,911	141,753,937	106,654,341
Mortgages Receivable	3,094,423	3,418,777	3,730,507
Other Receivables	2,791,581	2,867,677	3,000,939
Other Assets	33,844,200	36,308,628	33,229,222
<u>Total Assets</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</u>	<u>\$ 155,769,254</u>
<u>Liabilities</u>			
Accounts and Other Payables	\$ 1,207,444	\$ 1,423,325	\$ 2,031,614
Deferred Income	104,416	104,416	134,416
Bonds Payable	120,873,672	109,567,589	81,496,671
Notes Payable	25,355,000	33,185,000	47,005,000
Other Liabilities	35,799,924	33,125,542	15,531,120
<u>Total Liabilities</u>	<u>\$ 183,340,456</u>	<u>\$ 177,405,872</u>	<u>\$ 146,198,821</u>
Deferred Inflows	\$ 6,896,490	7,277,691	2,327,244
<u>Net Position</u>			
Invested in Capital Assets	\$ 4,571,447	\$ 5,369,320	\$ 4,864,805
Restricted	2,102,963	1,154,882	1,709,680
Restricted for Capital Improvements	70,684	70,684	70,684
Unrestricted	928,465	584,482	598,020
<u>Total Net Position</u>	<u>\$ 7,673,559</u>	<u>\$ 7,179,368</u>	<u>\$ 7,243,189</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</u>	<u>\$ 155,769,254</u>

