

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

JULY 31, 2018

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>	
INTRODUCTORY SECTION		
Letter of Transmittal	1 to 7.	
Roster of Officials	8.	
FINANCIAL SECTION		
Independent Auditor's Report	9 to 11.	
<u>Reports</u>		
Management's Discussion and Analysis	12 to 14.	
<u>Exhibits</u>		
A	Statements of Net Position July 31, 2018 and 2017	15.
B	Statement of Operations and Changes in Net Position for the Years Ended July 31, 2018 and July 31, 2017	16.
C	Statements of Cash Flows for the Years Ended July 31, 2018 and July 31, 2017	17 & 18.
	Notes to Financial Statements	19 to 84.
ADDITIONAL INFORMATION		
<u>Schedule</u>		
1	Schedule of Administrative Revenues and Expenses Compared To Budget for the Year Ended July 31, 2018 With Comparative Actual Amounts for the Year Ended July 31, 2017	85.
REPORT OF INTERNAL CONTROL		
	Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	86 & 87.
COMMENTS AND RECOMMENDATIONS		
	General Comments and Recommendations	88 & 89.
	Acknowledgement	89.

INTRODUCTORY SECTION

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

HALL OF RECORDS
MAIN STREET
FREEHOLD, NEW JERSEY 07728
TELEPHONE (732) 308-2975
FAX (732) 409-4821

AL ROSENTHAL
CHAIRMAN

A. RICHARD GATTO
JAMES S. GRAY
ANDREW J. MELNICK
GREGORY A. BUONTEMPO



MARION MASNICK
SECRETARY
mmasnick@co.monmouth.nj.us

December 14, 2018

Board of Commissioners
Monmouth County Improvement Authority
Freehold, NJ 07728

The comprehensive annual financial report (CAFR) of the Monmouth County Improvement Authority ("MCIA" or the "Authority") for the year ended July 31, 2018 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Authority management. We believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the Authority as measured by the financial activity of its funds; that the report fairly presents the financial position of the Authority for the year then ended; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Authority's financial activities have been included.

The CAFR is presented in two main sections:

1. **Introductory Section:** Provides information on the contents of the report, this transmittal letter and the Authority's organizational structure.
2. **Financial Section:** Includes the auditor's opinion, management discussion and analysis, basic financial statements and other supplemental information.

Profile of the Government

- Created in 1986 by the County Freeholder Board:

To create a Pooled Government Loan Program before tax law changes took place.

To provide an alternative means of financing capital projects by municipalities, school districts, local authorities and the County.

- Objective: Use MCIA when it can save money in comparison with traditional financings.
- Since 1986, MCIA has issued \$2.057 billion in bonds and each of the eighty-seven (92) transactions has saved money. Total debt service savings from MCIA financings over 32 years is more than \$117 million.
- The Authority has continuing financing programs and separate financings executed on behalf of governmental units in the County. The County Freeholders and MCIA review the results of each financing and require that savings be quantified.
- All of the County's fifty-three municipalities have participated in an MCIA financing.

Overview of Services

Under state law, an Improvement Authority has unique financing powers not available to local governments and school districts. Examples:

- Ability to sell bonds on a negotiated basis with more flexibility as to how the bonds are sold and structured.
- Lease financings, full general obligation credit ratings, no 5% down payment in the budget. (Not applicable to the 2009 Capital Equipment Lease Program)
- Ability to issue variable rate debt.
- Ability to complete joint financings with more than one municipality or school district.
- Improvement Authority bonds can be guaranteed by one government unit for another unit.

POOLED GOVERNMENTAL LOAN PROGRAM – VARIABLE RATE

The initial financing completed by MCIA in August of 1986 was a variable rate pooled loan. The program made 104 loans totaling \$187.37 million to municipalities, school districts and local authorities from 1986 to 2006. In 2006 MCIA fixed the interest rate on the pooled financings locking in savings achieved over 19 ½ years. Participants saved \$21.5 million in debt service costs over this time period.

Savings were generated by lower variable rate borrowing costs and the use of interest earnings to subsidize the loan rate. There were thirty-seven participants in the loan program; 27 municipalities, 5 Boards of Education and 4 local sewer authorities. An additional \$137,781.28 in savings were achieved because Monmouth County guaranteed the debt service on the fixed rate conversion of this variable rate program.

CONTINUING PROGRAMS

CAPITAL EQUIPMENT LEASE PROGRAM

- Offered every other year to municipalities and school districts.
- Lower interest rates for financing equipment is possible due to a County Guaranty on the MCIA bonds.
- Lease obligations require no 5% down payment.
- A total of \$192,445 million in bonds issued since 1991, generating a total of \$3.84 million in savings for 39 municipalities, 9 school districts, 1 local authority and 2 fire districts. Additionally, the municipal participants benefited from more than \$7.6 million in budget relief because it was not necessary to appropriate the 5% down payment associated with a bond ordinance.

GOVERNMENTAL POOLED LOAN PROGRAM – FIXED RATE

- Permanently finance outstanding Bond Anticipation Notes and unfunded ordinances from several communities with a pooled issuance of bonds.
- Savings created by the economies of scale, lower cost bond insurance or the use of a County Guaranty, lower issuance costs associated with combining the financing of unfunded ordinances with the permanent financing of BANs and the flexibility of the negotiated sale process.

This program has been offered in each year since 1993. A total of \$842 million in bonds have been issued benefiting 44 municipalities, 7 local Authorities, four school districts and two Fire Districts, generating savings of more than \$38 million. Additionally, MCIA has executed refunding of 18 previously issued Governmental Pooled Loan financings through eight transactions generating interest cost savings of \$11.44 million.

OTHER FINANCINGS

School Financings

The Authority has financed elementary and middle schools for the Millstone and Howell Boards of Education saving taxpayers a total of \$1,317,488 in interest costs.

- In the summer of 2000, the Middletown Board of Education issued \$6.5 million in lease obligations through MCIA, achieving a total financial benefit of \$128,249.20.
- In the summer of 2002, the Howell School District financed the local match for State capital funding through MCIA and included a refunding of a bond issue that financed a middle school. The bond issue total \$44,965 million. Subsequently, the MCIA completed two refunding of those bonds which resulted in savings of \$2.11 million for the Board of Education.

County Projects

The County finances its capital projects in the traditional manner at very low AAA interest rates. The County has used the Authority to fund the completion of the County Correctional Facility and to finance the Open Space Program. Using the Authority for these two projects saved more than \$3 million. The County Correctional Facility bonds were subsequently refunded in 2008 resulting in additional savings of \$236,000.

The County has also used MCIA to finance capital improvements for Brookdale Community College. In December 2008, the Authority financed \$27.85 for capital improvements to Brookdale Community College. The bonds were secured with a guaranty from Monmouth County which increased the bond rating from A1/A+ to Aaa/AAA/AAA. The debt service savings attributed to the guaranty was over \$8 million. Subsequently, the MCIA completed three refundings for the college that generated more than \$9.3 million in interest cost savings.

The County utilized the MCIA in November of 2015 to issue two series of federally taxable short term notes totaling \$33.525 million to provide funds for the Fort Monmouth Economic Revitalization Authority to purchase land and buildings from the United States Army. As called for in the financing plan a portion of the notes have been paid down over time with proceeds from the real estate sales. The remaining notes were reissued in November and are expected to be paid down over time with additional proceeds from real estate sales. The notes were secured by a Guaranty of the County which has resulted in the highest short term ratings from all three rating agencies.

Joint Projects

The Manasquan River Water Treatment Plant and Distribution System - The Authority worked with communities of Brielle, Sea Girt, Spring Lake, Spring Lake Heights and Wall to finance a water treatment plant and distribution system. A unique financing plan saved these towns \$5,071,309 in interest costs. These bonds were refunded in 2003 generating an additional \$908,933.75 in debt service savings.

The Manasquan River Regional Sewage Distribution System - The Authority saved \$3,348,636 for the communities of Farmingdale, Freehold Borough, Freehold Township, Howell and Wall in financing their sewerage distribution system.

Middletown Schools and First Aid Squad – Middletown Township provided a guaranty on Authority bonds that allowed Middletown Schools and the Fairview First Aid Squad to purchase equipment and build a new squad building at low interest rates.

Shrewsbury Hose Company – In two separate stand alone financings, the Authority financed a fire house for the Borough of Shrewsbury in 2005 and 2006.

USDA Loan Refunding – Wall and Keyport used the Authority to refinance USDA Loans at interest rates that saved the two towns \$1,960,950 in interest rates. Roosevelt refunded an outstanding USDA loan in 2011 that generated \$742,803.18 in gross debt service savings.

Asbury Park

The Authority financed the Asbury Park sewerage treatment plant. The Authority worked with Asbury Park to obtain a credit rating for them. The original issue was refunded in 1995 creating total debt service savings of \$1,438,600. In September of 2005 the Improvement Authority worked with the City to refund the 1995 bonds and raise funds for the City's budget needs for the period from 2005-2008. In September 2014, the Authority refunded the callable 2005 bonds for over \$448,000 in interest savings.

FUTURE PLANS

The MCIA intends to continue offering its ongoing programs to help Monmouth County communities take advantage of the Improvement Authority's unique debt-issuance powers and the MCIA's ability to pool the bond issues of different municipalities and school districts through programs including:

- **Refundings:** Our finance team continually monitors the tax-exempt markets and aggressively seek opportunities to help participants in MCIA programs save money by refunding their debt when interest rates are favorable. The MCIA conducts a refunding when market conditions are right for a transaction to realize a minimum present value savings of 3% on an aggregate basis and 2.5% present value savings by borrower.
- **Pooled Governmental Loan Program:** The MCIA will offer the program again in December of 2018. Municipalities can convert outstanding bond anticipation notes for capital projects or finance approved capital ordinances not yet funded.

- **The Capital Equipment Pooled Lease Program:** Municipalities, School Districts, Fire Districts and Local Authorities can participate in the pool as a low cost alternative to lease/purchase capital equipment. MCIA offered the program in October of 2017 and anticipates offering this program again in the summer of 2019.
- **Open Space Preservation:** The MCIA will continue to lend its expertise to municipalities with voter-approved initiatives to dedicate certain property tax revenues to preserve open space and those considering the purchase of open space as a capital finance priority.
- **Renewable Energy:** The MCIA is available to assist government entities with structuring debt financings in connection with renewable energy initiatives including the incorporation of energy savings and revenues associated with energy projects into detailed tax impact analyses.

FINANCIAL INFORMATION

Internal Controls:

In developing and evaluating the Authority's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide the Authority management with reasonable (but not absolute) assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Authority's assets.

The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of cost and benefits requires estimates and judgment by management.

Financial Operating Results

The management discussion and analysis that follows, summarizes and reviews the changes of the Authority's financial operations.

Independent Audit

The Authority is required to have an annual audit of the books of accounts, financial records and transactions conducted by independent certified public accountants selected by the Board of Commissioners. This requirement has been complied with. The independent auditors' report on the 2018 fiscal year financial statements of the Authority has been included in the financial section of this report.

Acknowledgement

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Commissioners.

Sincerely,

A handwritten signature in cursive script that reads "Al Rosenthal". The signature is written in black ink and is positioned above the printed name.

AL ROSENTHAL,
Chairman

AR:mm

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**ROSTER OF OFFICIALS****JULY 31, 2018**

The Authority is composed of five members and the secretary appointed by the Monmouth County Board of Chosen Freeholders.

Members of the Authority

Al Rosenthal	Chairman
A. Richard Gatto	Vice Chairman
James S. Gray	Treasurer
Gregory A. Buontempo	Member
Andrew J. Melnick	Member
Marion Masnick	Secretary

Professional Services

Gibbons, PC	Bond Counsel
NW Financial Group	Financial Advisor
Raymond James Associates	Sr. Underwriter
Dennis A. Collins, Esq.	General Counsel
Robert A. Hulsart and Company	Auditor

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Monmouth County Improvement Authority
Hall of Records
Main Street
Freehold, New Jersey 07728

Report on Financial Statements

We have audited the accompanying financial statements of the Monmouth County Improvement Authority (the "Authority"), in the County of Monmouth, State of New Jersey, as of and for the year ended July 31, 2018 and 2017, and the related notes to financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of July 31, 2018 and 2017, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information, referred to in the preceding paragraph, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Robert A. Hulsart and Company
Independent Auditors

Robert A. Hulsart, Jr.
Certified Public Accountant

Wall Township, New Jersey
December 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the Improvement Authority's financial condition and operating results and to also inform the reader on Improvement Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements (beginning on page 14).

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

Statement of net position - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (Exhibit A)

Statement of revenues, expenses and changes in fund net position - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (Exhibit B).

Statement of cash flows - reports the Authority's cash flows from operating activities, investing, capital and non-capital activities. (Exhibit C)

STATEMENT OF NET POSITION

	<u>Years Ended July 31,</u>	
	<u>2018</u>	<u>2017</u>
Assets:		
Current Assets	\$ 120,375,383	100,733,712
Long-Term Assets	533,845,596	431,410,608
Total Assets	<u>\$ 654,220,979</u>	<u>532,144,320</u>
Liabilities:		
Current Liabilities	\$ 110,161,968	95,811,190
Non-Current Liabilities	543,457,867	435,861,467
Total Liabilities	<u>\$ 653,619,835</u>	<u>531,672,657</u>

STATEMENT OF NET POSITION (CONTINUED)

	Years Ended July 31,	
	2018	2017
Net Position:		
Unrestricted	\$ 601,144	471,663
Total Net Position	<u>\$ 601,144</u>	<u>471,663</u>

The net position of the Authority increased to \$601,144 during 2018, a \$129,481 increase from 2017.

REVIEW OF REVENUES

	Years Ended July 31,	
	2018	2017
Total Operating Revenues	\$ 201,232	147,476
Non-Operating Revenues:		
Lease Income	32,217,042	9,414,442
Interest Revenue	11,883,421	10,519,781
Other	6,119,257	5,784,143
Total Non-Operating Revenues	<u>50,219,720</u>	<u>25,718,366</u>
Total Revenues	<u>\$ 50,420,952</u>	<u>25,865,842</u>

In 2018, operating revenues increased by \$53,756 when compared to 2017. Non-operating revenues increased to \$50,219,720 during 2018, a \$24,501,354 increase from 2017. The increase was due primarily to increased lease income.

REVIEW OF EXPENSES

	<u>Years Ended July 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Operating Expenses	<u>\$ 76,091</u>	<u>78,903</u>
Non-Operating Expenses:		
Equipment Costs	5,138,696	6,836,775
Interest Expense	20,278,395	18,826,061
Deferred Revenue Applied to Lease Income	24,750,178	
Other	<u>48,112</u>	<u>52,681</u>
Total Non-Operating Expenses	<u>50,215,381</u>	<u>25,715,517</u>
Total Expenses	<u>\$ 50,291,472</u>	<u>25,794,420</u>

The Authority's operating expenses decreased by \$2,812 in 2018 when compared to 2017. Non-operating expenses increased to \$50,215,381 during 2018, a \$24,499,864 increase from 2017. The increase was attributed to deferred revenue applied to lease income.

