

Report of Audit

on the

Financial Statements

and

Supplementary Schedules

of the

Somerset County
Improvement Authority

for the

Years Ended

December 31, 2022 and 2021

Annual Financial Report

of the

**Somerset County
Improvement Authority**

For the Years Ended December 31, 2022 and 2021

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, which comprises the statements of net position as of December 31, 2022 and 2021 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, 2022 and 2021, 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.

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 November 20, 2023 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.

November 20, 2023





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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, 2022 and 2021, 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 November 20, 2023.

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.

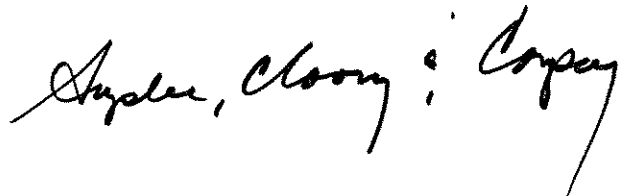
Compliance and Other Matters

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.

November 20, 2023

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive style with a long, sweeping tail on the final word.

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, 2022 and 2021. 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, 2022 and 2021. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Financial Highlights

Total assets at December 31, 2022 and 2021 totaled \$302.2 million and \$197.9 million, respectively, largely comprised of loans, leases, investments and projects in process. The overall increase in Total Assets is the result of loans for various projects throughout the County. Liabilities total \$258.8 million and \$183.3 million, respectively, largely comprised of bonds and notes payable financing the investments and projects. The \$75.5 million increase is largely the result of bonds issued to finance the 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 \$1.6 million in each of the 2022 and 2021 years and is comprised of rent income on project investments and administrative fees. Operating Expenses in 2022 and 2021 amounted to \$67,000 and \$98,000, respectively.

Cash and Cash Equivalents total \$6.8 million and \$7.3 million at December 31, 2022 and 2021, respectively. The decrease in Cash and Cash Equivalents is largely the result of repayments on Bonds as well as new lease financing activities.

Bonds Payable of \$186.2 million and \$120.9 million and Notes Payable of \$25.4 million in 2021 at December 31, 2022 and 2021, 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, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 6,855,344	\$ 7,291,390	\$ 7,513,912
Lease Payments Receivable	--	150,888,911	141,753,937
Mortgages Receivable	2,757,349	3,094,423	3,418,777
Leases and Loans Receivable	250,257,184	-	-
Other Receivables	4,448,900	2,791,581	2,867,677
Other Assets	37,889,967	33,844,200	36,308,628
<u>Total Assets</u>	<u>\$ 302,208,744</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</u>
<u>Liabilities</u>			
Accounts and Other Payables	\$ 2,914,096	\$ 1,207,444	\$ 1,423,325
Deferred Income	170,969	104,416	104,416
Bonds Payable	186,285,297	120,873,672	109,567,589
Notes Payable	-	25,355,000	33,185,000
Other Liabilities	69,483,333	35,799,924	33,125,542
<u>Total Liabilities</u>	<u>\$ 258,853,695</u>	<u>\$ 183,340,456</u>	<u>\$ 177,405,872</u>
Deferred Inflows	<u>\$ 30,585,494</u>	<u>6,896,490</u>	<u>7,277,691</u>
<u>Net Position</u>			
Invested in Capital Assets	\$ 6,466,847	\$ 4,571,447	\$ 5,369,320
Restricted	542,837	2,102,963	1,154,882
Restricted for Capital Improvements	70,684	70,684	70,684
Unrestricted	5,689,187	928,465	584,482
<u>Total Net Position</u>	<u>\$ 12,769,555</u>	<u>\$ 7,673,559</u>	<u>\$ 7,179,368</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 302,208,744</u>	<u>\$ 197,910,505</u>	<u>\$ 191,862,931</u>

