

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 18, 2025**

**RATING: MOODY'S: "Aaa"**  
**(See "RATING" herein)**

**NEW ISSUE – Book-Entry-Only**

*In the opinion of Gibbons P.C., Bond Counsel to the County (as defined herein), assuming continuing compliance by the County with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**COUNTY OF SOMERSET, NEW JERSEY**  
**\$34,447,000 General Obligation Bonds, Series 2025**  
**Consisting of**  
**\$28,862,000 General Improvement Bonds, Series 2025A,**  
**\$1,248,000 County Vocational School Bonds, Series 2025B**  
**(New Jersey School Bond Reserve Act, P.L. 1980, c. 72),**  
**\$2,835,000 County College Bonds, Series 2025C,**  
**and**  
**\$1,502,000 County College Bonds, Series 2025D**  
**(County College Bond Act, P.L. 1971, c. 12)**  
**(Callable)**

**Dated: Date of Delivery**

**Due: January 15, as set forth on the inside front cover**

The \$34,447,000 General Obligation Bonds, Series 2025, consisting of \$28,862,000 General Improvement Bonds, Series 2025A, \$1,248,000 County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), \$2,835,000 County College Bonds, Series 2025C, and \$1,502,000 County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) (collectively, the "Bonds"), are being issued by the County of Somerset (the "County"), a public body corporate and politic of the State of New Jersey, as one fully registered bond for each maturity for each series of Bonds in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) on the records of DTC and DTC Participants in the principal amount of \$1,000 each or any integral multiple thereof. Beneficial owners of the Bonds will not receive certificates representing their ownership interests in the Bonds. As long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references in this Official Statement to the registered owner shall mean Cede & Co., and not the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be dated the date of delivery and will mature on January 15 in the years and in the principal amounts set forth on the inside front cover hereof. The principal or redemption premium, if any, shall be paid on the respective maturity dates in accordance with the Notice of Sale. Interest on the Bonds is payable semi-annually on January 15, 2026 and on each July 15 and January 15 thereafter until maturity or prior optional redemption to the registered owners of the Bonds, as of the next preceding January 1 and July 1. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, the principal of and interest on the Bonds are payable by the County to Cede & Co., as nominee for DTC which is obligated to remit such principal, redemption premium, if any, and interest to DTC Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to redemption prior to maturity as set forth herein.

The Bonds constitute valid and binding general obligations of the County for the payment of which the County is obligated to levy *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount.

*The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving legal opinion of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the County in connection with the issuance of the Bonds. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about July 15, 2025, in New York, New York, or at such other place and time as may be agreed to by the County.*

**ELECTRONIC BIDS VIA BIDCOMP/PARITY WILL BE RECEIVED  
FOR THE BONDS UNTIL 11:00 A.M. ON JUNE 25, 2025**

Dated: June \_\_, 2025

**COUNTY OF SOMERSET  
STATE OF NEW JERSEY**

**\$28,862,000 GENERAL IMPROVEMENT BONDS, SERIES 2025A**

<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$1,417,000				2034	\$1,965,000			
2027	1,485,000				2035	2,045,000			
2028	1,545,000				2036	2,130,000			
2029	1,605,000				2037	2,230,000			
2030	1,675,000				2038	2,335,000			
2031	1,740,000				2039	2,440,000			
2032	1,810,000				2040	2,555,000			
2033	1,885,000								

**\$1,248,000 COUNTY VOCATIONAL SCHOOL BONDS, SERIES 2025B  
(NEW JERSEY SCHOOL BOND RESERVE ACT, P.L. 1980, C. 72)**

<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$58,000				2034	\$ 85,000			
2027	65,000				2035	90,000			
2028	65,000				2036	95,000			
2029	70,000				2037	95,000			
2030	75,000				2038	100,000			
2031	75,000				2039	105,000			
2032	80,000				2040	110,000			
2033	80,000								

**\$2,835,000 COUNTY COLLEGE BONDS, SERIES 2025C**

<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$140,000				2034	\$190,000			
2027	145,000				2035	200,000			
2028	150,000				2036	210,000			
2029	160,000				2037	220,000			
2030	165,000				2038	230,000			
2031	170,000				2039	240,000			
2032	180,000				2040	250,000			
2033	185,000								

**\$1,502,000 COUNTY COLLEGE BONDS, SERIES 2025D  
(COUNTY COLLEGE BOND ACT, P.L. 1971, C. 12)**

<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>	<u>Year</u> <u>(January 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2026	\$ 72,000				2034	\$105,000			
2027	80,000				2035	105,000			
2028	80,000				2036	110,000			
2029	85,000				2037	115,000			
2030	85,000				2038	120,000			
2031	90,000				2039	125,000			
2032	95,000				2040	135,000			
2033	100,000								

\* CUSIP is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**COUNTY OF SOMERSET,  
STATE OF NEW JERSEY**

**BOARD OF COUNTY COMMISSIONERS**

<u>Commissioner</u>	<u>Title</u>	<u>Term Expires</u>
Shanel Y. Robinson	Director	December 31, 2027
Melonie Marano	Deputy Director	December 31, 2025
Paul M. Drake	Commissioner	December 31, 2026
Sara Sooy	Commissioner	December 31, 2027
Vacancy		

**COUNTY ADMINISTRATOR**

Colleen Mahr

**CLERK TO THE BOARD OF COUNTY COMMISSIONERS**

Kelly L. Mager

**COUNTY CLERK**

Steve Peter

**DIRECTOR OF FINANCE AND ADMINISTRATION/CHIEF FINANCIAL OFFICER**

Yvonne Childress

**DIRECTOR OF FISCAL OPERATIONS**

Samantha Zabawa

**COUNTY COUNSEL**

Joseph DeMarco, Esquire  
Cleary Giacobbe Alfieri Jacobs, LLC  
Oakland, New Jersey

**INDEPENDENT AUDITOR**

PKF O'Connor Davies, LLP  
Cranford, New Jersey

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Bloomfield, New Jersey

**BOND COUNSEL**

Gibbons P.C.  
Newark, New Jersey

No dealer, broker, salesperson or other person has been authorized by the County of Somerset, New Jersey (the "County") or the Underwriter to give any information, or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds referred to herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the County and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the County. References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the County during normal business hours. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
INTRODUCTORY STATEMENT .....	1
AUTHORIZATION FOR THE BONDS.....	1
PURPOSES OF ISSUE.....	2
DESCRIPTION OF THE BONDS .....	3
SECURITY FOR THE BONDS.....	4
MARKET PROTECTION.....	6
BOOK-ENTRY ONLY SYSTEM.....	6
SUMMARIES OF CERTAIN PROVISIONS OF THE LOCAL BUDGET LAW AND THE LOCAL FISCAL AFFAIRS LAW .....	8
FINANCIAL OPERATIONS .....	11
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	12
SHORT TERM FINANCING .....	13
LEGALITY FOR INVESTMENT .....	13
MUNICIPAL BANKRUPTCY .....	13
LITIGATION.....	14
APPROVAL OF LEGAL PROCEEDINGS.....	14
TAX MATTERS.....	14
RATING .....	16
PREPARATION OF OFFICIAL STATEMENT .....	16
MUNICIPAL ADVISOR.....	17
SECONDARY MARKET DISCLOSURE.....	17
CYBER SECURITY.....	18
INFECTIOUS DISEASE OUTBREAK - COVID-19.....	18
UNDERWRITING .....	19
FINANCIAL STATEMENTS OF THE COUNTY .....	19
ADDITIONAL INFORMATION.....	19
MISCELLANEOUS .....	19
 Appendix A – Information Concerning the County of Somerset, New Jersey.....	 A-1
Appendix B – Financial Statements of the County of Somerset, New Jersey Including Unaudited Financial Statements For The Year Ended December 31, 2024 .....	B-1
Appendix C – Form of Continuing Disclosure Certificate .....	C-1
Appendix D – Form of Approving Opinion of Gibbons P.C.....	D-1

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**OFFICIAL STATEMENT  
OF  
COUNTY OF SOMERSET, NEW JERSEY  
RELATING TO**

**\$34,447,000 General Obligation Bonds, Series 2025  
Consisting of  
\$28,862,000 General Improvement Bonds, Series 2025A,  
\$1,248,000 County Vocational School Bonds, Series 2025B  
(New Jersey School Bond Reserve Act, P.L. 1980, c. 72),  
\$2,835,000 County College Bonds, Series 2025C,  
and  
\$1,502,000 County College Bonds, Series 2025D  
(County College Bond Act, P.L. 1971, c. 12)  
(Callable)**

**INTRODUCTORY STATEMENT**

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by the County of Somerset (the “County”), a public body corporate and politic of the State of New Jersey (the “State”) to provide certain information relating to the County and its \$34,447,000 aggregate principal amount of its General Obligation Bonds, Series 2025, consisting of \$28,862,000 General Improvement Bonds, Series 2025A, \$1,248,000 County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), \$2,835,000 County College Bonds, Series 2025C, and \$1,502,000 County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) (collectively, the “Bonds”), dated the date of delivery, including a general description of the Bonds, the purposes of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial and economic information relating to the County and other information pertinent to the Bonds.

All financial and other information presented herein has been provided by the County from its records except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the County. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. This Official Statement should be read in its entirety in order to make an informed investment decision.

**AUTHORIZATION FOR THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the “Local Bond Law”), and where appropriate, Title 18A, Education, of the New Jersey Statutes; (ii) a bond resolution adopted by the Board of County Commissioners of the County on June 11, 2025; and (iii) the bond ordinances detailed in “PURPOSES OF ISSUE” (the “Bond Ordinances”). The Bond Ordinances included in the sale of the Bonds were published in full or in summary form after its adoption along with the statement that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinance can be commenced began to run from the date of the first publication of such estoppel

statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Bonds of the County.

**PURPOSES OF ISSUE**

The proceeds of the Bonds will be used to permanently finance the acquisition and undertaking of various previously unfunded capital improvements. The Bonds are authorized by a bond resolution adopted by the Board of County Commissioners of the County on June 11, 2025 and various bond ordinances of the Board of County Commissioners of the County as set forth in the tables below.

**General Improvement Bonds, Series 2025A**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
17-434	Various Improvements	\$ 123,000
21-759	Various Improvements	2,079,000
22-699	Various Improvements	1,174,000
22-1690	Various Improvements	4,714,000
23-399	Various Improvements	5,394,000
23-1399	Various Improvements	12,941,000
24-597	Various Improvements	2,437,000
<b>Total:</b>		<b><u>\$28,862,000</u></b>

**County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
22-1570	Vocational School Improvements	\$1,248,000
<b>Total:</b>		<b><u>\$1,248,000</u></b>



### **County College Bonds, Series 2025C**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
22-2080	Raritan Valley Community College Improvements	\$1,333,000
25-798	Raritan Valley Community College Improvements	1,502,000
<b>Total:</b>		<b><u>\$2,835,000</u></b>

### **County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
25-798	Raritan Valley Community College Improvements	\$1,502,000
<b>Total:</b>		<b><u>\$1,502,000</u></b>

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds shall be dated their date of delivery and will mature on January 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their dated date, payable semiannually on each January 15 and July 15 (each, an "Interest Payment Date"), commencing January 15, 2026, in each year until maturity or prior optional redemption, at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each series of Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$1,000 each or any integral multiple thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest due on the Bonds will be made by the County as paying agent (the "Paying Agent") directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 1 and July 1 (the "Record Dates" for the payment of interest on the Bonds). See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Optional Redemption Provisions**

The Bonds maturing on or prior to January 15, 2032 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after January 15, 2033 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2032 at the option of the County, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

### **SECURITY FOR THE BONDS**

The Bonds will be general obligations of the County. All of the taxable property within the County is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditor's rights or remedies heretofore or hereafter enacted.

#### **Additional Security for the County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72)**

The County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) will be secured by the School Bond Reserve ("School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") and in accordance with the New Jersey School Bond Reserve Act, P.L. 1980, c. 72, approved July 16, 1980 (the "School Bond Reserve Act" and codified at N.J.S.A. 18A:56-17 *et. seq.*). The School Bond Reserve shall consist of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account shall be funded in an amount equal to at least one and one-half (1 1/2 %) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued prior to July 1, 2003, exclusive of bonds the debt service for which is provided by the State, provided such amounts do not exceed the moneys available in the old school bond reserve account. The new school bond reserve account shall be funded in an amount equal to at least one (1%) per cent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes for all such indebtedness issued on and after July 1, 2003, exclusive of bonds the debt service for which is provided by State appropriations.

The School Bond Reserve Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States Government or obligations guaranteed by the full faith and credit of the United States Government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. The trustees of the Fund are to determine, on or before September 15 of each year the aggregate amount of school purpose bonds issued and outstanding and to maintain the old school bond reserve account and the new school bond reserve account for the ensuing year at appropriate levels based upon market valuation of the obligations invested. The funds that are set aside in the old school bond reserve account constitute a reserve for the prompt payment to holders of bonds issued for school

purposes by counties, municipalities or school districts of the principal of and interest of bonds issued prior to July 1, 2003 for school purposes in the event of the inability of the issuer to make payments. The funds that are set aside in the new school bond reserve account constitute a reserve for the prompt payment to holders of bonds issued for school purposes by counties, municipalities or school districts of the principal of and interest of bonds issued on and after July 1, 2003 for school purposes in the event of the inability of the issuer to make payments. In the event that the amount held in the old school bond reserve account exceeds the amount required to be held pursuant to the School Bond Reserve Act, the excess may be transferred by the State Treasurer to the new school bond reserve account. In the event that the amounts in either the old school bond reserve account or the new school bond reserve account fall below the amount required to make payments on bonds, the amounts in both the old school bond reserve account and new school bond reserve account shall be available to make payments for bonds secured by the reserve.

Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the old school bond reserve account and the new school bond reserve account as required pursuant to the School Bond Reserve Act. To the extent moneys available under the N.J.S.A. 18A:56-1 *et. seq.* are insufficient to maintain each of the old school bond reserve account and the new school bond reserve account at the required levels, the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the old school bond reserve account and the new school bond reserve account at the levels required pursuant to the School Bond Reserve Act. No money may be borrowed from the Fund to provide liquidity to the State unless the one and one-half (1 1/2%) per cent and one (1%) per cent accounts are at the levels certified as full funding on the most recent June 30 calculation date.

If a municipality, county or school district is unable to meet payment of principal of or interest on any of its bonds issued for school purposes, the trustee of the Fund will purchase such bonds at par value or will pay to the bondholders the interest due or to become due within the limit of funds available in the School Bond Reserve in accordance with the provisions of the School Bond Reserve Act.

The County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) have not been assigned a separate rating based upon the School Bond Reserve Act.

**Additional Security for the County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12)**

The County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A. 18A:64A-22.1 *et seq.*) (the "County College Bond Act"). Under the provisions of the County College Bond Act, the State shall appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12). The amount paid by the State pursuant to the County College Bond Act are paid directly to the paying agent for the County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) and therefore must be used for the payment of the principal of and interest on the County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12). Any obligations issued by the County that are entitled to the benefits of the provisions of the County College Bond Act are not debts or liabilities of the State, but are dependent for repayment upon appropriations by law from time to time.

The County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) have not been assigned a separate rating based upon the County College Bond Act.

### **MARKET PROTECTION**

The County does not anticipate issuing additional bonds or notes within the next ninety (90) days.

### **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each series will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer (i.e., the County) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC or the DTC participants.

**The County will not have any responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (2) the payment by any DTC Direct Participant of any amount due to any Indirect Participant or Beneficial Owner with respect to the principal of or interest on the Bonds; (3) the delivery by any Direct Participant of any notice to any Indirect Participant or Beneficial Owner which is required or permitted under the terms of the Bonds to be given to owners of the Bonds; or (4) any consent given or other action taken by DTC as holder of the Bonds.**

## **SUMMARIES OF CERTAIN PROVISIONS OF THE LOCAL BUDGET LAW AND THE LOCAL FISCAL AFFAIRS LAW**

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs, State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local governmental unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. The Director has no authority over individual operating appropriations unless a specific amount is required by law, but the review, focusing on anticipated revenues, functions to protect the solvency of all local governmental units. The cash basis budgets of local governmental units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local governmental unit's expenditures exceed its realized revenues for that year, then such deficiency must be raised in the next succeeding year's budget.

### **Limitation on Tax Levy/Appropriations**

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the County shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year's County tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the County may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax rate of the County for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than 3.5% over the previous year's county tax levy. See N.J.S.A. 40A:4-45.14. The Cost-of-Living Adjustment for Calendar Year 2025 is 2.5%. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a, -45.15b) and Chapter 74 of the

Laws of New Jersey of 2004, counties may “Cap” bank under the Local Budget Law. Counties are permitted to appropriate available “Cap Bank” in either of the next two (2) succeeding years’ final appropriations if its actual appropriations in a fiscal year are below the allowable Cost of Living Adjustment.

Additionally, the Legislature of the State of New Jersey has previously enacted P.L. 2007, c. 62 (the “Property Tax Act”) effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has now been amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the “Amendment”) and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division or the Local Finance Board (the “LFB”) are no longer available under the Amendment.

The CAP law does not place any limitation on the tax levy/appropriations for debt service payable by the County.

## **Real Estate Taxes**

The amount of taxes or rate of taxation which may be levied by the County directly are subject to the aforementioned Property Tax Act and Amendment. The amount of County taxes required to be raised are apportioned among the municipalities within the County by the County’s Board of Taxation. The County’s Board of Taxation fixes and determines the tax rate to be levied by each of the twenty-one municipalities in the County, which rate includes the amount required for County, local and regional school district, and municipal purposes.

Current property taxes are collected by the tax collectors of the municipalities within the County. Each municipality is required to pay to the County’s Treasurer its share of the County property tax on the fifteenth (15th) days of February, May, August and November of each year, and if need be, to borrow money to make such payments, as provided by New Jersey law. In the case of added or omitted taxes for County purposes, a municipality has until February 15 of the next following fiscal year to pay in full such added or omitted taxes. Consequently, counties in the State experience 100% tax collection.

## **Miscellaneous Revenues**

Section 26 of the Local Budget Law provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director (the “Director”) of the Division of Local Government Services (the “Division”) in the New Jersey Department of Community Affairs shall determine, upon application by the local governmental unit’s governing body, that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local governmental unit”.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof, with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal year for such grants rarely coincides with

a local governmental unit's fiscal year. Grant revenue is generally not realized until received in cash. In addition, the Director may approve the insertion of any special item of revenue in the budget of a local governmental unit when such item has been made available by any private or public funding source and may further approve an offsetting appropriation item.

### **Deferral of Current Expenses**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of a local governmental unit. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges which may be amortized over three years; tax map preparation, revision of ordinances, and master plan preparation which may be amortized over a maximum of five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the local governmental unit.

### **Capital Budget**

In accordance with the Local Budget Law, each local governmental unit shall revise annually a one to a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next one to six years.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

The Local Fiscal Affairs Law regulates the nonbudgetary financial activities of local governmental units. An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental unit's financial procedures and must be filed with the Director within six months after the close of its fiscal year. A synopsis of the Audit Report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion. The entire annual audit report is on file with the County's Treasurer and is available for review during business hours.

The chief financial officer of every local governmental unit also must file annually with the Director a verified statement of the financial condition (the "Annual Financial Statement") of a local governmental unit as of the close of the fiscal year. The Annual Financial Statement of the County is on file with the County's Chief Financial Officer and is available for review during business hours.

In addition, the chief financial officer of every local governmental unit must also file annually with the Director an Annual Debt Statement which is amended for each new authorization of debt by



type and amount. The Annual Debt Statement, with amendments, is on file with the County's Chief Financial Officer and is available for review during business hours.

Each local governmental unit must adopt a cash management plan and is to deposit its funds pursuant to that plan. The cash management plan designates a depository or depositories or may provide that deposits may be made with the State of New Jersey Cash Management Fund. The cash management plan is subject to an annual audit and may be modified from time-to-time to reflect changes in federal or State law or regulations.

## **FINANCIAL OPERATIONS**

### **Basis of Accounting**

The accounting policies of the County conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. The following is a summary of the applicable significant accounting policies:

**Basis of Accounting** - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Fixed Assets** - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

### **Current Fund**

The County finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The County operates on a January 1 to December 31 fiscal year.

### **General Expenditures**

Expenditures are comprised of those made for general County purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general County purposes include payments made primarily in support of the County's various departments.

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for capital purposes.

### **Statutory Debt Limit**

The authorized indebtedness of a county is limited by statute, subject to certain exceptions, to an amount equal to 2.00% of its State average equalized valuation basis. The State average equalized valuation basis of a local governmental unit is set by statute as the average for the last three immediately preceding years of the equalized value of all taxable real property and improvements thereon, and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt, including: (i) indebtedness incurred for school purposes, self-liquidating purposes, and certain other purposes authorized by law; (ii) certain guaranteed indebtedness; and (iii) indebtedness for which there are funds on hand or accounts receivable from the federal government, the State of New Jersey or a public instrumentality thereof applicable to the payment thereof are permitted to be deducted for purposes of computing the statutory net debt limitation of a local governmental unit.

### **Exceptions to Statutory Debt Limit**

The debt limit of a local governmental unit may be exceeded with the approval of the LFB. If all or any part of a proposed debt authorization is to exceed a local governmental unit's debt limit, a local governmental unit must apply to the LFB for an extension of credit. If the LFB determines that a proposed debt authorization would not materially impair the ability of a local governmental unit to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the statutory debt limit may be issued to fund certain notes for self-liquidating purposes and, in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year, for the retirement of outstanding obligations (exclusive of obligations issued for utility and assessment purposes).

### **Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)**

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. A form of refunding bonds, known as fiscal year adjustment bonds, may be issued for the purpose of assuring against adopting a budget which sets forth a deficit. Unless the requirements set forth in N.J.A.C. 5:30-2.5 have been satisfied, the LFB must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof.

## **SHORT TERM FINANCING**

### **Bond Anticipation Notes (N.J.S.A. 40A:2-8.1)**

A local governmental unit, in anticipation of the issuance of bonds, may borrow money and issue negotiable notes if the bond ordinance or a subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local governmental unit's bond anticipation notes may be issued for a one-year period and may be renewed from time to time for additional one-year periods. Generally, such notes, including renewals shall mature not later than the tenth (10th) anniversary of the original issuance of the notes; provided, however, that no bond anticipation notes are to be renewed beyond the third anniversary date of the original notes unless on or prior to said third anniversary date, such notes are paid or retired in an amount at least equal to the first legally payable installment of the bonds in anticipation of which the notes were issued from funds other than the proceeds of obligations, except that such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes.

### **Tax Anticipation Notes (N.J.S.A. 40A:4-64)**

The issuance of tax anticipation notes by a county is limited in amount by law to collectively 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year and must be paid in full by a county by June 30 of the next succeeding fiscal year.

## **LEGALITY FOR INVESTMENT**

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

## **MUNICIPAL BANKRUPTCY**

The rights and remedies of the registered owners of the Bonds are limited by and are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States (the "Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances but only after an authorization by an applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State of New Jersey has authorized political subdivisions in the State to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the New Jersey Municipal Finance Commission Act. This law provides that such petitions may not be filed without the prior approval of the LFB and that no plan of readjustment of the political subdivision's debts may be filed or accepted by the petitioner without express authority from the LFB to do so.

The above references to the Bankruptcy Code are not to be construed as an indication that the County expects to resort to the provisions of such Bankruptcy Code or that, if it did, such action would be approved by the LFB, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds.

## **LITIGATION**

To the knowledge of the officers of the County, there is no litigation, pending or threatened, restraining or enjoining the issuance or delivery of the Bonds now offered for sale or the levy or collection of taxes to pay interest on or principal of said Bonds or in any manner questioning the authority or proceedings for the issuance of said Bonds or for the levy or collection of said taxes.

There are the usual matters pending against the County, such as worker's compensation claims (self-funded--reinsured), automobile negligence claims (covered by liability insurance) and other minor matters which would have negligible effect, if any, on the County's financial condition.