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

	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>	<u>Year Ended December 31, 2019</u>
Operating Revenues	\$ 1,568,385	\$ 1,917,750	\$ 2,059,944
Operating Expenses	98,175	187,674	184,672
Depreciation Expense	772,320	831,902	831,902
Operating Income	\$ 697,890	\$ 898,174	\$ 1,043,370
Non Operating Revenues (Expenses)	\$ (203,699)	\$ (961,995)	\$ (799,541)
Change in Net Position	\$ 494,191	\$ (63,821)	\$ 243,829
Net Position, Beginning of Year	7,179,368	7,243,189	6,999,360
Net Position, End of Year	<u>\$ 7,673,559</u>	<u>\$ 7,179,368</u>	<u>\$ 7,243,189</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, 2021 and 2020 is as follows:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Bonds Payable at Beginning of Year	\$109,567,589	\$ 81,496,671
Bonds Issued	8,400,000	35,065,000
Bonds Refunded	(9,210,625)	(18,790,000)
Refunding Issued	20,000,000	19,595,000
Principal Payments on Bonds	<u>(7,883,292)</u>	<u>(7,799,082)</u>
Bonds Payable at End of Year	<u>\$120,873,672</u>	<u>\$109,567,589</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, 2021 and 2020 is as follows:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Notes Payable Beginning of Year	\$33,185,000	\$47,005,000
Notes Issued	25,355,000	24,785,000
Scheduled Note Retirements	<u>(33,185,000)</u>	<u>(38,605,000)</u>
Notes Payable at End of Year	<u>\$25,355,000</u>	<u>\$33,185,000</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, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 1,506,222	\$ 1,350,148
<u>Total Unrestricted Current Assets</u>	<u>\$ 1,506,222</u>	<u>\$ 1,350,148</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 5,785,168	\$ 6,163,764
Rent and Fees Receivable	120,902	58,200
Accrued Interest Receivable	943,952	1,002,159
Minimum Lease Payments Receivable	35,374,371	33,837,792
Mortgage Receivable	337,074	324,354
Notes Receivable	47,966	80,591
Fixed Assets	24,034,417	24,950,794
Investments	970,000	1,210,000
<u>Total Restricted Current Assets</u>	<u>\$ 67,613,850</u>	<u>\$ 67,627,654</u>
<u>Total Current Assets</u>	<u>\$ 69,120,072</u>	<u>\$ 68,977,802</u>
Noncurrent Assets:		
Minimum Lease Payments Receivable	\$ 115,514,540	\$ 107,916,145
Mortgage Receivable	2,757,349	3,094,423
Notes Receivable	1,678,761	1,726,727
Investments	2,720,000	3,690,000
Deferred Bond Premium	6,119,783	6,457,834
<u>Total Noncurrent Assets</u>	<u>\$ 128,790,433</u>	<u>\$ 122,885,129</u>
<u>TOTAL ASSETS</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 15,110	\$ 8,092
Deferred Income	104,416	104,416
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ -	\$ 64,830
Interest Payable	1,192,334	1,350,403
Escrow Payable	38,604	38,604
Bonds Payable	9,303,375	7,948,917
Notes Payable	25,355,000	33,185,000
Leases Payable	649,829	629,960
Unearned Income	32,793,157	29,901,974
Deferred Lease Payments	416,778	1,003,830
	<u>\$ 69,749,077</u>	<u>\$ 74,123,518</u>
<u>Total Restricted Current Liabilities</u>		
	<u>\$ 69,868,603</u>	<u>\$ 74,236,026</u>
<u>Total Current Liabilities</u>		
Bonds Payable	\$ 111,570,297	\$ 101,618,672
Leases Payable	1,901,556	1,551,174
	<u>\$ 113,471,853</u>	<u>\$ 103,169,846</u>
<u>Total Long-Term Debt</u>		
	<u>\$ 183,340,456</u>	<u>\$ 177,405,872</u>
<u>TOTAL LIABILITIES</u>		
Deferred Inflows:		
Premium on Sale of Bonds, Net of Amortization	\$ 6,896,490	\$ 7,277,691
	<u>\$ 6,896,490</u>	<u>\$ 7,277,691</u>
<u>NET POSITION</u>		
Net Position:		
Invested in Capital Assets	\$ 4,571,447	\$ 5,369,320
Restricted	2,102,963	1,154,882
Restricted - Capital Improvements	70,684	70,684
Unrestricted	928,465	584,482
	<u>\$ 7,673,559</u>	<u>\$ 7,179,368</u>
<u>TOTAL NET POSITION</u>		
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues (Expenses):		
Administrative Fee Income	\$ 68,121	\$ 494,302
Rent Income	1,500,264	1,423,448
Operating Expenses	(98,175)	(187,674)
Depreciation Expense	<u>(772,320)</u>	<u>(831,902)</u>
Operating Income	\$ <u>697,890</u>	\$ <u>898,174</u>
Nonoperating Revenue (Expense):		
Interest Income - Unrestricted	\$ 3,153	\$ 10,000
Interest Income	3,649,318	2,534,582
Interest Expense	<u>(3,856,170)</u>	<u>(3,506,577)</u>
Total Nonoperating Revenue (Expense)	\$ <u>(203,699)</u>	\$ <u>(961,995)</u>
Change in Net Position	\$ 494,191	\$ (63,821)
Net Position, Beginning of Year	\$ <u>7,179,368</u>	\$ <u>7,243,189</u>
Net Position, End of Year	\$ <u><u>7,673,559</u></u>	\$ <u><u>7,179,368</u></u>