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

	<u>Year Ended December 31, 2022</u>	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Operating Revenues	\$ 1,623,296	\$ 1,568,385	\$ 1,917,750
Operating Expenses	67,280	98,175	187,674
Depreciation Expense	<u>712,740</u>	<u>772,320</u>	<u>831,902</u>
Operating Income	\$ 843,276	\$ 697,890	\$ 898,174
Non Operating Revenues (Expenses)	<u>\$ (491,710)</u>	<u>\$ (203,699)</u>	<u>\$ (961,995)</u>
Change in Net Position	\$ 351,566	\$ 494,191	\$ (63,821)
Net Position, Restatement for Leases	4,744,430		
Net Position, Beginning of Year	<u>7,673,559</u>	<u>7,179,368</u>	<u>7,243,189</u>
Net Position, End of Year	<u>\$ 12,769,555</u>	<u>\$ 7,673,559</u>	<u>\$ 7,179,368</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, 2022 and 2021 is as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Bonds Payable at Beginning of Year	\$120,873,672	\$109,567,589
Bonds Issued	74,715,000	8,400,000
Bonds Refunded	---	(9,210,625)
Refunding Issued	---	20,000,000
Principal Payments on Bonds	<u>(9,303,375)</u>	<u>(7,883,292)</u>
Bonds Payable at End of Year	<u>\$186,285,297</u>	<u>\$120,873,672</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, 2022 and 2021 is as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Notes Payable Beginning of Year	\$25,355,000	\$33,185,000
Notes Issued	---	25,355,000
Scheduled Note Retirements	<u>(25,355,000)</u>	<u>(33,185,000)</u>
Notes Payable at End of Year	<u>\$-----</u>	<u>\$25,355,000</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.