There are no suits or substantial claims that should have any material impact or effect upon the financial position of the County.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters relating to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, whose approving opinion, substantially in the form of Appendix D hereto, will be delivered with the Bonds. Certain legal matters will be passed upon for the County by its County Counsel, Joseph DeMarco, Esquire.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Bonds. The County will make certain representations in its tax certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause the interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the County, has relied upon the representations of the County made in its tax certificate and has assumed continuing compliance by the County with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the County observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the County, is of the opinion that, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code.

### **Tax Treatment of Original Issue Premium**

The initial public offering price of certain of the Bonds (the “Premium Bonds”) is greater than the principal amount of such Bonds payable at maturity. An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the Premium Bond’s yield to maturity. As premium is amortized, the purchaser’s basis of such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code, and interest on the Bonds being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

### **State Taxation**

Bond Counsel to the County is of the opinion that, under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

## **Miscellaneous**

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS.**

## **RATING**

Moody's Ratings (the "Rating Agency") has assigned a municipal bond rating of "Aaa" to the Bonds.

Such credit rating reflect only the views of the Rating Agency, and an explanation of the significance of such credit rating may be obtained from the Rating Agency. Generally, a rating agency bases its rating on the information and documents furnished to it, and on investigations, studies and assumptions of its own. The rating expresses only the views of the Rating Agency and there is no assurance that the credit rating will continue for any period of time or that the credit rating will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of the credit rating may have an adverse effect on the market price of the Bonds. Neither the County nor the underwriter have undertaken the responsibility to take any action with regard to possible credit rating changes or to bring any such changes to the attention of the owners of the Bonds.

## **PREPARATION OF OFFICIAL STATEMENT**

This Official Statement has been prepared under the auspices of the County. Except for certain statistical and financial information in Appendix A hereto and the information and statements with regard to DTC, which has been obtained from sources which the County considers to be reliable but for which the County makes no warranty, guaranty or other representation with respect to the accuracy or completeness of such information, in the opinion of the County the descriptions and statements herein are true and correct in all material respects.

County Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, including the Appendices hereto, nor has he verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

Bond Counsel has not verified the accuracy, completeness or fairness of the information contained herein, except under "TAX MATTERS" and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

## **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Bloomfield, New Jersey has served as municipal advisor to the County with respect to the sale of the Bonds (the “Municipal Advisor”). The Municipal Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds and provided other advice, but is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

## **SECONDARY MARKET DISCLOSURE**

The Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board through its electronic data program, the Electronic Municipal Market Access System (the “MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Bonds, the County will enter into a Continuing Disclosure Certificate (“the Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the County will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the County will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than October 1 of each Fiscal Year of the County, commencing October 1, 2025 for the fiscal year ending December 31, 2024 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. Notwithstanding the foregoing, if the Fiscal Year is not a calendar year then the County shall provide certain financial information and operating data relating to the County by not later than the first day of the tenth month of each fiscal year. The Annual Report will be filed by the County with the MSRB. The notices of enumerated events will be filed by the County with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “Appendix C - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The County has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The County failed to timely file certain categories of operating data for fiscal years ended December 31, 2019, 2020, 2021 and 2022. Additionally, certain financial information and operating data in each of the past five (5) years was not always properly linked to all required CUSIPs for the County’s outstanding obligations; action has been taken to link all CUSIPs. Furthermore, the County failed to timely file an event notice with respect to the issuance of certain special emergency notes issued in 2021. The County appointed Phoenix Advisors, Hamilton, New Jersey to serve as

continuing disclosure agent to assist in the filing of certain information on the Electronic Municipal Market Access System as required under its prior secondary market disclosure undertakings.

## **CYBER SECURITY**

The County relies on a complex technology environment to conduct its various operations. As a result, the County faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the County has invested in multiple forms of cybersecurity and operational safeguards. In addition, the County maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the County could cause material disruption of the County's finances and operations.

## **INFECTIOUS DISEASE OUTBREAK - COVID-19**

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

Generally, according to the Plan, the allowable use of the funds provided to the County include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the County that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the County, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the County has received \$63,891,573.00 from the Plan. The County received its first installment under the Plan in the amount of \$31,945,786.50 on May 20, 2021, and its second installment under the Plan in the amount of \$31,945,786.50 on June 30,



2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds is December 31, 2024 which has been satisfied and to spend the funds is December 31, 2026.

To date, the overall finances and operations of the County have not been materially adversely affected due to the COVID-19 outbreak. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact governmental entities, including the County. The County cannot quantify any such potential impacts at this time.

### **UNDERWRITING**

The underwriter has agreed, subject to certain customary conditions to closing, to purchase all the Bonds, if any such Bonds are purchased, at a price of \$\_\_\_\_\_. The Bonds may be reoffered by the underwriter to certain dealers and investment accounts at yields differing from the initial public offering yields set forth on the inside front cover page hereof, and the initial public offering yields of the Bonds may be changed from time to time by the underwriter.

### **FINANCIAL STATEMENTS OF THE COUNTY**

The audited financial statements of the County for the years ended December 31, 2023 and 2022 are included in Appendix B to this Official Statement. The financial statements of the County for the years ended December 31, 2023 and 2022 have been audited by PKF O’Conner Davis, LLP, the County’s Independent Auditor, as stated in its report appearing in Appendix B hereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, and requests for additional information relating to the County, may be directed to Yvonne Childress, Director of Finance and Administration/Chief Financial Officer, County of Somerset, 20 Grove Street, Somerville, New Jersey 08876, Telephone (908) 231-7047 or the County’s Municipal Advisor, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, Telephone (201) 656-0115.

### **MISCELLANEOUS**

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

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

The execution and delivery of this Official Statement has been duly authorized by the Director of Finance and Administration/Chief Financial Officer of the County. Concurrent with the delivery of the Bonds, the County will furnish a certificate executed by the Director of Finance and Administration/Chief Financial Officer to the effect that nothing has come to the County's attention that would lead it to believe that the information contained in the Official Statement, as of the date of this Official Statement and as of the date of the delivery of the Bonds, contains any untrue statement of a material fact or omits to state any information required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Certain of the information contained in this Official Statement has been obtained from governmental sources other than the County.

**COUNTY OF SOMERSET, NEW JERSEY**

By: \_\_\_\_\_  
Yvonne Childress  
Director of Finance and  
Administration/Chief Financial Officer

Dated: June \_\_, 2025

## **APPENDIX A**

### **INFORMATION CONCERNING THE COUNTY OF SOMERSET, NEW JERSEY**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **COUNTY OF SOMERSET**

The following is a brief description of the County of Somerset, in the State of New Jersey (the “County”) and information concerning population, employment, commercial activity, construction data, housing, government, general economic conditions, and financial planning framework.

Created in 1688, the County (covering 305 square miles in the heart of Central New Jersey) is comprised of twenty-one (21) municipalities, including twelve (12) boroughs and nine (9) townships. The County is thirteenth in size of New Jersey’s twenty-one (21) counties and is one (1) of only two (2) counties which do not touch a state boundary. It is bounded by Union County to the east, Morris County to the north, Hunterdon County to the west, and Mercer and Middlesex Counties to the south. On the borders of the County are the communities of Princeton, Plainfield, New Brunswick, and Morristown. Somerville, the County seat, is forty-six (46) miles from New York City, twenty-nine (29) miles from Trenton, sixty-nine (69) miles from Philadelphia’s Center City, and forty-six (46) miles from Allentown, Pennsylvania.

Although situated in heavily populated Central New Jersey between New York and Philadelphia in the nation’s largest metropolitan area, the County has a balanced suburban rural environment along with a myriad of commercial properties. Fine residential communities, beautiful parks, and good shopping areas are coupled with extensive farmlands, outstanding commercial parks, and modern corporate-office complexes. Stable and effective municipal and county government, excellent schools, expanding recreational facilities, effective planning and zoning, and moderate taxes all combine to increase the County’s attractiveness, making it a desirable place to live and work. A 6,350-seat, County-owned minor league ballpark in Bridgewater has been home to the Somerset Patriots since it opened in June 1999. In 2020, the Somerset Patriots became a New York Yankees Double-A Affiliate.

### **County Government**

The Legislature of the State has given the Somerset County Board of County Commissioners (the “Board of County Commissioners”) power to regulate County property, finances, and affairs. The Board of County Commissioners establishes the amount to be raised by property taxes for County purposes. The municipalities levy and collect the taxes and remit the specified amounts to the County. A library tax is also levied upon the fifteen (15) municipalities that use the County library system. The Board of County Commissioners controls all County property, directly, in the case of the County Administration Buildings, the County Courthouse, the County Jail, County garages, County roads, and all bridges within the County except those on state and federal highways, and indirectly, through the respective Boards involved, parklands and campuses of the community (County) college and vocational schools.

The Board of County Commissioners has five (5) members, one (1) or two (2) of whom are elected each year from the County at large for a three-year term. In addition to being a policy making body, the Board of County Commissioners is required by statute to assume responsibility for administration within the County. The Board of County Commissioners has created the Office of County Administrator to act as the executive officer for the Board. Administration of County government is, therefore, carried out by the Board of County Commissioners acting as a body, based on recommendations by standing committees or through the County Administrator acting for the Board. The County’s five umbrella departments are Public Works, Human Services, Finance & Administrative Services, Engineering/Planning, and Public Health & Safety.

Environmental protection, conservation of resources, shared services, proper planning for future growth and development, and the safety and well-being of its citizens are all major goals for County government. The County engages stakeholders in extensive planning and outreach processes as it develops an array of long-range plans and studies to achieve these goals. Master plans for land use, solid waste, wastewater management, recreation and open space, as well as a variety of human-service studies and plans, are kept current and are used to make decisions about County services and programs.

In recent years, county government in New Jersey has become a major provider of services. In addition to the traditional services provided by the Prosecutor's Office, Planning Board, Library System, Engineering and Road and Bridge divisions, and by the elected County Clerk, Surrogate and Sheriff, the County provides a broad range of new and equally important services. Among these are programs utilizing significant federal and state funds, such as COVID-19 relief, nutrition programs for the aged, welfare services and transportation for the elderly and disabled.

## **Education**

Raritan Valley Community College ("RVCC" or "College"), serving Somerset County and Hunterdon County residents for over 50 years, is committed to offering high quality and affordable education. The College has been nationally recognized for its service-learning program and environmental stewardship. RVCC offers approximately 90 associate degrees and certificates to a student body of nearly 6,760. The College also offers professional development courses and corporate training to upskill area businesses and employees, a Workforce Training Center that provides hands-on learning designed to better serve the community's economic and employment needs, and an Honors College for high-achieving students. In addition, the College has a planetarium and observatory, as well as a 1,000-seat theatre that features professional performances for all ages.

The County's Vocational and Technical High School offers career and technical education programs for full-time or shared-time County students (grades 9-12). Programs are also offered for at-risk youth. The district's academy for medicine and allied health sciences opened in September 2006 in collaboration with RVCC; successful graduates will receive both a high school diploma from Somerset County Vocational High School as well as an associate degree from RVCC.

There are approximately 50,000 public school students in the County's public schools. The schools in the County offer their students a wide range of academic programs, career and technical courses of studies, special education programs, a diversity of Advanced Placement (AP) courses, extracurricular activities and interscholastic athletic programs and competitions. The County's public schools demonstrate high levels of achievement on the New Jersey State Department of Education's standardized assessments, and the County is ranked #21 out of 2,766 for the best public schools in America. Many of the high schools in the County are known for the high percentage of their students who continue their studies in four-year colleges, the acceptance rate of their students to the country's most competitive colleges and universities and success in interscholastic sports.

## **County Library System**

Somerset County Library System of New Jersey (SCLSNJ) partners with residents to connect, to explore, to share, and to discover. Together we enrich lives, expand knowledge, and strengthen communities. SCLSNJ serves the following communities in Somerset County: Bound Brook, Branchburg, Bridgewater, Green Brook, Hillsborough, Manville, Millstone, Montgomery, North Plainfield, Peapack and Gladstone, Rocky Hill, Somerville, South Bound Brook, Warren, and Watchung. SCLSNJ offers over 1 million resources, including books, e-books, audiobooks, online learning, museum passes, Wi-Fi hotspots and more. In addition, reciprocal borrowing is available to all public libraries located in Somerset County, and free cards are offered to all county residents who are 65+, veterans or those with disabilities. Visit [SCLSNJ.org](http://SCLSNJ.org).

## **Transportation**

Getting into, around and out of the County is convenient, given the County's accessibility to major highways, connecting roads, intrastate and interstate buses, and two direct-line rail systems. The County's transportation system has five (5) major roads extending north to south and east to west. The main automotive arteries through the County are Interstates 287 and 78, and State/Federal Highway Routes 22, 27, 28, 202 and 206. The New Jersey Turnpike, the Garden State Parkway and Interstate 80 are all readily accessible via interchanges with I-287 and I-78.

The County presently has good access to Manhattan via I-287 and the New Jersey Turnpike. Interstate I-78 also provides quicker, more convenient access to the Turnpike, Newark Airport and the Holland and Lincoln tunnels into Manhattan. The County also has excellent access to Staten Island and Long Island, by way of I-287, the Outerbridge Crossing and Verrazano Narrows Bridge; to the Bronx and New England via I-287, I-80; and to the George Washington Bridge. Traveling to Trenton, Philadelphia, and points south is also convenient via the New Jersey Turnpike and Interstate I-95.

Mass transit bus and rail services are located at convenient points for commuting within the County and for accessing New York City and other employment hubs. Local bus service is designed to take commuters to intra-county destinations, while the more traditional bus service connects residents to predominantly out-of-county destinations. New Jersey Transit's Raritan Valley line takes commuters to Hoboken and Newark, with limited service to Penn Station, New York. The Morris and Essex, Gladstone Branch takes commuters to Newark, Hoboken and Midtown Manhattan. The County is also actively supporting the activities of the Raritan Valley Rail Coalition to improve passenger services to/from New York, and the reactivation of the West Trenton Line.

## **Recreation**

The Somerset County Park Commission is home to almost 15,000 acres of open space. Facilities operated by the Park Commission offer a wide range of opportunities for leisure pursuits.

Golf is a large component with five regulation courses, a learning center with an executive course and indoor simulators, three driving ranges, a pitch and putt course, and a miniature putting course. Specialized facilities include a riding stable, an environmental education center, two tennis facilities, pickle ball courts, a swim club, a spray park, a paddle boating pond, and bocce courts. Horticulture activities include a rock formation and rare plant garden, an award-winning rose garden, perennial garden, arboretum, and a sensory and fragrance garden. Eight parks offer amenities, such as picnic facilities, bike paths, athletic fields, and fishing opportunities. The park system also encompasses several natural areas offering more passive pursuits, such as bird watching and hiking, and it includes an ongoing greenway trail initiative that endeavors to connect open spaces bordering river corridors.

TD Bank Park, a state-of-the-art minor league baseball facility owned by the County, opened June 7, 1999, and is home to the Somerset Patriots (the "Patriots"), a New York Yankees Double-A Affiliate. The \$17.5 million facility was self-financed by the County. The cost will be repaid by revenues received through the lease of the stadium to the Patriots. The current lease continues through 2032 and provides for fixed payments by the Patriots to meet annual debt service requirements, plus a contribution to a dedicated maintenance account to be used for future capital costs.

## **Land Preservation**

According to the U.S. Census Bureau, the County's population, an estimated 346,875, is distributed over 305 square miles, making it one of the most rural counties in the State, with approximately 1,100 people per square mile. Agriculture is still a major industry, with about 30,015 acres according to the 2022 USDA Farm Census (15% of the land in the County) classified under agricultural land uses. The farms include field crops, dairy, beef, sheep, alpaca, horse breeding, nurseries, vegetables, fruit orchards and exotic shrubs.

The Somerset County Agriculture Development Board, which consists of seven (7) members, is an official body of Somerset County Government, created by the Board of County Commissioners in April 1983. Its purpose is to aid in the preservation of the County's farmland, as well as to promote the opportunity for agriculture to remain a viable industry.

## **Financial Management**

The County's prudent financial planning and management are the keystones to its ability to provide needed services, programs and facilities. The County's Finance Committee, consisting of two County Commissioners, the County Administrator, the CFO/Director of Finance and staff develop and utilize a series of models to gauge the long-term fiscal impact of current budget decisions and mid-term economic trends. Analysis of future budget expenditures and revenue needs are measured against projections of growth, tax base and tax rates, capital budget needs and state-imposed limitations on tax revenues available for County operations.

The purpose of this effort is to ensure that financial decisions support the clearly stated long-term goals of low taxes, quality services to County residents and a continuation of the County's reputation of sound fiscal management. In 2025, Moody's Ratings reaffirmed the County's "Aaa" bond rating.

## **Economy and Economic Development**

The County government has long made economic development a priority for the benefit of residents and businesses. To that end, the County brought Economic Development into County government in 2022 and created a direct reporting relationship to the County Administrator in early 2024. The office focuses on business retention and expansion, business attraction, workforce development and economic resiliency. Office staff are proactively working to help create the conditions that support economic growth and provide a growing tax base. Strategies include encouraging investments in infrastructure and talent, by smart planning that incorporates industry needs, by connecting businesses to private, state, and federal resources, and by marketing our real estate, education and additional community assets available to support investment.

The County has historically been a location for corporate headquarters. With hybrid schedules becoming the norm, the County is seeing large employers rightsizing operations and seeking Class-A amenity-rich locations. New and reimagined multi-tenant campuses have attracted new office users, including FreshPet's new headquarters in Bedminster. In a world where employees can live and work anywhere, County staff have developed marketing materials that are being actively used by corporate HR teams to showcase the benefits of living and working in the County.

Part of the region considered to be the "Medicine Chest of the World"; the County continues to experience significant investment by life sciences companies. A former Johnson & Johnson office building in Montgomery has been re-positioned as the Somerset Innovation and Technology Center ("SITC"). SITC is now the home of Venture X, an incubator, and a future home for shared lab benches that will be available for lease by entrepreneurs. New life sciences tenants are moving in and expanding, including Healios Labs and Sokol GxP Services.

Many established players and new entrants are developing cell and gene therapies and have the potential to create hundreds of new jobs. Leveraging this economic opportunity, the County invested \$3 million to support the expansion of Raritan Valley Community College's Workforce Training Center, which will be the first community college in New Jersey to offer training in a clean room environment. The curriculum will be designed to meet the growing needs of cell and gene therapy manufacturers for technicians. In February 2025 the County celebrated the launch of NJBioFutures, with a \$1 million gift from Johnson & Johnson. The money will be used by RVCC to purchase new equipment and to bring the training program into Mercer and Middlesex Counties. The curriculum has broader applications including food and beverage manufacturers, personal care products and semiconductor manufacturers utilize clean room environments. Developing a trained workforce in aseptic manufacturing will position the County to attract investment across a range of sectors, and further diversify its economy.

The County has one of the highest workforce participation rates in the state. As of December 2024, the unemployment rate in the County was an estimated 4.1%, lower than the statewide rate of 4.7%. Relative to our population, we exceed the national average for Chemical Engineers, Biological Technicians, Packaging and Filling Machine Operators and Industrial Engineers.



According to Lightcast, the County is a talent “hotspot” for Data Scientists. Investing in our talent pipeline is a priority for the County. In addition to the investment in Raritan Valley Community College, the County invested \$6 million to win a \$17 million state grant to fund a new Career and Technical Education Building for the Somerset County Vocational and Technical High School.

The commercial office real estate market in the County has a total inventory of 18 million square feet of commercial office space. As of 4Q 2024, the vacancy rate for the existing commercial office space in the County was 32%. Overall, the average asking rent (all classes) is \$26.83 and the average asking rent for specifically Class A space is \$29.02.

The County has a total inventory of 33.7 million square feet of industrial space. As of 4Q 2024, the vacancy rate for existing industrial space in the County was 6% with positive YTD net overall absorption of 260,000 square feet. Overall, the average asking rent is \$15.38.

Significant office/flex lease transactions include the Federal Reserve Bank of New York’s owner-occupancy purchase of a 350,000 square foot office in Warren, LabCorp’s 110,000 square foot expansion in Raritan, Intra-Cellular Therapies 27,000 square foot lease in Bedminster, and Venture X’s 22,000 square foot lease in Skillman (Montgomery). Significant industrial lease transactions include Abaline Supply’s 311,000 square foot lease in Branchburg and Elemental Container’s 40,000 square foot lease in Warren.

**Population**

The following table summarizes population increases and decreases for the County, the State and the United States.

	<u>County</u>		<u>State</u>		<u>United States</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	348,842	1.0%	9,500,851	2.3%	340,110,988	2.6%
2020	345,361	6.8%	9,288,994	5.7%	331,449,281	7.4%
2010	323,444	8.7%	8,791,894	4.5%	308,745,538	9.7%
2000	297,490	23.8%	8,414,350	8.9%	281,421,906	13.2%
1990	240,279	18.3%	7,730,188	5.0%	248,709,873	9.8%

Source: United States Department of Commerce, Bureau of the Census

**Income (as of 2023)**

	<u>County</u>	<u>State</u>	<u>United States</u>
Median Household Income	\$135,960	\$101,050	\$78,538
Median Family Income	167,353	123,892	96,922
Per Capita Income	70,321	53,118	43,289

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

## Residential Building Permits

Paralleling the growth in population was the significant increase in the number of housing units built in the County from 1980 to 2023. The latest data available regarding residential building permit statistics are summarized below:

<u>Period</u>	<u>Single Family</u>	<u>Multifamily</u>	<u>Total</u>
1980-1984	5,669	1,524	7,193
1985-1989	13,199	2,667	15,866
1990-1994	6,208	991	7,199
1995-1999	9,221	1,840	11,061
2000-2004	4,809	2,670	7,479
2005-2009	2,472	1,063	3,535
2010-2014	1,627	846	2,473
2015-2019	1,506	2,532	4,038
2020-2023	<u>935</u>	<u>3,152</u>	<u>4,087</u>
	<u>45,646</u>	<u>17,285</u>	<u>62,931</u>

Source: Annual Summaries of New Jersey Residential Building Permits, New Jersey Department of Labor and Workforce Development, NJ Department of Community Affairs Construction Reporter

## Major Employers and Industries

The major industry sectors of employment in the County are detailed in the table below.

### EMPLOYMENT CALCULATED FROM QUARTERLY CENSUS OF EMPLOYMENT AND WAGES DATA (Major Industry Sectors)

<u>Industry</u>	<u>Employment September, 2024</u>	<u>12 Month Percent of Employment September, 2024</u>
Natural resources and mining	575	0.33%
Construction	7,698	4.39%
Manufacturing	15,526	8.86%
Trade, transportation, and utilities	35,811	20.43%
Information	7,964	4.54%
Financial activities	9,728	5.55%
Professional and business services	49,045	27.98%
Education and health services	27,345	15.60%
Leisure and hospitality	15,256	8.70%
Other services	5,400	3.08%
Unclassified	<u>910</u>	<u>0.52%</u>
<b>Total</b>	<u>175,258</u>	<u>100.00%</u>

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics, Quarterly Report Somerset County

The largest employers in the County are shown in the following table.