FINANCIAL CONTACT

The Authority's statements are designed to present a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact the Finance Department, The Monmouth County Improvement Authority, Hall of Records, Freehold, NJ 07728.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

Exhibit A

STATEMENT OF NET POSITIONJULY 31, 2018 AND 2017

	<u>July 31, 2018</u>	<u>July 31, 2017</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 39,960,704	10,992,894
Investments	39,760,443	73,406,774
Investments in Direct Financing Leases	36,224,238	11,824,033
Accrued Interest Receivable	4,429,998	4,509,471
Other		540
Total Current Assets	<u>120,375,383</u>	<u>100,733,712</u>
Long Term Assets:		
Investments	470,875,930	362,765,911
Investments in Direct Financing Leases	54,042,693	60,383,626
Deferred Bond Issuance Costs	8,926,973	8,261,071
Total Long-Term Assets	<u>533,845,596</u>	<u>431,410,608</u>
Total Assets	<u>\$ 654,220,979</u>	<u>532,144,320</u>
<u>Liabilities</u>		
Current Liabilities:		
Accrued Interest Payable	\$ 5,656,597	5,747,960
Bonds Payable	51,225,000	84,700,000
Deferred Revenue	29,810,440	5,363,230
Due From Escrow/Due to DTCC	23,469,931	
Total Current Liabilities	<u>110,161,968</u>	<u>95,811,190</u>
Long Term Liabilities:		
Bonds Payable	487,465,000	389,540,000
Unamortized Discount/Premium	55,992,867	46,321,467
Total Long-Term Liabilities	<u>543,457,867</u>	<u>435,861,467</u>
Total Liabilities	<u>653,619,835</u>	<u>531,672,657</u>
Net Position:		
Unrestricted	601,144	471,663
Total Net Position	<u>601,144</u>	<u>471,663</u>
Total Liabilities and Net Position	<u>\$ 654,220,979</u>	<u>532,144,320</u>

See Notes to Financial Statements

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

Exhibit B

STATEMENT OF OPERATIONS AND CHANGES IN NET POSITIONYEARS ENDED JULY 31, 2018 AND 2017

	<u>July 31, 2018</u>	<u>July 31, 2017</u>
Operating Revenues	\$ 201,232	147,476
Operating Expenses	<u>76,090</u>	<u>78,903</u>
Operating Income (Loss)	<u>125,142</u>	<u>68,573</u>
Non-Operating Revenues / (Expenses)		
Interest and Fees on Loans	11,883,421	10,519,781
Escrow Funds Applied to Interest Income	320,432	
Lease Income	32,217,042	9,414,442
Interest Earned on Investments	25,925	11,880
Equipment Costs	(5,138,696)	(6,836,775)
Deferred Revenue Applied to Lease Income	(24,750,178)	
Interest Expense	(20,278,395)	(18,826,061)
Amortization of Bond Issue Costs/Premium/Discount/Loss on Defeasance	5,772,900	5,772,263
Administration Expenses	<u>(48,112)</u>	<u>(52,681)</u>
Net Non-Operating (Expenses) / Revenues	<u>4,339</u>	<u>2,849</u>
Net Income / (Loss)	129,481	71,422
Net Position, August 1	<u>471,663</u>	<u>400,241</u>
Net Position, July 31	<u>\$ 601,144</u>	<u>471,663</u>
Balance Comprised of:		
Unrestricted - Administrative	<u>\$ 601,144</u>	<u>471,663</u>
Net Position	<u>\$ 601,144</u>	<u>471,663</u>

See Notes to Financial Statements

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

Exhibit C

STATEMENTS OF CASH FLOWS

Sheet 1 of 2

YEARS ENDED JULY 31, 2018 AND 2017

	Year Ended July 31	
	2018	2017
Cash Flows From Operating Activities:		
Cash Flows From Administrative Operations:		
Operating Income (Loss)	\$ 125,142	68,573
Accounts Receivable-Other	540	579
Net Cash Provided (Used) by Operating Activities	<u>125,682</u>	<u>69,152</u>
Cash Flows From Program Loans:		
Administrative Costs	(48,112)	(52,681)
Lease Payments Received	14,434,857	14,704,157
Deferred Revenue	17,464	5,430
Net Cash Provided / (Used) by Program Loans	<u>14,404,209</u>	<u>14,656,906</u>
Cash Flows From Investing Activities:		
Investments Matured	74,475,000	39,255,000
Purchase of Investments	(154,107,272)	(125,395,728)
Interest Received on Investments	17,161,133	15,392,323
Returned Excess Proceeds to Towns	(280,817)	(343)
Equipment Costs	<u>(5,138,696)</u>	<u>(6,836,775)</u>
Net Cash Provided (Used) by Investing Activities	<u>(67,890,652)</u>	<u>(77,585,523)</u>
Cash Flows From Non-Capital and Related Financing Activities:		
Proceeds From Long -Term Project Bonds	167,150,736	127,656,143
Retirement of Bonds	(85,285,000)	(51,435,000)
Interest Paid on Bonds	(20,369,758)	(17,454,221)
Due From Escrow/Due to DTCC	23,469,932	
Deferred Issue Costs	<u>(2,637,339)</u>	<u>(2,265,657)</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>82,328,571</u>	<u>56,501,265</u>

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

Exhibit C

STATEMENTS OF CASH FLOWS

Sheet 2 of 2

YEARS ENDED JULY 31, 2018 AND 2017

	Year Ended July 31	
	2018	2017
Increase (Decrease) in Cash and Cash Equivalents	<u>28,967,810</u>	<u>(6,358,200)</u>
Cash and Cash Equivalents, Beginning of Year	<u>10,992,894</u>	<u>17,351,094</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 39,960,704</u></u>	<u><u>10,992,894</u></u>
Balance Comprised of:		
Unrestricted Cash	\$ 601,144	471,123
Restricted Cash	39,327,168	10,521,771
Restricted Cash Equivalents	<u>32,392</u>	<u>-</u>
	<u><u>\$ 39,960,704</u></u>	<u><u>10,992,894</u></u>

See Notes to Financial Statements

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. General**

On June 5, 1986, the Board of Chosen Freeholders ("Freeholders") of the County of Monmouth ("County") created the Monmouth County Improvement Authority ("Authority"). The Authority is designated as the agency for such purposes as set forth in N.J.S.A. 40:37A-54 and finances capital structures and facilities for local government units in Monmouth County, one such provision being the establishment of a pooled loan program.

County Improvement Authorities are public bodies corporate and political, authorized under Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, effective January 16, 1961, as amended and supplemented.

The Authority is governed by a board consisting of five members, each of whom is appointed by the Freeholders for initial staggered terms of one to five years each. Upon the expiration of a member's term, such member continues to serve until a successor has been appointed and qualified.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Reporting Entity

Government Accounting Standards Board ("GASB") No. 14, The Financial Reporting Entity, establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The Authority is considered to be a "component unit" of the County of Monmouth. However, the County does not follow GAAP for accounting and financial reporting purposes. Rather, it follows a regulatory basis, utilizing accounting principles which differ, in some cases significantly, from GAAP. The financial statements of the County do not include the financial statements of the Authority based on the separate legal status of the Authority.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****B. Basis of Financial Statements****Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with GAAP applicable to enterprise funds of state and local governments. Enterprise funds are used to account for operations

- (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to government entities. As permitted by accounting principles generally accepted in the United States of America, the Authority has elected to apply only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989.

Effective August 1, 2003, the Authority adopted GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- For State and Local Governments, Statement No. 37, Basic Financial Statements -- and Management's Discussion and Analysis -- For State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures. The primary impact of adopting the Statements included changing the presentation of Fund Equity to Net Assets, changing the presentation of the Cash Flow Statement from the indirect method to the direct method, and the presentation of Management's Discussion and Analysis.

The Authority prepares its financial statements on an Enterprise Fund basis. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. Accordingly, the Authority's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions****Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 A
Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 B**

Construction Fund	Bond proceeds, and at the option of the Authority, any monies received for or in connection with the facilities.	Cost of project as established in the bond resolution. Upon completion, or if required at an earlier date, construction funds, to the extent necessary, will be transferred to the debt service fund for payment of principal and interest.
Revenue Fund	All revenues.	For transfer to the Operating Fund and Debt Service Fund as required by the bond resolution.
Operating Fund	Transfer from Revenue Fund.	Operating, administrative and maintenance expenses as required by the bond resolution.
Debt Service Fund	Transfer from Revenue Fund or Construction Fund.	Payment of principal and interest on the bonds.
Renewal and Replacement Fund	Transfer from Revenue Fund.	Costs of capital improvements, extraordinary operation and maintenance costs and contingencies.
General Reserve Fund	Transfer from Revenue Fund.	Transfer to debt service fund, other expenses as required by the bond resolution.
Rebate Fund	All monies which are subject to rebate to the United States government.	Payments to United States government.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)****Borough Guaranteed Revenue Bonds, Series 2005 (Shrewsbury Hose Company #1 Project)
Borough Guaranteed Revenue Bonds, Series 2006 (Shrewsbury Hose Company #1 Project)**

Acquisition Fund	Bond proceeds at the option of the Authority, any monies received for or in connection with the properties.	For the payment of acquisition costs of properties.
Revenue Fund	All revenues.	For transfer to the Operating Fund and Debt Service Fund as required by the bond resolution.
Operating Fund	Transfer from Revenue Fund.	For the payment of operations and administrative expenses as required by the bond resolution.
Debt Service Fund	Transfer from Revenue Fund.	Payment of principal and interest on the bonds.
General Reserve Fund	Transfer from Revenue Fund.	Transfer to Debt Service Fund, and for other expenses as required by bond resolution.
Rebate Fund	All monies which are subject to rebate to the United States government.	Payments to United States government.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)**

Governmental Loan Revenue Bonds, Series 1998
Governmental Loan Revenue Bonds, Series 2000
Governmental Loan Revenue Bonds, Series 2001
Governmental Loan Revenue Bonds, Series 2002
Governmental Loan Revenue Bonds, Series 2005
Governmental Loan Revenue Bonds, Series 2007
Governmental Loan Revenue Bonds, Series 2008
Governmental Pooled Loan Revenue Bonds, Series 2009
Governmental Loan Revenue Bonds, Series 2010 (Atlantic Highlands)
Governmental Loan Revenue Bonds, Series 2011A
Governmental Loan Revenue Bonds, Series 2011B
Governmental Loan Revenue Bonds, Series 2012
Governmental Loan Revenue Bonds, Series 2013A
Governmental Loan Revenue Bonds, Series 2013 B
Governmental Pooled Loan Revenue Bonds, Series 2014
Governmental Pooled Loan Revenue Bonds, Series 2015
Governmental Pooled Loan Revenue Bonds, Series 2017A
Governmental Pooled Loan Revenue Bonds, Series 2017B
Governmental Pooled Loan Revenue Bonds, Series 2018A
Governmental Pooled Loan Revenue Bonds, Series 2018B
Governmental Loan Refunding Revenue Bonds, Series 2007
Howell Township Board of Education Project Refunding Revenue Bonds 2009
Governmental Loan Refunding Revenue Bonds, Series 2011
Governmental Loan Refunding Revenue Bonds, Series 2012
Governmental Pooled Loan Refunding Revenue Bonds, Series 2014
Governmental Pooled Loan Refunding Revenue Bonds, Series 2015
Governmental Pooled Loan Refunding Revenue Bonds, Series 2016
Governmental Pooled Loan Refunding Revenue Bonds, Series 2016B

<u>Account</u>	<u>Source</u>	<u>Use for Which Restricted</u>
Loan Fund	Bond proceeds.	For the execution of loans to Participating governmental entities According to the terms of the Bond Resolution.
Revenue Fund	All revenues.	For transfer to the Debt Service Fund.
Debt Service Fund	Transfer from Revenue Fund.	Payment of principal and interest on the bonds.
Rebate Fund	All monies which are subject to rebate to the United States Government.	Payments to United States Government.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)**

Capital Equipment Pooled Lease Revenue Bonds, Series 2007
Capital Equipment Pooled Lease Revenue Bonds, Series 2009
Capital Equipment Pooled Lease Revenue Bonds, Series 2011
Capital Equipment Pooled Lease Revenue Bonds, Series 2013
Capital Equipment Pooled Lease Revenue Bonds, Series 2015
Capital Equipment Pooled Lease Revenue Bonds, Series 2017

Acquisition Fund	Lease revenue or any other source.	For the payment of acquisition cost of properties.
Revenue Fund	All revenues.	Transfer to the Operating Fund and Debt Service Fund as required by the Bond Resolution.
Operating Fund	Transfer from Revenue Fund.	For the payment of operations and administrative expenses as required by the Bond Resolution.
Debt Service Fund	Transfer from Revenue Fund, insurance proceeds and condemnation.	Payment of principal and interest on the bonds.
Rebate Fund	All monies which are subject to rebate to the United States government.	Payments to United States government.
Bond Proceeds Fund	Bond proceeds.	Purchase of local unit bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)****Township Guaranteed Lease Revenue Bonds, Series 1998 (School District and First Aid Squad Lease)**

Construction Fund	Bond proceeds, and at the option of the Authority, any monies received for, or in connection with the properties.	For the payment of acquisition cost of properties.
Revenue Fund	All revenues.	For transfer to the Operating Fund and Debt Service Fund as required by the Bond Resolution.
Operating Fund	Transfer from Revenue Fund.	For the payment of operations and administrative expenses as required by the Bond Resolution
Debt Service Fund	Transfer from Revenue Fund.	Payment of principal and interest on the bonds.
General Reserve Fund	Transfer from Revenue Fund.	Transfer to Debt Service Fund, other expenses as required by the Bond Resolution.
Rebate Fund	All monies which are subject to rebate to the United States Government.	Payments to United States Government.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)**

Lease Revenue Bonds, Series 2008 (Brookdale Community College Project)
Lease Refunding Revenue Bonds, Series 2009 (Brookdale Community College Project)
Lease Refunding Revenue Bonds, Series 2012 (Brookdale Community College Project)
Lease Refunding Revenue Bonds, Series 2015 (Brookdale Community College Project)

<u>Account</u>	<u>Source</u>	<u>Use for Which Restricted</u>
Construction Fund	Bond proceeds. At the option of the Authority, any monies received for, or in connection with, the properties.	For the payment of acquisition cost of properties.
Revenue Fund	All revenues.	For transfer to the Operating Fund and Debt Service Fund as required by the Bond resolution.
Operating Fund	Transfer from Revenue Fund.	For the payment of operations and administrative expenses as required by the Bond Resolution.
Debt Service Fund	Transfer from Revenue Fund.	Payment of principal and interest on the bonds.
Debt Service Reserve Fund	Bond proceeds.	Transfer to Debt Service Fund for any deficiencies.
General Reserve Fund	Transfer from Revenue Fund.	Transfer to Debt Service Fund, other expenses as required by the Bond Resolution.
Rebate Fund	All monies which are subject to rebate to the United States Government.	Payments to United States Government.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Accounts Required by Various Bond Resolutions (Continued)****Governmental Loan Project Notes, Series 2017A and 2017B (Fort Monmouth Economic Revitalization Project)**

<u>Account</u>	<u>Source</u>	<u>Use for Which Restricted</u>
Loan Fund	Note proceeds.	For the execution of loans to participating governmental entities according to the terms of the Note Resolution.
Revenue Fund	All revenues.	For transfer to the Debt Service Fund.
Debt Service Fund	Transfer from Revenue Fund	Payment of principal and interest on the Notes.
Rebate Fund	All monies which are subject to rebate to the United States Government.	Payments to United States Government.

In accordance with the terms of the various bond and note resolutions, cash and cash equivalents of the various funds are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are restrictions of retained earnings as these excesses are not available for the payment of current operating expenses.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****D. Investment Income**

In accordance with the resolutions authorizing the Pooled Governmental Loan Program Bonds, investment income earned on all funds and accounts, except the Debt Reserve Fund, shall be transferred to the subaccount in the Earnings Fund. Investment income earned on the Debt Reserve Fund shall be transferred similarly unless it is necessary to meet the bond reserve requirements.

Investment income on construction accounts for construction projects operated by entities other than the Authority is classified as escrow funds payable or arbitrage payable and the related assets are classified as restricted assets as the use of this income has been designated by resolution of the Authority to pay future construction or arbitrage costs. Any excess amounts are to be dedicated to the payment of debt service in subsequent years. (Note 1.J.)

Investment income on debt service accounts for projects which entail lease agreements are classified as deferred revenue (Note 1.K.) and the related assets are classified as restricted assets, as this income has been designated by resolution to pay debt service costs.