BASIC FINANCIAL STATEMENTS

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ <u>1,605,930</u>	\$ <u>1,506,222</u>
<u>Total Unrestricted Current Assets</u>	<u>\$ 1,605,930</u>	<u>\$ 1,506,222</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 5,249,414	\$ 5,785,168
Rent and Fees Receivable	105,380	120,902
Accrued Interest Receivable	2,664,760	943,952
Minimum Lease Payments Receivable	-	35,374,371
Advanced Loan Payments	211,112	-
Loans Receivable	10,214,394	-
Mortgage Receivable	321,784	337,074
Notes Receivable	48,686	47,966
Leases Receivable	860,428	-
Fixed Assets (Net)	23,121,710	24,034,417
Investments	<u>980,000</u>	<u>970,000</u>
<u>Total Restricted Current Assets</u>	<u>\$ 43,777,668</u>	<u>\$ 67,613,850</u>
<u>Total Current Assets</u>	<u>\$ 45,383,598</u>	<u>\$ 69,120,072</u>
Noncurrent Assets:		
Minimum Loan Payments Receivable	\$ -	\$ 115,514,540
Loans Receivable	149,900,666	
Mortgage Receivable	2,435,565	2,757,349
Notes Receivable	1,630,074	1,678,761
Investments	1,740,000	2,720,000
Deferred Bond Premium	11,837,145	6,119,783
Leases Receivable	<u>21,898,795</u>	<u>-</u>
<u>Total Noncurrent Assets</u>	<u>\$ 189,442,245</u>	<u>\$ 128,790,433</u>
<u>TOTAL ASSETS</u>	<u>\$ 234,825,843</u>	<u>\$ 197,910,505</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 6,540	\$ 15,110
Deferred Income	-	104,416
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ -	\$ -
Interest Payable	2,907,556	1,192,334
Escrow Payable	38,604	38,604
Bonds Payable	11,830,731	9,303,375
Notes Payable	-	25,355,000
Loans Payable	694,819	649,829
Unearned Income	-	32,793,157
Deferred Revenue	170,969	416,778
	<u>15,642,679</u>	<u>69,749,077</u>
<u>Total Restricted Current Liabilities</u>	\$	\$
	<u>15,649,219</u>	<u>69,868,603</u>
<u>Total Current Liabilities</u>	\$	\$
Bonds Payable	174,454,566	111,570,297
Loans Payable	1,367,009	1,901,556
	<u>175,821,575</u>	<u>113,471,853</u>
<u>Total Long-Term Liabilities</u>	\$	\$
	<u>191,470,794</u>	<u>183,340,456</u>
<u>TOTAL LIABILITIES</u>	\$	\$
<u>DEFERRED INFLOWS</u>		
Premium on Sale of Bonds, Net of Amortization	\$ 12,570,701	\$ 6,896,490
Leases	18,014,793	
	<u>30,585,494</u>	<u>6,896,490</u>
<u>Total Deferred Inflows</u>	\$	\$
<u>NET POSITION</u>		
Net Position:		
Invested in Capital Assets	\$ 6,466,847	\$ 4,571,447
Restricted	542,837	2,102,963
Restricted - Capital Improvements	70,684	70,684
Unrestricted	5,689,187	928,465
	<u>12,769,555</u>	<u>7,673,559</u>
<u>TOTAL NET POSITION</u>	\$	\$
	<u>234,825,843</u>	<u>197,910,505</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues (Expenses):		
Administrative Fee Income	\$ 121,450	\$ 68,121
Rent Income	1,501,846	1,500,264
Operating Expenses	(67,280)	(98,175)
Depreciation Expense	<u>(712,740)</u>	<u>(772,320)</u>
Operating Income	\$ <u>843,276</u>	\$ <u>697,890</u>
Nonoperating Revenue (Expense):		
Interest Income - Unrestricted	\$ 6,808	\$ 3,153
Interest Income - Restricted	5,331,800	3,649,318
Interest Expense	<u>(5,830,318)</u>	<u>(3,856,170)</u>
Total Nonoperating Revenue (Expense)	\$ <u>(491,710)</u>	\$ <u>(203,699)</u>
Change in Net Position	\$ 351,566	\$ 494,191
Net Position, Beginning of Year	\$ 7,673,559	\$ 7,179,368
Net Position Restatement for Leases	<u>4,744,430</u>	<u> </u>
Net Position, End of Year	\$ <u><u>12,769,555</u></u>	\$ <u><u>7,673,559</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 1,743,234	\$ 1,505,683
Payments to Suppliers	<u>(75,850)</u>	<u>(91,157)</u>
Net Cash Provided by Operating Activities	\$ <u>1,667,384</u>	\$ <u>1,414,526</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuing Bonds	\$ 81,022,807	\$ 28,400,000
Repayment of Project Notes	(25,355,000)	25,355,000
Payment of Bond Principal	(9,303,375)	(7,883,292)
Payment of Note Principal	-	(33,185,000)
Payment of Loan Principal	(489,557)	-
Other Financing Use - Refunding Bonds	-	(9,210,625)
Interest Paid on Bonds	(4,748,693)	(4,554,818)
Net Lease Financing Activity	<u>(44,191,527)</u>	<u>(2,399,695)</u>
Net Cash Used in Financing Activities	\$ <u>(3,065,345)</u>	\$ <u>(3,478,430)</u>
Cash Flows From Investing Activities:		
Purchases of Capital Projects	\$ (199,967)	\$ 79,227
Payments Received on Mortgage Receivable	337,074	324,354
Payments Received on Notes Receivable	47,967	80,591
Payments Received on Local Unit Bonds	970,000	1,210,000
Payments for Capital Improvements	(199,967)	144,057
Interest Received	<u>6,808</u>	<u>3,153</u>
Net Cash Provided by Investing Activities	\$ <u>961,915</u>	\$ <u>1,841,382</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (436,046)	\$ (222,522)
Cash and Cash Equivalents, Beginning of Year	\$ <u>7,291,390</u>	\$ <u>7,513,912</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>6,855,344</u></u>	\$ <u><u>7,291,390</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 843,276	\$ 697,890
Depreciation	712,740	772,320
Changes in Operating Assets and Liabilities:		
Rent and Fees Receivable	15,522	(62,702)
Accounts Payable	(8,570)	7,018
Deferred Income	104,416	-
Net Cash Provided by Operating Activities	\$ <u><u>1,667,384</u></u>	\$ <u><u>1,414,526</u></u>

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

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(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 U.S. 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. Revenues are recognized when earned and expenses are recognized when incurred.