#### MAJOR INDUSTRIES EMPLOYING 250 OR MORE AS OF 2024

<b><u>Municipality and Tenant</u></b>	<b><u>Description of Operation</u></b>
<b>Bedminster Township</b>	
AT&T	Information
Peapack Private Bank & Trust	Finance and Insurance
<b>Bernards Township</b>	
Affinity Federal Credit Union	Finance and Insurance
Daiichi Sankyo, Inc.	Health Care and Social Assistance
Devco Corp	Manufacturing
Kennedys	Professional, Scientific, and Technical Services
Optum	Health Care and Social Assistance
Peraton Labs	Professional, Scientific, and Technical Services
Reproductive Medicine Associates	Health Care and Social Assistance
Verizon	Information
<b>Branchburg Township</b>	
BWI Distribution	Manufacturing
Lilly	Manufacturing
Marcolin U.S.A. Eyewear Corporation	Retailer
Roche	Professional, Scientific, and Technical Services
<b>Bridgewater Township</b>	
Americold	Transportation and Warehousing
Ashland Inc.	Manufacturing
Bausch + Lomb	Manufacturing
Brother International	Wholesaler
Cellares	Health Care and Social Assistance
Henkel Corporation	Manufacturing
iconectiv	Information
Ingredion	Manufacturing
IQVIA	Professional, Scientific, and Technical Services
Kashiv Pharma	Manufacturing
Messer	Manufacturing
MetLife, Inc	Finance and Insurance
Nestle Health Science	Manufacturing
Norris McLaughlin, PA	Professional, Scientific, and Technical Services
PVH	Manufacturing
RVL Pharmaceuticals	Manufacturing
Sanofi	Manufacturing
Syneos Health	Professional, Scientific, and Technical Services
The Home Depot	Retailer
Viscofan USA Inc	Manufacturing
Wegmans	Retailer

**MAJOR INDUSTRIES EMPLOYING 250 OR MORE AS OF 2024 (Continued)**

<b><u>Municipality and Tenant</u></b>	<b><u>Description of Operation</u></b>
<b>Far Hills Borough</b>	
United States Golf Association Foundation, Inc.	Services
<b>Franklin Township</b>	
Amazon	Retailer
CompoSecure	Wholesaler
Dewell Container Shipping Corp.	Transportation and Warehousing
Fannie May	Wholesaler
HearingLife	Health Care and Social Assistance
LG Electronics	Manufacturing
MICRO	Manufacturing
Morgan Stanley	Finance and Insurance
Oticon	Manufacturing
Public Service Enterprise Group	Utilities
Rack Space	Professional, Scientific, and Technical Services
SHI International Corp.	Professional, Scientific, and Technical Services
Willow Creek Rehabilitation & Care Center	Health Care and Social Assistance
Ziyad Brothers Importing	Wholesaler
<b>Hillsborough Township</b>	
Reckitt Benckiser	Manufacturing
ShopRite	Retailer
<b>Montgomery Township</b>	
Bloomberg	Information
Stonebridge At Montgomery	Manufacturing
<b>Raritan Borough</b>	
Johnson & Johnson Innovative Medicine	Manufacturing
LabCorp	Health Care and Social Assistance
QuidelOrtho	Manufacturing
<b>Somerville Borough</b>	
Gibson Tube	Manufacturing
Robert Wood Johnson University Hospital, Inc.	Accommodation and Food Services
ShopRite	Retailer
Somerset County	Public Administration
Zeus Industrial Products, Inc	Wholesaler
<b>Warren Township</b>	
Everest	Finance and Insurance
Haleon	Health Care and Social Assistance
Regeneron	Manufacturing
<b>Watchung Borough</b>	
The Home Depot	Retailer

## Employment and Unemployment Comparisons

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>County</u></b>				
2024	182,900	175,400	7,500	4.1%
2023	182,817	175,899	6,918	3.8%
2022	179,197	173,376	5,821	3.2%
2021	175,044	165,578	9,466	5.4%
2020	174,098	161,076	13,022	7.5%
<b><u>State</u></b>				
2024	4,827,300	4,602,600	224,700	4.7%
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%

Source: New Jersey Department of Labor and Workforce Development Analysis, Labor Market and Demographic Research Bureau of Labor Force Statistics, New Jersey Labor Force Estimates

## Largest Taxpayers

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

<b><u>Taxpayers</u></b>	<b><u>Location</u></b>	<b><u>2024 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Bridge Point Somerset	Franklin	\$222,000,000	0.30%
Ortho	Raritan	212,496,000	0.28%
Verizon Corp	Bernards	209,798,000	0.28%
Bridgewater Commons Mall	Bridgewater	189,159,200	0.25%
COE Bridgewater	Bridgewater	155,748,700	0.21%
Somerset Logistics	Franklin	147,000,000	0.20%
Roche	Branchburg	135,700,000	0.18%
C1 Somerset	Franklin	127,808,600	0.17%
AVG Bridgewater	Bridgewater	105,028,700	0.14%
Franklin Greens	Franklin	<u>101,500,000</u>	<u>0.14%</u>
<b>Total</b>		<b><u>\$1,606,239,200</u></b>	<b><u>2.15%</u></b>

## Net Valuations Taxable

The Net Valuations Taxable for the past five (5) years for municipalities located within the County are listed below:

	<b><u>Fiscal Year Beginning January 1</u></b>				
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Bedminster Twp	\$2,759,691,800	\$2,606,572,000	\$2,524,013,000	\$2,460,945,305	\$2,451,629,366
Bernards Twp	8,441,804,100	7,776,475,200	7,199,859,900	6,763,337,979	6,707,165,385
Bernardsville Boro	2,590,444,100	2,442,659,000	2,338,396,370	2,249,815,367	2,191,901,508
Bound Brook Boro	1,251,593,600	1,166,160,100	1,071,574,900	932,539,306	833,724,621
Branchburg Twp	4,435,386,300	4,063,196,500	3,722,275,200	3,375,338,550	3,254,808,500
Bridgewater Twp	11,208,697,600	10,431,873,000	9,754,393,100	9,378,421,822	9,234,102,163
Far Hills Boro	481,728,900	445,261,500	432,454,500	418,295,748	419,703,637
Franklin Twp	14,887,830,900	13,766,118,400	12,524,680,778	11,094,767,831	10,559,534,729
Green Brook Twp	1,853,063,000	1,729,435,300	1,615,517,036	1,455,823,780	1,377,844,692
Hillsborough Twp	8,376,707,000	7,630,585,800	7,139,185,995	6,586,805,855	6,343,552,519
Manville Boro	1,354,745,900	1,248,936,300	1,083,193,800	988,611,862	918,407,159
Millstone Boro	66,455,000	62,695,800	58,887,300	56,658,000	54,958,800
Montgomery Twp	4,045,206,373	4,002,602,803	3,981,173,198	3,940,564,795	3,920,178,277
North Plainfield Boro	1,510,294,858	1,511,906,758	1,519,882,385	1,534,440,811	1,555,635,319
Peapack-Gladstone Boro	868,704,100	823,106,400	785,120,100	753,372,070	737,337,570
Raritan Boro	1,201,341,800	1,209,275,100	1,212,725,313	1,217,258,892	1,204,530,335
Rocky Hill Boro	169,112,500	156,467,200	145,215,100	138,724,369	132,538,768
Somerville Boro	1,163,510,700	1,162,673,700	1,161,647,214	1,165,119,670	1,174,995,842
South Bound Brook Boro	346,276,326	335,136,726	332,157,749	331,009,238	329,432,780
Warren Twp	5,581,396,100	5,108,662,800	4,844,603,500	4,595,037,052	4,543,771,339
Watchung Boro	<u>2,157,727,700</u>	<u>2,013,444,900</u>	<u>1,908,500,900</u>	<u>1,836,110,871</u>	<u>1,816,800,254</u>
Total:	<u>\$74,751,718,657</u>	<u>\$69,693,245,287</u>	<u>\$65,355,457,338</u>	<u>\$61,272,999,173</u>	<u>\$59,762,553,563</u>

## Comparison of Assessed Valuation and Exempt Property

<b>Calendar</b>	<b>Taxable</b>	<b>Taxable</b>	<b>Total Taxable</b>	<b>Value of</b>	<b>Total Land,</b>	<b>Percent Exempt</b>
<b>Year</b>	<b>Value of</b>	<b>Value of</b>	<b>Value of</b>	<b>Property</b>	<b>Improvements</b>	<b>Property to</b>
	<b>Land</b>	<b>Thereon</b>	<b>Land and</b>	<b>Exempt from</b>	<b>and Exempt</b>	<b>Total Value</b>
			<b>Improvements</b>	<b>Taxation</b>	<b>Property</b>	<b>of Land and</b>
						<b>Improvements</b>
2024	\$30,656,974,297	\$44,010,020,460	\$74,666,994,757	\$5,379,762,704	\$80,046,757,461	6.72%
2023	28,698,573,177	40,910,013,110	69,608,586,287	4,996,173,704	74,604,759,991	6.70
2022	26,764,677,427	38,509,076,868	65,273,754,295	4,688,946,791	69,962,701,086	6.70
2021	24,756,679,187	36,446,910,810	61,203,589,997	4,499,981,639	65,703,571,636	6.85
2020	24,180,420,799	35,501,599,624	59,682,020,423	4,433,236,041	64,115,256,464	6.91

## Summaries—County Tax Data—Equalized Values

<u>Budget Years</u>	<u>COUNTY TAX</u>		<u>EQUALIZED VALUES</u>		<u>County Rate Per \$100 Assessed Value</u>
	<u>(Millions)</u>	<u>% Change Year to Year</u>	<u>(Billions)</u>	<u>% Change Year to Year</u>	
2024	\$226,417	3.00%	\$78.465	7.11%	\$0.2886
2023	219,830	4.41%	73.254	7.32%	0.3004
2022	210,543	3.95%	68.257	6.89%	0.3088
2021	202,541	2.45%	63.857	2.46%	0.3172
2020	197,697	0.00%	62.321	1.33%	0.3172

## Tax Collection Record

The following table is the current real property tax collection record of the County for the last five (5) years.

<u>Fiscal Year Beginning January 1,</u>	<u>Total County Tax</u>	<u>Uncollected At End of Fiscal Year December 31,</u>
2024	\$226,416,726	\$0
2023	219,830,471	0
2022	210,542,543	0
2021	202,540,557	0
2020	197,696,981	0

## Purposes of County Debt

The following table shows the purposes for which all direct general obligation bonded indebtedness for the payment of the principal and interest on which the County has pledged its full faith and credit was contracted as of December 31, 2024.

<u>Purposes</u>	<u>Amount</u>
General County Purpose	\$156,545,000
Community (County) College	26,140,000
Vocational Schools	5,815,000
County Parks	0
Open Space/Farmland Preservation	13,470,000
<b>Total</b>	<b>\$201,970,000</b>

## Debt History and Bonded Debt Ratios

The following table shows certain ratios relating to the County's gross and net direct general obligation bonded indebtedness as of December 31, and the principal of all bonds outstanding at the end of each of the last five (5) fiscal years.

<b>Calendar Year</b>	<b>Average Equalized Valuations</b>	<b>Gross Bonded Debt as of December 31</b>	<b>Percentage Gross Bonded Debt to Full Value</b>	<b>Net Debt December 31</b>	<b>Percentage Net Debt to Full Value</b>
2024	\$77,689,501,412	\$201,970,000	0.26%	\$295,206,531	0.38%
2023	72,614,388,076	185,255,000	0.26	276,384,694	0.38
2022	68,451,004,742	168,238,000	0.25	265,237,860	0.39
2021	64,984,532,724	190,198,000	0.29	268,745,720	0.41
2020	63,013,284,395	177,553,000	0.28	228,271,943	0.36

## Debt History

The table below shows the principal of all direct general obligation bonded indebtedness and bond anticipation note indebtedness for the last five (5) fiscal years. The County has pledged its full faith and credit for the payment of principal and interest on these obligations. In addition, the table shows the amount of general obligation bonds and bond anticipation notes authorized but not issued and comparative ratios of indebtedness.

	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Bonds and Notes					
Issued and Outstanding					
Bonds .....	201,970,000	185,255,000	\$168,238,000	\$190,198,000	\$177,553,000
Green Trust Loan.....	0	0	0	0	72,330
Notes.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,803,000</u>	<u>55,894,000</u>
Total Issued.....	<u>\$201,970,000</u>	<u>\$185,255,000</u>	<u>\$168,238,000</u>	<u>\$227,001,000</u>	<u>\$233,519,330</u>
Bonds and Notes Authorized					
but not Issued .....	86,531,531	83,860,694	90,449,860	75,318,765	26,562,651
Total Issued and Authorized					
but not Issued .....	<u>\$288,501,531</u>	<u>\$269,115,694</u>	<u>\$258,687,860</u>	<u>\$302,319,765</u>	<u>\$260,081,980</u>
Average Equalized Valuations					
of Real Property(1).....	77,689,501,412	72,614,388,076	\$68,451,004,742	\$64,984,532,724	\$63,013,284,395
Ratio of Total Bonds and Notes					
Issued and Authorized but not					
Issued to Equalized Valuation .....	0.37%	0.37%	0.38%	0.47%	0.41%
Population(2) .....	348,842	348,842	347,047	346,498	344,754
Debt Per Capita.....	\$827.03	\$771.45	\$745.40	\$872.50	\$754.40

(1) Annual Debt Statement

(2) Somerset County Planning Board Estimates. U.S. Bureau of Census

## Default

There is no record of past or present default in the payment of principal or interest on any bonds or notes issued by the County.



## Statutory Debt as of December 31, 2024

Gross Debt:		
Issued and Outstanding:		
Bonds	\$201,970,000	
Bond Anticipation Notes	0	
SCIA Loans/Leases	32,865,000	
Bonds Guaranteed by County	<u>194,216,424</u>	
		429,051,424
Authorized But Not Issued:		
Bonds and Notes	<u>86,531,531</u>	
Total Gross Debt		515,582,955
Statutory Deductions		<u>220,376,424</u>
Net Debt		<u>\$295,206,531</u>
Equalized Valuation of Real Property:		
Year 2021	\$72,831,712,317	
Year 2022	76,950,693,613	
Year 2023	<u>83,286,098,306</u>	
Average Equalized Valuation Basis		\$77,689,501,412
Net Debt as a Percentage of		
Average Equalized Valuation Basis		0.380%
Gross Debt per Capita -- 2020 Population (345,361)		\$1,493
Net Debt per Capita -- 2020 Population (345,361)		\$855
Gross Debt as a Percentage of 2023 Equalized Valuation		0.619%
Net Debt as a Percentage of 2023 Equalized Valuation		0.354%
Borrowing Power:		
2% of Average Equalized Valuation Basis		\$1,553,790,028
Net Debt		<u>\$295,206,531</u>
Remaining Borrowing Power		<u>\$1,258,583,497</u>

Source: Annual Debt Statement

## Bonded Debt Service Requirements

The following table shows the debt service requirements of bonds of the County outstanding, as of December 31, 2024.

<u>Year</u>	<u>Existing Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$23,440,000	\$6,206,820	\$29,646,820
2026	23,025,000	5,416,483	28,441,483
2027	22,695,000	4,779,020	27,474,020
2028	21,551,000	4,167,715	25,718,715
2029	18,825,000	3,573,195	22,398,195
2030	17,742,000	3,012,945	20,754,945
2031	14,105,000	2,516,479	16,621,479
2032	14,085,000	2,075,979	16,160,979
2033	11,880,000	1,628,466	13,508,466
2034	8,310,000	1,245,685	9,555,685
2035	6,895,000	944,510	7,839,510
2036	7,135,000	691,890	7,826,890
2037	3,145,000	429,965	3,574,965
2038	3,267,000	304,165	3,571,165
2039	3,060,000	173,600	3,233,600
2040	<u>2,810,000</u>	<u>56,200</u>	<u>2,866,200</u>
	\$201,970,000	\$37,223,116	\$239,193,116

## Excluding State Share of County College Bonds<sup>(1)</sup>

<u>Year</u>	<u>Existing Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$22,070,000	\$5,853,423	\$27,923,423
2026	21,780,000	5,106,549	26,886,549
2027	21,475,000	4,503,361	25,978,361
2028	20,511,000	3,921,656	24,432,656
2029	17,885,000	3,354,461	21,239,461
2030	16,777,000	2,821,461	19,598,461
2031	13,120,000	2,353,283	15,473,283
2032	13,055,000	1,940,908	14,995,908
2033	10,950,000	1,523,295	12,473,295
2034	7,450,000	1,167,395	8,617,395
2035	6,270,000	891,295	7,161,295
2036	6,495,000	651,135	7,146,135
2037	2,820,000	402,073	3,222,073
2038	2,931,000	288,273	3,219,273
2039	2,881,000	170,020	3,051,020
2040	<u>2,810,000</u>	<u>56,200</u>	<u>2,866,200</u>
	\$189,280,000	\$35,004,786	\$224,284,786

(1) The State share constitutes a deduction from the gross debt of the County and is not considered in determining the County's net debt for debt incurring purposes. See N.J. Stat. Ann. Section 18A:6A-22.4.

## Other County Obligations

The following table shows the debt issued by the Somerset County Improvement Authority which has been guaranteed by the County and for which the County has pledged its full faith and credit, as of December 31, 2024.

<b>Description</b>	<b>Amount Outstanding</b>	<b>Final Maturity</b>
County Guaranteed Revenue Bonds, Series 2009 (Natirar Project)	\$3,200,000	07/01/39
County Guaranteed Lease Revenue Bonds, Series 2013 (Somerset Educational Services Commission)	3,995,000	08/01/32
County Guaranteed Refunding Lease Revenue Bonds, Series 2014A (Somerset Educational Services Commission)	1,350,000	08/01/26
County Guaranteed Lease Revenue Refunding Bonds, Series 2017 (Bridgewater, Hillsborough, Bernards Prop Acq)	2,575,000	10/01/29
County Guaranteed Renewable Energy Program Lease Revenue Refunding Bonds, Series 2020 (Program I Refunding) (Federally Taxable)	2,275,000	05/15/26
County Guaranteed Renewable Energy Program Lease Revenue Refunding Bonds, Series 2020 (Program II Refunding) (Federally Taxable)	4,830,000	04/15/27
County Guaranteed Lease Revenue Bonds, Series 2020 (Township of Montgomery Project)	32,345,000	09/01/50
County Guaranteed Renewable Energy Program Lease Revenue Refunding Bonds, Series 2021 (Program II Refunding) (Federally Taxable)	4,240,000	02/15/27
County Guaranteed Revenue Bonds, Series 2021 (Recreational Facilities Project)	18,759,351	07/01/46
County Guaranteed Lease Revenue Bonds, Series 2022A (Borough of North Plainfield Project)	3,075,000	02/15/37
County Guaranteed Lease Revenue Bonds, Series 2022B (Borough of North Plainfield Project) (Federally Taxable)	385,000	02/15/26
County Guaranteed Lease Revenue Bonds, Series 2022 (Township of Hillsborough Project) (Federally Taxable)	19,650,000	05/15/47
Governmental Pooled Loan Revenue Bonds (Somerset County Guaranteed), Series 2022	45,710,000	02/15/37
County Guaranteed Revenue Bonds (Natirar Project), Series 2023 (Federally Taxable)	39,000,000	11/01/54
County Guaranteed Lease Revenue Refunding Bonds, Series 2024 (Somerset County Board of Social Services)	11,670,000	02/15/39
Municipal Bond Banc Program	<u>1,157,074</u>	12/31/24
<b>Total:</b>	<b>\$194,216,425</b>	

*[Remainder of Page Intentionally Left Blank]*

**Independent Authority Debt**

The estimated outstanding indebtedness of local authorities within the County is described below. No actual or contingent liability for the indebtedness exists on the part of the County.

	<b>Outstanding Debt as of <u>December 31, 2024</u></b>
Middlesex County Sewerage Authority .....	\$80,969,620
Participants (Costs Distributed on Basis of Usage)	
Borough of Bound Brook*	
Borough of South Bound Brook	
Township of Franklin Sewerage Authority	
 The Somerset Raritan Valley Sewerage Authority .....	 \$48,247,622
Participants and Customers (Costs Distributed on Basis of Usage)	
Borough of Somerville*	
Borough of Raritan	
Township of Bridgewater	
Township of Branchburg	
Township of Warren	
 Hillsborough Municipal Utilities Authority .....	 \$0
Township of Franklin Sewerage Authority .....	\$6,759,594

\*Bound Brook and Somerville no longer own their collection systems, but retain a proportional share of overlapping debt.

*[Remainder of Page Intentionally Left Blank]*

## Capital Improvement Program

This section is included with the Annual Budget pursuant to N.J.A.C. 5:30-4. It does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in this section must be granted elsewhere, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of this budget, by an ordinance taking the money from the Capital Improvement Fund, or other lawful means.

N.J.S.A. 40A:4-43 et. seq. requires counties to include a capital budget for the current year and a six-year capital plan for the current year plus five (5) additional years. These are planning documents only and no obligation on the part of the County takes place until an ordinance or other appropriation is made by the Board of County Commissioners. Justification for each project contained in the Capital Improvement Program will be presented to the Board and the public before ordinances are introduced or appropriations made. The figures presented for each program area represent a proportionate amount of the funding anticipated to be available for each year in accordance with the six-year capital funding plan. However, all capital budgets are determined in the year in which the County budget is made and all figures presented here are subject to change.

<b><u>Project Title</u></b>	<b><u>Estimated Total Cost</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>
Public Works	\$226,577,746	\$37,889,400	\$39,266,987	\$37,653,976	\$36,260,338	\$39,668,807	\$35,838,238
Public Safety	2,790,500	-	545,500	845,500	395,500	584,500	419,500
Vocational Technical School	2,225,000	-	500,000	650,000	525,000	275,000	275,000
Park Commission	10,000,000	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Finance and Administration	3,985,000	250,000	825,000	810,000	650,000	665,000	785,000
Green Brook Flood Control	3,250,000	250,000	600,000	600,000	600,000	600,000	600,000
Raritan Valley Community College	8,250,000	-	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Human Services	583,500	-	105,000	17,500	410,000	51,000	-
Energy Efficiencies	-	-	-	-	-	-	-
Executive	199,800	-	33,600	37,700	21,100	48,900	58,500
CIF Reserve	-	-	-	-	-	-	-
Public Health & Safety	<u>3,638,650</u>	<u>-</u>	<u>624,500</u>	<u>2,088,900</u>	<u>360,250</u>	<u>331,750</u>	<u>233,250</u>
<b>TOTAL</b>	<b>\$261,500,196</b>	<b>\$38,389,400</b>	<b>\$46,150,587</b>	<b>\$46,353,576</b>	<b>\$42,872,188</b>	<b>\$45,874,957</b>	<b>\$41,859,488</b>

*[Remainder of Page Intentionally Left Blank]*

## Underlying Indebtedness of Municipalities within the County

The estimated gross outstanding indebtedness of municipalities within the County is described below. The figures below are based on annual debt statements and are shown for each of the last five (5) fiscal years and are as of December 31. The tables are included for informational purposes only. No actual or contingent liability for the indebtedness exists on the part of the County.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Township of Bedminster</b>					
Municipal Government	\$4,749,098	\$2,983,383	\$3,092,087	\$2,083,939	\$2,187,022
Sewer Utility	260,000	-	-	-	-
School Districts	-	-	-	-	-
Total Gross Debt	<u>5,009,098</u>	<u>2,983,383</u>	<u>3,092,087</u>	<u>2,083,939</u>	<u>2,187,022</u>
<b>Township of Bernards</b>					
Municipal Government	\$0	\$0	\$0	\$0	\$0
School Districts	<u>34,005,000</u>	<u>38,645,000</u>	<u>46,775,000</u>	<u>53,130,000</u>	<u>53,635,000</u>
Total Gross Debt	<u>34,005,000</u>	<u>38,645,000</u>	<u>46,775,000</u>	<u>53,130,000</u>	<u>53,635,000</u>
<b>Borough of Bernardsville</b>					
Municipal Government	\$19,950,000	\$21,245,000	\$21,546,000	\$15,497,000	\$15,494,700
Sewer Utility	785,000	870,000	950,000	1,025,000	1,134,000
School Districts	<u>6,924,607</u>	<u>8,606,765</u>	<u>13,369,000</u>	<u>12,998,343</u>	<u>14,395,530</u>
Total Gross Debt	<u>27,659,607</u>	<u>30,721,765</u>	<u>35,865,000</u>	<u>29,520,343</u>	<u>31,024,230</u>
<b>Borough of Bound Brook</b>					
Municipal Government	\$27,175,649	\$27,357,176	\$25,346,794	\$23,160,160	\$21,665,683
School Districts	<u>19,640,000</u>	<u>20,620,000</u>	<u>21,560,000</u>	<u>22,430,000</u>	<u>23,330,000</u>
Total Gross Debt	<u>46,815,649</u>	<u>47,977,176</u>	<u>46,906,794</u>	<u>45,590,160</u>	<u>44,995,683</u>
<b>Township of Branchburg</b>					
Municipal Government	\$41,945,000	\$24,165,000	\$13,585,000	\$12,720,000	\$14,750,000
Sewer Utility	2,550,000	3,000,000	-	-	-
School Districts	<u>11,910,000</u>	<u>12,955,000</u>	<u>12,065,000</u>	<u>15,845,000</u>	<u>16,380,000</u>
Total Gross Debt	<u>56,405,000</u>	<u>40,120,000</u>	<u>25,650,000</u>	<u>28,565,000</u>	<u>31,130,000</u>
<b>Township of Bridgewater</b>					
Municipal Government	\$84,763,845	\$81,809,927	\$78,806,768	\$65,921,425	\$71,298,498
Utilities	7,527,354	8,188,886	8,516,285	8,469,683	8,795,081
School Districts	<u>12,743,592</u>	<u>105,539,471</u>	<u>7,475,632</u>	<u>7,737,449</u>	<u>12,261,555</u>
Total Gross Debt	<u>105,034,790</u>	<u>195,538,284</u>	<u>94,798,685</u>	<u>82,128,557</u>	<u>92,355,134</u>
<b>Borough of Far Hills</b>					
Municipal Government	\$0	\$0	\$0	\$0	\$0
School Districts	<u>1,226,986</u>	<u>1,554,958</u>	<u>1,624,595</u>	<u>2,377,425</u>	<u>2,709,025</u>
Total Gross Debt	<u>1,226,986</u>	<u>1,554,958</u>	<u>1,624,595</u>	<u>2,377,425</u>	<u>2,709,025</u>