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

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 1,505,683	\$ 1,840,964
Payments to Suppliers	(91,157)	(200,381)
Net Cash Provided by Operating Activities	<u>\$ 1,414,526</u>	<u>\$ 1,640,583</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuing Bonds	\$ 28,400,000	\$ 60,311,352
Proceeds from Issuing Notes	25,355,000	24,785,000
Payment of Bond Principal	(7,883,292)	(7,799,082)
Payment of Note Principal	(33,185,000)	(38,605,000)
Other Financing Use - Refunding Bonds	(9,210,625)	(18,790,000)
Interest Paid on Bonds	(4,554,818)	(4,447,509)
Net Lease Financing Activity	(2,399,695)	(18,548,114)
Receipt (Release) of Escrow Funds	-	(1,315,921)
Net Cash Used in Financing Activities	<u>\$ (3,478,430)</u>	<u>\$ (4,409,274)</u>
Cash Flows From Investing Activities:		
Purchases of Capital Projects	\$ 79,227	\$ (162,014)
Payments Received on Mortgage Receivable	324,354	311,730
Payments Received on Notes Receivable	80,591	79,892
Payments Received on Local Unit Bonds	1,210,000	1,245,000
Payments for Capital Improvements	144,057	(356,250)
Interest Received	3,153	10,000
Net Cash Provided by Investing Activities	<u>\$ 1,841,382</u>	<u>\$ 1,128,358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (222,522)	\$ (1,640,333)
Cash and Cash Equivalents, Beginning of Year	<u>\$ 7,513,912</u>	<u>\$ 9,154,245</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,291,390</u>	<u>\$ 7,513,912</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 697,890	\$ 898,174
Depreciation	772,320	831,902
Changes in Operating Assets and Liabilities:		
Rent Receivable	(77,244)	(26,786)
Fee Receivable	14,542	(20,000)
Accounts Payable	7,018	(12,707)
Deferred Income	-	(30,000)
Net Cash Provided by Operating Activities	<u>\$ 1,414,526</u>	<u>\$ 1,640,583</u>

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

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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, 2021 AND 2020

(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 the 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, 2021 AND 2020

(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, 2021 AND 2020

(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, 2021 AND 2020

(4) CASH AND CASH EQUIVALENTS

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

	<u>2021</u>	<u>2020</u>
Cash - Checking	\$ 2,503,978	\$ 2,383,825
Money Market Accounts	<u>4,787,412</u>	<u>5,130,087</u>
	<u>\$ 7,291,390</u>	<u>\$ 7,513,912</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, 2021, 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, 2021 AND 2020

(5) INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
General Obligation Bonds: Borough of Somerville (2009B)	\$ 720,000	\$ 985,000
General Obligation Bonds: Borough of Somerville (2009C)	780,000	1,065,000
General Improvement Bonds: Borough of Somerville (2012)	2,190,000	2,600,000
Loan Revenue Refunding Bonds: Borough of Somerville (2014B)	<u> --</u>	<u> 250,000</u>
	\$3,690,000	\$4,900,000
Due in one year	<u> 970,000</u>	<u> 1,210,000</u>
	<u>\$ 2,720,000</u>	<u>\$ 3,690,000</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, 2021 AND 2020

(6) LEASE AGREEMENTS

- A. The County of Somerset (the "County") and the Somerset Patriots (the "Patriots") entered into a Stadium Lease Agreement dated November 26, 1997, as further amended (the "Lease"), which provided for, among other things, construction by the County of a baseball stadium (the "Facility") and the leasing of the Facility to the Patriots. The County assigned all of its right, title, and interest to the Facility and the Lease to the Authority on December 29, 2004.

The Authority and the Patriots entered into a First Amended and Restated Stadium Lease Agreement as of January 1, 2007, and a Second Amended and Restated Stadium Lease Agreement as of January 1, 2011 into in order to, among other things, modify the rent provisions and increase the amount deposited annually into the Improvements Reserve.

The Second Amended and Restated Stadium Lease Agreement was amended by a First Amendment effective January 1, 2019, a Second Amendment effective December 2019 and a Third Amendment effective November 2020. Rent provisions were modified and the amounts deposited annually into the Improvements Reserve increased. The Improvement Reserve was known as the Facility Expenditure Fund. At the end of the term, the Patriots had the right to pay the remaining principal amount due on the outstanding bonds and to purchase the Facility for \$1.00.

Effective January 1, 2021, a Fourth Amendment to the Second Amended and Restated Stadium Lease Agreement was entered into which, among other things, modified the rent provisions based on the issuance of bonds by the Authority to refund and redeem outstanding bonds of the Authority and to pay for recent improvements to the Facility.