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, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 loan agreements.

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Authority considers cash in banks and short-term investments with original maturities of less than three months as cash and cash equivalents.

Leases Receivable

Leases Receivables are measured at the present value of the lease payments expected to be received during the lease term. The Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized in a systematic and rational manner over the life of the related lease.

Investments

The Authority's investment policy principally permits the investing of funds in the following types of investments:

- Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States or by another such agency and Defeasance Securities.
- Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.
- Deposits in the NJ Cash Management Fund and other deposits defined in the Authority's Bond Resolutions.

Accounts Receivable

The Authority considers all accounts receivable to be fully collectible; no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Beginning with the year ended December 31, 2021, the Authority has implemented GASB Statement 87, *Leases*. GASB Statement 87 establishes criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. A Lessee is required to recognize a lease liability and an intangible right to use asset, and a Lessor is required to recognize a lease receivable and a deferred inflow of resources.

As a result, assets shown as Leases Receivable in 2021 were determined to be a loan and were reclassified as a Loan Receivable in 2022.

Fixed Assets

Fixed Assets are stated at cost which includes direct construction costs, other expenditures related to construction, and net interest expense on tax-exempt borrowings obtained to finance construction projects.

Depreciation is determined on a straight-line basis for all property and equipment. Depreciation is provided over the following estimated useful lives:

Building and improvements	10-15 years
Bond Costs	10 years
Other Equipment	3-5 years
Vehicles	3 years

Project costs are not depreciated until placed in service.

Details of property, and equipment as of December 31, are as follows:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$22,873,135	\$22,873,135
Project Costs	5,459,361	5,659,328
Less: Accumulated Depreciation	<u>5,210,786</u>	<u>4,498,046</u>
Net Fixed Assets	<u>\$23,121,710</u>	<u>\$24,034,417</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

In accordance with the Bond Resolutions related to certain debt obligations of the Authority, the Authority may establish a Construction Fund in which may be deposited the proceeds of Bonds or Notes issued to finance the costs of capital projects. The Authority shall apply the amounts on deposit in the Construction Fund for the payment of costs related to capital facilities. The Authority may also apply the balance on deposit in the Construction Fund for the payment of the principal or redemption price or interest on its Bonds, as defined. Interest earned on Bond proceeds held by the Authority to fund construction projects in progress is applied as an offset to interest expense capitalized during the construction period.

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."

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.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

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.

(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, 2022 AND 2021

(4) CASH AND CASH EQUIVALENTS

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

	<u>2022</u>	<u>2021</u>
Unrestricted	\$ 1,605,930	\$ 1,506,222
Restricted	<u>5,249,414</u>	<u>5,785,168</u>
	<u>\$ 6,855,344</u>	<u>\$ 7,291,390</u>

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes permit the deposit of public funds only in banks which meet the requirements of the Governmental Unit Deposit Protection Act or the State of New Jersey Cash Management Fund. This Act, commonly referred to as "GUDPA", requires that banks which accept public funds to be a public depository. The statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits.

The Authority maintains its 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.

Restricted trust accounts are held in Money Market Funds. Scheduled lease payments, bond proceeds received in advance, bond principal and interest payments, and project costs due in the subsequent year are held in Money Market accounts.

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, 2022, 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, 2022 AND 2021

(5) INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
General Obligation Bonds: Borough of Somerville (2009B)	\$ 455,000	\$ 720,000
General Obligation Bonds: Borough of Somerville (2009C)	495,000	780,000
General Improvement Bonds: Borough of Somerville (2012)	<u>1,770,000</u>	<u>2,190,000</u>
	\$2,720,000	\$3,690,000
Due in one year	<u>980,000</u>	<u>970,000</u>
	<u>\$ 1,740,000</u>	<u>\$ 2,720,000</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.