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Township of Franklin</b>					
Municipal Government	\$71,471,945	\$68,705,234	\$61,948,295	\$60,255,363	\$60,533,818
Water Utility	37,369,642	35,176,642	30,216,642	26,081,642	25,078,140
School Districts	<u>58,115,000</u>	<u>64,795,000</u>	<u>70,290,000</u>	<u>77,845,000</u>	<u>81,620,000</u>
Total Gross Debt	<u>166,956,586</u>	<u>168,676,876</u>	<u>162,454,937</u>	<u>164,182,005</u>	<u>167,231,958</u>
<b>Township of Green Brook</b>					
Municipal Government	\$350,000	\$350,000	\$535,000	\$875,000	\$875,000
Sewer Utility	-	-	65,000	250,000	275,000
School Districts	<u>5,500,000</u>	<u>6,790,000</u>	<u>8,055,000</u>	<u>9,060,000</u>	<u>1,095,000</u>
Total Gross Debt	<u>5,850,000</u>	<u>7,140,000</u>	<u>8,655,000</u>	<u>10,185,000</u>	<u>2,245,000</u>
<b>Township of Hillsborough</b>					
Municipal Government	\$32,860,462	\$27,569,703	\$28,001,373	\$31,112,671	\$19,695,432
School Districts	<u>30,870,000</u>	<u>32,425,000</u>	<u>33,940,000</u>	<u>35,416,000</u>	<u>38,009,249</u>
Total Gross Debt	<u>63,730,462</u>	<u>59,994,703</u>	<u>61,941,373</u>	<u>66,528,671</u>	<u>57,704,681</u>
<b>Borough of Manville</b>					
Municipal Government	\$5,302,459	\$4,027,459	\$4,658,459	\$5,287,459	\$4,913,459
Sewer Utility	135,000	135,000	135,000	135,000	135,000
School Districts	<u>-</u>	<u>-</u>	<u>3,950,000</u>	<u>-</u>	<u>-</u>
Total Gross Debt	<u>5,437,459</u>	<u>4,162,459</u>	<u>8,743,459</u>	<u>5,422,459</u>	<u>5,048,459</u>
<b>Borough of Millstone</b>					
Municipal Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Gross Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Township of Montgomery</b>					
Municipal Government	\$41,040,340	\$40,832,340	\$39,916,340	\$40,301,490	\$39,919,056
Sewer Utility	59,505,503	47,399,287	49,841,071	48,836,855	37,209,639
School Districts	<u>30,771,878</u>	<u>36,409,618</u>	<u>41,874,567</u>	<u>47,119,405</u>	<u>53,180,235</u>
Total Gross Debt	<u>131,317,720</u>	<u>124,641,245</u>	<u>131,631,977</u>	<u>136,257,749</u>	<u>130,308,929</u>
<b>Borough of North Plainfield</b>					
Municipal Government	\$23,257,105	\$25,628,105	\$24,627,100	\$20,323,400	\$19,572,000
Utilities	6,556,524	6,577,900	6,584,387	5,466,000	5,108,000
School Districts	<u>1,902,400</u>	<u>2,931,000</u>	<u>2,236,800</u>	<u>4,580,000</u>	<u>6,276,400</u>
Total Gross Debt	<u>31,716,029</u>	<u>35,137,005</u>	<u>33,448,287</u>	<u>30,369,400</u>	<u>30,956,400</u>

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Borough of Peapack-Gladstone</b>					
Municipal Government	\$1,676,000	\$1,955,000	\$2,448,000	\$2,929,000	\$3,388,000
Utilities	-	-	-	-	-
School Districts	<u>2,327,407</u>	<u>2,942,277</u>	<u>13,369,000</u>	<u>4,354,785</u>	<u>4,724,445</u>
Total Gross Debt	<u>4,003,407</u>	<u>4,897,277</u>	<u>15,817,000</u>	<u>7,283,785</u>	<u>8,112,445</u>
<b>Borough of Raritan</b>					
Municipal Government	\$25,828,911	\$24,621,961	\$20,523,821	\$22,167,583	\$10,384,787
School Districts	<u>1,889,208</u>	<u>15,786,398</u>	<u>459,689</u>	<u>1,118,619</u>	<u>1,723,445</u>
Total Gross Debt	<u>27,718,119</u>	<u>40,408,359</u>	<u>20,983,510</u>	<u>23,286,202</u>	<u>12,108,232</u>
<b>Borough of Rocky Hill</b>					
Municipal Government	\$482,618	\$138,118	\$138,118	\$104,500	\$0
Water and Sewer Utilities	2,071,168	2,059,000	2,095,168	240,168	252,168
School Districts	<u>289,901</u>	<u>934,059</u>	<u>1,097,615</u>	<u>1,363,655</u>	<u>1,469,329</u>
Total Gross Debt	<u>2,843,687</u>	<u>3,131,177</u>	<u>3,330,900</u>	<u>1,708,323</u>	<u>1,721,497</u>
<b>Borough of Somerville</b>					
Municipal Government	\$22,901,372	\$24,149,905	\$29,840,323	\$25,942,326	\$27,607,697
Sewer Utilities	-	-	4,960,500	5,020,500	5,125,500
School Districts	<u>5,125,000</u>	<u>6,905,000</u>	<u>10,875,000</u>	<u>10,235,000</u>	<u>11,800,000</u>
Total Gross Debt	<u>28,026,372</u>	<u>31,054,905</u>	<u>45,675,823</u>	<u>41,197,826</u>	<u>44,533,197</u>
<b>Borough of South Bound Brook</b>					
Municipal Government	\$4,359,167	\$4,801,167	\$4,768,863	\$4,209,723	\$4,531,917
School Districts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,000</u>
Total Gross Debt	<u>4,359,167</u>	<u>4,801,167</u>	<u>4,768,863</u>	<u>4,209,723</u>	<u>4,826,917</u>
<b>Township of Warren</b>					
Municipal Government	\$21,746,827	\$15,343,133	\$16,536,433	\$17,839,013	\$13,272,484
Sewer Utility	4,374,022	4,675,683	4,972,346	-	-
School Districts	<u>21,666,716</u>	<u>14,400,478</u>	<u>24,987,117</u>	<u>13,375,132</u>	<u>26,268,000</u>
Total Gross Debt	<u>47,787,565</u>	<u>34,419,293</u>	<u>46,495,895</u>	<u>31,214,145</u>	<u>39,540,484</u>
<b>Borough of Watchung</b>					
Municipal Government	\$12,676,451	\$14,619,962	\$16,265,795	\$18,862,968	\$19,232,164
School Districts	<u>19,035,498</u>	<u>19,757,608</u>	<u>6,446,279</u>	<u>5,342,351</u>	<u>6,704,051</u>
Total Gross Debt	<u>31,711,948</u>	<u>34,377,570</u>	<u>22,712,073</u>	<u>24,205,319</u>	<u>25,936,215</u>



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE COUNTY OF SOMERSET, NEW JERSEY  
INCLUDING UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2024**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



# FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA AND INFORMATION

DECEMBER 31, 2023 AND 2022  
WITH INDEPENDENT AUDITORS' REPORT



**COUNTY OF SOMERSET, NEW JERSEY  
TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>PART I      <u>Basic Financial Statements – Regulatory Basis</u></b>	
Independent Auditors' Report	B-1
<b><u>Exhibits</u></b>	
A      Comparative Balance Sheet – Current Fund	B-4
A-1      Comparative Statement of Operations and Changes in Fund Balance – Current Fund	B-5
A-2      Statements of Revenues – Current Fund	B-6
A-3      Statement of Expenditures – Current Fund	B-7
B      Comparative Balance Sheet – Trust Fund	B-16
C      Comparative Balance Sheet – General Capital Fund	B-17
C-1      Statement of Fund Balance – General Capital Fund	B-18
D      Statement of Governmental Fixed Assets	B-19
Notes to Financial Statements	B-20

**COUNTY OF SOMERSET, NEW JERSEY**

---

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## **Independent Auditors' Report**

**Honorable Director and Members  
of the Board of County Commissioners  
County of Somerset  
Somerville, New Jersey**

### **Report on the Audit of the Regulatory Basis Financial Statements**

#### ***Opinions on Regulatory Basis Financial Statements***

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the County of Somerset, New Jersey, (the "County") which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the County as of December 31, 2023 and 2022, and the regulatory basis statements of operations and changes in fund balance for the years then ended, the regulatory basis statements of changes in fund balance, the regulatory basis statements of revenues and the regulatory basis statements of expenditures for the year ended December 31, 2023 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 1 to the financial statements.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2023 and 2022, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, 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 opinions.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301 Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' report that includes our opinions. 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 GAAS and requirements prescribed by the Division, 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 GAAS and requirements prescribed by the Division, 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 the County'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 the County'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.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey

July 1, 2024

*Robert E. Provost*

Robert Provost, CPA

Registered Municipal Accountant, No. 582

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Fund:		
Cash and Cash Equivalents	\$ 59,896,612.45	\$ 50,036,845.21
Investments	24,821,157.19	26,624,652.34
	<u>84,717,769.64</u>	<u>76,661,497.55</u>
Change Fund	740.00	640.00
	<u>84,718,509.64</u>	<u>76,662,137.55</u>
Receivables and Other Assets with Full Reserves:		
Revenue Accounts Receivable	498,900.54	702,089.89
Guidance Center Charges Receivable	790,199.14	996,909.37
	<u>1,289,099.68</u>	<u>1,698,999.26</u>
Deferred Charges:		
Special Emergency	<u>6,000,000.00</u>	<u>8,000,000.00</u>
Total Current Fund	<u>92,007,609.32</u>	<u>86,361,136.81</u>
Grant Fund:		
Cash	56,597,573.76	59,543,992.95
Grants Receivable	<u>44,404,988.52</u>	<u>44,299,646.18</u>
Total Grant Fund	<u>101,002,562.28</u>	<u>103,843,639.13</u>
	<u>\$ 193,010,171.60</u>	<u>\$ 190,204,775.94</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 15,394,064.31	\$ 12,653,734.35
Reserve for Encumbrances	7,193,645.59	6,143,901.60
Special Emergency Note Payable	6,000,000.00	8,000,000.00
Accounts Payable	458,576.29	1,177,801.24
Interfunds Payable	<u>30,000.00</u>	<u>30,000.00</u>
	<u>29,046,286.19</u>	<u>28,005,437.19</u>
Reserve for Receivables	1,289,099.68	1,698,999.26
Fund Balance	<u>61,672,223.45</u>	<u>56,656,700.36</u>
Total Current Fund	<u>92,007,609.32</u>	<u>86,361,136.81</u>
Grant Fund:		
Interfunds Payable	7,648,000.00	
Encumbrances Payable	33,544,355.94	12,942,782.86
Reserve for Grants Appropriated	59,145,785.74	58,269,226.67
Reserve for Grants Unappropriated	<u>664,420.60</u>	<u>32,631,629.60</u>
Total Grant Fund	<u>101,002,562.28</u>	<u>103,843,639.13</u>
	<u>\$ 193,010,171.60</u>	<u>\$ 190,204,775.94</u>

See accompanying notes to the financial statements.

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Utilized	\$ 23,790,000.00	\$ 23,790,000.00
Miscellaneous Revenue Anticipated	89,374,914.23	86,895,920.90
Receipts from Current Taxes	219,830,471.00	210,542,543.00
Miscellaneous Revenues Not Anticipated	9,450,791.66	10,844,171.29
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	12,128,809.47	10,843,784.97
Grants Canceled	3,301,560.26	1,445,831.16
Accounts Payable Cancelled	<u>237,851.29</u>	
Total Revenue and Other Income	<u>358,114,397.91</u>	<u>344,362,251.32</u>
EXPENDITURES AND OTHER CHARGES:		
Budget Appropriations:		
Operations	267,450,051.35	263,841,426.03
Capital Improvements	3,223,064.16	3,000,000.00
Debt Service	28,163,801.94	25,723,034.46
Deferred Charges & Statutory Expenditures	27,546,015.77	25,612,588.56
Grants Cancelled	<u>2,925,941.60</u>	<u>1,202,851.63</u>
Total Expenditures and Other Charges	<u>329,308,874.82</u>	<u>319,379,900.68</u>
Statutory Excess to Fund Balance	28,805,523.09	24,982,350.64
Fund Balance, January 1	<u>56,656,700.36</u>	<u>55,464,349.72</u>
	85,462,223.45	80,446,700.36
Decreased by:		
Utilization as Anticipated Revenue	<u>23,790,000.00</u>	<u>23,790,000.00</u>
Fund Balance, December 31	<u><u>\$ 61,672,223.45</u></u>	<u><u>\$ 56,656,700.36</u></u>

See accompanying notes to the financial statements.

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	Adopted Budget	Special N.J.S.40A:4-87	Realized	(Deficit) Excess
Fund Balance Anticipated	\$ 23,790,000.00		\$ 23,790,000.00	
Miscellaneous Revenues:				
Local Revenues:				
Fees:				
County Clerk	6,350,000.00		5,530,728.45	\$ (819,271.55)
Surrogate	190,000.00		252,785.98	62,785.98
Sheriff	255,000.00		845,278.08	590,278.08
Interest on Investments and Deposits	1,200,000.00		3,776,939.57	2,576,939.57
Guidance Center	1,725,000.00		2,076,701.28	351,701.28
Soil Conversation Reimbursement	200,000.00		406,133.50	206,133.50
State Portion of Ch12 Debt Service	1,367,141.00		1,501,316.26	134,175.26
Supplemental Social Security Income	731,892.00		876,969.00	145,077.00
Grant Programs	42,360,375.23	\$ 18,393,350.83	60,753,726.06	
Capital Surplus	1,200,000.00		1,200,000.00	
Shared Services Revenues	3,257,689.00		3,794,051.94	536,362.94
State Reimbursement of Election Expenses	164,851.56		202,277.93	37,426.37
Increased Fees as a Result of Chapter 370:				
County Clerk	1,000,000.00		811,623.50	(188,376.50)
County Surrogate	75,000.00		165,438.52	90,438.52
Sheriff	12,000.00		14,135.18	2,135.18
Pension Reimbursement	1,444,462.06		1,444,462.00	(0.06)
County College RVCC Bateman Debt Reimbursement	207,980.00		207,980.00	
FEMA Reimbursement	2,000,000.00		4,438,814.67	2,438,814.67
Added & Omitted Taxes	852,630.01		1,075,552.31	222,922.30
Total Miscellaneous Revenues	64,594,020.86	18,393,350.83	89,374,914.23	6,387,542.54
Amount to be Raised by Taxation:				
County Purpose Tax	219,830,471.14		219,830,471.00	(0.14)
Budget Totals	308,214,492.00	18,393,350.83	332,995,385.23	6,387,542.40
Non-Budget Revenue			9,450,791.66	9,450,791.66
	<u>\$ 308,214,492.00</u>	<u>\$ 18,393,350.83</u>	<u>\$ 342,446,176.89</u>	<u>\$ 15,838,334.06</u>

MISCELLANEOUS REVENUES NOT ANTICIPATED

Prior Year Refunds	\$ 1,962,024.36
Non Refundable Inspections	76,904.16
Sale of Somerset County Property	97,337.13
Fringe Benefits	1,590,227.52
Prosecutor's Administration Reimbursements	117,654.46
Miscellaneous	470,434.99
Miscellaneous Jail Revenue	3,000,925.09
Rent of Somerset County Property	164,527.66
Fines Probation Title 40	835.25
Construction Appeals	900.00
Land Development Digital Submit	1,090.00
Hunterdon County College Debt	415,727.73
Family Crisis	6,586.00
Court Reimbursement	128,476.57
Jail Processing Fees	35,639.89
Indirect Cost	207,273.46
Vending Machine Fees	12,012.41
DD Care and Maintenance	10,179.15
Social Security Administration Wired	8,800.00
Joint Insurance Fund Dividends	977,185.14
IV-D Sheriff's Office	60,422.82
Development Review Fee	34,558.50
Municipal Pilot Program - County Portion	69,169.38
Electrical Vehicle Charging Station	1,899.99
	<u>\$ 9,450,791.66</u>

See accompanying notes to the financial statements

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Paid or Charged	Expended Encumbered	Reserved	Canceled
<u>GENERAL GOVERNMENT</u>						
<u>ADMINISTRATION AND EXECUTIVE:</u>						
Board of Chosen Freeholders:						
Salaries and Wages	\$ 110,510.00	\$ 110,510.00	\$ 110,509.68		\$ 0.32	
County Administrator:						
Salaries and Wages	382,993.68	433,993.68	431,995.99		1,997.69	
Other Expenses	210,150.00	210,150.00	118,595.33	\$ 37,718.91	53,835.76	
Clerk of the Board:						
Salaries and Wages	284,687.10	284,687.10	266,600.79		18,086.31	
Other Expenses	68,535.00	68,535.00	43,154.58	13,473.03	11,907.39	
Public Information Office:						
Salaries and Wages	934,788.96	934,788.96	853,489.42		81,299.54	
Other Expenses	309,379.00	309,379.00	130,364.81	21,865.62	157,148.57	
Telephone Service:						
Salaries and Wages	108,941.84	111,441.84	110,831.59		610.25	
Other Expenses	558,600.00	718,600.00	540,304.59	15,667.44	162,627.97	
Public Works:						
Salaries and Wages	767,459.68	767,459.68	709,216.58		58,243.10	
Other Expenses	140,400.00	140,400.00	100,759.13	15,024.65	24,616.22	
Division of Archives & Record Mgt.:						
Salaries and Wages	121,651.32	122,151.32	122,150.98		0.34	
Other Expenses	51,475.00	51,475.00	17,449.12	13,507.04	20,518.84	
Department of Finance:						
Data Processing Department:						
Salaries and Wages	1,604,943.76	1,379,889.76	1,330,810.40		49,079.36	
Other Expenses	801,419.37	801,419.37	664,954.72	100,687.27	35,777.38	
County Treasurer's Office:						
Salaries and Wages	1,524,134.81	1,397,280.81	1,352,904.05		44,376.76	
Other Expenses	96,450.00	96,450.00	91,157.76	5,292.24		
Audit Fee	329,500.00	329,500.00	43,755.49	2,250.00	283,494.51	
Bond Registration Fees Chapter 243-Law of 1993	2,500.00	2,500.00	2,500.00			
Legal Department:						
County Counsel:						
Other Expenses	1,500,000.00	1,500,000.00	560,024.11	279,983.08	659,992.81	
County Adjuster's Office:						
Salaries and Wages	285,667.10	285,667.10	281,357.23		4,309.87	
Other Expenses	147,450.00	147,450.00	58,109.76	47,375.21	41,965.03	
Personnel Department:						
Salaries and Wages	803,092.30	803,092.30	782,173.79		20,918.51	
Other Expenses	557,500.00	557,500.00	194,817.03	67,874.10	294,808.87	
Veteran's Services:						
Salaries and Wages	160,453.14	160,453.14	158,637.64		1,815.50	
Other Expenses	21,550.00	21,550.00	9,289.17	2,078.66	10,182.17	
County Clerk:						
Salaries and Wages	991,729.52	941,729.52	877,925.67		63,803.85	
Other Expenses	192,150.00	192,150.00	122,151.41	1,157.14	68,841.45	
Prosecutor's Office:						
Salaries and Wages	14,440,657.49	14,440,657.49	14,082,318.23		358,339.26	
Other Expenses	1,287,048.00	1,287,048.00	946,751.22	300,988.67	39,308.11	

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
Purchasing Department:						
Salaries and Wages	\$ 498,401.86	\$ 398,401.86	\$ 381,536.32		\$ 16,865.54	
Other Expenses	31,000.00	31,000.00	14,267.97	\$ 172.78	16,559.25	
Facilities:						
Salaries and Wages	2,263,534.92	2,163,534.92	2,102,389.94		61,144.98	
Other Expenses	8,887,889.68	9,107,889.68	7,982,094.43	972,717.20	153,078.05	
Industrial and Economic Development:						
Salaries and Wages	102,000.00	103,000.00	103,000.00			
Other Expenses	364,800.00	364,800.00	288,693.59	24,153.03	51,953.38	
Contribution to Soil Conservation District:						
Salaries & Wages	434,652.60	434,652.60	393,736.94		40,915.66	
Insurance:						
Group Insurance Plan for Employees	29,566,181.00	29,566,181.00	28,107,310.28	11,669.00	1,447,201.72	
Other Insurance Premiums	7,787,997.00	7,787,997.00	7,523,065.80	981.20	263,950.00	
Health Insurance Waivers	300,000.00	312,000.00	311,150.00		850.00	
Salary Adjustments	150,000.00	150,000.00			150,000.00	
Reserve for Sick and Vacation Pay	150,000.00	150,000.00	13,329.10		136,670.90	
TOTAL GENERAL GOVERNMENT	79,332,274.13	79,177,366.13	72,335,634.64	1,934,636.27	4,907,095.22	-
<u>JUDICIARY</u>						
County Surrogate:						
Salaries and Wages	570,178.98	570,178.98	559,757.49		10,421.49	
Other Expenses	160,896.00	160,896.00	35,115.39	9,015.17	116,765.44	
TOTAL JUDICIARY	731,074.98	731,074.98	594,872.88	9,015.17	127,186.93	-
<u>REGULATION</u>						
Sheriff's Office:						
Salaries and Wages	8,914,456.29	8,929,456.29	8,441,885.88		487,570.41	
Other Expenses	684,965.00	684,965.00	359,225.59	184,896.26	140,843.15	
Board of Taxation:						
Salaries and Wages	292,905.22	292,905.22	251,605.04		41,300.18	
Other Expenses	192,454.00	192,454.00	186,416.28	486.09	5,551.63	
County Medical Examiner:						
Other Expenses	1,042,472.55	1,042,472.55	531,218.78		511,253.77	
Board of Elections:						
Salaries and Wages	987,870.84	1,472,870.84	1,303,018.76		169,852.08	
Other Expenses	727,123.36	727,123.36	237,391.28	134,852.47	354,879.61	
Elections (County Clerk):						
Salaries and Wages	115,469.96	165,469.96	155,690.28		9,779.68	
Other Expenses	537,050.00	537,050.00	251,918.26	13,767.05	271,364.69	
Office of Emergency Management:						
Salaries and Wages	673,926.92	603,926.92	548,478.95		55,447.97	
Other Expenses	92,900.00	92,900.00	64,083.71	22,431.62	6,384.67	
County Public Safety Radio:						
Salaries and Wages	5,515,966.72	5,617,966.72	5,595,759.09		22,207.63	
Other Expenses	997,842.81	1,297,842.81	714,733.16	547,229.50	35,880.15	
County Planning Board (R.S. 40:27-3):						
Salaries and Wages	1,212,055.14	1,212,055.14	1,171,724.79		40,330.35	
Other Expenses	348,308.00	248,308.00	132,735.53	19,548.06	96,024.41	