E. Deferred Issuance Costs

The Authority capitalized \$23,809,773 as deferred issuance costs as detailed below. Accumulated amortization as of July 31, 2018 and 2017 are \$14,882,799 and \$12,734,504, respectively. The cost of issue for these projects will be paid by the participants. Interest earnings may reduce payments from participants. With regard to the other programs listed below, premiums were received on the issues, which affect the issue costs. The issue costs will not be recovered from the participants but are offset by the premiums received. For all other projects, the costs of issue were expensed when incurred and will be paid to the Authority from the individual participants through lease payments or, in cases where the Authority has an investment in the bonds of the participants, the costs of issue will be recovered through the payment from the participants.

The balance of deferred issuance costs are as follows:

	<u>Issue Costs</u>	<u>Accumulated Amortization</u>	<u>Balance</u>
1998 Pooled Loan	\$ 41,187	41,183	4
2000 Pooled Loan	107,556	107,454	102
2001 Pooled Loan	650,868	650,579	289
2002 Pooled Loan	172,927	172,796	131
2004 Pooled Loan	686,208	686,208	
2005 Capital Equipment Lease Program	414,086	414,086	
2005 Shrewsbury FD#1 Lease	119,957	93,287	26,670
2005 Asbury Park Water Treatment	908,602	908,602	
2005 Pooled Loan	795,662	795,662	

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. Deferred Issuance Costs (Continued)**

The balance of deferred issuance costs are as follows:

	<u>Issue Costs</u>	<u>Accumulated Amortization</u>	<u>Balance</u>
2006 Shrewsbury FD#1 Lease	55,077	42,619	12,458
2006 Pooled Loan Refunding (Var. Rate)	543,452	543,452	
2006 Pooled Loan	389,307	389,307	
2007 Government Loan Refunding	915,561	844,355	71,206
2007 Pooled Loan	736,933	736,933	
2007 Capital Equipment Lease Program	416,610	416,610	
2008 Pooled Loan	534,963	524,900	10,063
2008 Brookdale Community College	345,780	342,837	2,943
2009 Howell Township BOE Refunding	199,134	178,621	20,513
2009 Capital Equipment Lease	271,805	264,602	7,203
2009 Brookdale Community College Refunding	230,355	126,084	104,271
2009 Pooled Government Loan	284,132	270,366	13,766
2010 Government Loan Atlantic Highlands	172,364	165,932	6,432
2011 Pooled Government Loan Revenue	841,774	679,154	162,620
2011 Governmental Loan Refunding Revenue	450,301	429,090	21,211
2011 Pooled Capital Equipment	374,528	343,435	31,093
2012 Brookdale Lease Revenue Bonds	260,983	156,817	104,166
2011 Pooled Revenue Loan	395,873	242,911	152,962
2012 Government Loan Refunding	1,150,638	835,921	314,717
2012 Pooled Revenue Governmental Loan	364,419	177,773	186,646
2013 Pooled Revenue Governmental Loan	579,809	297,032	282,777
2013 B Pooled Revenue Government Loan	765,754	320,365	445,389
2013 Pooled Capital Equipment Lease	455,808	360,389	95,419
2014 Asbury Park Wastewater Treatment Facility Lease Revenue Bonds	259,064	196,849	62,215
2014 Pooled Loan	335,278	80,644	254,634
2014 B Pooled Revenue Governmental Loan	790,733	244,331	546,402
2015 Governmental Loan Refunding Revenue Bonds	375,709	143,673	232,036
2015 Brookdale Community College Refunding	468,688	58,213	410,475
2015 Pooled Capital Equipment Lease	441,256	227,362	213,894
2015 Pooled Revenue Government Loan	523,832	104,033	419,799
2016A Government Loan Refunding Revenue Bonds	908,187	280,530	627,657
2017A Pooled Revenue Governmental Loan	755,393	73,800	681,593
2016B Governmental Loan Refunding Revenue Bonds	912,641	98,745	813,896
2017B Pooled Revenue Governmental Loan	496,795	46,017	450,778
2017C F MERA Project Notes	300,711		300,711
2017 Pooled Capital Equipment Lease Program	340,625		340,625
2018A Pooled Revenue Governmental Loan	510,084		510,084
2018B Pooled Revenue Governmental Loan	989,124		989,124
	<u>\$ 23,040,533</u>	<u>14,113,559</u>	<u>8,926,974</u>

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****F. Fee Income and Expense**

The Authority receives administrative fees from the Water Treatment Facility Project. These fees and the related expenses are recognized as earned or incurred.

G. Cash Flows

For purpose of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less or payable upon demand to be cash equivalents. In accordance with Statement #9 of the Government Accounting Standards Board, the Statements of Cash Flows present interest paid on bonds under "Cash Flows from Financing Activities", and interest received on investments as "Cash Flows from Investing Activities".

H. Investments

Investments are stated at market and are held by either the Trustee or by the Authority. Investments made with the proceeds of bonds are limited by the Bond Resolution to any bond, debenture, note or participation certificate issued by certain agencies identified within the Bond Resolution, any fully-secured negotiable or non-negotiable certificates of deposit and repurchase agreements, obligations of the New Jersey Cash Management Fund, and other obligations of the United States of America or the State of New Jersey.

I. Net Investment in a Direct Financing Lease

The Authority has direct financing leases with the City of Asbury Park, County of Monmouth, Brookdale C.C., Shrewsbury Fire Department and various towns regarding the Water Treatment Facility and Capital Equipment Pooled Lease Programs.

Future interest payments and administrative costs are not included in the net investment. These items are accounted for as lease income and expenses as they accrue.

The components of the minimum lease payments to be received by the Authority include the principal and interest on the foregoing bonds and an allocable share of the administrative expenses incurred in the Operating Fund. Such annual payments will be made until the revenue bonds are paid in full. While the net investment in the lease will be recovered in an amount equal to the bond principal, interest expense, and administrative expenses, the minimum lease payments to be received by the Authority cannot be determined in advance because administrative expenses may fluctuate and future interest earnings will reduce the amount receivable. The net investments in direct financing leases for reporting purposes are established by eliminating retained earnings and setting the net investment equal to the difference between assets and liabilities of the project as the payments received will be reduced by investment earnings or will be returned to the participants at the end of the program. The minimum rental payments reflected in Note 2 assume rental payments will be equal to debt service.

J. Escrow Funds Payable

According to the various bond indentures, any excess bond proceeds over project costs are to be dedicated to the payment of debt service in subsequent years (Note 1.D.).

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****K. Deferred Revenue**

Revenues related to the various direct financing leases for which the related expenses have not yet been incurred are classified as deferred revenue.

Deferred revenue at July 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
1998 Pooled Loan	\$ 216	63,009
1998 Pooled Refunding	61,535	
2000 Pooled Governmental Loan	3,337	8,141
2001 Pooled Loan	6,044	5,986
2002 Pooled Loan	4,351	4,307
2004 Pooled Loan		4
2005 Pooled Loan		2,377
2007 Capital Equipment Lease		185
2007 Government Loan Refunding Revenue	19,043	18,760
2008 Pooled Government Loan	754	285
2008 Brookdale Community College	24,103,647	144
2009 Pooled Capital Equipment	1,966	1,810
2009 Brookdale Community College Refunding	614,544	16
2010 Governmental Loan Atlantic Highlands	16,975	26,975
2011 Governmental Loan Refunding Revenue	18	6
2011 Capital Equipment	45,442	45,842
2011A Pooled Loan	176	58
2011B Pooled Revenue Loan	320	174
2012 Brookdale Community College Lease Revenue	573,741	562,941
2012 Governmental Loan Refunding Revenue	1,787	834
2012 Pooled Government Loan	173	85
2013A Pooled Revenue Loan	1,503,221	1,514,720
2013B Pooled Revenue Loan	607	286
2013 Capital Equipment	2,365	1,629
2014 Asbury Park Wastewater Treatment Facility	878,409	854,225
2014 Governmental Loan Refunding Revenue	9	9
2014 Pooled Revenue Loan	717	268
2015 Governmental Loan Refunding Revenue	215,996	258,832
2015 Brookdale Community College Refunding	598,928	600,428
2015 Pooled Capital Equipment Lease	2,416	2,654
2016A Government Loan Refunding Revenue Bonds	383	161
2016 B Government Loan Refunding Revenue Bonds	994,998	1,033,627
2015 Pooled Revenue Governmental Loan	264	108
2017A Pooled Revenue Governmental Loan	145,378	354,344
2017 Capital Equipment	10,680	
2017B Pooled Loan	2,000	
	<u>\$ 29,810,440</u>	<u>5,363,230</u>

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****L. Lease Income**

Payments received for project costs and debt service requirements on projects which are treated as net investment in direct financing leases are classified as lease income.

M. Discount/Premium on Bonds Payable

Original bond discounts and premiums are being amortized using the bonds outstanding method over the life of the bonds until maturity. The unamortized amounts at July 31, 2018 and 2017 were \$55,992,868 (net premium) and \$46,321,467 (net premium), respectively. During 2018, the Authority amortized \$(7,744,336) to interest expense. The balance is calculated as follows:

Net Premium, July 31, 2017	\$ 46,321,467
Activity during 2017-2018 was as follows:	
Premium/Discount on Pooled Government Loan Series 2017B	4,416,358
Premium/Discount on Capital Lease 2017	1,144,358
Premium/Discount on Pooled Loan Notes 2017C	259,297
Premium/Discount on Pooled Revenue Bonds 2018A	2,592,087
Premium/Discount on Pooled Revenue Bonds 2018B	9,003,637
Net Amortization of Premiums/Discounts	<u>(7,744,336)</u>
Net Premium, July 31, 2018	<u>\$ 55,992,868</u>

N. Losses on Debt Defeasance

Accounting losses on advanced refundings of debt are being amortized as a component of interest expense using the bonds outstanding method over the life of the old debt or the new debt, whichever is shorter. The unamortized losses at July 31, 2018 and 2017 were \$-0- and \$-0-, respectively. During 2018, the Authority amortized \$-0- of the loss on defeasance to interest expense.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS****A. Howell Township Board of Education**

In 2009 the Authority issued \$18,600,000 of Revenue Bonds, Series 2009 (Howell Township Board of Education Refunding Project) to advance refund a portion of the 2002 Bonds. The loan repayments have been pledged by the Authority to secure the Howell Township Board of Education General Obligation Bonds.

B. Governmental Loan Revenue Bonds, Series 1998

On December 1, 1998, the Authority issued \$20,540,000 of Governmental Loan Revenue Bonds; Series 1998 to acquire seven (7) separate series of General Obligation Bonds, 1998 Series.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 1998 program issued Local Unit Bonds to permanently finance certain general improvements and certain bond anticipation notes.

C. Pooled Lease Revenue Bonds, Series 1998B

On October 15, 1998, the Authority issued \$2,640,000 of Pooled Lease Revenue Bonds, Series 1998B.

Each Local Unit involved in the Pooled Lease Program issued Bonds to finance the construction of their respective projects for lease to such Local Units under a Lease Agreement between the Authority and such Local Unit.

The Agreement is treated as capital leases by the Authority. The following is a schedule of the future minimum payments for debt service payments, not including administrative expenses, over the term of the lease. These payments will be increased by administrative expenses and decreased by interest earnings net of arbitrage earnings, if any. See Note 1.I. for financial statement presentation of the net investment in the lease.

<u>Year Ended July 31,</u>	Minimum Rental
2019	<u>Payments</u>
Less: Interest	\$ 61,500
	<u>1,500</u>
	<u>\$ 60,000</u>

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****D. Governmental Loan Revenue Bonds, Series 2000**

On December 1, 2000, the Authority issued \$30,345,000 of Governmental Loan Revenue Bonds Series 2000 to acquire eight (8) separate series of General Obligation Bonds, Series 2000.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2000 program issued Local Unit Bonds to permanently finance certain general improvements and certain bond anticipation notes.

E. Governmental Loan Revenue Bonds, Series 2001

On December 1, 2001, the Authority issued \$42,215,000 of Governmental Loan Revenue Bonds, Series 2001 to acquire nine (9) separate series of General Obligation Bonds, Series 2001.

Each Local Unit involved in the Government Loan Revenue Bonds, Series 2001 program issued Local Unit Bonds to permanently finance certain general improvements and certain bond anticipation notes.

F. Governmental Loan Revenue Bonds, Series 2002

On December 1, 2002, the Authority issued \$32,180,000 of Governmental Loan Revenue Bonds, Series 2002, to acquire nine (9) separate series of General Obligation Bonds, Series 2002.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2002 program issued Local Unit Bonds to permanently finance certain general improvements and certain bond anticipation notes.

G. Brookdale Community College Project Lease Revenue Bonds, Series 2008

On December 30, 2008, the Authority issued \$27,850,000 of Lease Revenue Bonds, Series 2008.

The Bonds are being issued to provide funds to the Authority for various improvements to the facilities of the College, including the renovation of the Robert J. Collins Arena and the Automotive Technology facility at the Lincroft Campus and the renovation of the Student Center, the Welcome Center and various academic facilities at the Western Monmouth Higher Education Center (collectively, the "Facilities Project") and together with the land upon which the Facilities Project is located, the "Facilities"); and pay certain costs incurred in connection with the issuance of the Bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****H. Shrewsbury Hose Company No. 1 Project Series 2005**

On September 21, 2005, the Authority issued \$2,275,000 of Guaranteed Revenue Bonds to finance the cost of construction of a new firehouse.

The Bonds are being issued to finance the cost of construction of a new firehouse for the Shrewsbury Hose Company No. 1, Inc., a New Jersey nonprofit corporation constituting an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986, as amended and pay certain costs incurred in connection with the issuance of the Bonds. The proceeds of the Bonds shall be used to fund a grant to be made by the Authority to the Fire Company which will undertake to construct, own and operate the Facility. The bonds shall be payable and secured by subsidy payments to be made by the Borough of Shrewsbury, in the County of Monmouth, New Jersey subject to annual appropriation, pursuant to a Grant and Subsidy Agreement by and among the Authority, the Borough and the Fire Company, dated as of September 1, 2005.

I. Shrewsbury Hose Company No. 1 Project Series 2006

On May 24, 2006, the Authority issued \$975,000 of Guaranteed Revenue Bonds to finance the additional cost of the construction of a new firehouse.

The Bonds are being issued to finance the additional cost of construction of a new firehouse for the Shrewsbury Hose Company No. 1, Inc., a New Jersey nonprofit corporation constituting an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986, as amended and pay certain costs incurred in connection with the issuance of the Bonds. The proceeds of the Bonds shall be used to fund a grant to be made by the Authority to the Fire Company which will undertake to construct, own and operate the Facility. The Bonds shall be payable and secured by subsidy payments to be made by the Borough of Shrewsbury, in the County of Monmouth, New Jersey subject to annual appropriation, pursuant to an Amended and Restated Grant and Subsidy Agreement by and among the Authority, the Borough and the Fire Company, dated as of May 1, 2006.

J. Governmental Loan Revenue Bonds, Series 2005

On December 29, 2005, the Authority issued \$46,515,000 of Governmental Loan Revenue Bonds, Series 2005 to acquire nine (9) separate series of General Obligation Bonds, Series 2005.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2005 program issued Local Unit Bonds to permanently finance certain general improvements and certain bond anticipation notes.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****K. Governmental Loan Revenue Refunding Bonds, Series 2007**

On April 12, 2007 the Authority issued \$56,575,000 of Governmental Loan Revenue Refunding Bonds, Series 2007 in order to advance refund a portion of the \$26,075,000 Governmental Loan Revenue Bonds, Series 1996, \$15,805,000 Governmental Loan Revenue Bonds, Series 1997, \$21,115,000 Governmental Loan Revenue Bonds, Series 1999, \$30,245,000 Governmental Loan Revenue Bonds, Series 2000, \$42,215,000 Governmental Loan Revenue Bonds, Series 2001, and \$32,180,000 Governmental Loan Revenue Bonds, Series 2002.