(6) LOANS RECEIVABLE

The Authority has consummated various Loans Receivable as outlined below:

- In 1997, the Authority loaned funds to the County of Somerset (the "County") and the Somerset Patriots (the "Patriots") to provide for the construction by the County of a baseball stadium (the "Facility") for the Somerset Patriots. The balance due of this loan at December 31, 2022 is \$19,192,987.
- In 2010, the Authority loaned funds to a solar energy provider to provide solar energy panels for various towns in Somerset County. The balance due of this loan at December 31, 2022 is \$3,590,000.
- In 2011, the Authority loaned funds to a solar energy provider to provide solar energy panels for various towns in Somerset County. The balance due on this loan at December 31, 2022 is \$7,429,650.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(6) LOANS RECEIVABLE (CONTINUED)

- In 2010 and 2011, the Authority loaned funds to the Adult Day Center of Somerset County. These loans are guaranteed by the County of Somerset. The County holds an interest in the property. The balance due on these loans at December 31, 2022 is \$2,308,295.
- In 2013, the Authority loaned funds to the the Somerset County Educational Services Commission to provide funding for the acquisition and renovation of a warehouse building for use as a Career Center. The balance due on this loan at December 31, 2022 is \$4,875,000.
- In 2014, the Authority loaned funds to the Somerset County Educational Services Commission to provide funding for the acquisition of certain equipment. The balance due on this loan at December 31, 2022 is \$2,570,000.
- In 2016, the Authority loaned funds to the Borough of Somerville to provide funding to purchase property. The balance due on this loan at December 31, 2022 \$660,000.
- In 2009, the Authority loaned funds to the Borough of Somerville to provide funding for the purchase of property. In 2018, the terms of the agreement were revised. The balance due on this loan at December 31, 2022 \$3,605,000.
- In 2020, the Authority loaned funds to the Township of Montgomery to provide funding for the purchase of property and construct a new building. The balance due on this loan at December 31, 2022 is \$33,755,000.
- In 2022, the Authority refinanced its loan to the Township of Hillsborough for the acquisition of property. The balance due on this loan at December 31, 2022 is \$20,120,000.
- In 2022, the Authority refinanced its loan to the Borough of North Plainfield for the acquisition of property. The balance due on this loan at December 31, 2022 is \$3,800,000.
- In 2021, the Authority loaned additional funds to the solar energy provider for the continuation of the solar energy project. The balance due on this loan at December 31, 2022 is \$7,030,000.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(6) LOANS RECEIVABLE (CONTINUED)

- In 2022, the Authority loaned funds to the Borough of Bound Brook, the Borough of Watchung, the Borough of Somerville, and the County of Somerset under a Pooled Bond arrangement for various capital purposes. The balance due on this loan at December 31, 2022 is \$50,795,000.

These loans are payable at fixed rates of interest as required per the loan amortization schedules. These loans are guaranteed by the County of Somerset. The County holds an interest in the properties. The total balance due on these loans at December 31, 2022 \$159,730,932.

Additionally, under an agreement with a local Bank, the Authority provides and the County guarantees equipment financing for various Local Units in the County of Somerset. The balance due on these loans at December 31, 2022 is \$2,061,828.

(7) LEASES RECEIVABLE

The Authority, as lessor, has entered into the following leases:

Natirar Estate – Leased Premises consist of approximately 89 acres of land which is part of the Natirar Estate and designated as portions of Block 28 Lots 24.02 and 24.02Q as shown on the Peapack Gladstone Borough Tax Map. The lease of the Resort Leased Premises including the Villas shall be in effect for a period of ninety-nine (99) years commencing December 22, 2016. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at the discount rate. The discount rate is 2.38% and is equal to the incremental borrowing rate of the Lessor.