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
Weights and Measures:						
Salaries & Wages	\$ 46,700.00	\$ 46,700.00	\$ 23,557.94		\$ 23,142.06	
Other Expenses	12,750.00	12,750.00	7,903.03	\$ 3,027.74	1,819.23	
Construction Board of Appeals:						
Other Expenses	3,000.00	3,000.00			3,000.00	
<b>TOTAL REGULATION</b>	<b>22,398,216.81</b>	<b>23,180,216.81</b>	<b>19,977,346.35</b>	<b>926,238.79</b>	<b>2,276,631.67</b>	<b>-</b>
<b>ROADS AND BRIDGES</b>						
Vehicle Maintenance:						
Salaries and Wages	1,780,270.22	1,780,270.22	1,439,779.47		340,490.75	
Miscellaneous- Other Expenses	1,435,500.00	1,435,500.00	523,141.48	801,421.30	110,937.22	
Other Expenses (Gasoline)	2,293,085.00	2,293,085.00	1,679,228.95	387,499.83	226,356.22	
Vehicle Acquisitions	150,000.00	150,000.00	(12,808.00)	12,808.00	150,000.00	
Roads:						
Salaries & Wages	4,322,271.62	4,322,271.62	4,318,526.54		3,745.08	
Other Expenses	868,840.00	868,840.00	253,426.40	477,045.93	138,367.67	
Bridge Maintenance:						
Salaries and Wages	1,296,038.36	1,296,038.36	1,295,908.45		129.91	
Other Expenses	52,840.00	52,840.00	19,709.55	32,355.10	775.35	
Engineering Department:						
Salaries and Wages	3,071,294.48	2,971,294.48	2,734,170.13		237,124.35	
Other Expenses	355,072.99	375,072.99	205,724.76	73,349.83	95,998.40	
<b>TOTAL ROADS AND BRIDGES</b>	<b>15,625,212.67</b>	<b>15,545,212.67</b>	<b>12,456,807.73</b>	<b>1,784,479.99</b>	<b>1,303,924.95</b>	<b>-</b>
<b>CORRECTIONAL AND PENAL</b>						
Adult Correction and Facility:						
Salaries and Wages	14,403,495.85	14,379,555.85	12,442,069.89		1,937,485.96	
Other Expenses	4,404,661.44	4,404,661.44	3,578,594.44	405,374.39	420,692.61	
Juvenile Detention Center:						
Salaries and Wages	306,508.38	310,008.38	308,305.12		1,703.26	
Other Expenses	530,507.00	530,507.00	467,310.05	7,820.95	55,376.00	
<b>TOTAL CORRECTIONAL AND PENAL</b>	<b>19,645,172.67</b>	<b>19,624,732.67</b>	<b>16,796,279.50</b>	<b>413,195.34</b>	<b>2,415,257.83</b>	<b>-</b>
<b>HEALTH AND WELFARE</b>						
Mental Health Board:						
Salaries and Wages	856,360.70	889,360.70	793,474.79		95,885.91	
Other Expenses	2,297,900.00	2,297,900.00	1,518,795.53	647,199.38	131,905.09	
Mental Health Program:						
Salaries and Wages	5,802,065.52	5,802,065.52	4,928,236.12		873,829.40	
Other Expenses	674,350.00	674,350.00	392,218.47	109,068.26	173,063.27	
Maintenance of Patients in State and Other Institutions of Mental Diseases:						
State Share	1,866,627.00	1,866,627.00	1,866,394.00		233.00	
County Social Services Board:						
Administration	7,390,000.00	7,413,940.00	7,240,822.08	68,504.79	104,613.13	
Assist. For Dependent Children	139,841.00	139,841.00	130,000.00		9,841.00	
Supplemental Security Income	731,892.00	731,892.00	695,000.00		36,892.00	

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
Somerset County Transportation Department:						
Salaries and Wages	\$ 3,766,286.50	\$ 3,359,286.50	\$ 3,212,917.26		\$ 146,369.24	
Other Expenses	1,059,303.02	1,059,303.02	749,330.87	\$ 2,957.70	307,014.45	
Health Department:						
Salaries and Wages	1,431,027.94	1,431,027.94	446,345.11		984,682.83	
Other Expenses	456,366.00	456,366.00	248,013.27	64,537.29	143,815.44	
Solid Waste Planning:						
Salaries and Wages	79,272.36	94,372.36	93,671.54		700.82	
Comm. Develop. County Support:						
Other Expenses	17,500.00	17,500.00	8,292.35	4,833.40	4,374.25	
Aid to Volunteer Ambulance and Rescue Squads	68,000.00	68,000.00	58,000.00		10,000.00	
Intoxicated Drivers:						
Other Expenses	100.00	100.00	100.00			
Family Crisis Intervention:						
Salaries and Wages	832,122.18	832,122.18	708,153.33		123,968.85	
Other Expenses	34,608.00	34,608.00	21,941.37	2,510.83	10,155.80	
Somerset County Recycling:						
Salaries & Wages	947,331.18	947,331.18	839,557.25		107,773.93	
Other Expenses	616,311.00	616,311.00	235,477.80	150,517.09	230,316.11	
<b>TOTAL HEALTH AND WELFARE</b>	<b>29,067,264.40</b>	<b>28,732,304.40</b>	<b>24,186,741.14</b>	<b>1,050,128.74</b>	<b>3,495,434.52</b>	<b>-</b>
<b>EDUCATION</b>						
Office of County Superintendent of Schools:						
Salaries and Wages	224,684.58	227,884.58	227,683.92		200.66	
Other Expenses	21,750.00	21,750.00	10,555.32	2,720.97	8,473.71	
Vocational School	12,404,110.00	12,404,112.00	12,404,112.00			
County Extension Services - Farm and Home Demonstrations:						
Salaries and Wages	563,338.54	563,338.54	466,734.50		96,604.04	
Other Expenses	297,248.00	297,248.00	201,362.76	88,215.35	7,669.89	
County College	10,323,027.00	10,393,133.00	10,393,133.00			
Reimbursement for Residents Attending Out-Of-County, Two-Year Colleges (N.J.S.A. 18A:64A-23):	150,000.00	150,000.00	62,974.24		87,025.76	
Cultural and Heritage Commission:						
Salaries and Wages	183,897.76	183,897.76	127,597.90		56,299.86	
Other Expenses	34,512.00	34,512.00	28,397.30	2,516.71	3,597.99	
Public Health & Safety:						
Salaries and Wages	338,640.00	353,640.00	353,177.79		462.21	
Other Expenses	3,200.00	3,200.00	2,539.26	453.81	206.93	
Fire Training Academy:						
Salaries and Wages	582,640.00	502,640.00	466,322.46		36,317.54	
Other Expenses	273,800.00	273,800.00	132,524.82	137,033.77	4,241.41	
<b>TOTAL EDUCATION</b>	<b>25,400,847.88</b>	<b>25,409,155.88</b>	<b>24,877,115.27</b>	<b>230,940.61</b>	<b>301,100.00</b>	<b>-</b>



COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
<b>RECREATION</b>						
Park Commission	\$ 11,442,150.00	\$ 11,442,150.00	\$ 11,442,150.00			
<b>TOTAL RECREATION</b>	<b>11,442,150.00</b>	<b>11,442,150.00</b>	<b>11,442,150.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Subtotal Operations	 203,642,213.54	 203,842,213.54	 182,666,947.51	 \$ 6,348,634.91	 \$ 14,826,631.12	 -
Detail:						
Salaries & Wages	85,087,376.32	84,581,328.32	77,705,695.03		6,875,633.29	
Other Expenses	118,554,837.22	119,260,885.22	104,961,252.48	6,348,634.91	7,950,997.83	
 <b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
<u>Office on Aging</u>						
NJ Department of Community Affairs:						
Office on Aging Title III-Area Plan	1,024,827.17	924,827.17	603,082.40	97,453.14	224,291.63	
Somerset County Nutrition Title IIIIB IIIC-2 and D	1,860,882.58	1,757,657.58	1,350,260.11	322,340.89	85,056.58	
Subtotal - Office on Aging	2,885,709.75	2,682,484.75	1,953,342.51	419,794.03	309,348.21	-
 Multi - Narcotics Task Jag	63,148.00	63,148.00	63,148.00			
Workforce Learning Link (7/1/22 - 6/30/23)	42,000.00	42,000.00	42,000.00			
Body Armor - Prosecutor	5,764.29	5,764.29	5,764.29			
Body Armor - Sheriff	3,830.47	3,830.47	3,830.47			
STP - Sub-regional Transportation (7/22-6/23)	102,946.00	102,946.00	102,946.00			
Body Armor - Jail	6,731.20	6,731.20	6,731.20			
Title III E (Family Caregiver)	693.00	693.00	693.00			
Traumatic Loss Coalition 7/22-6/23		2,000.00	2,000.00			
Senior Citizen and Disabled Resident Assistance Program		500.00	500.00			
Recycling Enhancement Act Tax Entitlement	332,100.00	332,100.00	332,100.00			
Library of Integrated Network-based Cellular Signals (LINCS) (7/22-6/23)	283,247.00	283,247.00	283,247.00			
State Criminal Alien Assistance Program (2021)	332,093.00	332,093.00	332,093.00			
Involuntary Outpatient Commitment Programs	14,022.00	14,022.00	14,022.00			
Title III B, C1, C2, D	6,449.00	6,449.00	6,449.00			
Subregional Support (7/22-6/23)	15,000.00	15,000.00	15,000.00			
Medical Assistance Treatment (7/22-6/23)	300,000.00	300,000.00	300,000.00			
Support Team for Addiction Recovery (10/22-9/23)		3,197.00	3,197.00			
County Innovation Project (Ch. 51) (9/22-8/23)	94,967.00	94,967.00	94,967.00			
Gambling Disorder (10/22-9/23)		991.00	991.00			
9-1-1 Emergency Telecommunication System	172,400.00	172,400.00	172,400.00			
Flood Mitigation Assistance - FEMA	24,999.00	24,999.00	24,999.00			
Bridge D0202 Mountain View Rd (LBF)		2,768,098.00	2,768,098.00			
Workforce Innovation and Opportunity Act - Adult (7/23-6/24)		482,392.00	482,392.00			
Workforce Innovation and Opportunity Act- DW (7/23-6/24)		918,735.00	918,735.00			
Workforce Innovation and Opportunity Act - Youth (7/23-6/24)		546,511.00	546,511.00			
Workfirst New Jersey - GA/SNAP (7/23-6/24)		313,907.00	313,907.00			
Workfirst New Jersey - TANF (7/23-6/24)		498,088.00	498,088.00			
Workforce Learning Link (7/23-6/24)		70,000.00	70,000.00			
SmartSTEPS (7/23-6/24)		3,210.00	3,210.00			
Right to Know (RTK)		11,632.00	11,632.00			
Insurance Fraud	250,000.00	250,000.00	250,000.00			
STP Sub-regional Trans (7/23-6/24)		102,946.00	102,946.00			
Alcohol & Drug Abuse (Ch 51)	537,479.00	613,881.00	613,881.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
Family Court	\$ 142,188.00	\$ 142,188.00	\$ 142,188.00			
Human Services Planning (7/23-6/24)		69,949.00	69,949.00			
Municipal Alliance (7/23-6/24)		156,009.00	156,009.00			
Personal Assistance Services (7/23-6/24)		57,078.00	57,078.00			
Social Services for the Homeless	271,600.00	271,600.00	271,600.00			
Project for Assistance in Transition from Homlessness	124,992.00	124,992.00	124,992.00			
Title III E (Family Caregiver)	100,087.00	230,142.00	230,142.00			
Area Plan Adult Services	153,648.00	153,648.00	153,648.00			
State Health Insurance Program (4/23-3/24)		38,000.00	38,000.00			
Traumatic Loss Coalition (7/23-6/24)		14,000.00	14,000.00			
Retired Senior Volunteer Program (4/23-3/24)		75,000.00	75,000.00			
Area Plan - SASS	235,220.00	235,220.00	235,220.00			
Area Plan Care Coordination - CMQA	23,810.00	23,810.00	23,810.00			
Area Plan Home Delivered Meals	15,851.00	15,851.00	15,851.00			
Section 5311		141,932.00	141,932.00			
Senior Citizen and Disabled Resident Assistance Program		884,694.00	884,694.00			
Veterans' Administration Transportation (7/23-6/24) (S)		18,000.00	18,000.00			
Clean Communities		98,195.75	98,195.75			
State Homeland Security (8/23-7/26)		219,881.41	219,881.41			
County Environmental Health Act (7/22-6/23)		178,320.00	178,320.00			
Library of Integrated Network-based Cellular Signals (LINCS) 7/23-6/24		290,065.00	290,065.00			
State/Community Partnership - Program Management	90,000.00	90,000.00	90,000.00			
State/Community Partnership Program Services	324,522.00	324,522.00	324,522.00			
Children's InterAgency Coordination Council /OJTR (7/23-6/24)		41,044.00	41,044.00			
Local Arts Program	217,000.00	217,000.00	217,000.00			
New Jersey Motor Vehicle Commission LEASE (7/23-6/24) (S)		152,958.00	152,958.00			
Family Development (TIP) - TANF Initiative for Parents	42,271.00	42,271.00	42,271.00			
Comprehensive Cancer Control (2022-2023)		5,771.00	5,771.00			
Tuberculosis Control Program (7/23-6/24)		87,422.00	87,422.00			
Medicaid Match	15,623.00	15,623.00	15,623.00			
NACCHO - MRC (4/1/23-1/31/24)	5,000.00	5,000.00	5,000.00			
State Criminal Alien Assistance Program		380,021.00	380,021.00			
Emergency Management Agency Assistance (7/23-6/24)		55,000.00	55,000.00			
Juvenile Detention Alternative Initiatives	120,000.00	120,000.00	120,000.00			
VAWA (7/23-6/24)		18,294.00	18,294.00			
Comprehensive Traffic Safety Program (10/23-9/24)		278,741.00	278,741.00			
Click It or Ticket	53,200.00	53,200.00	53,200.00			
Involuntary Outpatient Commitment Programs	328,043.00	342,679.00	342,679.00			
Title III B	244,406.00	457,306.00	457,306.00			
Title III C1	215,395.00	456,921.00	456,921.00			
Title III C2	199,602.00	411,638.00	411,638.00			
Title III D	9,938.00	23,774.00	23,774.00			
Area Plan - SWHDM	31,314.00	31,314.00	31,314.00			
Area Plan SHTP	36,947.00	36,947.00	36,947.00			
Area Plan - Nutrition Service Incentive Program	30,768.00	115,062.00	115,062.00			
Office on Aging Admin		58,000.00	58,000.00			
Subregional Support (7/23-6/24)		15,000.00	15,000.00			
Drive Sober or Get Pulled Over	112,000.00	112,000.00	112,000.00			
History Partnership Program (CHPP)	87,750.00	87,750.00	87,750.00			
Section 5310	150,000.00	150,000.00	150,000.00			
Hazard Mitigation Grant Program - HMGP	200,000.00	200,000.00	200,000.00			
Distracted Driver (10/22 - 9/23)	257,600.00	257,600.00	257,600.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
Impaired Driving (10/23-9/24)		\$ 312,240.00	\$ 312,240.00			
Childhood Lead Exposure (7/23-6/24)		288,127.00	288,127.00			
Child Advocacy Development		10,265.06	10,265.06			
Farmer's Market (5/23-9/23)	\$ 6,512.00	6,512.00	6,512.00			
Operation Helping Hands - OHH (9/23-8/24)		105,263.15	105,263.15			
Support Team for Addiction Recovery (10/23-9/24)		416,986.00	416,986.00			
CIP (Ch. 51) 10/23-9/24		94,967.00	94,967.00			
Summer Youth Employment Program (4/1/23-10/31/23)	193,500.00	193,500.00	193,500.00			
Cooperative Marketing Prgm	10,050.00	13,275.00	13,275.00			
Workforce Innovation and Opportunity Act Data Reporting (7/23-6/24)		12,971.00	12,971.00			
Gambling Disorder (10/23-9/24)		123,961.00	123,961.00			
DMHAS Youth Leadership (9/23-9/25)		31,179.00	31,179.00			
LEAP (7/1/22-6/30/23)		75,000.00	75,000.00			
Overdose Fatality Review Team (7/23-6/24)		75,000.00	75,000.00			
National Opioid Abatement Trust	368,295.57	647,649.03	647,649.03			
Radon Awareness Program - RAP	2,000.00	2,000.00	2,000.00			
Enhancing Local Public Health Infrastructure (10/22-6/24)	1,545,073.00	3,087,124.00	3,087,124.00			
Opt for Help and Hope (3/23-2/25)	333,333.00	333,333.00	333,333.00			
Docent Training Program (8/23-7/24)		18,500.00	18,500.00			
County Health Infrastructure Prgm - CHIF (7/23-6/24)		764,613.00	764,613.00			
Seal Asset Tracking		35,250.00	35,250.00			
Strengthening Local PHC (7/23-6/24)		89,365.00	89,365.00			
Unified Services Transaction Form+ Data Entry		10,500.00	10,500.00			
Reentry Coordinator-CRC (7/22-6/23)		100,000.00	100,000.00			
Disaster Resp Crisis Counseling - DRCC		16,400.00	16,400.00			
Bridge L1014 - Stirling Rd LBF		1,285,000.00	1,285,000.00			
Bridge G1404 - Lloyd Rd LBF		750,000.00	750,000.00			
Bridge D1301 - Pottersville Rd LBF		741,092.00	741,092.00			
Data Driven Decision Making - Organizational Enhancement (8/23-7/24)		20,000.00	20,000.00			
SART/FNE (10/23-9/24)		144,000.00	144,000.00			
Victim Assistance Program (7/23-6/24)		319,086.00	319,086.00			
Comprehensive Cancer Control 2024 (7/23-6/24)		99,690.00	99,690.00			
Occupant Protection (10/23-9/24)		61,530.00	61,530.00			
CAC 7/23-6/24		165,131.00	165,131.00			
COVID-19 Vaccine Supplemental		65,000.00	65,000.00			
American Rescue Plan- III E - (7/22-9/24)	62,645.00	63,109.00	63,109.00			
Library of Integrated Network-based Cellular Signals (LINCS) COVID (7/22-6/23)	425,000.00	425,000.00	425,000.00			
American Rescue Plan - III B - (7/22-9/24)	193,045.00	194,825.00	194,825.00			
American Rescue Plan - III C1 - (7/22-9/24)	101,249.00	101,999.00	101,999.00			
American Rescue Plan - III C2 - (7/22-9/24)	193,269.00	194,664.00	194,664.00			
American Rescue Plan - III D - (7/22-9/24)	18,365.00	18,365.00	18,365.00			
COVID 19 Vaccination - Activity D (12/22-11/23)	391,255.00	391,255.00	391,255.00			
American Rescue Plan - APS (1/23-9/24)		90,574.00	90,574.00			
Library of Integrated Network-based Cellular Signals (LINCS) COVID 7/23-6/24		128,144.00	128,144.00			
Emergency Rental Assist. Reall. 2	94,353.20	94,353.20	94,353.20			
American Rescue Plan Automated License Plate Reader - ALPR		102,858.00	102,858.00			
State and Local Fiscal Recovery Funds (12/21/2024)	4,620,633.50	4,620,633.50	4,620,633.50			
State and Local Fiscal Recovery Funds - Public Health (12/31/2024)	11,900,000.00	11,900,000.00	11,900,000.00			
State and Local Fiscal Recovery Funds - Economic Impact (12/31/2024)	7,215,153.00	7,215,153.00	7,215,153.00			
State and Local Fiscal Recovery Funds - Impacted Communities (12/31/2024)	125,000.00	125,000.00	125,000.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
State and Local Fiscal Recovery Funds - Infrastructure (12/31/2024)	\$ 8,085,000.00	\$ 8,085,000.00	\$ 8,085,000.00			
LATCF	50,000.00	100,000.00	100,000.00			
<u>Subtotal Grants</u>	<u>42,360,375.23</u>	<u>60,833,353.06</u>	<u>60,833,353.06</u>	<u>-</u>	<u>-</u>	<u>-</u>
MATCH-Comp Alcohol and Drug Abuse Ch51 Funding	76,402.00					
Matching Funds for Grants	50,000.00	50,000.00			\$ 50,000.00	
<u>Subtotal Matching Funds</u>	<u>126,402.00</u>	<u>50,000.00</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>	<u>-</u>
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	<u>45,372,486.98</u>	<u>63,565,837.81</u>	<u>62,786,695.57</u>	<u>\$ 419,794.03</u>	<u>359,348.21</u>	<u>-</u>
Total Operations	<u>249,014,700.52</u>	<u>267,408,051.35</u>	<u>245,453,643.08</u>	<u>6,768,428.94</u>	<u>15,185,979.33</u>	<u>-</u>
Contingent	<u>42,000.00</u>	<u>42,000.00</u>	<u>-</u>		<u>42,000.00</u>	
Total Operations Including Contingent	<u>249,056,700.52</u>	<u>267,450,051.35</u>	<u>245,453,643.08</u>	<u>6,768,428.94</u>	<u>15,227,979.33</u>	<u>-</u>
Detail:						
Salaries & Wages	85,087,376.32	84,581,328.32	77,705,695.03		6,875,633.29	
Other Expenses (Including Contingent)	163,969,324.20	182,868,723.03	167,747,948.05	6,768,428.94	8,352,346.04	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	2,750,000.00	2,750,000.00	2,750,000.00			
Equipment	473,064.16	473,064.16	46,426.29	425,216.65	1,421.22	
TOTAL CAPITAL IMPROVEMENTS	<u>3,223,064.16</u>	<u>3,223,064.16</u>	<u>2,796,426.29</u>	<u>425,216.65</u>	<u>1,421.22</u>	<u>-</u>
<u>COUNTY DEBT SERVICE</u>						
Payment of Bond Principal:						
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	2,650,000.00	2,650,000.00	2,650,000.00			
Other Bonds	19,380,000.00	19,380,000.00	19,380,000.00			
Interest on Bonds:						
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	577,082.50	577,082.50	577,082.50			
Other Bonds	5,111,460.05	5,111,460.05	4,886,550.44			\$ 224,909.61
Capital Lease Program Obligations :						
Loan Repayments For Principal and Interest	670,169.00	670,169.00	670,169.00			
Total County Debt Service	<u>28,388,711.55</u>	<u>28,388,711.55</u>	<u>28,163,801.94</u>	<u>-</u>	<u>-</u>	<u>224,909.61</u>
<u>STATUTORY EXPENDITURES AND DEFERRED CHARGES</u>						
Deferred Charges:						
Special Emergency Authorization 5 Year	2,000,000.00	2,000,000.00	2,000,000.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	2023 Adopted Budget	Modified Budget	Expended			
			Paid or Charged	Encumbered	Reserved	Canceled
<u>Statutory Expenditures:</u>						
Contributions To:						
Defined Contribution Retirement Plan	\$ 421,594.61	\$ 421,594.61	\$ 400,434.07		\$ 21,160.54	
Public Employees' Retirement System	11,447,215.00	11,447,215.00	11,447,215.00			
Social Security System (A.A.S.I.)	6,732,633.16	6,732,633.16	6,589,129.94		143,503.22	
Police and Firemen's Retirement System	<u>6,944,573.00</u>	<u>6,944,573.00</u>	<u>6,944,573.00</u>			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	<u>27,546,015.77</u>	<u>27,546,015.77</u>	<u>27,381,352.01</u>	<u>-</u>	<u>164,663.76</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 308,214,492.00</u>	<u>\$ 326,607,842.83</u>	<u>\$ 303,795,223.32</u>	<u>\$ 7,193,645.59</u>	<u>\$ 15,394,064.31</u>	<u>\$ 224,909.61</u>
Budget		\$ 308,214,492.00				
Added by 40A:4-87		<u>18,393,350.83</u>				
		<u>\$ 326,607,842.83</u>				
Cash Disbursements			\$ 240,961,870.26			
Deferred Charges			2,000,000.00			
Reserve for Federal and State Grants Appropriated			<u>60,833,353.06</u>			
			<u>\$ 303,795,223.32</u>			

See accompanying notes to the financial statements

COUNTY OF SOMERSET NEW JERSEY  
TRUST FUND  
COMPARATIVE BALANCE SHEET-REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Trust - Other Fund:		
Cash and Cash Equivalents	\$ 29,427,715.60	\$ 29,766,806.10
Housing and Community Development Act Grant Receivable	8,748,929.43	9,615,183.80
	<u>38,176,645.03</u>	<u>39,381,989.90</u>
Library Fund:		
Cash	3,861,951.38	4,106,206.50
	<u>3,861,951.38</u>	<u>4,106,206.50</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:		
Cash and Cash Equivalents	52,114,140.24	39,661,158.90
Investments	3,200,000.00	3,400,000.00
Interfunds Receivable - General Capital Fund	4,000,000.00	12,000,000.00
Interfunds Receivable - Grant Fund	7,648,000.00	
	<u>66,962,140.24</u>	<u>55,061,158.90</u>
Total Assets	<u>\$ 109,000,736.65</u>	<u>\$ 98,549,355.30</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Trust - Other Fund:		
Reserve for:		
Housing and Community Development Act	\$ 3,091,669.02	\$ 3,796,690.39
Prosecutors Funds	2,441,014.88	2,116,714.13
Miscellaneous Reserve Accounts	25,598,570.94	25,667,234.52
Tax Appeals	451,299.37	457,579.96
Encumbrances:		
Housing and Community Development Act	5,657,957.39	5,819,190.39
Prosecutors' Funds	24,543.61	219,102.52
Miscellaneous Reserve Accounts	910,885.44	1,305,125.97
Tax Appeals	704.38	352.02
	<u>38,176,645.03</u>	<u>39,381,989.90</u>
Library Fund:		
Reserve for Encumbrances	521,296.65	659,873.21
Accounts Payable	12,988.57	71,884.96
Due to Branches	2,136.10	
Advanced State Aid	122,360.00	116,072.00
Reserve for County Library Expenditures	3,203,170.06	3,258,376.33
	<u>3,861,951.38</u>	<u>4,106,206.50</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:		
Reserve for Open Space, Recreation, Farmland and Preservation Expenditures	59,341,615.00	46,808,308.87
Reserve for Encumbrances	7,620,525.24	8,252,850.03
	<u>66,962,140.24</u>	<u>55,061,158.90</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 109,000,736.65</u>	<u>\$ 98,549,355.30</u>

See accompanying notes to the financial statements.