L. Capital Equipment Pooled Lease Revenue Bonds, Series 1997

On October 4, 2007 the Authority issued \$19,940,000 of Pooled Lease Revenue Bonds, Series 2007, to acquire separate series of general obligation bonds, Series 2007.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2007 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements of the Local Units.

M. Governmental Loan Revenue Bonds, Series 2007

On December 13, 2007 the Authority issued \$53,285,000 of Governmental Loan Revenue Bonds, Series 2007, to acquire separate series of general obligation bonds, Series 2007.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2007 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements of the Local Units.

N. Governmental Loan Revenue Bonds, Series 2008

On December 4, 2008 the Authority issued \$40,075,000 of Governmental Loan Revenue Bonds, Series 2008, to acquire separate series of general obligation bonds, Series 2008.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2008 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****O. Capital Equipment Pooled Lease Revenue Bonds, Series 2009**

On November 10, 2009 the Authority issued \$7,490,000 of Pooled Lease Revenue Bonds, Series 2009, to acquire separate series of general obligation bonds, Series 2009.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2009 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements of the Local Units.

The Agreements are treated as capital leases by the Authority. The following is a schedule of the future minimum payments for debt service payments, not including administrative expenses, over the term of the lease. These payments will be increased by administrative expenses and decreased by interest earnings net of arbitrage earnings, if any. See Note 1.I for financial statement presentation of the net investment in the lease.

P. Lease Revenue Bonds, Series 2009 Brookdale Community College Refunding Project

On December 10, 2009 the Authority issued \$11,250,000 of Pooled Lease Revenue Bonds, Series 2009, Bonds were issued to provide funds for an escrow, the proceeds of which are to be used for the purpose of advance refunding all of the Authority's presently outstanding Lease Revenue Bonds, Series 2001.

Q. Governmental Pooled Loan Revenue Bonds, Series 2009

On December 30, 2009 the Authority issued \$14,180,000 of Governmental Pooled Loan Revenue Bonds, Series 2009, to acquire separate series of general obligation bonds, Series 2009.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2009 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

R. Governmental Loan Revenue Bonds, Series 2010 (Atlantic Highlands Project)

On February 25, 2010 the Authority issued \$9,355,000 of Governmental Loan Revenue Bonds, Series 2010, to provide funds to the Authority to acquire Bonds issued to provide funds to make loans to Atlantic Highlands and to refinance certain of the outstanding Bond Anticipation Notes and to finance other general improvements of the borrower.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****S. Governmental Loan Revenue Refunding Bonds, Series 2011**

On March 31, 2011 the Authority issued \$14,470,000 of Governmental Loan Revenue Refunding Bonds, Series 2011, to acquire seven separate series of Authority Local Unit Bonds, Series 2011, the proceeds of which will provide funds to make a loan to each of the borrowers.

T. Governmental Loan Revenue Bonds, Series 2011

On January 13, 2011 the Authority issued \$40,325,000 of Governmental Loan Revenue Bonds, Series 2011, to acquire separate series of general obligation bonds, Series 2011.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2011 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

U. Capital Equipment Pooled Lease Revenue Bonds, Series 2011

On October 20, 2011 the Authority issued \$11,510,000 of Pooled Lease Revenue Bonds, Series 2009, to acquire separate series of general obligation bonds, Series 2011.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2011 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements of the Local Units.

The Agreements are treated as capital leases by the Authority. The following is a schedule of the future minimum payments for debt service payments, not including administrative expenses, over the term of the lease. These payments will be increased by administrative expenses and decreased by interest earnings net of arbitrage earnings, if any. See Note 1.I for financial statement presentation of the net investment in the lease.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****V. Governmental Loan Revenue Bonds, Series 2011B**

On December 29, 2011 the Authority issued \$14,850,000 of Governmental Loan Revenue Bonds, Series 2011, to acquire separate series of general obligation bonds, Series 2011B.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2011B program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

W. Lease Revenue Refunding Bonds, Series 2012, Brookdale Community College Refunding Project

On May 16, 2012 the Authority issued \$7,660,000 of Lease Revenue Refunding Bonds, Series 2012, Bonds were issued to provide funds for an escrow, the proceeds of which are to be used for the purpose of advance refunding all of the Authority's presently outstanding Lease Revenue Bonds, Series 2003.

X. Pooled Governmental Loan Refunding Revenue Bonds, Series 2012

On May 22, 2012 the Authority issued \$62,315,000 of Governmental Loan Refunding Revenue Bonds, Series 2006 to advance refund a portion of the Authority's presently outstanding 1995, 1998, 2001, 2002, 2002A, 2002B, 2003, 2004 and 2005 Bonds, Series 1995, 1998, 2001, 2002, 2002A, 2002B, 2003, 2004 and 2005.

The Series 2012 Bonds are being issued to acquire seven separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the borrowers. Local Units include fifteen Local Governments and one Board of Education.

Y. Governmental Loan Revenue Bonds, Series 2012

On December 19, 2012 the Authority issued \$9,720,000 of Governmental Loan Revenue Bonds, Series 2012, to acquire six separate series of Government Loan Revenue Bonds, Series 2012.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2012 program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****Z. Governmental Loan Revenue Bonds, Series 2013A**

On June 13, 2013, the Authority issued \$29,765,000 of Governmental Loan Revenue Bonds, Series 2013A, to acquire two separate series of Governmental Loan Revenue Bonds, Series 2013A (Manasquan River Regional Sewerage Authority and the Township of Wall) and Revenue Bonds Series 2013A (Howell Township Board of Education Refunding Project) to advance refund a portion of the Pension Bonds, Series 2005 in the amount of \$7,950,000 as follows:

\$20,655,000	\$ 9,110,000
Governmental Loan Revenue Bonds	Governmental Loan Revenue Bonds
Tax Exempt	Federally Taxable
Series 2013A	Series 2013A

Each Local Unit involved in the Tax Exempt Governmental Loan Revenue Bonds, Series 2013A program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

The Authority issued \$9,110,000 of Federally Taxable Governmental Loan Revenue Bonds, Series 2013A (Howell Township Board of Education Refunding Project) to advance refund a portion of the Pension Bonds, Series 2005. The loan repayments have been pledged by the Authority to secure the Howell Township Board of Education Pension Bonds, Series 2005.

AA. Governmental Loan Revenue Bonds, Series 2013 B

On November 14, 2013, the Authority issued \$34,715,000 of Governmental Loan Revenue Bonds, Series 2013B, to acquire eleven separate series of Governmental Loan Revenue Bonds, Series 2013B.

Each Local Unit involved in the Governmental Loan Revenue Bonds, Series 2013B program issued Local Unit Bonds to permanently finance certain Bond Anticipation Notes and to finance other general improvements.

AB. Capital Equipment Pooled Lease Revenue Bonds, Series 2013

On August 14, 2013, the Authority issued \$18,820,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2013, to acquire twenty-four separate series of Capital Equipment Lease Revenue Bonds, Series 2013.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****AC. Wastewater Treatment Facilities Lease Revenue Bonds Series 2014 (Asbury Park Project)**

On September 10, 2014 the Authority issued \$9,405,000 of Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 (Asbury Park Project) as follows:

\$2,415,000	\$ 6,990,000
Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Tax-Exempt Series 2014A	Wastewater Treatment Facilities Lease Revenue Refunding Bonds Federally Taxable Series 2014 B

The Series 2014A Bonds are being issued to provide funds, along with other available funds to fund a portion of an Escrow Fund (described below), the proceeds of which are to be used to currently refund all of the presently outstanding Series 2005A Bonds, specifically the Series 2005A Bonds maturing on and after December 15, 2014 in the aggregate principal amount of \$2,810,000 (the "Refunded Series 2005A Bonds") and pay certain costs incurred in connection with the issuance of the Series 2014A Bonds. The Series 2014B Bonds are being issued to provide funds to fund a portion of an Escrow Fund, the proceeds of which are to be used to advance refund all of the callable Series 2005B Bonds, specifically the Series 2005B Bonds maturing on and after December 15, 2016 in the aggregate principal amount of \$6,330,000 (the "Refunded Series 2005B Bonds" and, together with the Refunded Series 2005A Bonds, the "Refunded Bonds") and pay certain costs incurred in connection with the issuance of the Series 2014B Bonds.

AD. Governmental Loan Refunding Revenue Bonds, Series 2014

On December 4, 2014 the Authority issued \$9,460,000 of Governmental Loan Revenue Refunding Bonds, Series 2014A to acquire four separate series of governmental Loan Refunding Revenue Bonds, Series 2014.

The Series 2014 Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for the funding of an escrow, the proceeds of which are to be used for the purpose of refunding a portion of the Authority's outstanding Series 2006 Bonds, specifically all of the Series 2006 Bonds maturing on December 1 of each of the years 2017 through 2026, inclusive (the "Refunded Bonds"), and paying certain costs incurred in connection with the issuance of the Series 2014 Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

AE. Governmental Pooled Loan Revenue Bonds, Series 2014

On December 24, 2014 the Authority issued \$39,495,000 of Governmental Pooled Loan Revenue Bonds, Series 2014 to acquire eight separate series of Governmental Loan Revenue Bonds, Series 2014.

An Authority Local Unit Bond will be issued pursuant to the applicable Local Bond Resolution for the benefit of each Borrower to refinance certain of the outstanding bond anticipation notes of the Municipal Borrowers and advance refund certain of the outstanding bonds of the School District Borrower; finance other general improvements of the Municipal Borrowers; and pay certain of the costs of issuance of the Series 2014 Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)

AF. Governmental Loan Refunding Revenue Bonds, Series 2015

On June 25, 2015 the Authority issued \$15,530,000 of Governmental Pooled Loan Refunding Revenue Bonds, Series 2015 to acquire three separate series of Governmental Loan Refunding Revenue Bonds, Series 2015.

The Series 2015 Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for the funding of three escrows, the proceeds of which are to be used for the purpose of refunding a portion of the Board of Education of the Borough of Avon-by-the-Sea in the County of Monmouth, New Jersey, outstanding School District Bonds, Series 2006 (the "2006 Avon-by-the-Sea Board of Education Bonds"), specifically all of the 2006 Avon-by-the-Sea Board of Education Bonds maturing on March 1 of each of the years 2018, 2020, 2022, 2024, 2025, 2026, 2027, 2028, 2029, 2031 and 2036, inclusive (the "2006 Avon-by-the-Sea Board of Education Refunded Bonds"), a portion of the Board of Education of the Borough of Little Silver in the County of Monmouth, New Jersey, outstanding Refunding Bonds, Series 2005 (the "2005 Little Silver Board of Education Bonds") specifically all of the 2005 Little Silver Board of Education Bonds maturing on March 1 of each of the years 2016 through 2022, inclusive (the "2005 Little Silver Board of Education Refunded Bonds") and a portion of the Borough of Red Bank, in the County of Monmouth, New Jersey, outstanding General Improvement Bonds and Water/Sewer Utility Bonds, Series 2007 (the "2007 Red Bank Borough Bonds"), specifically all of the 2007 Red Bank Borough Bonds maturing on February 1 of each of the years 2017 to 2022, inclusive (the "2007 Red Bank Borough Refunded Bonds", and together with the 2006 Avon-by-the-Sea Board of Education Refunded Bonds and the 2005 Little Silver Board of Education Refunded Bonds, the "Refunded Bonds"), respectively, and paying certain costs incurred in connection with the issuance of the Series 2015 Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

AG. Lease Revenue Refunding Bonds, Series 2015, Brookdale Community College Project

On September 2, 2015 the Authority issued \$24,530,000 of Lease Revenue Refunding Bonds, Series 2015. The bonds were issued to provide funds for an escrow, the proceeds of which are to be used for the purpose of an advance refunding all of the Authority's callable Lease Revenue Bonds, Series 2008, being those bonds maturing on and after August 1, 2019.

AH. Capital Equipment Pooled Lease Revenue Bonds, Series 2015

On October 27, 2015 the Authority issued \$13,375,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2015 to acquire eighteen separate series of Capital Equipment Lease Revenue Bonds, Series 2015 (Thirteen Municipalities and Five School Districts).

AI. Governmental Pooled Loan Revenue Bonds, Series 2015

On December 23, 2015 the Authority issued \$20,705,000 of Governmental Pooled Loan Revenue Bonds, Series 2015 to acquire six separate series of Governmental Loan Revenue Bonds, Series 2015.

An Authority Local Unit Bond will be issued pursuant to the applicable Local Bond Resolution for the benefit of each Borrower to refinance certain of the outstanding bond anticipation notes of the Borrowers; finance other general improvements of the Borrowers; and pay certain of the costs of issuance of the Series 2015 Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)****AJ. Governmental Loan Refunding Revenue Bonds, Series 2016**

On March 24, 2016 the Authority issued \$38,505,000 of Governmental Pooled Loan Revenue Bonds, Series 2016, to acquire fifteen separate series of Governmental Loan Refunding Revenue Bonds, Series 2016 proceeds refund.

An Authority Local Unit Bond will be issued pursuant to the applicable Local Bond Resolution for the benefit of each Borrower to refinance certain of the outstanding bonds of the Borrower; and pay certain of the costs of issuance of the Series 2016 Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

AK. Governmental Pooled Loan Refunding Revenue Bonds, Series 2016B

On October 5, 2016 the Authority issued \$40,020,000 of Governmental Pooled Loan Refunding Revenue Bonds, Series 2016B, to acquire ten separate series of Governmental Loan Refunding Revenue Refunding Bonds, Series 2016B.

The Series 2016B Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for (i) the funding of six escrows, the proceeds of which are to be used for the purpose of refunding a portion of the Authority's outstanding Series 2009 Bonds, specifically all or a portion of the Series 2009 Bonds maturing on December 1 of each of the years 2020 through 2029, inclusive (the "2009 Refunded Bonds"), a portion of the Authority's outstanding Series 2010 Bonds, specifically all or a portion of the Series 2010 Bonds maturing on February 1 of each of the years 2021 through 2030, inclusive (the "2010 Refunded Bonds"), a portion of the Authority's outstanding Series 2011 Bonds, specifically all or a portion of the Series 2011 Bonds maturing on January 15 of each of the years 2022 through 2031, inclusive (the "2011 Refunded Bonds"), a portion of the City of Asbury Park's outstanding General Improvement Bonds of 2009 (the "2009 Asbury Park Bonds"), specifically all or a portion of the 2009 Asbury Park Bonds maturing on April 1 of each of the 2020 through 2028, inclusive (the "Asbury Park Refunded Bonds"), a portion of the Board of Education of the Borough of Oceanport's outstanding Schools Bonds of 2006 (the "2006 Oceanport School District Bonds"), specifically all or a portion of the 2006 Oceanport school District Bonds maturing on August 1 of each of the years 2018 through 2025, inclusive (the "Oceanport School District Refunded Bonds"), and a portion of the Board of Education of the Shore Regional High School District's outstanding School Bonds of 2009 (the "2009 Shore Regional School District Bonds"), specifically all or a portion of the 2009 Shore Regional School District Bonds maturing on September 15 of each of the years 2020 through 2029, inclusive (the "Shore Regional School District Refunded Bonds", and collectively, the "Refunded Bonds"), respectively, and (ii) paying certain costs incurred in connection with the issuance of the Series 2016B Bonds, the Authority Local Unit Bonds and the Borrower Bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

2. TRANSACTIONS WITH OTHER GOVERNMENTAL UNITS (Continued)

AL. Governmental Loan Project Notes, Series 2017A and 2017B

On November 14, 2017, the Authority issued \$23,735,000 of Governmental Loan Project Notes, (\$16,735,000 Governmental Loan Project Notes, Series 2017A and \$7,000,000 Governmental Loan Project Notes, Series 2017B) for the Fort Monmouth Economic Revitalization Project, for the purpose of purchasing land and buildings from the United States Army.