Neshanic Valley Golf Course Clubhouse – 2301 S. Branch Road, Neshanic Station, New Jersey. The lease term expires February 28, 2027 with the option to extend for an additional five years. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at the discount rate. The discount rate is 0.69% and is equal to the incremental borrowing rate of the Lessor.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(7) LEASES RECEIVABLE (CONTINUED)

Office Space – 73 East High Street, Somerville, New Jersey – The current lease term expires May 30, 2041. The lessee must provide notice of intention to terminate to the lessor no less than one year prior to the date of termination. The lease receivable is measured as the present value of the future minimum lease payments expected to be received during the lease term at the discount rate. The discount rate is 2.60% and is equal to the incremental borrowing rate of the Lessor.

Under the provisions of GASB 87, in 2022 the Authority would recognize lease expense of \$834,389 and \$555,269 of interest expenses under these leases.

The future minimum lease payments to be paid under the lease agreement under GASB 87 are as follows:

Year Ended December 31	Principal	Interest	Total Payment
2023	\$ 860,428	\$ 556,564	\$ 1,416,992
2024	886,746	534,413	1,421,159
2025	914,508	511,651	1,426,159
2026	938,718	488,274	1,426,992
2027	937,640	464,352	1,401,992
Thereafter	18,221,183	4,349,793	22,570,976
Totals	<u>\$22,759,223</u>	<u>\$6,905,047</u>	<u>\$29,664,270</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(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 Natirar, LLC for the purposes of renovating and developing the property for public benefit. The Authority began collecting voluntary rent from Natirar in 2010. Rent payments received for the years 2022 and 2021 amounted to \$245,609 and \$250,428, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(8) FIXED ASSETS (CONTINUED)

- A. The Authority capitalizes all costs associated with the Project. Costs incurred on this Project through December 31, 2022 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>(12,323)</u>
Total Project Costs	<u>\$ 5,185,824</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.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(8) FIXED ASSETS (CONTINUED)

- C. 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.

The Authority capitalized all costs associated with the Project. Costs incurred on the Project through December 31, 2022 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.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(8) FIXED ASSETS (CONTINUED)

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, 2022 and 2021 amounted to \$5,210,786 and \$4,498,046, respectively.

- D. 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, 2022 are as follows:

Interest Cost on Debt	<u>\$273,538</u>
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- E. 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, 2022 are as follows:

Interest Cost on Debt	<u>\$79,988</u>
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SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(9) MORTGAGES RECEIVABLE

On August 4, 2004, the Authority, as Lessor, entered into a Mortgage Loan Agreement for property at 18 West Prospect Street, Waldwick, New Jersey, 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 \$2,757,349 and \$3,094,423 as of December 31, 2022 and 2021, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(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:

2023	\$ 11,830,731
2024	12,613,528
2025	12,513,516
2026	12,811,094
2027	11,082,354
2028 – 2032	42,782,327
2033 – 2037	35,511,466
2038 – 2042	17,552,158
2043 – 2047	23,987,339
2048 – 2052	<u>5,600,785</u>
	<u>\$186,285,297</u>

A summary of the Bonds Payable activity for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Bonds Payable at Beginning of Year	\$120,873,672	\$109,567,589
Bonds Issued	74,715,000	28,400,000
Bonds Refunded	(--)	(9,210,625)
Refunding Issued	--	--
Principal Payments on Bonds	<u>(9,303,375)</u>	<u>(7,883,292)</u>
Bonds Payable at End of Year	<u>\$186,285,297</u>	<u>\$120,873,672</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(11) NOTES PAYABLE

The Authority has issued various Notes for capital purposes at interest rates ranging from .5% to 3%. No principal payments were due on notes payable at December 31, 2022.