COUNTY OF SOMERSET, NEW JERSEY  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET- REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 587,391.54	\$ 1,208,865.46
Investments	2,240,992.36	2,967,935.42
Note Receivable - Current Fund Special Emerg.	6,000,000.00	8,000,000.00
Due from Current Fund		30,000.00
Grants Receivable	17,250,000.00	21,350,000.00
Deferred Charges to Future Taxation:		
Funded	220,470,000.00	205,523,000.00
Unfunded	83,860,694.00	90,449,860.00
Total Assets	<u>\$ 330,409,077.90</u>	<u>\$ 329,529,660.88</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	\$ 185,255,000.00	\$ 168,238,000.00
SCIA Lease Payable	35,215,000.00	37,285,000.00
Improvement Authorizations:		
Funded	36,794,748.47	38,476,369.33
Unfunded	39,624,045.24	42,545,232.55
Due to Open Space Fund	4,000,000.00	12,000,000.00
Capital Improvement Fund	22,690.03	22,690.03
Reserve For:		
Encumbrances	27,497,279.14	29,529,434.63
Fund Balance	<u>2,000,315.02</u>	<u>1,432,934.34</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 330,409,077.90</u>	<u>\$ 329,529,660.88</u>
 Bonds and Notes Authorized But Not Issued	<u>\$ 83,860,694.00</u>	<u>\$ 90,449,860.00</u>

See accompanying notes to the financial statements.

COUNTY OF SOMERSET, NEW JERSEY  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Balance - December 31, 2022	\$ 1,432,934.34
Increased by:	
Financing Premium Received	<u>1,767,380.68</u>
	3,200,315.02
Decreased by:	
Anticipated Revenue Realized in Current Fund	<u>1,200,000.00</u>
Balance - December 31, 2023	<u><u>\$ 2,000,315.02</u></u>

See accompanying notes to the financial statements.



COUNTY OF SOMERSET, NEW JERSEY  
GOVERNMENTAL FIXED ASSETS  
STATEMENT OF GOVERNMENTAL FIXED ASSETS  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>GOVERNMENTAL FIXED ASSETS</u>		
Land and Improvements	\$ 277,166,998.00	\$ 277,165,266.00
Buildings and Improvements	162,220,479.88	147,652,533.79
Machinery and Equipment	82,860,988.61	80,692,916.19
Construction in Progress	<u>22,404,549.17</u>	<u>14,567,946.09</u>
Total Governmental Fixed Assets	<u>\$ 544,653,015.66</u>	<u>\$ 520,078,662.07</u>
Investments in Governmental Fixed Assets	<u>\$ 544,653,015.66</u>	<u>\$ 520,078,662.07</u>

See accompanying notes to the financial statements.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Somerset is an instrumentality of the State of New Jersey, established to function as a County. The Board of County Commissioners consists of five elected officials and is responsible for the fiscal control of the County. Except as noted below, the financial statements of the County of Somerset include the County Treasurer and County Departments supported and maintained wholly or in part by funds appropriated by the County of Somerset, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the County of Somerset do not include the operations of autonomous County Commissions, Schools or Boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The accounting policies of the County of Somerset conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the County of Somerset are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the County accounts for its financial transactions through the following individual funds and account groups:

Current Fund

Represents resources and expenditures for governmental operations of a general nature, including Federal, State and Local grant funds, except as otherwise noted.

Trust Fund

Represents receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Library Fund

Represents receipts and disbursements of funds for the operation and maintenance of library facilities.

Open Space, Recreation, Farmland and Historic Preservation Fund

Represents receipts and disbursements of funds to purchase land for open space purposes.

General Capital Fund

Represents receipts and disbursements of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group

Utilized to account for property, land, buildings, construction in progress and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for counties by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues

Revenues are recorded as received in cash except for certain amounts which are due from other governmental units. Grants are realized as revenue when anticipated in the County's budget. Receivables for County taxes are recorded with offsetting reserves on the balance sheet of the County's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the County, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the County's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances

Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Interfunds

Interfunds receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

C. Basis of Accounting (Cont'd)

Fixed Assets

Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Such assets are recorded at cost in the Governmental Fixed Assets. The values of County owned assets acquired prior to the implementation of the fixed asset accounting system were recorded at cost, estimated cost, estimated replacement value and assessed valuation for real property. Depreciation is not recorded as an operating expense of the general government Current Fund.

Governmental Fixed Assets

New Jersey Administrative Code 5:30-5.6, previously identified as Technical Accounting Directive No. 85-2, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities and counties, effective December 31, 1985. Assets acquired through December 31, 1985 were valued based on actual costs, where available and other methods, including current replacement value and estimated historical costs. Assets acquired subsequent to December 31, 1985 were valued based on actual costs. The initial inventory for assets acquired through December 31, 1985 utilized a \$1,000.00 threshold. For all assets acquired subsequent to December 31, 1985, the threshold is \$300.00. Improvements other than buildings, which consist of "infrastructure" fixed assets such as roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, etc., are excluded from the governmental fixed assets. Depreciation is not recorded in the governmental fixed assets. Lease Purchase Agreements have been recorded for amounts authorized and reported and classified in Governmental Fixed Assets under Lease Purchase Agreements (completed and in progress)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Disclosures about Pension Liabilities

The County has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 7 and the accompanying required supplementary information. As the County does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees' Retirements System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 7 for these disclosures.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

C. Basis of Accounting (Cont'd)

Disclosures about OPEB Liabilities

With the implementation of GASB Statement No. 75 for disclosure purposes, the County has included information for OPEB (*Postemployment Benefits Other Than Pensions*) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the County does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB liabilities is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, counties and municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 15 for these disclosures.

Recent Accounting Standards

GASB issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*" in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. The requirements of this Statement have been evaluated by the County and have determined to be immaterial to the financial statements for the year ended December 31, 2023.

GASB issued Statement No. 99, "*Omnibus 2022*" in April 2022. This Statement provides guidance on the requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 which are effective immediately upon issuance. Additionally, the Statement provides guidance related to leases, PPPs, and SBITAs which are effective for periods beginning after June 15, 2022. Lastly, the Statement provides guidance related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 which is effective for periods beginning after June 15, 2023. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 101 "*Compensated Absences*" in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

C. Basis of Accounting (Cont'd)

GASB issued Statement No. 102, "*Certain Risk Disclosures*" in December 2023. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The County presents the financial statements in accordance with the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

Leases

*County as a Lessee*

The County is a lessee for leases of County office space, warehouse space and other building space. The County acknowledges a lease obligation with an initial, collective value of \$130,000.00 or more. See Note 3 for detail.

At commencement of a lease, the County initially measures the lease obligation at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation is reduced by the principal portion of lease payments made. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease obligation are composed of fixed payments and any purchase option price that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease obligation and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease obligation.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

C. Basis of Accounting (Cont'd)

*County as a Lessor*

The County is a lessor for leases of County owned cell towers with T-Mobile and Verizon with lease agreements for 5 or 10 years with options to extend for three or five additional 5-year periods. The County is a lessor for leases of County owned land with several individuals for farm use with lease agreements for 5 or 20 years. The 5 year leases have options to extend for additional 5 and 10 year periods. The County is also a lessor for leases of a County owned communication tower with Stony Brook Rockingham with an original lease agreement for five years with the option to extend for an additional 5 year period.

The County acknowledges a lease with an initial, collective value of \$130,000.00 or more. See Note 16 for detail. The County initially measures the lease at the present value of payments expected to be received during the lease term.

Key estimates and judgments to the lessor include (1) the discount rate using the lessee's estimated borrowing rate expected less receipts to present value, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

NOTE 2: CASH AND CASH EQUIVALENTS

The County considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

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), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depositor, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00. The State of New Jersey Cash Management Fund is authorized by statute and regulation of the State Investment Council to invest in fixed income and debt securities, which mature within one year.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2: CASH AND CASH EQUIVALENTS (CONT'D)

A. Deposits (Cont'd)

Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transaction realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

At December 31, 2023 and 2022, the cash and cash equivalents of the County on deposit and on hand consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 203,912,189.53	\$ 184,847,524.59
Change Funds (On-Hand)	<u>640.00</u>	<u>640.00</u>
Total	<u><u>\$ 203,912,829.53</u></u>	<u><u>\$ 184,848,164.59</u></u>

At December 31, 2023, the County's recorded cash and cash equivalents amounted to \$203,912,829.53; an amount of \$203,912,189.53 was on deposit with the respective institutions. Of the bank balance, \$500,000.00 was FDIC insured, \$203,281,780.72 was GUDPA insured and \$130,408.81 was uninsured. The book balance was \$202,485,384.97.

At December 31, 2022, the County's recorded cash and cash equivalents amounted to \$184,848,164.59; an amount of \$184,847,524.62 was on deposit with the respective institutions. Of the bank balance, \$500,000.00 was FDIC insured, \$184,165,095.52 was GUDPA insured, and \$182,429.10 was uninsured. The book balance was \$184,323,875.12.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023 and 2022, based upon the insured balances as provided by FDIC and NJGUDPA coverage, \$130,408.81 and \$182,429.10, respectively, held in agency and payroll accounts were not covered by NJGUDPA. The County had \$10,236.01 and \$10,341.54 on deposit for the year ended December 31, 2023 and 2022, respectively, with the New Jersey Cash Management Fund which is an investment pool and is not insured by either FDIC or GUDPA. The County also has invested \$30,262,149.55 and \$32,992,587.76 in debt instruments of the Somerset County Improvement Authority, a related entity, for the year ended December 31, 2023 and 2022, respectively.



COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2: CASH AND CASH EQUIVALENTS (CONT'D)

B. Investments

The purchase of investments by the County are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the County is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks of its investments nor is it exposed to foreign currency risk for its deposits and investments.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2: CASH AND CASH EQUIVALENTS (CONT'D)

B. Investments (Cont'd.)

At December 31, 2023 and 2022, the County has invested \$30,262,149.55 and \$32,992,587.76, respectively, as detailed below.

<u>Investments</u>	<u>2023</u>	<u>2022</u>
Somerset County Improvement Authority Lease Revenue Bond Series 2016 due in various installments through 2036 at various interest rates.		\$ 660,000.00
Somerset County Improvement Authority Revenue Bonds Series 2009 with principal payments at \$200,000.00 through 2039 at various interest rates.	\$ 3,200,000.00	3,400,000.00
Somerset County Improvement Authority Revenue Bonds Series 2011 due in installments of \$16,450.22 to \$27,290.89 from 2016 through 2050 at interest rate of 1.50%.	610,917.92	629,175.12
Somerset County Improvement Authority Construction Loan Series 2010 with principal payments due in installments of \$43,867.26 to \$72,775.62 through 2051 at an interest rate of 1.50%.	1,630,074.44	1,678,760.30
Somerset County Improvement Authority Solar Bonds Series 2021 due in various installments through 2027 at interest rate of 0.50%.	5,640,000.00	7,030,000.00
Somerset County Improvement Authority Recreational Facilities Project Revenue Bond Series 2021 due in various installments through 2046 at 2.00%.	19,181,157.19	19,594,652.34
	<u>\$ 30,262,149.55</u>	<u>\$ 32,992,587.76</u>

The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, "*Fair Value Measurement and Application*". The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurement at December 31, 2023 and 2022:

Bonds and Loans in the amount of \$30,262,149.55 and \$32,992,587.76, respectively, are valued using level 2 inputs.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

	<u>Summary of Debt</u>	
	<u>2023</u>	<u>2022</u>
Issued:		
General:		
Bonds, Notes and Loans-County	\$ 220,470,000.00	\$ 205,523,000.00
Bonds-Guaranteed by County	207,708,313.00	184,859,039.00
	<u>428,178,313.00</u>	<u>390,382,039.00</u>
Less : Due from State of New Jersey	11,876,000.00	11,140,000.00
Bonds/Notes Issued by Another Public Body Guaranteed by the County	207,708,313.00	184,859,039.00
Bonds to be Paid by Open Space Trust Funds	<u>16,070,000.00</u>	<u>19,595,000.00</u>
	<u>235,654,313.00</u>	<u>215,594,039.00</u>
Net Debt Issued	<u>192,524,000.00</u>	<u>174,788,000.00</u>
Authorized But Not Issued:		
General:		
Bonds and Notes	<u>83,860,694.00</u>	<u>90,449,860.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 276,384,694.00</u>	<u>\$ 265,237,860.00</u>

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3: LONG-TERM DEBT (CONT'D)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.381%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 512,039,007.00</u>	<u>\$ 235,654,313.00</u>	<u>\$ 276,384,694.00</u>
Net Debt of			\$ 276,384,694.00
Divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2			
as amended of			\$ 72,614,388,075.67
Equals			<u>0.381%</u>
<u>Equalized Valuation Basis</u>			
2021 Equalized Valuation Basis of Real Property			\$ 68,060,758,297.00
2022 Equalized Valuation Basis of Real Property			72,831,712,317.00
2023 Equalized Valuation Basis of Real Property			<u>76,950,693,613.00</u>
Average Equalized Valuation Basis			<u>\$ 72,614,388,075.67</u>
<u>Borrowing Power Under N.J.S.A. 40A:2-6 as Amended</u>			
2% of Average Equalized Valuation Basis			\$ 1,452,287,761.51
Net Debt			276,384,694.00
Remaining Borrowing Power			<u>\$ 1,175,903,067.51</u>

Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Rail Road Property of the County for the last three (3) preceding years.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3: LONG-TERM DEBT (CONT'D)

At December 31, 2023 and 2022, the County's individual bond and loan issues outstanding are detailed below.

General Serial Bonds:	<u>2023</u>	<u>2022</u>
\$38,932,000.00 Bonds of 2023 due in annual installments of \$100,000.00 to \$3,460,000.00 at multiple interest rates.	\$ 38,932,000.00	
\$32,820,000.00 Bonds of 2021 due in annual installments of \$205,000.00 to \$2,160,000.00 at multiple interest rates.	29,265,000.00	\$ 31,045,000.00
\$20,840,000.00 Bonds of 2020 due in annual installments of \$165,000.00 to \$2,290,000.00 at multiple interest rates.	16,910,000.00	18,220,000.00
\$20,480,000.00 Bonds of 2019 due in annual installments of \$190,000.00 to \$1,150,000.00 at multiple interest rates.	15,880,000.00	17,080,000.00
\$25,530,000.00 Bonds of 2018 due in annual installments of \$95,000.00 to \$1,365,000.00 at multiple interest rates.	16,975,000.00	18,685,000.00
\$24,995,000.00 Bonds of 2017 due in annual installments of \$95,000.00 to \$1,515,000.00 at multiple interest rates.	15,035,000.00	16,695,000.00
\$21,810,000.00 Refunding Bonds of 2017 due in annual installments of \$1,400,000.00 to \$1,535,000.00 at an interest rate of 4.00%.	9,965,000.00	12,920,000.00
\$23,316,000.00 Bonds of 2016 due in annual installments of \$125,000.00 to \$1,501,000.00 at an interest rate of 2.00%.	9,701,000.00	11,641,000.00
\$8,420,000.00 Refunding Bonds of 2016 final installment payment in the amount of \$1,615,000.00 due on 08/01/23 at an interest rate of 5.00%.		1,615,000.00
\$22,777,000.00 Bonds of 2015 due in annual installments of \$160,000.00 to \$1,307,000.00 at multiple interest rates.	9,777,000.00	11,402,000.00
\$7,400,000.00 Refunding Bonds of 2015 due in annual installments of \$445,000.00 at an interest rate of 5.00%.	890,000.00	1,335,000.00
\$18,000,000.00 Bonds of 2013 due in annual installments of \$1,100,000.00 at multiple interest rates.	5,500,000.00	6,750,000.00
\$38,100,000.00 Bonds of 2012 due in annual installments of \$190,000.00 to \$1,070,000.00 at multiple interest rates.	12,800,000.00	15,100,000.00
\$18,085,000.00 Bonds of 2011 due in annual installments of \$1,205,000.00 to \$1,215,000.00 at multiple interest rates.	3,625,000.00	4,830,000.00
\$9,615,000 Refunding Bonds of 2011 final installment payment in the amount of \$920,000.00 due on 10/01/23 at an interest rate of 4.00%.		920,000.00
Total Bonds	<u>\$ 185,255,000.00</u>	<u>\$ 168,238,000.00</u>



COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3: LONG-TERM DEBT (CONT'D)

CHANGES IN LONG-TERM DEBT (CONT'D)

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Serial Bonds:				
General Capital Fund	\$ 190,198,000.00		\$ 21,960,000.00	\$ 168,238,000.00
Lease Payables:				
SCIA - County Guaranteed Lease	4,120,000.00		515,000.00	3,605,000.00
SCIA - County Guaranteed Loan		\$ 36,803,000.00	3,123,000.00	33,680,000.00
Total	<u>\$ 194,318,000.00</u>	<u>\$ 36,803,000.00</u>	<u>\$ 25,598,000.00</u>	<u>\$ 205,523,000.00</u>

SPECIAL EMERGENCY NOTES

On September 14, 2021, the County had issued Special Emergency Notes for Tropical Storm Ida in amount of \$10,000,000.00 to be paid over a five-year period. As of December 31, 2023, the County had Special Emergency Notes outstanding of \$6,000,000.00.

LEASE OBLIGATIONS

The County entered into various lease agreements for office space, warehouse space, the County police academy property and other building space. The lease terms expire between February 3, 2024 and May 31, 2038. The County's outstanding leases have interest rates ranging from 0.00% to 4.00%. The following is a summary of the lease obligation payments to maturity:

<u>Year Ended December 31,</u>	<u>Projected Future Liability</u>
2024	\$ 2,965,253.47
2025	2,625,463.65
2026	2,399,644.10
2027	2,117,959.72
2028	2,047,902.03
2029-2033	10,211,430.32
2034-2038	8,787,754.04
Total	<u>\$ 31,155,407.33</u>

NOTE 4: SHORT-TERM DEBT

Other than the Special Emergency Notes, the County had no outstanding short-term debt as of December 31, 2023.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5: FUND BALANCE APPROPRIATED

Fund Balance at December 31, 2023, which was appropriated and included as anticipated revenue in the County budget for the year ending December 31, 2024, was as follows:

	Fund Balance <u>2023</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund	<u>\$61,672,223.45</u>	<u>\$24,000,000.00</u>

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the deferred charge of \$6,000,000.00 is shown on the balance sheet of the Current Fund for Special Emergency Appropriation (Tropical Storm Ida).

NOTE 7: PENSION AND RETIREMENT PLANS

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.



COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

- A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers* - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefits	191,041
Inactive plan members entitled to but not yet receiving benefits	658
Active plan members	<u>241,151</u>
 Total	 <u>432,850</u>
 Contributing Employers	 1,672
Contributing Nonemployers	1

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

*Payrolls and Covered Wages* - For the year ended December 31, 2023 the County's total payroll for all employees was \$92,258,845.72. Total PERS covered payroll was \$61,596,099.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the County to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal years 2023 and 2022, commencing July 1, 2019. The most recent increase completed the phase-in referred to above. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

The County's cash basis contributions to the Plan for the years ended December 31, 2023 was \$10,154,737.00. County contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. County payments to PERS for the year ending December 31, 2023 consisted of the following:

	<u>2023</u>
Normal Cost	\$ 1,546,673.00
Amortization of Accrued Liability	<u>8,168,359.00</u>
Total Pension	9,715,032.00
NCGI Premiums	<u>439,705.00</u>
Total Pension & NCGI	10,154,737.00
LTD Expense	<u>-</u>
Total PERS Payment	<u><u>\$ 10,154,737.00</u></u>

The County recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is the basis for the preparation of the County's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the County does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2023, the PERS reported a net pension liability of \$14,606,489,066.00 for its Non-State Employer Member Group. The County's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the County was \$109,450,574.00 or 0.7556458675%, which was a decrease of 0.0496158531%.

*Actuarial Assumptions* - The collective total pension liability in the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
 Salary Increases	 2.75-6.55%
	Based on years of service
 Investment rate of return	 7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Disability retirement rate used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liabilities of PERS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Net Pension Liability to Changes in the Discount Rate* – the following presents the net pension liability of the County as of June 30, 2023 calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% decrease <u>(6.00%)</u>	At current discount rate <u>(7.00%)</u>	At 1% increase <u>(8.00%)</u>
PERS	<u>\$ 142,481,360.00</u>	<u>\$ 109,450,574.00</u>	<u>\$ 81,337,008.00</u>

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

At December 31, 2023, the County's deferred outflow of resources and deferred inflow of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,046,488.00	\$ 447,399.00
Change in assumptions	240,441.00	6,633,174.00
Net difference between projected and actual earnings on pension plan investments	504,034.00	
Changes in proportion and differences between County contributions and proportionate share of contributions	344,091.00	6,805,214.00
County contributions subsequent to the measurement date	<u>10,154,737.00</u>	
Total	<u>\$ 12,289,791.00</u>	<u>\$ 13,885,787.00</u>

The \$10,154,737.00 is reflected above as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows, if GASB Statement No. 68 was recognized:

<u>Year ending</u>	<u>Amount</u>
2024	\$ (8,272,155.00)
2025	(4,135,477.00)
2026	3,319,654.00
2027	(2,555,609.00)
2028	<u>(107,146.00)</u>
Total	<u>\$ (11,750,733.00)</u>

*Additional Information*

Collective balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$1,080,204,730.00
Collective deferred inflows of resources	1,780,216,457.00
Collective net pension liability – Local group	14,606,489,066.00

County's Proportion	0.7556458675%
---------------------	---------------

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2023 was \$(79,181,803.00). The average of the expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2023, 2022, 2021, 2020 and 2019, respectively.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D)

*State Contribution Payable Dates* - Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date. Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

*Receivable Contributions* - The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2023 was \$1,354,892,653.00.