The Borrower is a public body corporate and politic of the State created, organized and existing under the Fort Monmouth Economic Revitalization Authority Act, constituting Chapter 51 of the Pamphlet Laws of 2010 of the State, as amended and supplemented (the "Borrower Act"). The Borrower was created for the purpose of providing investment, continuity and economic growth to the communities impacted by the federal government's closure of Fort Monmouth. The Borrower replaced the Fort Monmouth Economic Revitalization Planning Authority ("FMERPA") and is charged with advancing FMERPA's plan for reuse and redevelopment of Fort Monmouth which is situated on 1,126 acres of land in the County in parts of the Boroughs of Eatontown, Oceanport and Tinton Falls.

The Borrower is governed by a 13 member board. The board includes nine voting members consisting of three public members appointed by the Governor, one ex-officio member of the Executive Branch appointed by the Governor, the mayors of the Boroughs of Eatontown, Tinton Falls and Oceanport, one member of the Monmouth County Board of Chosen Freeholders and the Chair of the New Jersey Economic Development Authority. The Commissioners of the New Jersey Departments of Labor and Workforce Development, Environmental Protection, Community Affairs and Transportation serve as ex-officio, non-voting members of the board.

AM. Governmental Pooled Loan Revenue Bonds, Series 2017

On February 23, 2017, the Authority issued \$40,555,000 of Governmental Pooled Loan Bonds, Series 2017 to acquire five separate series of Pooled Governmental Loan Revenue Bonds, Series 2017.

The Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loans to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2017 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreement").

AN. Governmental Pooled Loan Revenue Bonds, Series 2017B

On September 13, 2017, the Authority issued \$25,775,000 of Government Pooled Loan Revenue Bonds, Series 2017B to acquire two separate series of Governmental Pooled Loan Revenue Bonds.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****AN. Governmental Pooled Loan Revenue Bonds, Series 2017B (Continued)**

The Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loans to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2017B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreement").

AO. Capital Equipment Pooled Lease Revenue Bonds, Series 2017

On October 26, 2017, the Authority issued \$9,570,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2017 to acquire twelve separate series of Capital Equipment Pooled Lease Revenue Bonds, Series 2017 (eight Municipalities and One School District).

The Bonds are issued pursuant to the Authority's Capital Equipment Leasing Program ("the Program"). Items of capital equipment (the "Equipment") being financed through the Program are of various types, including but not limited to, police cars, fire equipment, trucks, computers and ambulances.

AP. Governmental Pooled Loan Revenue Bonds, Series 2018A

On February 1, 2018, the Authority issued \$21,010,000 of Government Pooled Loan Revenue Bonds, Series 2018A to acquire five separate series of Governmental Loan Revenue Bonds, Series 2018A (five Municipalities).

The Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loans to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2018A Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreement").

AQ. Governmental Pooled Loan Revenue Bonds, Series 2018B

On July 24, 2018, the Authority issued \$69,645,000 of Government Pooled Loan Revenue Bonds, Series 2018B to acquire three separate series of Governmental Loan Revenue Bonds, Series 2018B (three School Districts).

The Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loans to (i) finance general improvement of the Borrowers; and (ii) pay certain of the costs of issuance of the Series 2018B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreement").

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE****A. Governmental Loan Revenue Bonds, Series 1998**

On December 1, 1998, the Authority issued \$20,540,000 of Governmental Loan Revenue Bonds; Series 1998 dated December 1, 1998. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1 as set forth in the table below. The table reflects the 2012 refunding.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 15,000	5.00%

The Series 1998 Bonds maturing on or before December 1, 2008 shall not be subject to redemption prior to their respective maturity dates. The Series 1998 Bonds maturing on or after December 1, 2009 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2008, at the option of the Authority, upon notice as herein described, either in whole on any date, or in part by lot within a single maturity from maturities selected by the Authority on any interest payment date, at the respective redemption price for the respective period (expressed as a percentage of the principal amounts of the 1998 Series Bonds) (the "Redemption Price") set forth below, and accrued interest thereon to the date of redemption.

<u>Period During Which Redeemed (Both Dates Inclusive)</u>	<u>Redemption Price</u>
December 1, 2008 to November 30, 2009	101%
December 1, 2009 to November 30, 2010	100.5%
December 1, 2010 and thereafter	100%

Mandatory Sinking Fund Redemption

The Series 1998 Bonds maturing on December 1, 2018 shall be subject to mandatory sinking fund redemption prior to maturity beginning on December 1, 2015 and annually each December 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below. The table reflects the 2012 refunding.

**Series 1998 Bonds
Due December 1, 2018**

<u>December 1</u>	<u>Principal Amount</u>
2018	\$ 15,000*

*Final Maturity

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****B. Pooled Lease Revenue Bonds, Series 1998B**

The Authority issued \$840,000 of Pooled Lease Revenue Bonds, 1998B Series in order to acquire General Obligation Bonds from the Fairview First Aid Squad of Middletown Township. The Bonds of the Authority will mature on August 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 60,000	5.00%

Redemption Provisions

Optional Redemption – The Bonds maturing on or before August 1, 2009 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2010 shall be subject to redemption prior to their respective maturity dates, on or after August 1, 2009, at the option of the Authority, upon notice, either in whole on any date, or in part by lot within a single maturity from maturities selected by the Authority on any interest payment date, at the respective redemption price for the respective period (expressed as a percentage of the principal amounts of the Bonds) (the “Redemption Price”) set forth below, and accrued interest thereon to the date of redemption.

<u>Period During Which Redeemed (Both Dates Inclusive)</u>	<u>Redemption Price</u>
August 1, 2009 to July 31, 2010	101%
August 1, 2010 to July 31, 2011	100.5%
August 1, 2011 and thereafter	100%

C. Governmental Loan Revenue Bonds, Series 2000

On December 1, 2000, the Authority issued \$30,345,000 of Governmental Loan Revenue Bonds, Series 2000 dated December 1, 2000. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below. The table reflects 2011 refunding (See Note 3AF).

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 5,000	5.375%	2020	5,000	5.540%
2019	5,000	5.400%			

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****D. Governmental Loan Revenue Bonds, Series 2001**

On December 1, 2001, the Authority issued \$42,215,000 of Governmental Loan Revenue Bonds, Series 2001 dated December 1, 2001. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below. The table reflects 2012 refunding.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 5,000	5.00%	2020	5,000	5.00%
2019	5,000	5.00%	2021	5,000	5.00%

The Series 2001 Bonds maturing on or before December 1, 2011 shall not be subject to redemption prior to their respective maturity dates. The Series 2001 Bonds maturing on or after December 1, 2012 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2011, at the option of the Authority, upon notice as herein described, either in whole on any date or in part, by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount and accrued interest thereon on the date of redemption.

E. Governmental Loan Revenue Bonds, Series 2002

On December 1, 2002, the Authority issued \$32,180,000 of Governmental Loan Revenue Bonds; Series 2002 dated December 1, 2002. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below. The table reflects the 2011 refunding.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 5,000	5.00%	2020	5,000	5.00%

Redemption Provisions

Optional Redemption – The Series 2002 Bonds maturing on or before December 1, 2012 shall not be subject to redemption prior to their respective maturity dates. The Series 2002 Bonds maturing on or after December 1, 2013 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2012, at the option of the Authority, upon notice, either in whole or in part, by lot within a single maturity from maturities selected by the Authority, on any date, at the redemption price equal to 100% of the principal amount thereof, and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

3. BONDS PAYABLE (Continued)

F. Shrewsbury Hose Company No. 1 Project Series 2005

On September 21, 2005, the Authority issued \$2,275,000 of Guaranteed Revenue Bonds to finance the cost of construction of a new firehouse. The Bonds will mature on September 1 as set forth.

\$465,000 4.0% Term Bonds due September 1, 2019
 \$1,165,000 4.25% Term Bonds due September 1, 2025

Redemption Provisions

Optional Redemption – The Bonds maturing on or before September 1, 2015 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after September 1, 2016 shall be subject to redemption prior to their respective maturity dates, on or after September 1, 2015 at the option of the authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption – The Bonds maturing on September 1, 2019 shall be subject to mandatory redemption prior to maturity, in part, by operation of the sinking Fund which has been established under the Resolution, on September 1, in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date.

<u>September 1</u>	<u>Principal Amount</u>
2018	\$ 185,000
2019*	195,000

The Bonds maturing on September 1, 2025 shall be subject to mandatory redemption prior to maturity, in part, by operation of the Sinking Fund which has been established under the Resolution, on September 1, in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date:

<u>September 1</u>	<u>Principal Amount</u>
2020	\$ 200,000
2021	175,000
2022	185,000
2023	195,000
2024	200,000
2025*	210,000

*Final maturity

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****G. Shrewsbury Hose Company No. 1 Project Series 2006**

On May 24, 2006, the Authority issued \$975,000 of Guaranteed Revenue Bonds to finance the cost of construction of a new firehouse. The bonds will mature on September 1 as set forth in the table below:

\$375,000 4.300% Term Bonds due September 1, 2021
 \$360,000 4.375% Term Bonds due September 1, 2025

Redemption Provisions

Optional Redemption – The Bonds maturing on or before September 1, 2016 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after September 1, 2017 shall be subject to redemption prior to their respective maturity dates, on or after September 1, 2016 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption – The Bonds maturing on September 1, 2021 shall be subject to mandatory redemption prior to maturity, in part, by operation of the Sinking Fund which has been established under the Resolution, on September 1, in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date:

<u>September 1</u>	<u>Principal Amount</u>
2018	\$ 70,000
2019	75,000
2020	80,000
2021*	80,000

The Bonds maturing on September 1, 2025 shall be subject to mandatory redemption prior to maturity, in part, by operation of the Sinking Fund which has been established under the Resolution, on September 1, in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date:

<u>September 1</u>	<u>Principal Amount</u>
2022	\$ 85,000
2023	90,000
2024	90,000
2025*	95,000

*Final maturity

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****H. Governmental Loan Revenue Bonds, Series 2005**

On December 29, 2005, the Authority issued \$46,515,000 of Governmental Loan Revenue Bonds, Series 2005, dated December 1, 2005. The Bonds were issued in order to make a loan to each of the borrowers.

The Bonds were paid in full during the 2017-2018 fiscal year.

I. Governmental Loan Refunding Revenue Bonds, Series 2007

On April 12, 2007 the Authority issued \$56,575,000 of Governmental Loan Refunding Revenue Bonds Series 2007 in order to advance refund a portion of heretofore issued \$26,075,000 Governmental Loan Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), \$15,805,000 Governmental Loan Revenue Bonds, Series 1997 (the "Series 1997 Bonds"), \$21,115,000 Governmental Loan Revenue Bonds, Series 1999 (the "Series 1999 Bonds"), \$30,345,000 Governmental Loan Revenue Bonds, Series 2000 (the "Series 2000 Bonds"), \$42,215,000 Governmental Loan Revenue Bonds, Series 2001 (the "Series 2001 Bonds") and \$32,180,000 Governmental Loan Revenue Bonds, Series 2002 (the "Series 2002 Bonds").

Net proceeds as well as other funding sources were deposited into an escrow account to pay principal and interest on the defeased debt. The refunding bonds are due on December 1 as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 3,885,000	5%	2021	2,730,000	4%
2019	4,045,000	5%	2022	1,455,000	4%
2020	3,610,000	4%			

The series 2007 Refunding Bonds are not subject to redemption prior to maturity.

The Authority obtained an economic gain (difference between the net present value of the old and new debt service payments) of \$1,751,553.

J. Capital Equipment Pooled Lease Revenue Bonds, Series 2007

On October 4, 2007 the Authority issued \$19,940,000 of Pooled Lease Revenue Bonds, 2007 Series in order to acquire certain capital equipment, which will be leased to twenty-three (23) government units.

The Bonds were paid in full during the 2017-2018 fiscal year.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****K. Governmental Loan Revenue Bonds, Series 2007**

On December 13, 2007, the Authority issued \$53,285,000 of Governmental Loan Revenue Bonds, Series 2007, dated December 1, 2007. The Bonds were issued in order to make a loan to each of the borrowers.

The Bonds were paid in full during the 2017-2018 fiscal year.

L. Governmental Loan Revenue Bonds, Series 2008

On December 4, 2008, the Authority issued \$40,075,000 of Governmental Loan Revenue Bonds, Series 2008, dated December 1, 2008. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 2,595,000	5.25%

M. Brookdale Community College Project Lease Revenue Bonds, Series 2008

On December 30, 2008, the Authority issued \$27,850,000 of Lease Revenue Bonds, Series 2008.

The Bonds are being issued to (i) provide funds to the Authority for various improvements to the facilities of the College, including the renovation of the Robert J. Collins Arena and the Automotive Technology facility at the Lincroft Campus and the renovation of the Student Center, the Welcome Center and various academic facilities at the Western Monmouth Higher Education Center (collectively, the "Facilities Project") and together with the land upon which the Facilities Project is located, the "Facilities"); and (ii) pay certain costs incurred in connection with the issuance of the Bonds.

The Authority currently leases the Western Monmouth Higher Education Center, which is a portion of the Facilities, from the college pursuant to an existing ground lease that was entered into in connection with a prior financing to finance various prior improvements to such Center and leases such as Western Monmouth Higher Education Center and back to College, pursuant to an existing lease and agreement (the "Prior Lease"). The Authority will extend the existing ground lease for the Western Monmouth Higher Education Center and lease the other facilities from the College pursuant to a ground lease entered into by and between the College and Authority, dated as of December 1, 2008 (the "Ground Lease"). The Authority will extend the Prior Lease on the Western Monmouth Higher Education Center and lease back the other Facilities to the College pursuant to a Lease and Agreement by and between the Authority and the College, dated as of December 1, 2008 (the "Lease"), for use by the College as an educational teaching facility to accommodate the current student body as well as anticipated increased enrollment.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****M. Brookdale Community College Project Lease Revenue Bonds, Series 2008 (Continued)**

The following is a schedule of the future minimum payments for debt service payments:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 620,000	4.375%

N. Capital Equipment Pooled Lease Revenue Bonds, Series 2009

On October 1, 2009, the Authority issued \$7,490,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2009, dated October 1, 2009. The Bonds were issued to provide funds to the Authority to acquire bonds issued by the Authority to finance the acquisition of equipment lease to certain governmental units located within the County of Monmouth; which local units include eight municipalities, three school districts and one fire commission.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 245,000	4.25%	2019	255,000	4.25%

Redemption Provisions

The Bonds shall not be subject to redemption prior to their perspective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****O. Howell Township Revenue Refunding Bonds, Series 2009**

On September 17, 2009, the Authority issued \$18,600,000 in Revenue Refunding Bonds, Series 2009, dated July 15, 2009. The Bonds were issued in order to make a loan to the borrower for the funding of an escrow, the proceeds which are to be used for the purpose of an advance refunding a portion of the Authority's outstanding Revenue Bonds, Series 2002A. The Bonds of the Authority will mature on July 15, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 2,120,000	4.25%	2021	2,305,000	4.00%
2020	2,215,000	4.00%			

Redemption Provisions

Optional Redemption. The Series 2009 Bonds maturing on or before July 15, 2009 shall not be subject to redemption prior to their respective maturity dates. The Series 2009 Bonds maturing on or after July 15, 2020 shall be subject to redemption prior to their respective maturity dates, on or after July 15, 2019, at the option of the Authority as directed by the Borrower, upon notice as herein described, either in whole on any date or in part, by lot within a single maturity from maturities selected by the Authority, on any interest payment date, at the redemption price equal to 100% of the principal amount thereof (the "Redemption Price"), and accrued interest thereon to the date of redemption.