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

	<u>2022</u>	<u>2021</u>
Notes Payable Beginning of Year	\$25,355,000	\$33,185,000
Notes Issued	---	25,355,000
Scheduled Note Retirements	<u>(25,355,000)</u>	<u>(33,185,000)</u>
Notes Payable at End of Year	<u>\$-----</u>	<u>\$25,355,000</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, 2022 and 2021 amounts to \$12,570,701 and \$6,896,490, respectively.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(13) NET POSITION

The components of net position are as follows:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net Position:		
Invested in Capital Assets, net of related liabilities	\$6,466,847	\$4,571,447
Restricted:		
Renewable Energy Project Fund	<u>542,837</u>	<u>2,102,963</u>
Total Restricted	<u>\$7,009,684</u>	<u>\$6,674,410</u>
Restricted – Capital Improvements	70,684	70,684
Unrestricted	<u>5,689,187</u>	<u>928,465</u>
Total Net Position	<u>\$12,769,555</u>	<u>\$7,673,559</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 Delicious Heights, 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 Delicious Heights. The Authority remits this rent amount to the Park Commission. For the years ended December 31, 2022 and 2021, the total rent received from Crave Events and remitted to the Park Commission amounted to \$23,464 and \$30,000, respectively.

(15) SUBSEQUENT EVENTS

The Somerset County Improvement Authority has evaluated subsequent events occurring after the financial statement date through November 20, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the following subsequent event has occurred.

(17) CONTINGENCIES AND COMMITMENTS

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2022, 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.

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, 2022 AND 2021

	<u>2022</u> <u>BUDGET</u>	<u>2022</u> <u>ACTUAL</u>	<u>INCREASE/</u> <u>(DECREASE)</u>	<u>2021</u> <u>ACTUAL</u>
Revenues:				
Somerset County Contribution	\$ 50,000	\$ 121,450	\$ 71,450	\$ 68,121
Administrative Fees and Service Charges		1,501,846	1,501,846	1,500,264
Rent Income		39,213,193	2,215,994	45,623,110
Principal and Interest Payments	<u>36,997,199</u>	<u>39,213,193</u>	<u>2,215,994</u>	<u>45,623,110</u>
<u>TOTAL REVENUES</u>	<u>\$ 37,047,199</u>	<u>\$ 40,836,489</u>	<u>\$ 3,789,290</u>	<u>\$ 47,191,495</u>
Operating Expenses:				
Administration	<u>50,000</u>	<u>67,280</u>	<u>17,280</u>	<u>98,175</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 50,000</u>	<u>\$ 67,280</u>	<u>17,280</u>	<u>98,175</u>
Debt Service:				
Principal on Bonds and Notes	\$ 33,484,274	\$ 34,658,375	\$ 1,174,101	\$ 41,068,292
Interest on Bonds and Notes	3,512,925	4,554,818	1,041,893	4,554,818
Accumulated Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEBT SERVICE</u>	<u>\$ 36,997,199</u>	<u>\$ 39,213,193</u>	<u>\$ 2,215,994</u>	<u>\$ 45,623,110</u>
<u>TOTAL OPERATING EXPENSES</u> <u>AND DEBT SERVICE</u>	<u>\$ 37,047,199</u>	<u>\$ 39,280,473</u>	<u>\$ 2,233,274</u>	<u>\$ 45,721,285</u>
<u>EXCESS (DEFICIT) OF REVENUES</u> <u>OVER EXPENDITURES</u>	<u>\$ -</u>	<u>\$ 1,556,016</u>	<u>\$ 1,556,016</u>	<u>\$ 1,470,210</u>

Reconciliation to Operating Income

Excess (Deficit) of Revenues over Expenditures	\$ 1,556,016
Add: Principal payments on Bonds and Notes	34,658,375
Interest payments on Bonds and Notes	4,554,818
Less: Principal and Interest payments received	(39,213,193)
Less: Depreciation Expense	<u>(712,740)</u>
Operating Income (Exhibit B)	<u>\$ 843,276</u>

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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
		\$	<u>3,400,000</u>