On July 9, 2021, the Authority issued Revenue Bonds, Series 2021 (Recreational Facilities Project) to fully repay the outstanding bonds and provide additional funding for improvements to the Facility. The County of Somerset purchased the bonds. A total of \$70,684 remains in the Facility Expenditure Fund.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) LEASE AGREEMENTS (CONTINUED)

A. Somerset Patriots (continued)

Total Minimum Lease Payments to be Received	\$26,681,610
Estimated Residual Value	<u> --</u>
	\$26,681,610
Less: Unearned Income	<u> 7,074,386</u>
Net Investment in Direct Financing Leases	<u>\$19,607,224</u>

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

2022	\$ 401,666
2023	803,331
2024	803,331
2025	803,331
2026	803,331

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$5,377,939
Estimated Residual Value	<u> --</u>
	\$5,377,939
Less: Unearned Income	<u> 582,939</u>
Net Investment in Direct Financing Leases	<u>\$ 4,795,000</u>

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

2022	\$ 1,438,517
2023	1,374,833
2024	1,311,393
2025	1,253,196

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$10,248,943
Estimated Residual Value	<u> --</u>
	\$10,248,943
Less: Unearned Income	<u> 1,164,293</u>
Net Investment in Direct Financing Leases	<u> \$ 9,084,650</u>

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

2022	\$ 2,043,098
2023	1,965,478
2024	1,887,859
2025	1,810,239
2026	1,732,619

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, 2021 AND 2020

(6) 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	\$803,306
Estimated Residual Value	<u> --</u>
	\$803,306
Less: Unearned Income	<u> 155,784</u>
Net Investment in Direct Financing Leases	<u>\$647,522</u>

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

2022	\$ 27,700
2023	27,700
2024	27,700
2025	27,700
2026	27,700

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$6,306,082
Estimated Residual Value	<u> --</u>
	\$6,306,082
Less: Unearned Income	<u>1,006,082</u>
Net Investment in Direct Financing Leases	<u>\$ 5,300,000</u>

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

2022	\$ 585,331
2023	582,581
2024	579,531
2025	581,181
2026	577,381

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$3,621,000
Estimated Residual Value	<u> --</u>
	\$3,621,000
Less: Unearned Income	<u> 486,000</u>
Net Investment in Direct Financing Leases	<u>\$3,135,000</u>

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

2022	\$ 721,750
2023	723,500
2024	723,750
2025	727,500
2026	724,500

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$813,376
Estimated Residual Value	<u> --</u>
	\$813,376
Less: Unearned Income	<u> 123,406</u>
Net Investment in Direct Financing Leases	<u>\$689,970</u>

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

2022	\$ 43,209
2023	47,796
2024	47,351
2025	46,907
2026	51,308

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$4,861,600
Estimated Residual Value	<u> --</u>
	\$4,861,600
Less: Unearned Income	<u> 741,600</u>
Net Investment in Direct Financing Leases	<u>\$4,120,000</u>

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

2022	\$ 679,800
2023	659,200
2024	638,600
2025	618,000
2026	597,400

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) 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	\$55,434,925
Estimated Residual Value	<u> --</u>
	\$55,434,925
Less: Unearned Income	<u>21,024,925</u>
Net Investment in Direct Financing Leases	<u>\$34,410,000</u>

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

2022	\$ 1,911,231
2023	1,913,481
2024	1,908,981
2025	1,912,981
2026	1,909,981

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) LEASE AGREEMENTS (CONTINUED)

- J. The Authority has entered into a lease agreement with the Township of Hillsborough ("The Local Unit") dated June 1, 2021, 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. This lease originated in 2018 and has been renewed annually.

The term of the lease commenced with the issuance of 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	\$20,430,052
Estimated Residual Value	<u> --</u>
	\$20,430,052
Less: Unearned Income	<u> 200,052</u>
Net Investment in Direct Financing Leases	<u>\$20,230,000</u>

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

2022	\$20,230,000
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) LEASE AGREEMENTS (CONTINUED)

K. The Authority has entered into a lease agreement with the Borough of North Plainfield ("The Local Unit") dated February 25, 2021, 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. This lease originated in 2019 and has been renewed annually.