*Special Funding Situation* - The County is responsible for the actuarially determined annual contributions to the PERS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PERS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

Unaudited data provided by the PERS indicates that the total Nonemployer contributions made to the PERS by the State for the year ended June 30, 2023 was \$61,366,036.00. The portion of that contribution allocated to the County was \$341,335.00, or 0.7585148298%. The June 30, 2023 State special funding situation pension expense of \$55,672,746.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$122,115,019.00 at June 30, 2023 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The County's allocated shares of the special funding situation pension expense and related revenue for the year ended June 30, 2023 and its share of the special funding situation net pension liability at that date were \$341,335.00 and \$0.00, respectively.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows

*Plan Membership and Contributing Employers-* Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefits	48,753
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>41,816</u>
 Total	 <u>90,629</u>
 Contributing Employers	 574
Contributing Nonemployers	1

*Significant Legislation* – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2023 the County's total payroll for all employees was \$92,258,845.72. Total PFRS covered payroll was \$19,266,433.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the County to active employees covered by the Plan.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

The County's cash basis contributions to the Plan for the year ended December 31, 2023 was \$6,944,573.00. County Contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

County payments to PFRS made in the year ending December 31, 2023 consisted of the following:

	<u>2023</u>
Normal Cost	\$ 2,197,775.00
Amortization of Accrued Liability	<u>4,539,598.00</u>
Total Pension	6,737,373.00
NCGI Premiums	<u>207,200.00</u>
Total PFRS Payment	<u><u>\$ 6,944,573.00</u></u>

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.



COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the County's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the County does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2023, the PFRS reported a net pension liability of \$13,084,649,602.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The County's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$59,035,394.00 or 0.5343158200%, which was an increase of 0.0003452500%.

*Actuarial Assumptions* - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25-16.25% Based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability of PFRS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

*Sensitivity of the County's Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the County as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
PFRS	<u>\$ 82,255,484.00</u>	<u>\$ 59,035,394.00</u>	<u>\$ 39,698,607.00</u>

At December 31, 2023, the County's deferred outflow of resources and deferred inflow of resources related to PFRS were from the following sources, if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,527,777.00	\$ 2,815,465.00
Change in assumptions	127,419.00	3,986,304.00
Net difference between projected and actual earnings on pension plan investments	3,006,561.00	
Changes in proportion and differences between County contributions and proportionate share of contributions	3,127,047.00	3,324,279.00
County contributions subsequent to the measurement date	<u>6,944,573.00</u>	
Total	<u>\$ 15,733,377.00</u>	<u>\$ 10,126,048.00</u>

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

The \$6,944,573.00 is reflected above as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows, if GASB Statement No. 68 were followed:

<u>Year ending</u>	<u>Amount</u>
2024	\$ (3,613,172.00)
2025	(491,638.00)
2026	3,204,960.00
2027	(572,629.00)
2028	122,657.00
Thereafter	<u>12,578.00</u>
Total	<u>\$ (1,337,244.00)</u>

*Additional Information*

Collective balances at June 30, 2023

Collective deferred outflows of resources	\$1,753,080,638.00
Collective deferred inflows of resources	1,966,439,601.00
Collective net pension liability – Local group	13,084,649,602.00

County's Proportion	0.5343158200%
---------------------	---------------

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 was \$844,810,693. The average of the expected remaining service lives of all plan members is 6.16, 6.22, 6.17, 5.90 and 5.92 years for 2023, 2022, 2021, 2020 and 2019, respectively.

*State Contribution Payable Dates* - Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS) (CONT'D)

*Special Funding Situation* - The County is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2023 was \$232,824,730.00. The portion of that contribution allocated to the County was \$1,244,020.00, or 0.5343158200%. The June 30, 2023 State special funding situation pension expense of \$231,575,656.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,035,866,759.00 at June 30, 2023 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The County's allocated shares of the special funding situation pension expense for the year ended June 30, 2023 and its share of the special funding situation NPL at that date were \$1,237,345.00 and \$10,877,958.00, respectively.

C. DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers* - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000.00 annually.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION AND RETIREMENT PLANS (CONT'D)

C. DEFINED CONTRIBUTION RETIREMENT PLAN (CONT'D)

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2023, the County's total DCRP covered payroll was \$3,177,873.82. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan. County and employee contributions to the DCRP for the years ended December 31, 2023 were \$95,336.21 and \$174,783.06, respectively.

NOTE 8: COMPENSATED ABSENCES

The County has permitted employees to accumulate unused vacation and sick pay, which may be taken as time off or paid under certain circumstances. Management has estimated, at December 31, 2023 that the accumulated cost of such unpaid compensation would be \$2,937,735.84 for unused sick and vacation days. Under existing accounting principles and practices prescribed by the Division of Local Government Services, the amounts required to be paid in any fiscal year for the above mentioned compensation are raised in that year's budget and no liability is required to be accrued or reported in the financial statements at December 31, 2023. The County has reserved \$5,195,939.12 in the Trust Other Fund at December 31, 2023.

NOTE 9: LITIGATION

The County counsel's letter did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the County.

NOTE 10: RELATED PARTIES

During 2023, the County of Somerset provided operating or capital funding to the following Somerset County Governmental Units:

Raritan Valley Community College  
Park Commission  
Vocational and Technical Schools

All debt obligations of these units must be authorized by the Somerset County Board of Commissioners and are liabilities of the County, not the governmental units.

NOTE 11: RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in 1994, the County became a member of the Somerset County Joint Insurance Fund (the "Fund"), which was formed in accordance with P.L. 1983, C 372 entitled "An Act Concerning Joint Insurance Funds for Local Government Units of Government." The Fund provides insurance coverage covering each of the above-mentioned risks of loss. The County's contribution to the Fund is based on actuarial assumptions determined by the Fund's actuary. The Fund also purchases commercial insurance for claims in excess of coverage provided by the Fund. Workers' compensation claims incurred prior to January 1, 1994 are required to be financed by the County. The loss from these claims incurred, but not reported, has not been determined.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11: RISK MANAGEMENT (CONT'D)

The County also maintained a risk management program which combines risk retention and reinsurance coverage for claims relating to employee health benefits. The County provides coverage up to \$100,000.00 to any one individual. Any claims in excess of coverage provided by the County is covered by commercial insurance carriers.

New Jersey Unemployment Compensation Insurance - The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State. Below is a summary of County contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the County's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 7,578.68	\$ 197,829.98	\$ 288,617.51	\$ 335,503.43
2022	1,939.19	148,922.68	54,385.49	418,712.28
2021	698.42	148,459.01	39,963.40	322,235.90

NOTE 12: DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salaries until future years. The County does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the County's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Nationwide Insurance Company.

The accompanying financial statements do not include the County's Deferred Compensation Plan activities. The County's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 13: CONTINGENT LIABILITIES

The County participates in many financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expended in 2023 were subject to the Uniform Guidance and State of New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the County's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in the separately issued Single Audit Report of the 2023 audit.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13: CONTINGENT LIABILITIES (CONT'D)

In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2023, the County does not believe that any material liabilities will result from such audits.

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage. Under current New Jersey budget and financial reporting requirements, the county is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the County is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Single Employer Plan Defined Benefit Plan

Plan Description

The County's defined benefit OPEB plan, Somerset County Retiree Medical Plan (the Plan), provides OPEB for all eligible employees of the County in accordance with the terms of their various labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical benefits provided that they have meet the eligibility requirements contained in the County's various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefit payments	621
Inactive employees entitled to but not currently receiving benefits payments	-
Active employees	<u>909</u>
	<u>1,530</u>

Contributions

The contribution requirements of the County and Plan members are established and may be amended by the County's governing body. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postemployment medical, prescription, dental and vision coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.



COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Net OPEB Liability

The County's total OPEB liability of \$377,296,526.00 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	2.5%
Medical Trend	5.1% reducing by 0.2% per annum, leveling at 4.5% per annum in 2026

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2022.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2023 thru December 31, 2023.

Discount Rate

The discount rate under GASB Statement No. 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rate used for determining the Total OPEB liabilities at December 31, 2023, based on the "Bond Buyer 20 Index", was 3.26%.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Change in the Total OPEB Liability

Balance at December 31, 2022	\$ 361,291,239.00
Changes for the year:	
Service cost	6,089,750.00
Interest cost	13,532,782.00
Difference between expected and actual experience	
Changes in assumptions	3,575,807.00
Benefit payments	<u>(7,193,052.00)</u>
Net change in OPEB Liability	<u>16,005,287.00</u>
Balance at December 31, 2023	<u>\$ 377,296,526.00</u>

Sensitivity of the Net OPEB Liability to changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate at December 31, 2023:

	1% Decrease <u>(2.26%)</u>	Current Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Net OPEB Liability	<u>\$ 433,759,306.00</u>	<u>\$ 377,296,526.00</u>	<u>\$ 333,730,753.00</u>

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates at December 31, 2023:

	1% Decrease <u></u>	Current Healthcare Trend Rate <u></u>	1% Increase <u></u>
Net OPEB Liability	<u>\$ 349,385,244.00</u>	<u>\$ 377,296,526.00</u>	<u>\$ 407,139,684.00</u>

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the County would report deferred outflows of resources and deferred inflows of resources related to OPEB as follows if GASB Statement No. 75 was followed:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 53,374,257.00	
Change of assumptions	<u>17,719,455.00</u>	<u>\$ 106,869,450.00</u>
Total	<u>\$ 71,093,712.00</u>	<u>\$ 106,869,450.00</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows if GASB Statement No. 75 was followed:

Year ended <u>December 31,</u>	
2024	\$ (4,923,972.00)
2025	(4,923,972.00)
2026	(4,923,972.00)
2027	(4,923,972.00)
2028	(4,923,972.00)
Thereafter	<u>(11,155,878.00)</u>
	<u>\$ (35,775,738.00)</u>

Cost-sharing Multiple-employer Defined Benefit Other Post-Employment Benefit (OPEB) Plan with a Special Funding Situation

The below information has been obtained from the State of New Jersey State Health Benefits Local Government Retired Employees Plan audit at June 30, 2022.

Total OPEB Liability

Special Funding Situation

The State of New Jersey's Total OPEB Liability for special funding situation was \$3,373,809,587.00 at June 30, 2022.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Special Funding Situation (Cont'd.)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the County was \$42,890,904.00 at June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases\*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55%  
Based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25%  
Based on years of service

Mortality

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

\* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

COUNTY OF SOMERSET, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

At December 31, 2023 and 2022, there were interfund balances recorded on the balance sheets, as follows:

<u>Fund</u>	<u>2023</u>		<u>2022</u>	
	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Grant Fund		\$ 7,648,000.00		\$ 30,000.00
Open Space Trust Fund	\$ 11,648,000.00		\$ 12,000,000.00	
General Capital Fund		4,000,000.00	30,000.00	12,000,000.00
	<u>\$ 11,648,000.00</u>	<u>\$ 11,648,000.00</u>	<u>\$ 12,030,000.00</u>	<u>\$ 12,030,000.00</u>

All interfunds are expected to be liquidated within the upcoming year.

Note 16: LESSOR REVENUE

The County entered into lease agreements with T-Mobile and Verizon for rental of space for cell tower equipment on County-owned property. The rental agreements, including all extensions expire in 2039 and 2046. Rent increases annually according to the terms of the rental agreements. The County also entered into lease agreements with other entities for rental of space for farm use and a career training services center. The rental agreements, including all extensions expire in 2025-2032. The total annual rental revenue for 2023 was \$133,015.52. The projected benefit for the future 6 years are as follows:

<u>Year Ended December 31,</u>	<u>Projected Future Benefit</u>
2024	\$ 126,421.08
2025	132,813.55
2026	134,616.55
2027	136,473.64
2028	132,886.45
2029-2030	<u>270,742.57</u>
Total	<u>\$ 933,953.84</u>

NOTE 17: SUBSEQUENT EVENTS

The County has evaluated subsequent events occurring after December 31, 2023, through the date of July 1, 2024, which is the date the financial statements were available to be issued and identified the following:

The County authorized the following improvements that included debt authorizations:

<u>Date</u>	<u>Description</u>	<u>Total Authorized</u>	<u>Debt Authorized</u>
03/26/24	Bond Ordinance 24-597	\$ 38,339,400.00	\$ 36,422,430.00
03/26/24	Bond Ordinance 24-598	4,148,407.00	4,148,407.00

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX B**

**ACCOUNTANTS' COMPILATION REPORT  
AND FINANCIAL STATEMENTS  
OF THE COUNTY OF SOMERSET,  
IN THE STATE OF NEW JERSEY  
DECEMBER 31, 2024**



## ACCOUNTANTS' COMPILATION REPORT

Honorable Director and Members  
of the Board of County Commissioners  
County of Somerset  
Somerville, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the County of Somerset, as of December 31, 2024 and the related statements of operations and changes in fund balance – regulatory basis, the statements of changes in fund balance, the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements - regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the County's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

PKF O'Connor Davies, LLP  
Cranford, New Jersey



COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>ASSETS</u>	
Current Fund:	
Cash and Cash Equivalents	\$ 61,746,350.56
Investments	22,999,350.79
	<u>84,745,701.35</u>
Change Fund	740.00
	<u>84,746,441.35</u>
Receivables and Other Assets with Full Reserves:	
Revenue Accounts Receivable	754,766.81
Interfund Receivable	115.54
Guidance Center Charges Receivable	898,161.82
	<u>1,653,044.17</u>
Deferred Charges:	
Special Emergency	<u>4,000,000.00</u>
Total Current Fund	<u>90,399,485.52</u>
Grant Fund:	
Cash	33,616,694.19
Grants Receivable	53,078,351.89
	<u>86,695,046.08</u>
Total Grant Fund	<u>86,695,046.08</u>
	<u>\$ 177,094,531.60</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Current Fund:	
Liabilities:	
Appropriation Reserves	\$ 10,821,808.78
Reserve for Encumbrances	6,456,484.19
Special Emergency Note Payable	4,000,000.00
Accounts Payable and Other Liabilities	1,159,090.81
	<u>22,437,383.78</u>
Reserve for Receivables	1,653,044.17
Fund Balance	<u>66,309,057.57</u>
Total Current Fund	<u>90,399,485.52</u>
Grant Fund:	
Encumbrances Payable	41,156,055.88
Reserve for Grants Appropriated	45,504,015.68
Reserve for Grants Unappropriated	34,974.52
	<u>86,695,046.08</u>
Total Grant Fund	<u>86,695,046.08</u>
	<u>\$ 177,094,531.60</u>

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
REVENUE AND OTHER INCOME REALIZED:	
Fund Balance Utilized	\$ 24,000,000.00
Miscellaneous Revenue Anticipated	62,830,937.55
Receipts from Current Taxes	226,416,726.12
Miscellaneous Revenues Not Anticipated	9,769,042.32
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	15,703,851.39
Grants Appropriated Reserve Canceled	3,721,593.75
Accounts Payable Cancelled	<u>109,426.16</u>
Total Revenue and Other Income	<u>342,551,577.29</u>
EXPENDITURES AND OTHER CHARGES:	
Budget Appropriations:	
Operations	251,771,897.70
Capital Improvements	3,000,000.00
Debt Service	29,526,873.61
Deferred Charges & Statutory Expenditures	27,589,394.73
Grants Receivable Cancelled	<u>2,026,577.13</u>
Total Expenditures and Other Charges	<u>313,914,743.17</u>
Statutory Excess to Fund Balance	28,636,834.12
Fund Balance, January 1	<u>61,672,223.45</u>
	<u>90,309,057.57</u>
Decreased by:	
Utilization as Anticipated Revenue	<u>24,000,000.00</u>
Fund Balance, December 31	<u><u>\$ 66,309,057.57</u></u>

COUNTY OF SOMERSET, NEW JERSEY  
TRUST FUND  
COMPARATIVE BALANCE SHEET-REGULATORY BASIS  
DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>ASSETS</u>	
Trust - Other Fund:	
Cash and Cash Equivalents	\$ 31,871,432.88
Housing and Community Development Act Grant Receivable	9,069,271.52
	<u>40,940,704.40</u>
Library Fund:	
Cash	<u>4,177,329.01</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:	
Cash and Cash Equivalents	64,082,211.78
Investments	3,000,000.00
Interfunds Receivable - General Capital Fund	5,000,000.00
	<u>72,082,211.78</u>
Total Assets	<u><u>\$ 117,200,245.19</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Trust - Other Fund:	
Reserve for:	
Housing and Community Development Act	\$ 3,822,550.57
Prosecutors Funds	2,466,123.68
Miscellaneous Reserve Accounts	27,063,712.31
Tax Appeals	427,351.84
Encumbrances:	
Housing and Community Development Act	5,247,417.93
Prosecutors' Funds	349,183.00
Miscellaneous Reserve Accounts	1,563,719.07
Tax Appeals	646.00
	<u>40,940,704.40</u>
Library Fund:	
Reserve for Encumbrances	763,612.80
Accounts Payable	18,484.12
Due to Branches	106,474.17
Advanced State Aid	119,995.00
Reserve for County Library Expenditures	3,168,762.92
	<u>4,177,329.01</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:	
Reserve for Open Space, Recreation, Farmland and Preservation Expenditures	63,592,955.91
Reserve for Encumbrances	8,489,255.87
	<u>72,082,211.78</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 117,200,245.19</u></u>

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
<u>GENERAL GOVERNMENT</u>							
<u>ADMINISTRATION AND EXECUTIVE:</u>							
Board of Chosen Freeholders:							
Salaries and Wages	\$ 110,510.00		\$ 110,510.00	\$ 110,509.68		\$ 0.32	
County Administrator:							
Salaries and Wages	434,027.63		454,027.63	446,279.39		7,748.24	
Other Expenses	182,150.00		182,150.00	177,755.56	\$ 4,391.90	2.54	
Clerk of the Board:							
Salaries and Wages	306,116.79		296,116.79	294,031.58		2,085.21	
Other Expenses	129,410.00		79,410.00	60,083.49	2,008.93	17,317.58	
Public Information Office:							
Salaries and Wages	933,031.10		898,031.10	843,951.07		54,080.03	
Other Expenses	299,813.40		299,813.40	38,426.41	83,570.15	177,816.84	
Telephone Service:							
Salaries and Wages	112,919.84		132,919.84	124,648.00		8,271.84	
Other Expenses	924,600.00		924,600.00	758,345.23	111,287.94	54,966.83	
Public Works:							
Salaries and Wages	776,882.36		776,882.36	743,377.34		33,505.02	
Other Expenses	140,400.00		140,400.00	102,677.25	13,799.59	23,923.16	
Division of Archives & Record Mgt.:							
Salaries and Wages	124,084.02		124,084.02	124,083.81		0.21	
Other Expenses	48,700.00		48,700.00	33,481.84	12,075.68	3,142.48	
Department of Finance:							
Data Processing Department:							
Salaries and Wages	1,687,978.42		1,537,978.42	1,489,997.90		47,980.52	
Other Expenses	1,105,011.15		1,105,011.15	499,180.74	156,932.39	448,898.02	
County Treasurer's Office:							
Salaries and Wages	1,344,926.52		1,289,926.52	1,280,811.97		9,114.55	
Other Expenses	91,850.00		88,850.00	84,596.53		4,253.47	
Audit Fee	329,500.00		329,500.00	41,262.50	8,591.04	279,646.46	
Bond Registration Fees Chapter 243-Law of 1993	2,500.00		2,500.00	2,500.00			
Legal Department:							
County Counsel:							
Other Expenses	1,400,000.00		1,400,000.00	919,054.37	315,300.19	165,645.44	
County Adjuster's Office:							
Salaries and Wages	293,701.62		293,701.62	285,591.53		8,110.09	
Other Expenses	162,600.00		162,600.00	80,521.25	23,097.20	58,981.55	
Personnel Department:							
Salaries and Wages	986,005.06		854,005.06	830,863.99		23,141.07	
Other Expenses	513,500.00		513,500.00	189,260.03	91,378.19	232,861.78	
Veteran's Services:							
Salaries and Wages	166,624.14		166,624.14	165,647.02		977.12	
Other Expenses	23,350.00		23,350.00	21,167.03		2,182.97	
County Clerk:							
Salaries and Wages	899,165.58		899,165.58	849,117.31		50,048.27	
Other Expenses	202,150.00		202,150.00	151,437.10	19,763.53	30,949.37	
Prosecutor's Office:							
Salaries and Wages	14,548,444.78		14,548,444.78	14,048,923.39		499,521.39	
Other Expenses	1,312,048.00		1,312,048.00	933,998.55	229,720.40	148,329.05	

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
Purchasing Department:							
Salaries and Wages	\$ 523,403.02		\$ 388,403.02	\$ 370,481.05		\$ 17,921.97	
Other Expenses	31,000.00		31,000.00	22,329.85	\$ 725.98	7,944.17	
Facilities:							
Salaries and Wages	2,323,947.60		2,273,947.60	2,218,664.19		55,283.41	
Other Expenses	9,603,173.68		9,603,173.68	8,250,475.68	1,079,738.94	272,959.06	
Industrial and Economic Development:							
Salaries and Wages	197,380.00		197,380.00	179,060.00		18,320.00	
Other Expenses	424,081.00		424,081.00	297,784.84	73,580.34	52,715.82	
Contribution to Soil Conservation District:							
Salaries & Wages	423,936.30		423,936.30	407,082.26		16,854.04	
Insurance:							
Group Insurance Plan for Employees	31,397,733.00		31,397,733.00	29,560,517.25	2,224.70	1,834,991.05	
Other Insurance Premiums	8,781,413.00		8,781,413.00	8,506,993.30	5,551.00	268,868.70	
Health Insurance Waivers	315,000.00		315,000.00	302,490.00		12,510.00	
Salary Adjustments	150,000.00		150,000.00			50,000.00	
Reserve for Sick and Vacation Pay	150,000.00		75,000.00			75,000.00	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>83,913,068.01</b>	<b>-</b>	<b>83,158,068.01</b>	<b>75,847,460.28</b>	<b>2,233,738.09</b>	<b>5,076,869.64</b>	<b>-</b>
<b><u>JUDICIARY</u></b>							
County Surrogate:							
Salaries and Wages	597,780.86		597,780.86	564,903.99		32,876.87	
Other Expenses	163,433.00		163,433.00	80,163.78	16,751.94	66,517.28	
<b>TOTAL JUDICIARY</b>	<b>761,213.86</b>	<b>-</b>	<b>761,213.86</b>	<b>645,067.77</b>	<b>16,751.94</b>	<b>99,394.15</b>	<b>-</b>
<b><u>REGULATION</u></b>							
Sheriff's Office:							
Salaries and Wages	9,839,857.32		10,364,857.32	10,231,312.93		133,544.39	
Other Expenses	687,245.00		687,245.00	342,919.51	116,933.88	227,391.61	
Board of Taxation:							
Salaries and Wages	257,147.10		259,147.10	259,146.84		0.26	
Other Expenses	196,496.00		196,496.00	194,805.48	509.51	1,181.01	
County Medical Examiner:							
Other Expenses	950,000.00		950,000.00	744,082.00		205,918.00	
Board of Elections:							
Salaries and Wages	1,142,340.26		1,717,340.26	1,632,304.22		85,036.04	
Other Expenses	1,326,886.75		1,246,886.75	1,147,757.75	52,688.30	46,440.70	
Elections (County Clerk):							
Salaries and Wages	173,220.00		181,220.00	169,705.43		11,514.57	
Other Expenses	547,825.00		697,825.00	484,901.84	167,197.92	45,725.24	
Office of Emergency Management:							
Salaries and Wages	652,667.94		652,667.94	622,721.73		29,946.21	
Other Expenses	123,900.00		123,900.00	69,195.26	41,751.07	12,953.67	
County Public Safety Radio:							
Salaries and Wages	5,938,240.68		5,984,240.68	5,920,863.70		63,376.98	
Other Expenses	1,818,103.83		1,818,103.83	1,211,794.39	82,182.92	524,126.52	
County Planning Board (R.S. 40:27-3):							
Salaries and Wages	1,196,250.41		1,051,250.41	1,006,227.69		45,022.72	
Other Expenses	344,600.00		344,600.00	231,792.82	5,447.44	107,359.74	