P. Lease Revenue Bonds, Series 2009, Brookdale Community College Refunding Project

On August 1, 2009, the Authority issued \$11,250,000 of Lease Revenue Bonds; Series 2009 dated August 1, 2009. The Bonds were issued to provide funds to fund an escrow, the proceeds of which are to be used for the purpose of advance refunding all of the Authority's presently outstanding Lease Revenue Bonds, Series 2001.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 460,000	3.00%	2021	505,000	3.25%
2019	470,000	4.00%	2022	530,000	4.00%
2020	490,000	4.00%			

\$1,110,000 3.50% Term Bond Due August 1, 2024. Priced at 96.870% to Yield 3.78%
 \$1,190,000 3.75% Term Bond Due August 1, 2026. Priced at 97.693% to Yield 3.94%
 \$1,280,000 4.00% Term Bond Due August 1, 2028. Priced at 98.701% to Yield 4.10%
 \$2,115,000 4.00% Term Bond Due August 1, 2031. Priced at 94.449% to Yield 4.40%

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

3. BONDS PAYABLE (Continued)

P. Lease Revenue Bonds, Series 2009, Brookdale Community College Refunding Project (Continued)

Redemption Provisions

Optional Redemption - The Bonds maturing on or before August 1, 2019 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2020 shall be subject to redemption prior to their respective maturity dates, on or after August 1, 2019 at the option of the Authority, upon notice as herein described, either in whole or in part at any time in any order of maturity, at a redemption price equal to the par amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption: The Bonds maturing on August 1, 2024 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2023 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Bonds Due August 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2023	\$ 545,000
2024*	565,000

The Bonds maturing on August 1, 2026 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2025 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Bonds Due August 1, 2026

<u>Year</u>	<u>Principal Amount</u>
2025	\$ 585,000
2026*	605,000

The Bonds maturing on August 1, 2028 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2027 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****P. Lease Revenue Bonds, Series 2009, Brookdale Community College Refunding Project (Continued)****Bonds Due August 1, 2028**

<u>Year</u>	<u>Principal Amount</u>
2027	\$ 625,000
2028*	655,000

The Bonds maturing on August 1, 2031 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2029 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Bonds Due August 1, 2031

<u>Year</u>	<u>Principal Amount</u>
2029	\$ 680,000
2030	705,000
2031*	730,000

*Final maturity

Q. Government Pooled Loan Revenue Bonds, Series 2009

December 1, 2009, the Authority issued \$14,180,000 of Government Pooled Loan Revenue Bonds; Series 2009 dated December 1, 2009. The Bonds are being issued to provide funds to the Authority to acquire bonds issued by the Authority to make loans to certain municipalities in the County of Monmouth to refinance certain outstanding Bonds.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 855,000	4.00%	2019	885,000	4.00%

Redemption of Bonds

Optional Redemption - The Series 2009 Bonds maturing on or before December 1, 2019 shall not be subject to redemption prior to their respective maturity dates. The Series 2009 Bonds maturing on or after December 1, 2020 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2019 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****R. Governmental Loan Revenue Bonds, Series 2010 (Atlantic Highlands Project)**

February 1, 2010, the Authority issued \$9,355,000 of Governmental Loan Revenue Bonds, Series 2010; Atlantic Highlands Project, dated February 1, 2010. The Bonds are being issued to provide funds to the Authority to acquire bonds issued to provide funds to make loans to a certain municipality in the County of Monmouth and to refinance certain of the outstanding bond anticipation notes and to finance other general improvements of the borrower.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 415,000	3.00%
2020	430,000	5.00%

Redemption of Bonds

Optional Redemption - The Series 2010 Bonds maturing on or before February 1, 2020 shall not be subject to redemption prior to their respective maturity dates. The Series 2009 Bonds maturing on or after February 1, 2021 shall be subject to redemption prior to their respective maturity dates, on or after February 1, 2020 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

S. Governmental Loan Revenue Bonds, Series 2011

On January 15, 2011 the Authority issued \$40,325,000 of Loan Revenue Bonds, Series 2011 dated January 13, 2011. The Bonds are being issued to acquire nine separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 2,160,000	5.00%	2026	530,000	5.00%
2020	2,275,000	5.00%	2027	380,000	5.00%
2021	2,200,000	5.00%	2028	400,000	5.00%
2022	435,000	5.00%	2029	420,000	5.00%
2023	460,000	5.00%	2030	445,000	5.00%
2024	480,000	5.00%	2031	460,000	5.00%
2025	505,000	5.00%	2032	485,000	5.00%

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****S. Governmental Loan Revenue Bonds, Series 2011 (Continued)****Redemption of Bonds**

Optional Redemption - The Series 2011 Bonds maturing on or before January 15, 2021 shall not be subject to redemption prior to their respective maturity dates. The Series 2011 Bonds maturing on or after January 15, 2022 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2021 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

T. Governmental Loan Revenue Refunding Bonds, Series 2011

On December 1, 2010 the Authority issued \$14,470,000 of Loan Refunding Revenue Bonds, Series 2011 dated December 1, 2010. The Bonds are being issued to acquire seven separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 755,000	4.00%	2020	285,000	3.50%
2019	280,000	4.00%	2021	180,000	3.50%

Redemption of Bonds

The Series 2011 Bonds are not subject to redemption prior to maturity.

U. Capital Equipment Pooled Lease Revenue Bonds, Series 2011

On October 20, 2011 the Authority issued \$11,510,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2011, dated October 1, 2011. The bonds were issued to provide funds to the Authority to acquire bonds issued by the Authority to finance the acquisition of equipment leases to certain governmental units located within the County of Monmouth; which local units include twelve municipalities and three school districts.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 390,000	2.50%	2020	345,000	5.00%
2019	330,000	4.00%	2021	360,000	5.00%

Redemption Provisions

The Bonds shall not be subject to redemption prior to their perspective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****V. Governmental Loan Revenue Bonds, Series 2011B**

On December 29, 2011, the Authority issued \$14,850,000 of Governmental Loan Revenue Bonds, Series 2011B, dated December 1, 2011. The Bonds were issued in order to make a loan to each of the borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,255,000	5.00%	2022	500,000	4.00%
2019	1,250,000	5.00%	2023	400,000	4.00%
2020	1,305,000	5.00%	2024	425,000	3.00%
2021	1,065,000	5.00%	2025	435,000	3.00%

\$1,065,000 3% Term Bond Due December 1, 2029 priced at 96.510% to yield 3.27%

\$1,020,000 5% Term Bond Due December 1, 2031 priced at 112.569% to yield 3.49%

Redemption of Bonds

Optional Redemption – The Series 2011 Bonds maturing on or before December 1, 2021 shall not be subject to redemption prior to their respective maturity dates. The Series 2011 Bonds maturing on or after December 1, 2022 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2021 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption: The Series 2011 Bonds maturing on December 1, 2028 shall be subject to mandatory sinking fund redemption prior to maturity beginning on December 1, 2026 and annually on each December 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Series 2011 Bonds Due December 1, 2028

<u>Year</u>	<u>Principal Amount</u>
2026	\$ 445,000
2027	305,000
2028*	315,000

*Final maturity

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****V. Governmental Loan Revenue Bonds, Series 2011B (Continued)**

The Series 2011 Bonds maturing on December 1, 2031 shall be subject to mandatory sinking fund redemption prior to maturity beginning on December 1, 2029 and annually on each December 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Series 2011 Bonds Due December 1, 2031

<u>Year</u>	<u>Principal Amount</u>
2029	\$ 320,000
2030	340,000
2031*	360,000

*Final maturity

W. Lease Revenue Refunding Bonds, Series 2012 (Brookdale Community College Refunding Project)

On May 16, 2012, the Authority issued \$7,660,000 of Lease Revenue Refunding Bonds Series 2012, dated May 1, 2012. The Bonds were issued to provide funds to fund an escrow, the proceeds of which are to be used for the purpose of an advance refunding of all of the Authority's presently outstanding Lease Revenue Bonds, Series 2003. The Bonds of the Authority will mature on August 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 480,000	4.00%	2023	575,000	2.25%
2019	500,000	4.00%	2024	585,000	2.25%
2020	520,000	3.00%	2025	610,000	5.00%
2021	535,000	4.00%	2026	635,000	5.00%
2022	555,000	4.00%			

Redemption of Bonds

Optional Redemption – The Bonds maturing on or before August 1, 2022 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2023 shall be subject to redemption prior to their respective maturity dates, on or after August 1, 2022 at the option of the Authority, upon notice either in whole or in part at any time in any order of maturity, at a redemption price equal to par amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****X. Governmental Pooled Loan Refunding Revenue Bonds, Series 2012**

On May 22, 2012, the Authority issued \$62,315,000 of Governmental Loan Refunding Bonds Series 2012, dated May 1, 2012. The Bonds were issued to provide funds to fund an escrow, the proceeds of which are to be used for the purpose of advance refunding a portion of the Authority's presently outstanding 1995, 1998, 2001, 2002, 2002A, 2002B, 2003, 2004 and 2005 Governmental Loan Revenue Bonds, in addition to Local Unit Bonds of the Borough of Allentown, Township of Colts Neck and the Borough of Keyport. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 6,295,000	4.00%	2022	5,750,000	5.00%
2019	6,145,000	4.00%	2023	3,100,000	5.00%
2020	5,150,000	4.00%	2024	2,020,000	5.00%
2021	4,645,000	4.00%	2025	1,325,000	5.00%

The Series 2012 Bonds are not subject to redemption prior to maturity.

Y. Governmental Loan Revenue Bonds, Series 2012

On December 19, 2012, the Authority issued \$9,720,000 of Governmental Loan Revenue Bonds, Series 2012, dated December 1, 2012. The Bonds were issued in order to make a loan to each of the six borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 560,000	3.00%	2026	730,000	2.00%
2019	575,000	3.00%	2027	620,000	2.00%
2020	590,000	4.00%	2028	240,000	2.25%
2021	620,000	4.00%	2029	120,000	3.50%
2022	635,000	4.00%	2030	120,000	3.50%
2023	660,000	4.00%	2031	125,000	2.50%
2024	695,000	2.00%	2032	130,000	2.50%
2025	710,000	3.00%			

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****Y. Governmental Loan Revenue Bonds, Series 2012 (Continued)****Redemption of Bonds**

Optional Redemption – The Series 2012 Bonds maturing on or before December 1, 2022 shall not be subject to redemption prior to their respective maturity dates. The Series 2012 Bonds maturing on or after December 1, 2023 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2022 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Z. Governmental Loan Revenue Bonds, Series 2013A

On June 5, 2013, the Authority issued \$20,655,000 of Governmental Pooled Loan Revenue Bonds, Series 2013A dated August 1, 2013.

The Series 2013A Pooled Loan Bonds are being issued to acquire two separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Pooled Loan Borrowers (each, a “Pooled Loan Borrower Loan”). The Pooled Loan Borrowers will apply the proceeds of the Pooled Loan Borrower Loans to: (i) finance general improvements of the Local Authority Borrower; (ii) refinance certain of the outstanding bond anticipation notes of the Municipal Borrower; and (iii) pay certain of the costs of issuance of the Series 2013A Pooled Loan Bonds, the Authority Local Unit Bonds and the Pooled Loan Borrower Bonds. The Pooled Loan Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Pooled Loan Borrowers (the “Pooled Loan Borrower Purchase Agreements”).

The Bonds of the Authority will mature on August 1, as set forth in the table below:

The 2013A Governmental Pooled Revenue Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,120,000	3.00%	2025	1,220,000	5.00%
2019	1,130,000	4.00%	2026	1,240,000	5.00%
2020	1,145,000	4.00%	2027	1,265,000	5.00%
2021	1,150,000	4.00%	2028	1,285,000	5.00%
2022	1,165,000	5.00%	2029	815,000	3.00%
2023	1,185,000	5.00%	2030	815,000	4.00%
2024	1,200,000	5.00%	2031	820,000	3.125%

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****Z. Governmental Loan Revenue Bonds, Series 2013A (Continued)****Redemption of Bonds**

Optional Redemption – The Series 2013A Pooled Loan Bonds maturing on or before August 1, 2023 shall not be subject to redemption prior to their respective maturity dates. The Series 2013A Pooled Loan Bonds maturing on or after August 1, 2024 shall be subject to redemption prior to their respective maturity dates, on or after August 1, 2023 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

The Series 2013A School District Loan Bonds shall not be subject to redemption prior to their respective maturity dates.

Mandatory Sinking Fund Redemption – The Series 2013A Pooled Loan Bonds maturing on August 1, 2033 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2032 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Series 2013A Pooled Loan Bonds Due August 1, 2033

<u>Year</u>	<u>Principal Amount</u>
2032	\$ 820,000
2033*	820,000

*Final maturity

AA. Governmental Loan Revenue Bonds (Federally Taxable) Series 2013A (Howell Township Board of Education)

On June 5, 2013, the Authority issued \$9,110,000 of Federally Taxable Governmental Loan Revenue Bonds dated July 15, 2013.

The Series 2013A School District Loan Bonds are being issued to provide funds to make a loan to the School District Borrower (the “School District Borrower Loan”). The School District Borrower will apply the proceeds of the School District Borrower Loan to (i) refinance the 2005 School District Refunded Bonds and (ii) pay certain of the costs of issuance of the Series 2013A School District Loan Bonds and the School District Borrower Bond, as herein described. The School District Borrower Loan will be made pursuant to a bond purchase agreement entered into by and between the Authority and the School District Borrower (the “School District Borrower Purchase Agreement”, and together with the Pooled Loan Borrower Purchase Agreements, the “Borrower Purchase Agreements”).

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AA. Governmental Loan Revenue Bonds (Federally Taxable) Series 2013A (Howell Township Board of Education) (Continued)**

The Bonds of the Authority will mature on July 15, as set forth in the table below:

The 2013A Governmental Loan Revenue Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 1,695,000	1.70%	2020	1,725,000	1.95%

The Series 2013A School District Loan Bonds shall not be subject to redemption prior to their respective maturity dates.

AB. Capital Equipment Pooled Lease Revenue Bonds, Series 2013

On August 15, 2013, the Authority issued \$18,820,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2013, dated October 1, 2013. The Bonds were issued to provide funds to the Authority to acquire bonds issued by the Authority to finance the acquisition of equipment leases to certain governmental units located within the County of Monmouth; which local units include eleven municipalities, four school districts and one fire district.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 3,245,000	5.00%	2021	560,000	4.00%
2019	565,000	4.00%	2022	580,000	4.00%
2020	590,000	4.00%	2023	605,000	4.00%

Redemption Provisions

The Bonds shall not be subject to redemption prior to their perspective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AC. Governmental Loan Revenue Bonds, Series 2013B**

On November 14, 2013, the Authority issued \$34,715,000 of Governmental Pooled Loan Revenue Bonds, Series 2013A dated December 1, 2013.

The Series 2013B Bonds are being issued to acquire eleven separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loans to: (i) finance general improvements of the Borrowers; (ii) refinance certain of the outstanding bond anticipation notes and advance refund certain of the outstanding bonds of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2013B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreements").