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	\$5,220,100
Estimated Residual Value	<u> --</u>
	\$5,220,100
Less: Unearned Income	<u> 95,100</u>
Net Investment in Direct Financing Leases	<u><u>\$5,125,000</u></u>

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

2021	\$5,125,000
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) LEASE AGREEMENTS (CONTINUED)

- L. The Authority has entered into a lease agreement with the County of Somerset to refinance the solar energy project that included solar panels installed for various towns. 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. In 2021 the County purchased the Note for this financing.

The term of the lease commenced with the issuance of the notes and will terminate upon retirement of the notes. 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	\$8,538,592
Estimated Residual Value	<u> --</u>
	\$8,538,592
Less: Unearned Income	<u> 138,592</u>
Net Investment in Direct Financing Leases	<u>\$8,400,000</u>

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

2022	\$8,400,000
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(6) LEASE AGREEMENTS (CONTINUED)

M. 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 2021 and 2020, a total of \$1,007,298 and \$697,766, respectively, in subleases were consummated.

Total Minimum Lease Payments to be Received	\$2,551,385
Estimated Residual Value	<u> --</u>
	<u>\$2,551,385</u>

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

2022	\$649,829
2023	641,347
2024	500,720
2025	357,338
2026	236,746

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(7) 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 2021 and 2020 amounted to \$250,428 and \$151,336, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(7) FIXED ASSETS (CONTINUED)

- A. The Authority capitalizes all costs associated with the Project. Costs incurred on this Project through December 31, 2021 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	3,163,132
Grants Paid	750,000
Other Expenses	571,488
Interest Received	<u>(8,542)</u>
 Total Project Costs	 <u>\$ 5,189,605</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 was completed in June 2016. The Authority owns the building and leases it to the County of Somerset.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(7) FIXED ASSETS (CONTINUED)

B. The Authority capitalized all costs associated with the Project. Costs incurred on the Project through December 31, 2021 are as follows:

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>(262,674)</u>
	<u>\$22,873,135</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	1,445,506
Equipment	5 yrs	<u>594,656</u>
		<u>\$22,873,135</u>

Accumulated Depreciation through December 31, 2021 and 2020 amounted to \$4,498,046 and \$3,725,726, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(7) 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, 2021 are as follows:

Interest Cost on Debt	<u>\$389,733</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, 2021 are as follows:

Interest Cost on Debt	<u>\$79,988</u>
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(8) 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 \$3,094,423 as of December 31, 2021.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(9) 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:

2022	\$ 9,303,375
2023	9,335,731
2024	9,213,528
2025	8,818,516
2026	8,941,095
2027 – 2031	20,913,537
2032 – 2036	15,438,804
2037 – 2041	13,703,625
2042 – 2046	17,873,981
2047 – 2051	<u>7,331,480</u>
	<u>\$120,873,672</u>

A summary of the Bonds Payable activity for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Bonds Payable at Beginning of Year	\$109,567,589	\$81,496,671
Bonds Issued	28,400,000	35,065,000
Bonds Refunded	(9,210,625)	(18,790,000)
Refunding Issued	--	19,595,000
Principal Payments on Bonds	<u>(7,883,292)</u>	<u>(7,799,082)</u>
Bonds Payable at End of Year	<u>\$120,873,672</u>	<u>\$109,567,589</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(10) 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:

2022 \$25,355,000

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

	<u>2021</u>	<u>2020</u>
Notes Payable Beginning of Year	\$33,185,000	\$47,005,000
Notes Issued	25,355,000	24,785,000
Scheduled Note Retirements	<u>(33,185,000)</u>	<u>(38,605,000)</u>
Notes Payable at End of Year	<u>\$25,355,000</u>	<u>\$33,185,000</u>

(11) 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, 2021 and 2020 amounts to \$6,896,490 and \$7,277,691, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(12) NET POSITION