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
Weights and Measures:							
Salaries & Wages	\$ 136,140.00		\$ 136,140.00	\$ 134,140.02		\$ 1,999.98	
Other Expenses	21,755.00		21,755.00	11,722.13	\$ 4,520.54	5,512.33	
Workforce Development Board							
Salaries and Wages	46,835.34		46,835.34			46,835.34	
Other Expenses	11,700.00		11,700.00	11,700.00			
Construction Board of Appeals:							
Other Expenses	3,000.00		3,000.00			3,000.00	
<b>TOTAL REGULATION</b>	<b>25,414,210.63</b>	<b>-</b>	<b>26,495,210.63</b>	<b>24,427,093.74</b>	<b>471,231.58</b>	<b>1,596,885.31</b>	<b>-</b>
<b><u>ROADS AND BRIDGES</u></b>							
Vehicle Maintenance:							
Salaries and Wages	1,564,011.20		1,434,011.20	1,373,482.52		60,528.68	
Miscellaneous- Other Expenses	1,435,500.00		1,435,500.00	598,609.78	601,840.09	235,050.13	
Other Expenses (Gasoline)	2,293,085.00		2,293,085.00	1,537,956.04	492,805.55	262,323.41	
Vehicle Acquisitions	100,000.00						
Roads:							
Salaries & Wages	4,446,860.66		4,446,860.66	4,417,979.12		28,881.54	
Other Expenses	868,840.00		768,840.00	166,957.48	462,665.13	139,217.39	
Bridge Maintenance:							
Salaries and Wages	1,313,719.12		1,313,719.12	1,310,600.44		3,118.68	
Other Expenses	52,840.00		52,840.00	24,741.32	25,995.54	2,103.14	
Engineering Department:							
Salaries and Wages	3,092,071.16		3,232,071.16	3,198,351.83		33,719.33	
Other Expenses	360,880.00		360,880.00	272,314.78	45,186.25	43,378.97	
<b>TOTAL ROADS AND BRIDGES</b>	<b>15,527,807.14</b>	<b>-</b>	<b>15,337,807.14</b>	<b>12,900,993.31</b>	<b>1,628,492.56</b>	<b>808,321.27</b>	<b>-</b>
<b><u>CORRECTIONAL AND PENAL</u></b>							
Adult Correction and Facility:							
Salaries and Wages	7,353,383.32		7,903,383.32	7,826,046.49		77,336.83	
Other Expenses	7,480,023.96		6,930,023.96	5,575,393.70	878,204.16	476,426.10	
Juvenile Detention Center:							
Salaries and Wages	312,342.42		312,342.42	310,279.90		2,062.52	
Other Expenses	530,507.00		530,507.00	424,347.04	37,176.10	68,983.86	
<b>TOTAL CORRECTIONAL AND PENAL</b>	<b>15,676,256.70</b>	<b>-</b>	<b>15,676,256.70</b>	<b>14,136,067.13</b>	<b>915,380.26</b>	<b>624,809.31</b>	<b>-</b>
<b><u>HEALTH AND WELFARE</u></b>							
Mental Health Board:							
Salaries and Wages	875,940.84		874,940.84	796,001.88		78,938.96	
Other Expenses	2,451,308.00		2,467,208.00	1,820,646.27	608,305.69	38,256.04	
Mental Health Program:							
Salaries and Wages	6,219,118.56		6,219,118.56	5,888,353.34		330,765.22	
Other Expenses	674,350.00		674,350.00	384,792.03	132,789.56	156,768.41	
Maintenance of Patients in State and Other							
State Share	1,665,003.00		1,665,003.00	1,665,003.00			
County Social Services Board:							
Administration	7,612,000.00		7,612,000.00	7,413,410.67	2,436.00	196,153.33	
Assist. For Dependent Children	144,326.00		144,326.00				
Supplemental Security Income	766,908.00		766,908.00	766,908.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
Somerset County Transportation Department:							
Salaries and Wages	\$ 3,631,661.44		\$ 3,631,661.44	\$ 3,470,809.14		\$ 160,852.30	
Other Expenses	975,682.58		975,682.58	666,522.10	\$ 2,745.67	306,414.81	
Health Department:							
Salaries and Wages	1,417,077.34		1,163,077.34	933,510.02		229,567.32	
Other Expenses	263,301.00		263,301.00	100,833.99	28,014.04	134,452.97	
Solid Waste Planning:							
Salaries and Wages	85,680.00		87,680.00	87,212.70		467.30	
Comm. Develop. County Support:							
Other Expenses	17,500.00		20,500.00	5,427.50	10,750.00	4,322.50	
Aid to Volunteer Ambulance and Rescue Squads	60,000.00		60,000.00	54,000.00		6,000.00	
Intoxicated Drivers:							
Other Expenses			100.00	50.00		50.00	
Family Crisis Intervention:							
Salaries and Wages	834,519.03		809,519.03	778,401.54		31,117.49	
Other Expenses	27,728.45		27,728.45	20,353.85	844.00	6,530.60	
Somerset County Recycling:							
Salaries & Wages	725,222.98		725,222.98	686,824.35		38,398.63	
Other Expenses	616,311.00		616,311.00	342,378.86	158,705.25	115,226.89	
Office on Aging							
Salaries & Wages	771,302.42		691,302.42	616,078.59		75,223.83	
Other Expenses	276,932.00		276,932.00	88,969.69	12,239.90	175,722.41	
Nutrition							
Salaries & Wages	1,172,968.66		1,087,968.66	1,013,822.68		74,145.98	
Other Expenses	633,361.10		633,361.10	537,606.46	26,269.19	69,485.45	
<b>TOTAL HEALTH AND WELFARE</b>	<b>31,918,202.40</b>	<b>-</b>	<b>31,494,202.40</b>	<b>28,282,242.66</b>	<b>983,099.30</b>	<b>2,228,860.44</b>	<b>-</b>
<b>EDUCATION</b>							
Office of County Superintendent of Schools:							
Salaries and Wages	229,177.68		234,177.68	233,177.37		1,000.31	
Other Expenses	21,750.00		21,750.00	8,673.71	372.70	12,703.59	
Vocational School	12,652,190.00		12,652,190.00	12,652,188.00		2.00	
County Extension Services - Farm and Home Demonstrations:							
Salaries and Wages	573,850.46		573,850.46	537,287.71		36,562.75	
Other Expenses	312,404.00		312,404.00	217,058.11	90,630.34	4,715.55	
County College	10,529,487.00		10,629,487.00	10,628,236.00		1,251.00	
Reimbursement for Residents Attending Out-Of-County, Two-Year Colleges (N.J.S.A. 18A:64A-23):	125,000.00		125,000.00	78,519.50		46,480.50	
Cultural and Heritage Commission:							
Salaries and Wages	188,814.36		188,814.36	176,121.41		12,692.95	
Other Expenses	35,200.00		35,200.00	23,833.41	1,171.26	10,195.33	
Public Health & Safety:							
Salaries and Wages	345,412.80		350,412.80	349,492.67		920.13	
Other Expenses	14,450.00		14,450.00	5,159.53	975.39	8,315.08	
Fire Training Academy:							
Salaries and Wages	632,120.80		535,120.80	508,086.53		27,034.27	
Other Expenses	276,700.00		276,700.00	144,369.39	114,640.77	17,689.84	
<b>TOTAL EDUCATION</b>	<b>25,936,557.10</b>	<b>-</b>	<b>25,949,557.10</b>	<b>25,562,203.34</b>	<b>207,790.46</b>	<b>179,563.30</b>	<b>-</b>

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget		Modified Budget	Expended			
		CHAPTER 159		Paid or Charged	Encumbered	Reserved	Canceled
<b>RECREATION</b>							
Park Commission	\$ 11,670,000.00		\$ 11,670,000.00	\$ 11,670,000.00			
<b>TOTAL RECREATION</b>	<b>11,670,000.00</b>	<b>-</b>	<b>11,670,000.00</b>	<b>11,670,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Subtotal Operations	210,817,315.84	-	210,542,315.84	193,471,128.23	\$ 6,456,484.19	\$ 10,614,703.42	-
Detail:							
Salaries & Wages	81,958,819.94	-	82,472,819.94	79,866,368.26	-	2,606,451.68	-
Other Expenses	128,858,495.90	-	128,069,495.90	113,604,759.97	6,456,484.19	8,008,251.74	-
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>							
Multi - Narcotics Task Jag	49,237.00		49,237.00	49,237.00			
Body Armor - Prosecutor	3,955.36		3,955.36	3,955.36			
Body Armor - Sheriff	4,467.26		4,467.26	4,467.26			
Body Armor - Jail	6,002.98		6,002.98	6,002.98			
County Reentry Coordinators Program CRC	100,000.00		100,000.00	100,000.00			
Incubation Grant - Preservation of the History of Slaves	5,000.00		5,000.00	5,000.00			
Recreational Opportunities for Disabled (ROID)	20,997.00		20,997.00	20,997.00			
Section 5311	1,000.00		1,000.00	1,000.00			
TANF Innovations	440,000.00		440,000.00	440,000.00			
Local Recreation Improvement Grant - Multi-Use Facility	2,500,000.00		2,500,000.00	2,500,000.00			
Recycling Enhancement Act Tax Entitlement	315,900.00		315,900.00	315,900.00			
Involuntary Outpatient Commitment Programs IOC	352,315.00		352,315.00	352,315.00			
Medical Assistance Treatment (7/22-6/23)	300,000.00		300,000.00	300,000.00			
SCAAP	185,092.00		185,092.00	185,092.00			
Insurance Fraud Reimbursement	300,000.00		300,000.00	300,000.00			
Comp Alcohol & Drug Abuse (Ch 51)	501,141.00		501,141.00	501,141.00			
PATH Services to Homeless	129,992.00		129,992.00	129,992.00			
Social Services for the Homeless	235,600.00		235,600.00	235,600.00			
Title III E (Family Caregiver)	106,151.00		106,151.00	106,151.00			
Area Plan Adult Protective Services	153,648.00		153,648.00	153,648.00			
Retired Senior Volunteer Program	77,500.00		77,500.00	77,500.00			
Area Plan - SASS	223,422.00		223,422.00	223,422.00			
Area Plan Care Coordination - CMQA	23,810.00		23,810.00	23,810.00			
Area Plan Home Delivered Meals (SHDM)	15,851.00		15,851.00	15,851.00			
Local Arts Program	217,000.00		217,000.00	217,000.00			
Family Development (TIP) - TANF Initiative for Parents	42,271.00		42,271.00	42,271.00			
Comprehensive Cancer Control (2022-2023)	4,200.00		4,200.00	4,200.00			
Area Plan Medicaid Match	32,542.00		32,542.00	32,542.00			
Juvenile Detention Alternative Initiatives	120,000.00		120,000.00	120,000.00			
Title III B	258,585.00		258,585.00	258,585.00			
Title III C1	228,423.00		228,423.00	228,423.00			
Title III C2	246,381.00		246,381.00	246,381.00			
Title III D	11,323.00		11,323.00	11,323.00			
Area Plan - SWHDM	31,613.00		31,613.00	31,613.00			
Area Plan SHTP	36,932.00		36,932.00	36,932.00			
Area Plan - Nutrition Service Incentive Program	30,363.00		30,363.00	30,363.00			
History Partnership Program (CHPP)	87,750.00		87,750.00	87,750.00			
Distracted Driver	251,000.00		251,000.00	251,000.00			
Support Team for Addiction Recovery STAR	700.00		700.00	700.00			
Summer Youth Employment Program SYWEP	297,248.00		297,248.00	297,248.00			
Cooperative Marketing Prgm	12,450.00		12,450.00	12,450.00			
NJ DOT County Aid	11,883,683.00		11,883,683.00	11,883,683.00			
Rehab of County Bridge K0607	1,532,722.00		1,532,722.00	1,532,722.00			
Bridge CR512 Valley Road	999,985.89		999,985.89	999,985.89			
Local Bridge Fund - Transportation Trust Fund TTF	2,690,666.00		2,690,666.00	2,690,666.00			
Chapter 159 Grants		\$ 16,001,410.37	16,001,410.37	16,001,410.37			
<b>Subtotal Grants</b>	<b>25,066,919.49</b>	<b>16,001,410.37</b>	<b>41,068,329.86</b>	<b>41,068,329.86</b>	<b>-</b>	<b>-</b>	<b>-</b>



COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
MATCH-Comp Alcohol and Drug Abuse Ch51 Funding	\$ 69,252.00		\$ 69,252.00	\$ 69,252.00			
Matching Funds for Grants	50,000.00		50,000.00			\$ 50,000.00	
<u>Subtotal Matching Funds</u>	119,252.00	-	119,252.00	69,252.00	-	50,000.00	-
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	25,186,171.49	\$ 16,001,410.37	41,187,581.86	41,137,581.86	-	50,000.00	-
Total Operations	236,003,487.33	16,001,410.37	251,729,897.70	234,608,710.09	\$ 6,456,484.19	10,664,703.42	-
Contingent	42,000.00		42,000.00	-		42,000.00	
Total Operations Including Contingent	236,045,487.33	16,001,410.37	251,771,897.70	234,608,710.09	6,456,484.19	10,706,703.42	-
Detail:							
Salaries & Wages	81,958,819.94	-	82,472,819.94	79,866,368.26		2,606,451.68	
Other Expenses (Including Contingent)	154,086,667.39	16,001,410.37	169,299,077.76	154,742,341.83	6,456,484.19	8,100,251.74	
<u>CAPITAL IMPROVEMENTS</u>							
Capital Improvement Fund	3,000,000.00		3,000,000.00	3,000,000.00			
TOTAL CAPITAL IMPROVEMENTS	3,000,000.00	-	3,000,000.00	3,000,000.00	-	-	-
<u>COUNTY DEBT SERVICE</u>							
Payment of Bond Principal:							
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	2,710,000.00		2,710,000.00	2,710,000.00			
Other Bonds	19,640,000.00		19,640,000.00	19,640,000.00			
Interest on Bonds:							
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	637,004.46		637,004.46	637,004.46			
Other Bonds	5,890,300.15		5,890,300.15	5,890,300.15			
Capital Lease Program Obligations :							
Loan Repayments For Principal and Interest	649,569.00		649,569.00	649,569.00			
Total County Debt Service	29,526,873.61	-	29,526,873.61	29,526,873.61	-	-	-
<u>STATUTORY EXPENDITURES AND DEFERRED CHARGES</u>							
Deferred Charges:							
Special Emergency Authorization 5 Year	2,000,000.00		2,000,000.00	2,000,000.00			

COUNTY OF SOMERSET, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	2024 Adopted Budget	CHAPTER 159	Modified Budget	Expended			
				Paid or Charged	Encumbered	Reserved	Canceled
<u>Statutory Expenditures:</u>							
Contributions To:							
Defined Contribution Retirement Plan	\$ 422,000.00		\$ 422,000.00	\$ 407,211.10		\$ 14,788.90	
Public Employees' Retirement System	11,409,727.00		11,409,727.00	11,409,727.00			
Social Security System (A.A.S.I.)	6,369,849.73		6,644,849.73	6,544,533.27		100,316.46	
Police and Firemen's Retirement System	7,112,818.00		7,112,818.00	7,112,818.00			
	<u>27,314,394.73</u>	<u>-</u>	<u>27,589,394.73</u>	<u>27,474,289.37</u>	<u>-</u>	<u>115,105.36</u>	<u>-</u>
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES							
	<u>27,314,394.73</u>	<u>-</u>	<u>27,589,394.73</u>	<u>27,474,289.37</u>	<u>-</u>	<u>115,105.36</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	\$ <u>295,886,755.67</u>	\$ <u>16,001,410.37</u>	\$ <u>311,888,166.04</u>	\$ <u>294,609,873.07</u>	\$ <u>6,456,484.19</u>	\$ <u>10,821,808.78</u>	\$ <u>-</u>

COUNTY OF SOMERSET, NEW JERSEY  
TRUST FUND  
COMPARATIVE BALANCE SHEET-REGULATORY BASIS  
DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>ASSETS</u>	
Trust - Other Fund:	
Cash and Cash Equivalents	\$ 31,871,432.88
Housing and Community Development Act Grant Receivable	9,069,271.52
	<u>40,940,704.40</u>
Library Fund:	
Cash	<u>4,177,329.01</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:	
Cash and Cash Equivalents	64,082,211.78
Investments	3,000,000.00
Interfunds Receivable - General Capital Fund	5,000,000.00
	<u>72,082,211.78</u>
Total Assets	<u>\$ 117,200,245.19</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Trust - Other Fund:	
Reserve for:	
Housing and Community Development Act	\$ 3,822,550.57
Prosecutors Funds	2,466,123.68
Miscellaneous Reserve Accounts	27,063,712.31
Tax Appeals	427,351.84
Encumbrances:	
Housing and Community Development Act	5,247,417.93
Prosecutors' Funds	349,183.00
Miscellaneous Reserve Accounts	1,563,719.07
Tax Appeals	646.00
	<u>40,940,704.40</u>
Library Fund:	
Reserve for Encumbrances	763,612.80
Accounts Payable	18,484.12
Due to Branches	106,474.17
Advanced State Aid	119,995.00
Reserve for County Library Expenditures	3,168,762.92
	<u>4,177,329.01</u>
Open Space, Recreation, Farmland and Preservation Trust Fund:	
Reserve for Open Space, Recreation, Farmland and Preservation Expenditures	63,592,955.91
Reserve for Encumbrances	8,489,255.87
	<u>72,082,211.78</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 117,200,245.19</u>

COUNTY OF SOMERSET, NEW JERSEY  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET- REGULATORY BASIS  
DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 3,333,802.15
Investments	2,173,045.16
Note Receivable - Current Fund Special Emerg.	4,000,000.00
Grants Receivable	17,250,000.00
Deferred Charges to Future Taxation:	
Funded	234,835,000.00
Unfunded	<u>86,531,531.00</u>
Total Assets	<u><u>\$ 348,123,378.31</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
General Serial Bonds	\$ 201,970,000.00
SCIA Lease Payable	32,865,000.00
Improvement Authorizations:	
Funded	23,863,194.69
Unfunded	58,851,819.51
Due to Interfunds Payable	5,000,115.54
Capital Improvement Fund	1,105,720.03
Reserve For:	
Encumbrances	21,455,335.45
Fund Balance	<u>3,012,193.09</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 348,123,378.31</u></u>
 Bonds and Notes Authorized But Not Issued	<u><u>\$ 86,531,531.00</u></u>

COUNTY OF SOMERSET, NEW JERSEY  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Balance - December 31, 2023	\$ 2,000,315.02
Increased by:	
Financing Premium Received	<u>1,011,878.07</u>
Balance - December 31, 2024	<u><u>\$ 3,012,193.09</u></u>

COUNTY OF SOMERSET, NEW JERSEY  
GOVERNMENTAL FIXED ASSETS  
STATEMENT OF GOVERNMENTAL FIXED ASSETS  
DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>GOVERNMENTAL FIXED ASSETS</u>	
Land and Improvements	\$ 277,166,998.00
Buildings and Improvements	184,625,029.05
Machinery and Equipment	87,294,047.00
Construction in Progress	<u>17,719,104.30</u>
Total Governmental Fixed Assets	<u>\$ 566,805,178.35</u>
Investments in Governmental Fixed Assets	<u>\$ 566,805,178.35</u>

## **APPENDIX C**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## **CONTINUING DISCLOSURE CERTIFICATE**

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Certificate”) is made as of July 1, 2025 by the County of Somerset, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

### **WITNESSETH:**

**WHEREAS**, the Issuer is issuing its General Obligations Bonds, Series 2025, dated the date of delivery in the aggregate principal amount of \$34,447,000, consisting of \$28,862,000 General Improvement Bonds, Series 2025A, \$1,248,000 County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), \$2,835,000 County College Bonds, Series 2025C, and \$1,502,000 County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) (collectively, the “Bonds”) on the date hereof; and

**WHEREAS**, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer, a bond resolution adopted by the Issuer on June 11, 2025 and a certificate signed by the Issuer on June 25, 2025; and

**WHEREAS**, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

**WHEREAS**, the Issuer represented in its Notice of Sale dated June 18, 2025 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide certain financial and operating data, and timely notice of certain events required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

**WHEREAS**, on June 25, 2025, the Issuer accepted the bid of \_\_\_\_\_ with respect to the Bonds on behalf of themselves and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

**WHEREAS**, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

**WHEREAS**, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

**NOW, THEREFORE,** for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds  
Issuer  
Notice of Sale

Participating Underwriter  
Rule 15c2-12  
SEC  
Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

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

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated June 25, 2025 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements

of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the general financial information and operating data of the Issuer of the type included in Appendix A to the Final Official Statement consisting of (i) County indebtedness including a schedule of outstanding debt issued by the County, (ii) property valuation information, and (iii) tax rate, levy and collection data.

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

## **ARTICLE II**

### **CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS**

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each Fiscal Year, commencing October 1, 2025 for the Fiscal Year of the Issuer ended December 31, 2024, an Annual Report to the MSRB;

Notwithstanding the foregoing, if the fiscal year of the Issuer is not a calendar year, then the Issuer shall provide the Annual Report by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other

than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a “financial obligation” (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided to the MSRB.

#### **Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.**

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

### **ARTICLE III**

#### **DISCLOSURE DEFAULT AND REMEDIES**

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

#### **Section 3.2 Remedies on Default.**

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that

no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

## **ARTICLE IV**

### **MISCELLANEOUS**

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, County Administration Building, 20 Grove Street, Somerville, New Jersey 08876, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or
- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.



Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10)) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

**IN WITNESS WHEREOF, THE COUNTY OF SOMERSET, NEW JERSEY** has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

**THE COUNTY OF SOMERSET, NEW JERSEY**

By: \_\_\_\_\_  
**Yvonne Childress, Director of Finance and  
Administration and Chief Financial Officer**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **APPENDIX D**

### **FORM OF APPROVING OPINION OF GIBBONS P.C.**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



July \_\_, 2025

Board of County Commissioners  
County of Somerset  
County Administration Building  
20 Grove Street  
Somerville, New Jersey 08876

Dear Board Members:

We have examined certified copies of the proceedings of the Board of County Commissioners of the County of Somerset, State of New Jersey (the "County"), including ordinances, affidavits and certificates delivered by officials of the County, and other proofs submitted to us relative to the issuance and sale by the County of its \$34,447,000 aggregate principal amount of General Obligation Bonds, Series 2025, dated the date of delivery, consisting of \$28,862,000 General Improvement Bonds, Series 2025A (the "Series 2025A Bonds"), \$1,248,000 County Vocational School Bonds, Series 2025B (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) (the "Series 2025B Bonds"), \$2,835,000 County College Bonds, Series 2025C (the "Series 2025C Bonds"), and \$1,502,000 County College Bonds, Series 2025D (County College Bond Act, P.L. 1971, c. 12) (the "Series 2025D Bonds," and together with the Series 2025A Bonds, the Series 2025B Bonds and the Series 2025C Bonds, the "Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law), and where appropriate, Title 18A, Education of the New Jersey Statutes, as amended (the "Education Law"), a resolution of the Board of County Commissioners adopted on June 11, 2025 (the "Resolution") and by virtue of various bond ordinances of the County (the "Bond Ordinances").

The Bonds are dated the date of delivery, bear interest at the interest rates set forth on the inside front cover of the Official Statement relating to the Bonds and mature on January 15 in the years and in the principal amounts as set forth below:

<u>Year</u>	<u>Series 2025A</u> <u>Bonds</u>	<u>Series 2025B</u> <u>Bonds</u>	<u>Series 2025C</u> <u>Bonds</u>	<u>Series 2025D</u> <u>Bonds</u>
2026	\$1,417,000	\$ 58,000	\$140,000	\$ 72,000
2027	1,485,000	65,000	145,000	80,000
2028	1,545,000	65,000	150,000	80,000
2029	1,605,000	70,000	160,000	85,000
2030	1,675,000	75,000	165,000	85,000
2031	1,740,000	75,000	170,000	90,000
2032	1,810,000	80,000	180,000	95,000
2033	1,885,000	80,000	185,000	100,000
2034	1,965,000	85,000	190,000	105,000
2035	2,045,000	90,000	200,000	105,000
2036	2,130,000	95,000	210,000	110,000
2037	2,230,000	95,000	220,000	115,000
2038	2,335,000	100,000	230,000	120,000
2039	2,440,000	105,000	240,000	125,000
2040	2,555,000	110,000	250,000	135,000

The Bonds are subject to redemption prior to their respective maturity dates.

We have examined the Local Bond Law, the Education Law, and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, the Education Law, and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are valid and legally binding obligations of the County.

2. The County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express

no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the County has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the County with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the County with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

GIBBONS P.C.