The bonds pay interest annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
2023	4.00%	\$ 265,000
2024	4.00%	<u>190,000</u>
		\$ <u><u>455,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
2023	5.250%	\$ 285,000
2024	5.250%	<u>210,000</u>
		\$ <u><u>495,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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>1,678,760</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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>629,535</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
2023	2.000%	\$ 430,000
2024	2.100%	440,000
2025	2.250%	475,000
2026	2.375%	<u>425,000</u>
		\$ <u><u>1,770,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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/>
		\$ <u>4,875,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE</u>
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%	<u>438,829</u>
		\$ <u><u>2,757,349</u></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, 2022

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>
2023	5.00%	\$ 595,000
2024	5.00%	625,000
2025	5.00%	660,000
2026	5.00%	<u>690,000</u>
		\$ <u><u>2,570,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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>15,180,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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/>
		\$ 660,000
		<hr/> <hr/>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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
		<u>\$ 3,605,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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>\$ 33,755,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
2023	0.535%	\$ 1,270,000
2024	0.821%	1,215,000
2025	0.971%	1,160,000
2026	1.244%	<u>1,115,000</u>
		\$ <u><u>4,760,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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>
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>8,355,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITYBONDS PAYABLE DECEMBER 31, 2022COUNTY 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>
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>6,265,997</u>	\$ <u>13,328,655</u>	\$ <u>19,594,652</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

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 APRIL 15</u>
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%	<u>1,420,000</u>
		\$ <u><u>7,030,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

COUNTY GUARANTEED
LEASE REVENUE BONDS, SERIES 2022A
(NORTH PLAINFIELD)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 15</u>
2023	1.639%	\$ 135,000
2024	1.719%	205,000
2025	2.019%	210,000
2026	2.177%	215,000
2027	2.000%	220,000
2028	5.000%	225,000
2029	5.000%	235,000
2030	5.000%	250,000
2031	5.000%	260,000
2032	5.000%	275,000
2033	4.000%	290,000
2034	4.000%	300,000
2035	4.000%	315,000
2036	4.000%	325,000
2037	4.000%	340,000
		<hr/>
		\$ <u><u>3,800,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

COUNTY GUARANTEED
 LEASE REVENUE BONDS, SERIES 2022
(TOWNSHIP OF HILLSBOROUGH PROJECT)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 31</u>
2023	0.000%	\$ -
2024	3.193%	470,000
2025	3.479%	485,000
2026	3.644%	500,000
2027	3.794%	520,000
2028	3.947%	540,000
2029	4.047%	565,000
2030	4.284%	585,000
2031	4.484%	615,000
2032	4.534%	640,000
2033	5.750%	675,000
2034	5.750%	715,000
2035	5.750%	760,000
2036	5.750%	800,000
2037	5.750%	850,000
2038	5.057%	895,000
2039	5.057%	945,000
2040	5.057%	995,000
2041	5.057%	1,045,000
2042	5.057%	1,100,000
2043	5.157%	1,155,000
2044	5.157%	1,215,000
2045	5.157%	1,280,000
2046	5.157%	1,350,000
2047	5.157%	1,420,000
		<u>\$ 20,120,000</u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2022

COUNTY GUARANTEED
GOVERNMENT POOLED LOAN REVENUE BONDS
(SERIES 2022)

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE SEPTEMBER 1</u>
2023	5.000%	\$ 2,360,000
2024	5.000%	2,725,000
2025	5.000%	3,000,000
2026	5.000%	3,155,000
2027	5.000%	3,640,000
2028	5.000%	3,820,000
2029	5.000%	4,015,000
2030	5.000%	4,215,000
2031	5.000%	4,405,000
2032	5.000%	4,595,000
<u>TERM BOND</u>		
2037	5.000%	<u>14,865,000</u>
		\$ <u><u>50,795,000</u></u>

The bonds pay interest semi-annually.

SOMERSET COUNTY IMPROVEMENT AUTHORITY

DECEMBER 31, 2022

GENERAL COMMENTS AND RECOMMENDATIONS

NONE