The components of net position are as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Net Position:		
Invested in Capital Assets, net of related liabilities	\$4,571,447	\$5,369,320
Restricted:		
Renewable Energy Project Fund	<u>2,102,963</u>	<u>1,154,882</u>
Total Restricted	<u>\$6,674,410</u>	<u>\$6,524,202</u>
Restricted – Capital Improvements	70,684	70,684
Unrestricted	<u>928,465</u>	<u>584,482</u>
Total Net Position	<u>\$7,673,559</u>	<u>\$7,179,368</u>

(13) 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 by Crave Events. The Authority remits this rent amount to the Park Commission. For the years ended December 31, 2021 and 2020, the total rent received from Crave Events and remitted to the Park Commission amounted to \$30,000 and \$29,714, respectively.

(14) SUBSEQUENT EVENTS

The Somerset County Improvement Authority has evaluated subsequent events occurring after the financial statement date through August 9, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the following subsequent event has occurred.

- A. On February 24, 2022, the Authority issued County Guaranteed Lease Revenue Bonds, Series 2022 (Borough of North Plainfield Project) for the par amount of \$3,800,000. These bonds provided the permanent financing for the North Plainfield project.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(14) SUBSEQUENT EVENTS (CONTINUED)

- B. On May 26, 2022, the Authority issued County Guaranteed Lease Revenue Project Bonds, Series 2022 (Township of Hillsborough Project) for the par amount of \$20,120,000. These bonds provided the permanent financing for the Hillsborough project.
- C. The Authority is currently working on a Government Pooled Bond project for three municipalities and the County.

There are no other subsequent events requiring disclosure.

(15) CONTINGENCIES AND COMMITMENTS

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2021, 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

	2021 BUDGET	2021 ACTUAL	INCREASE/ (DECREASE)	2019 ACTUAL
Revenues:				
Somerset County Contribution	\$	\$	\$	\$
Administrative Fees and Service Charges	50,000	68,121	18,121	127,710
Rent Income		1,500,264	1,500,264	1,932,234
Principal and Interest Payments	<u>36,969,389</u>	<u>45,623,110</u>	<u>8,653,721</u>	<u>45,829,694</u>
TOTAL REVENUES	\$ <u>37,019,389</u>	\$ <u>47,191,495</u>	\$ <u>10,172,106</u>	\$ <u>47,889,638</u>
Operating Expenses:				
Administration	<u>\$ 50,000</u>	<u>\$ 98,175</u>	<u>\$ 48,175</u>	<u>\$ 184,672</u>
TOTAL OPERATING EXPENSES	\$ <u>50,000</u>	\$ <u>98,175</u>	\$ <u>48,175</u>	\$ <u>184,672</u>
Debt Service:				
Principal on Bonds and Notes	\$ 32,567,842	\$ 41,068,292	\$ 8,500,450	\$ 40,695,507
Interest on Bonds and Notes	4,401,547	4,554,818	153,271	5,134,187
Accumulated Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEBT SERVICE	\$ <u>36,969,389</u>	\$ <u>45,623,110</u>	\$ <u>8,653,721</u>	\$ <u>45,829,694</u>
TOTAL OPERATING EXPENSES AND DEBT SERVICE	\$ <u>37,019,389</u>	\$ <u>45,721,285</u>	\$ <u>8,701,896</u>	\$ <u>46,014,366</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ <u>-</u>	\$ <u>1,470,210</u>	\$ <u>1,470,210</u>	\$ <u>1,875,272</u>

Reconciliation to Operating Income

Excess (Deficit) of Revenues over Expenditures	\$ 1,470,210
Add: Principal payments on Bonds and Notes	41,068,292
Interest payments on Bonds and Notes	4,554,818
Less: Principal and Interest payments received	(45,623,110)
Less: Depreciation Expense	<u>(772,320)</u>
Operating Income (Exhibit B)	\$ <u>697,890</u>

SCHEDULE 2

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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/>
		\$ 3,600,000
		<hr/> <hr/>