The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 2,165,000	4%	2026	1,910,000	5%
2019	2,245,000	4%	2027	1,985,000	5%
2020	2,330,000	5%	2028	1,385,000	5%
2021	2,435,000	5%	2029	830,000	5%
2022	2,560,000	5%	2030	455,000	5%
2023	2,400,000	5%	2031	475,000	4%
2024	2,515,000	5%	2032	485,000	4%
2025	2,570,000	5%	2033	485,000	4.08%

Redemption of Series 2013B Bonds

Optional Redemption – The Series 2013B Bonds maturing on or before December 1, 2023 shall not be subject to redemption prior to their respective maturity dates. The Series 2013B Bonds maturing on or after December 1, 2024 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2023 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

The Series 2013B Governmental Loan Revenue Bonds shall not be subject to redemption prior to their respective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AD. Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 (Asbury Park Project)**

On September 10, 2014 the Authority issued \$9,405,000 of Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014 (Asbury Park Project) as follows:

\$2,415,000	\$6,990,000
Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Tax Exempt Series 2014A	Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Federally Taxable Series 2014B

The Series 2014A Bonds are being issued to provide funds, along with other available funds, to fund a portion of an Escrow Fund (described below), the proceeds of which are to be used to currently refund all of the presently outstanding Series 2005A Bonds, specifically the Series 2005A Bonds maturing on and after December 15, 2014 in the aggregate principal amount of \$2,810,000 (the "Refunded Series 2005A Bonds") and pay certain costs incurred in connection with the issuance of the Series 2014A Bonds. The Series 2014B Bonds are being issued to provide funds to fund a portion of an Escrow Fund, the proceeds of which are to be used to advance refund all of the callable Series 2005B Bonds, specifically the Series 2005B Bonds maturing on and after December 15, 2016 in the aggregate principal amount of \$6,330,000 (the "Refunded Series 2005B Bonds" and, together with the Refunded Series 2005A Bonds, the "Refunded Bonds") and pay certain costs incurred in connection with the issuance of the Series 2014B Bonds.

As of December 15, 2014, the Wastewater Treatment Facilities Lease Revenue Bonds, Series 2014 (Asbury Park Project) are due in the amount shown in the table below:

<u>Year</u>	Series 2014A Bonds (Tax-Exempt)		<u>Year</u>	Series 2014B Bonds (Federally Taxable)	
	<u>Principal Amount</u>	<u>Interest Rate</u>		<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 395,000	4%	2020	425,000	4%
2019	415,000	4%			

<u>Year</u>	Series 2014A Bonds (Tax-Exempt)		<u>Year</u>	Series 2014B Bonds (Federally Taxable)	
	<u>Principal Amount</u>	<u>Interest Rate</u>		<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,335,000	1.85%	2020	1,390,000	2.35%
2019	1,360,000	2.15%			

The Series 2014 Wastewater Treatment Facilities Lease Revenue Refunding Bonds are not subject to redemption prior to maturity.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AE. Governmental Pooled Loan Refunding Revenue Bonds, Series 2014**

On December 4, 2014, the Authority issued \$9,640,000 of Governmental Loan Refunding Revenue Bonds, Series 2014, dated December 1, 2014. The Series 2014 Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for the funding of an escrow, the proceeds of which are to be used for the purpose of refunding a portion of the Authority's outstanding Series 2006 Bonds, specifically all of the Series 2006 Bonds maturing on December 1 of each of the years 2017 through 2026, inclusive (the "Refunded Bonds"), and paying certain costs incurred in connection with the issuance of the Series 2014 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,395,000	4%	2023	615,000	5%
2019	1,460,000	5%	2024	640,000	4%
2020	1,525,000	5%	2025	235,000	4%
2021	1,185,000	5%	2026	235,000	4%
2022	815,000	5%			

The Series 2014 Bonds are not subject to redemption prior to maturity.

AF. Governmental Pooled Loan Revenue Bonds, Series 2014

On December 24, 2014, the Authority issued \$39,495,000 of Governmental Loan Revenue Bonds, Series 2014, dated December 1, 2014. The Series 2014 Bonds are being issued to acquire nine separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers. The Borrowers will apply the proceeds of the Borrower Loans to refinance certain of the outstanding bond anticipation notes of the Municipal Borrowers and advance refund certain of the outstanding bonds of the School District Borrower; finance general improvements of the Municipal Borrowers; and pay certain of the costs of issuance of the Series 2014 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 2,485,000	4%	2026	2,210,000	5%
2019	2,560,000	4%	2027	2,000,000	5%
2020	2,650,000	4%	2028	1,860,000	5%
2021	2,795,000	5%	2029	1,895,000	5%
2022	2,855,000	5%	2030	1,760,000	5%
2023	2,945,000	5%	2031	1,625,000	4%
2024	2,370,000	5%	2032	1,625,000	4%
2025	2,175,000	5%			

\$630,000 3 ¼% term bond due December 1, 2034 priced at 98.123% to yield 3.38%.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AF. Governmental Pooled Loan Revenue Bonds, Series 2014 (Continued)****Redemption of Series 2014 Bonds**

Optional Redemption – The Series 2014 Bonds maturing on or before December 1, 2024 shall not be subject to redemption prior to their respective maturity dates. The Series 2014 Bonds maturing on or after December 1, 2025 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2024 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption -- The Series 2014 Bonds maturing on December 1, 2034 shall be subject to mandatory sinking fund redemption prior to maturity beginning on December 1, 2033 and annually on each December 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>
2033	\$ 315,000
2034	315,000*

*Final maturity

AG. Governmental Pooled Loan Revenue Refunding Bonds, Series 2015

On June 25, 2015, the Authority issued \$15,530,000 of Governmental Loan Revenue Refunding Bonds, Series 2015, dated February 1, 2015.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AG. Governmental Pooled Loan Revenue Refunding Bonds, Series 2015 (Continued)**

The Series 2015 Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for the funding of three escrows, the proceeds of which are to be used for the purpose of refunding a portion of the Board of Education of the Borough of Avon-by-the-Sea in the County of Monmouth, New Jersey, outstanding School District Bonds, Series 2006 (the "2006 Avon-by-the-Sea Board of Education Bonds"), specifically all of the 2006 Avon-by-the-Sea Board of Education Bonds maturing on March 1 of each of the years 2018, 2020, 2022, 2024, 2025, 2026, 2027, 2028, 2029, 2031 and 2036, inclusive (the "2006 Avon-by-the-Sea Board of Education Refunded Bonds"), a portion of the Board of Education of the Borough of Little Silver in the County of Monmouth, New Jersey, outstanding Refunding Bonds, Series 2005 (the "2005 Little Silver Board of Education Bonds") specifically all of the 2005 Little Silver Board of Education Bonds maturing on March 1 of each of the years 2016 through 2022, inclusive (the "2005 Little Silver Board of Education Refunded Bonds") and a portion of the Borough of Red Bank, in the County of Monmouth, New Jersey, outstanding General Improvement Bonds and Water/Sewer Utility Bonds, Series 2007 (the "2007 Red Bank Borough Bonds"), specifically all of the 2007 Red Bank Borough Bonds maturing on February 1 of each of the years 2017 to 2022, inclusive (the "2007 Red Bank Borough Refunded Bonds", and together with the 2006 Avon-by-the-Sea Board of Education Refunded Bonds and the 2005 Little Silver Board of Education Refunded Bonds, the "Refunded Bonds"), respectively, and paying certain costs incurred in connection with the issuance of the Series 2015 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Bonds of the Authority will mature on February 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 1,395,000	5%	2027	300,000	3%
2020	1,410,000	5%	2028	305,000	3%
2021	1,435,000	4%	2029	315,000	3 1/8%
2022	1,430,000	5%	2030	330,000	3 1/4 %
2023	255,000	4%	2031	335,000	3 1/4%
2024	265,000	4%	2032	345,000	3 3/8%
2025	275,000	4%	2033	360,000	3 3/8%
2026	285,000	4%	2034	375,000	3 1/2%

\$790,000 3 1/2% Term Bond due February 1, 2036 priced at 96.991% to yield 3.710%.

Redemption of Series 2015 Bonds

Optional Redemption – The Series 2015 Bonds maturing on or before February 1, 2025 shall not be subject to redemption prior to their respective maturity dates. The Series 2015 Bonds maturing on or after February 1, 2026 shall be subject to redemption prior to their respective maturity dates, on or after February 1, 2025 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AG. Governmental Pooled Loan Revenue Refunding Bonds, Series 2015 (Continued)**

Mandatory Sinking Fund Redemption – The Series 2015 Bonds maturing on February 1, 2036 shall be subject to mandatory sinking fund redemption prior to maturity beginning on February 1, 2035 and annually on each February 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Series 2015 Bond Due February 1, 2036

<u>Year</u>	<u>Principal Amount</u>
2035	\$ 385,000
2036	405,000*

*Final maturity

AH. Lease Revenue Refunding Bonds, Series 2015 (Brookdale Community College Refunding Project)

On September 5, 2015, the Authority issued \$24,530,000 of Lease Revenue Refunding Bonds Series 2015, dated August 1, 2015.

The Bonds are being issued to provide funds to the Authority, together with other available funds, to fund an escrow, the proceeds of which are to be used for the purpose of refunding all of the Authority's callable Lease Revenue Bonds, Series 2008 (Monmouth County Guaranteed) (Brookdale Community College Project), being those bonds maturing on and after August 1, 2019, and pay certain costs incurred in connection with the issuance of the Bonds.

The Bonds of the Authority will mature on August 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 100,000	3%	2027	1,105,000	5%
2019	755,000	4%	2028	1,160,000	5%
2020	785,000	4%	2029	1,220,000	5%
2021	820,000	5%	2030	1,285,000	5%
2022	855,000	5%	2031	1,350,000	3 ¼%
2023	900,000	5%	2032	1,440,000	3 ¼%
2024	945,000	5%	2033	1,445,000	3 3/8%
2025	1,000,000	5%	2034	1,495,000	3 3/8%
2026	1,050,000	5%	2035	1,555,000	3 3/8%

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AH. Lease Revenue Refunding Bonds, Series 2015 (Brookdale Community College Refunding Project) (Continued)****Redemption Provisions**

Optional Redemption – The Bonds maturing on or before August 1, 2025 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2026 shall be subject to redemption prior to their respective maturity dates, on or after August 1, 2025 at the option of the Authority, upon notice as herein described, either in whole or in part at any time in any order of maturity, at a redemption price equal the par amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption – The Bonds maturing on August 1, 2038 shall be subject to mandatory sinking fund redemption prior to maturity beginning on August 1, 2036 and annually on each August 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

Bonds Due August 1, 2038

<u>Year</u>	<u>Principal Amount</u>
2036	\$ 1,605,000
2037	1,670,000
2038	1,730,000*

*Final maturity

AI. Capital Equipment Pooled Lease Revenue Bonds, Series 2015

On October 27, 2015, the Authority issued \$13,375,000 of Capital Equipment Pooled Lease Revenue Bonds Series 2015, dated October 1, 2015. The Bonds were issued to provide fund to the Authority to acquire Bonds issued by the Authority to finance the acquisition of equipment leases to certain governmental units located within the County of Monmouth, which is local units included 13 municipalities and 5 school districts.

The Bonds of the Authority will mature on October 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 2,495,000	5%	2022	260,000	5%
2019	2,420,000	5%	2023	265,000	5%
2020	2,535,000	5%	2024	280,000	5%
2021	250,000	5%	2025	290,000	5%

Redemption Provisions

The Bonds shall not be subject to redemption prior to their perspective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AJ. Governmental Pooled Loan Revenue Bonds, Series 2015**

On December 23, 2015, the Authority issued \$20,705,000 of Governmental Loan Revenue Bonds, Series 2015, dated December 1, 2015. The Series 2015 Bonds are being issued to acquire six separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers. The Borrowers will apply the proceeds of the Borrower Loans to refinance certain of the outstanding bond anticipation notes of the Borrowers; finance general improvements of the Borrowers; and pay certain of the costs of issuance of the Series 2015 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,025,000	5%	2027	1,095,000	5%
2019	1,060,000	5%	2028	1,145,000	5%
2020	1,110,000	5%	2029	1,195,000	5%
2021	1,170,000	5%	2030	675,000	3 ½%
2022	1,220,000	5%	2031	695,000	3 ½%
2023	1,285,000	5%	2032	700,000	3 ½%
2024	1,350,000	5%	2033	740,000	3 ½%
2025	1,415,000	5%	2034	730,000	3 ½%
2026	1,495,000	5%	2035	740,000	3 ½%

Redemption of Series 2015 Bonds

Optional Redemption – The Series 2015 Bonds maturing on or before December 1, 2025 shall not be subject to redemption prior to their respective maturity dates. The Series 2015 Bonds maturing on or after December 1, 2026 shall be subject to redemption prior to their respective maturity dates, on or after December 1, 2025 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

3. BONDS PAYABLE (Continued)

AK. Governmental Pooled Loan Revenue Bonds, Series 2016

On March 24, 2016, the Authority issued \$38,505,000 of Governmental Loan Revenue Refunding Bonds, Series 2016, dated December 1, 2016. The Series 2016 Bonds are being issued to provide funds to the Authority to acquire Bonds issued by the Authority (“Authority Local Unit Bonds”) to make loans to certain municipalities (the “Borrowers”) in the County of Monmouth, New Jersey (the “County”) to fund two escrows, the proceeds of which are to be used, respectively, for the purpose of refunding a portion of the Authority’s presently outstanding Governmental Loan Revenue Bonds, Series 2007, and Governmental Loan Revenue Bonds, Series 2008 and pay certain of the costs of issuance of the Series 2016 Bonds, the Authority Local Unit Bonds and the Borrower Bonds, as hereinafter defined. The Bonds of the Authority will mature on December 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 3,125,000	4%	2024	2,300,000	5%
2019	5,875,000	4%	2025	2,390,000	5%
2020	6,125,000	5%	2026	1,120,000	5%
2021	5,965,000	5%	2027	790,000	4%
2022	5,525,000	5%	2028	785,000	4%
2023	4,160,000	5%			

Redemption of Series 2016 Bonds

Optional Redemption – The Series 2016 Bonds maturing on or before December 1, 2025 shall not be subject to optional redemption prior to their respective maturity dates. The Series 2016 Bonds maturing on or after December 1, 2026 shall be subject to optional redemption prior to their respective maturity dates, on or after December 1, 2025 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”) and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AL. Governmental Pooled Loan Refunding Revenue Bonds, Series 2016B**

On October 5, 2016 the Authority issued \$40,020,000 of Governmental Pooled Loan Refunding Revenue Bonds, Series 2016B, dated August 1, 2016. The Series 2016B Bonds are being issued to provide funds to the Authority to make a loan to the Borrowers for (i) the funding of six escrows, the proceeds of which are to be used for the purpose of refunding a portion of the Authority's outstanding Series 2009 Bonds, specifically all or a portion of the Series 2009 Bonds maturing on December 1 of each of the years 2020 through 2029, inclusive (the "2009 Refunded Bonds"), a portion of the Authority's outstanding Series 2010 Bonds, specifically all or a portion of the Series 2010 Bonds maturing on February 1 of each of the years 2021 through 2030, inclusive (the "2010 Refunded Bonds"), a portion of the Authority's outstanding Series 2011 Bonds, specifically all or a portion of the Series 2011 Bonds maturing on January 15 of each of the years 2022 through 2031, inclusive (the "2011 Refunded Bonds"), a portion of the City of Asbury Park's outstanding General Improvement Bonds of 2009 (the "2009 Asbury Park Bonds"), specifically all or a portion of the 2009 Asbury Park Bonds maturing on April 1 of each of the 2020 through 2028, inclusive (the "Asbury Park Refunded Bonds"), a portion of the Board of Education of the Borough of Oceanport's outstanding Schools Bonds of 2006 (the "2006 Oceanport School District Bonds"), specifically all or a portion of the 2006 Oceanport school District Bonds maturing on August 1 of each of the years 2018 through 2025, inclusive (the "Oceanport School District Refunded Bonds"), and a portion of the Board of Education of the Shore Regional High School District's outstanding School Bonds of 2009 (the "2009 Shore Regional School District Bonds"), specifically all or a portion of the 2009 Shore Regional School District Bonds maturing on September 15 of each of the years 2020 through 2029, inclusive (the "Shore Regional School District Refunded Bonds", and collectively, the "Refunded Bonds"), respectively, and (ii) paying certain costs incurred in connection with the issuance of the Series 2016B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Bonds of the Authority will mature on August 1, as set forth on the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 215,000	3%	2025	3,665,000	4%
2019	225,000	3%	2026	3,660,000	4%
2020	2,110,000	3%	2027	3,810,000	4%
2021	2,620,000	4%	2028	3,980,000	4%
2022	3,900,000	4%	2029	3,690,000	4%
2023	3,900,000	4%	2030	2,480,000	4%
2024	4,055,000	4%	2031	1,460,000	3%