The bonds pay interest annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
2022	3.50%	\$ 265,000
2023	4.00%	265,000
2024	4.00%	<u>190,000</u>
		<u>\$ 720,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
2022	5.125%	\$ 285,000
2023	5.250%	285,000
2024	5.250%	<u>210,000</u>
		\$ <u><u>780,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
		<hr/>
		\$ <u><u>1,726,726</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
		<u>\$ 647,522</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
2022	2.000%	\$ 420,000
2023	2.000%	430,000
2024	2.100%	440,000
2025	2.250%	475,000
2026	2.375%	<u>425,000</u>
		\$ <u><u>2,190,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>AUGUST 1</u>
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
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		\$ 5,300,000
		<hr/> <hr/>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
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		\$ 3,094,423
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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, 2021

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>
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
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		\$ 3,135,000
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The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
		<hr/>
		\$ 15,755,000

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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>690,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
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		\$ <u>4,120,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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
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		\$ <u>34,410,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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/>
		\$ 6,085,000
		<hr/> <hr/>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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>
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%	<u>1,550,000</u>
		\$ <u><u>10,220,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

COUNTY GUARANTEED
LEASE REVENUE BONDS, SERIES 2021
(PATRIOTS STADIUM)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE JANUARY 1</u>	<u>PRINCIPAL DUE JULY 1</u>	<u>ANNUAL TOTAL</u>
2022	2.000%	\$ 201,666	\$ 203,682	\$ 405,348
2023	2.000%	205,719	207,776	413,495
2024	2.000%	209,854	211,952	421,806
2025	2.000%	214,072	216,213	430,285
2026	2.000%	218,375	220,559	438,934
2027	2.000%	222,764	224,992	447,756
2028	2.000%	227,242	229,514	456,756
2029	2.000%	231,809	234,127	465,936
2030	2.000%	236,469	238,833	475,302
2031	2.000%	241,222	243,634	484,856
2032	2.000%	246,070	248,531	494,601
2033	2.000%	251,016	253,526	504,542
2034	2.000%	256,062	258,622	514,684
2035	2.000%	261,209	263,821	525,030
2036	2.000%	266,459	269,123	535,582
2037	2.000%	271,815	274,533	546,348
2038	2.000%	277,278	280,051	557,329
2039	2.000%	282,851	285,680	568,531
2040	2.000%	288,537	291,422	579,959
2041	2.000%	294,336	297,280	591,616
2042	2.000%	300,252	303,255	603,507
2043	2.000%	306,288	309,350	615,638
2044	2.000%	312,444	315,568	628,012
2045	2.000%	318,724	321,911	640,635
2046	2.000%	325,130	7,328,382	7,653,512
		<u>\$ 6,467,663</u>	<u>\$ 13,532,337</u>	<u>\$ 20,000,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>APRIL 15</u>
2022	0.613%	\$ 1,370,000
2023	0.451%	1,390,000
2024	0.438%	1,400,000
2025	0.417%	1,405,000
2026	0.375%	1,415,000
2027	0.375%	1,420,000
		<hr/>
		\$ <u>8,400,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES PAYABLE DECEMBER 31, 2021

COUNTY GUARANTEED LEASE REVENUE NOTES
(TOWNSHIP OF HILLSBOROUGH PROJECT, SERIES 2021)

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MAY 17</u>
2022	2.00%	\$ <u>20,230,000</u>
		\$ <u><u>20,230,000</u></u>

The note pays interest at maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES PAYABLE DECEMBER 31, 2021

COUNTY GUARANTEED LEASE REVENUE PROJECT NOTES
(BOROUGH OF NORTH PLAINFIELD PROJECT, SERIES 2021)

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 25</u>
2022	1.86%	\$ <u>5,125,000</u>
		\$ <u><u>5,125,000</u></u>

The note pays interest at maturity.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

DECEMBER 31, 2021

GENERAL COMMENTS AND RECOMMENDATIONS

NONE