Redemption of Series 2016B Bonds

Optional Redemption – The Series 2016B Bonds maturing on or before August 1, 2026 shall not be subject to optional redemption prior to their respective maturity dates. The Series 2016B Bonds maturing on or after August 1, 2027 shall be subject to optional redemption prior to their respective maturity dates, on or after August 1, 2026 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AM. Governmental Loan Project Notes, Series 2017A and 2017B (Monmouth County Guaranteed) (Fort Monmouth Economic Revitalization Project)**

On November 14, 2017, the Authority issued \$23,735,000 of Governmental Loan Project Notes, Series 2017A and 2017B, dated November 15, 2016 (Series 2017A Notes \$16,735,000 and Series 2017B Notes \$7,000,000). The Series 2016 Notes are being issued to provide funds to the Authority to make a loan to the Borrower in the amount of \$23,735,000 pursuant to the Loan Agreement. The Borrower will apply the proceeds of the loan to (i) finance the purchase by the Borrower of land and buildings thereon from the United States Army (as described herein) and (ii) pay certain of the costs of issuance of the Series 2017 Notes. The notes will mature as set forth below:

\$16,735,000 Governmental Loan Project Notes, Series 2017A (Federally Taxable)
 \$7,000,000 Governmental Loan Project Notes, Series 2017B (Federally Taxable)

Series 2017A Notes

Dated: Date of Delivery
 Due: November 14, 2019
 Interest Rate: 2.50%

Series 2017B Notes

Dated: Date of Delivery
 Due: November 14, 2019
 Interest Rate: 3.00%

Plan of Finance

The Borrower expects to sell parcels of the Phase 2 Property from time to time and has agreed with the County to deposit a certain percentage of the net proceeds of sale thereof at certain times with an escrow agent that will deliver such funds to the Trustee to make Loan Repayments on behalf of the Borrower. To date, from funds from such sales delivered by the Borrower to the Trustee, \$7,600,000 of the Series 2016 Notes were redeemed on August 11, 2017. In addition, in September 2017, the Borrower delivered additional funds from such sales for the Trustee in the amount of \$2,133,880.81 and a portion of said funds will be used to pay a portion of the Series 2016 Notes at maturity. The Authority will use future parcel sales of the Phase 2 Property to make Loan Repayments to pay a portion of the principal of the Series 2017 Notes at maturity and expects to sell additional short-term notes to pay the remaining balance of the principal of the Series 2017 Notes at maturity. Such additional short-term notes are similarly expected to be paid at maturity from a portion of the net proceeds of sale of additional parcels of the Phase 2 Property and from the proceeds of further short-term notes. The Authority and the Borrower expect that short-term notes will be issued for approximately five years from date of issuance of the Series 2016 Notes at which time the portion of the net proceeds of sale of the Phase 2 Property used by the Borrower to make Loan Repayments are anticipated to have been sufficient to pay in full the principal of the short-term notes then maturing.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AN. Governmental Pooled Loan Revenue Bonds, Series 2017**

On February 23, 2017, the Authority issued \$40,555,000 of Governmental Pooled Loan Revenue Bonds, Series 2017 dated February 15, 2017. The Series 2017 Bonds are being issued to acquire five separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loan to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2017 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers. The Bonds of the Authority will mature on February 15, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 1,870,000	5%	2029	2,710,000	5%
2020	1,760,000	5%	2030	2,850,000	5%
2021	1,725,000	5%	2031	2,995,000	5%
2022	1,825,000	5%	2032	3,070,000	5%
2023	1,875,000	5%	2033	1,300,000	5%
2024	1,910,000	5%	2034	1,365,000	5%
2025	2,305,000	5%	2035	1,430,000	5%
2026	2,420,000	5%	2036	1,055,000	5%
2027	2,545,000	5%	2037	1,110,000	5%
2028	2,580,000	5%			

Optional Redemption – The Series 2017 Bonds maturing on or before February 15, 2027 shall not be subject to optional redemption prior to their respective maturity dates. The Series 2017 Bonds maturing on or after February 15, 2028 shall be subject to redemption prior to their respective maturity dates, on or after February 15, 2027 at the option of the Authority, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AO. Governmental Pooled Loan Revenue Bonds, Series 2017B**

On September 13, 2017, the Authority issued \$25,775,000 of Governmental Pooled Loan Revenue Bonds, Series 2017B dated July 15, 2017. The Series 2017B Bonds are being issued to acquire two separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loan to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2017B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreements"). The Bonds of the Authority will mature on July 15, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 585,000	3%	2028	1,340,000	5%
2019	1,070,000	4%	2029	1,410,000	5%
2020	1,075,000	4%	2030	1,465,000	5%
2021	1,165,000	4%	2031	1,610,000	5%
2022	1,190,000	5%	2032	1,650,000	5%
2023	1,225,000	5%	2033	1,650,000	4%
2024	1,425,000	5%	2034	1,650,000	4%
2025	1,470,000	4%	2035	880,000	4%
2026	1,535,000	5%	2036	880,000	4%
2027	1,620,000	5%	2037	880,000	4%

Redemption of Series 2017B Bonds

Optional Redemption – The Series 2017B Bonds maturing on or before July 15, 2027 shall not be subject to redemption prior to their respective maturity dates. The Series 2017B Bonds maturing on or after July 15, 2028 shall be subject to redemption prior to their respective maturity dates, on or after July 15, 2027 at the option of the Authority as directed by the respective Borrower, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority as directed by the respective Borrower, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AP. Capital Equipment Pooled Lease Revenue Bonds, Series 2017**

On October 26, 2017, the Authority issued \$9,570,000 of Capital Equipment Pooled Lease Revenue Bonds, Series 2017 dated October 1, 2017. The Series 2017 Bonds are being issued to acquire two separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loan to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2017 Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreements"). The Bonds of the Authority will mature on October 1, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 1,405,000	4%	2023	400,000	2 ½ %
2019	1,565,000	4%	2024	400,000	5%
2020	1,630,000	5%	2025	345,000	4%
2021	1,510,000	5%	2026	360,000	5%
2022	1,580,000	5%	2027	375,000	5%

Redemption Provisions

The Bonds shall not be subject to redemption prior to their perspective maturity dates.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AQ. Governmental Pooled Loan Revenue Bonds, Series 2018A**

On February 1, 2018, the Authority issued \$21,010,000 of Governmental Pooled Loan Revenue Bonds, Series 2018A dated January 15, 2018. The Series 2018A Bonds are being issued to acquire five separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loan to (i) refinance certain of the outstanding bond anticipation notes of the Borrowers; (ii) finance general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2018A Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreements"). The Bonds of the Authority will mature on January 15, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 1,080,000	4%	2029	1,220,000	5%
2020	1,115,000	5%	2030	755,000	4%
2021	1,150,000	5%	2031	790,000	4%
2022	1,225,000	5%	2032	820,000	4%
2023	1,270,000	5%	2033	850,000	4%
2024	1,360,000	5%	2034	885,000	4%
2025	1,270,000	5%	2035	920,000	4%
2026	1,330,000	5%	2036	925,000	3%
2027	1,400,000	5%	2037	730,000	3%
2028	1,185,000	5%	2038	730,000	3%

Redemption of Series 2018A Bonds

Optional Redemption – The Series 2018A Bonds maturing on or before January 15, 2026 shall not be subject to redemption prior to their respective maturity dates. The Series 2018A Bonds maturing on or after January 15, 2027 shall be subject to redemption prior to their respective maturity dates, on or after January 15, 2026 at the option of the Authority as directed by the respective Borrower, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority as directed by the respective Borrower, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****3. BONDS PAYABLE (Continued)****AR. Governmental Pooled Loan Revenue Bonds, Series 2018B**

On July 24, 2018, the Authority issued \$69,645,000 of Governmental Pooled Loan Revenue Bonds, Series 2018B dated July 15, 2018. The Series 2018B Bonds are being issued to acquire three separate series of Authority Local Unit Bonds, the proceeds of which will provide funds to make a loan to each of the Borrowers (each, a "Borrower Loan"). The Borrowers will apply the proceeds of the Borrower Loan to (i) finance general improvements of the Borrowers; and (ii) pay certain of the costs of issuance of the Series 2018B Bonds, the Authority Local Unit Bonds and the Borrower Bonds. The Borrower Loans will be made pursuant to separate bond purchase agreements entered into by and between the Authority and each of the Borrowers (the "Borrower Purchase Agreements"). The Bonds of the Authority will mature on July 15, as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 155,000	4%	2030	3,985,000	5%
2020	2,420,000	5%	2031	4,145,000	5%
2021	2,305,000	5%	2032	4,345,000	5%
2022	2,420,000	5%	2033	1,700,000	3%
2023	2,595,000	5%	2033	2,785,000	4%
2024	2,445,000	5%	2034	4,925,000	4%
2025	2,565,000	5%	2035	5,090,000	5%
2026	2,725,000	5%	2036	5,190,000	5%
2027	2,880,000	5%	2037	5,290,000	4%
2028	3,060,000	5%	2038	5,390,000	4%
2029	3,230,000	5%			

Redemption of Series 2018B Bonds

Optional Redemption – The Series 2018B Bonds maturing on or before July 15, 2026 shall not be subject to redemption prior to their respective maturity dates. The Series 2018B Bonds maturing on or after July 15, 2027 shall be subject to redemption prior to their respective maturity dates, on or after July 15, 2026 at the option of the Authority as directed by the respective Borrower, upon notice as herein described, either in whole or in part by lot within a single maturity from maturities selected by the Authority as directed by the respective Borrower, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

4. ARBITRAGE REBATE

The Internal Revenue Code of 1986 requires that a rebate be made to the United States Government when earnings on unspent bond proceeds exceed bond yields, and when such excess earnings occur in a manner that is not in compliance with specific procedures of code. At July 31, 2018, the Authority has determined that none of the proceeds of its direct borrowings is liable for rebate. In the case of its pooled lease issues, the agreements with participants stipulate that participants are liable for any rebate attributable to excess yield on their interest.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****5: 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 insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, 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.

At year-end, the carrying amount of the Authority's deposits was \$39,960,703 and the bank balance was \$40,003,800. Of this amount \$1,091,166 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$38,912,634.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Authority may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (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 Borough/Township, or bonds or other obligations of the school districts of which the Borough/Township is a part or within which the school district is located.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****5: CASH AND CASH EQUIVALENTS (Continued)****B. Investments (Continued)**

- (5) Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; 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 section;
 - (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.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Agreements for the repurchase of fully collateralized securities, if:
 - (f) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (g) the custody of collateral is transferred to a third party;
 - (h) the maturity of the agreement is not more than 30 days;
 - (i) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (j) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

At year-end, the carrying amount and bank balance of the Authority's investments was \$-0-.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****5: CASH AND CASH EQUIVALENTS (Continued)****C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the members and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the commissioners summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

Category 1 are deposits covered by federal depository insurance GUDPA (Governmental Unit Deposit Protection Act), or by collateral held by the Authority or its agent, in the Authority's name	\$ 40,003,800
Category 2 are deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Authority's name.	-0-
Category 3 are deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Authority's name.	-0-

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums.

MONMOUTH COUNTY IMPROVEMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****JULY 31, 2018 AND 2017****7. CONTINGENT LIABILITIES**

It is the opinion of the Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority's ability to levy, collect and enforce the collection of revenue for the payment of its obligations.

8. SUBSEQUENT EVENTS

- A. The Authority issued \$47,265,000 of Governmental Pooled Loan Refunding Bonds, Series 2018C dated December 1, 2018 with a maturity date of December 1, 2038, at interest rates from 3.125% to 5.00%. The Bonds are being issued to provide loans to seven municipalities.

6

ADDITIONAL INFORMATION

SCHEDULE OF ADMINISTRATIVE REVENUES AND EXPENSES

COMPARED TO BUDGET

FOR THE YEAR ENDED JULY 31, 2018

WITH COMPARATIVE ACTUAL AMOUNTS

FOR THE YEAR ENDED JULY 31, 2017

	<u>July 31, 2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Finance Administration Fee	\$ 79,250	197,859	147,467
Other Income		3,373	9
Interest	<u>3,000</u>	<u>4,339</u>	<u>2,849</u>
Total Revenues	<u>\$ 82,250</u>	<u>205,571</u>	<u>150,325</u>
Expenses:			
Salaries and Wages/Fringe Benefits	\$ 38,000	37,325	36,081
Professional Consulting	12,500	12,500	12,500
Audit	15,000	15,000	15,000
Office Expense	4,200	1,763	1,294
Legal Advertising	1,750	568	542
Travel, Meetings and Seminars	4,000	3,214	7,994
Telephone	1,250	1,080	1,119
Miscellaneous	550	28	27
Insurance	<u>5,000</u>	<u>4,612</u>	<u>4,346</u>
Total Expenses	<u>82,250</u>	<u>76,090</u>	<u>78,903</u>
Less: Unreserved Retained Earnings Utilized			<u>(31,400)</u>
Net Expenses	<u>\$ 82,250</u>	<u>76,090</u>	<u>47,503</u>
		<u>Year Ending</u>	<u>Year Ending</u>
		<u>July 31, 2018</u>	<u>July 31, 2017</u>
Analysis of Unrestricted Net Position:			
Net Position August 1		\$ 471,663	400,241
Add: Total Revenues		<u>205,571</u>	<u>150,325</u>
Sub-total		677,234	550,566
Less:			
Net Position Utilized to Balance Budget			31,400
Net Expenses		<u>76,090</u>	<u>47,503</u>
Net Position July 31		<u>\$ 601,144</u>	<u>471,663</u>

REPORT ON INTERNAL CONTROL

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

To the Board of Directors of the
Monmouth County Improvement Authority
Hall of Records
Main Street
Freehold, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Monmouth County Improvement Authority (the "Authority"), as of and for the year ended July 31, 2018 and 2017, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robert A. Hulsart and Company

Independent Auditors

Wall Township, New Jersey
December 14, 2018

COMMENTS AND RECOMMENDATIONS

General Comments and Recommendation

An audit of the financial statements of the Monmouth County Improvement Authority (the "Authority") for the fiscal year ended July 31, 2018, has recently been completed.

Scope of Audit

The audit covered the financial transactions of the Authority. Cash balances were reconciled with independent certification obtained directly from depositories, and receipts were established and verified as to source and amount. The internal control was evaluated to determine audit procedures for the purpose of expressing an opinion on the basic financial statements of the Authority, but not to provide assurance on the internal control.

Internal Control

The management of the Authority is responsible for establishing and maintaining an internal control. In fulfilling this responsibility, estimates and judgments by Authority management are required to assess the expected benefits and related costs of control procedures. The objectives of such an internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization.

Because of inherent limitations in any internal control, errors or irregularities may occur and may go undetected. Also, the projection of any evaluation of the internal control to a future period is subject to the risk that procedures may become inadequate because of changes in conditions or because the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control would not necessarily disclose matters in the structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more internal control elements does not reduce to a relatively low level the risk that errors or irregularities of a material nature might occur that could adversely impact upon the financial statements should they go undetected. In the course of our evaluation of the internal control, we noted no matters that we considered to be such a weakness.

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included with the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to. Section 3 of P.L. 1971, c. 198 (c.40A:11-9), except by contract or agreement". Effective July 1, 2015, the public contracts law was amended to change the bid threshold to \$40,000.00 and \$36,000.00 if there is a certified purchasing agent.

RECOMMENDATIONS

None

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Authority officials and employees during the course of the audit.

Should any questions arise as to our comments please call us at your first opportunity.