

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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REPORT OF MANAGEMENT

Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of PKF O'Connor Davies, LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditors' opinion is presented on page 2.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with the independent auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. The independent auditors have unrestricted access to the Audit Committee.



Sheryl A. Stitt
Acting Executive Director



Brian Sootkoos
Director of Finance

September 19, 2022



INDEPENDENT AUDITORS' REPORT

**Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary funds of the Authority, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

**Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey**
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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 Supplemental Financial 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 accompanying other supplemental information on pages 40 – 50 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

The other supplemental financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statement 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 September 19, 2022 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 and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 19, 2022

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Introduction

This section of the New Jersey Educational Facilities Authority's ("NJEFA" or the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2021 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Background

The New Jersey Educational Facilities Authority ("NJEFA" or "Authority"), is an independent and self-supporting state entity created pursuant to Chapter 271 of the Public Laws of 1966, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act"), to provide a means for New Jersey public and private colleges and universities ("Institutions") to construct educational facilities through the financial resources of a public fiduciary empowered to sell tax-exempt and taxable bonds, notes and other obligations. NJEFA is New Jersey's primary issuer of higher education purpose municipal bonds to finance and refinance the construction and development of campus facilities at Institutions throughout the State.

The Authority finances and refinances various types of projects for approximately 50 public and private institutions of higher education in New Jersey. Projects include, but are not limited to, the construction, renovation and acquisition of residential, academic, and research facilities; libraries; technology infrastructures; student life and athletic facilities; parking structures; utilities-related projects; and refinancing of existing debt.

In conjunction with the Office of the Secretary of Higher Education, the Authority also administers the State of New Jersey's higher education capital facilities grant programs and from time to time, issues state-backed bonds under these programs to fund grants for their various purposes. These state-backed bonds are secured by a contract with the State Treasurer to pay principal of and interest on such bonds subject to appropriations being made, from time to time, by the New Jersey State Legislature (the "Legislature").

The obligations issued by the Authority are special and limited obligations of the Authority and are not a debt or liability of the State of New Jersey or of any political subdivision thereof other than the Authority and are not a pledge of the faith and credit of the State of New Jersey or of any such political subdivision thereof. The Authority has no taxing power. The obligations issued by the Authority are payable solely from amounts received from the borrowers by the Authority under the transaction documents and amounts on deposit in certain funds established under the transaction documents.

The Authority is governed by a seven-member board composed of five public, unsalaried members appointed by the Governor with confirmation by the New Jersey Senate. The State Treasurer and the Secretary of Higher Education serve as ex-officio members and by statute, the Governor has veto authority over all actions of the Authority members.

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Business Overview

Today, the NJEFA offers colleges and universities a range of services and products to meet institution's financing objectives, including tax-exempt and taxable bond financings, direct bank placement/ purchase transactions, and tax-exempt equipment leasing. Financing options include new money transactions, refunding transactions or a combination of the two. More than just financing a transaction, NJEFA remains involved with their clients from concept to closing and beyond. NJEFA provides its clients with in-house expertise in the financial markets, tax and securities law, and post-issuance matters, among others. In addition, the Authority assists in the processing of all requisitioning and bond fund accounting for college borrowers; manages the investment and reinvestment of bond funds; and manages all arbitrage compliance.

The Authority's operating revenue is derived from initial and annual fees related to the issuance and administration of stand-alone bond transactions, as well as the issuance and administration of state-backed bonds under the State's higher education capital facilities grant programs.

Stand-Alone Debt Transactions

The Authority's operating revenues primarily result from initial and annual financing fees related to stand-alone financing transactions. Generally, upon the closing of a transaction, higher education institutions pay an initial financing fee to cover the services provided by NJEFA to manage and complete the desired financing. The fee is calculated using a percentage of the total issuance amount. Annual financing fees are calculated using a percentage of the total outstanding par amount on the bonds. The annual financing fee, typically referred to as the annual administrative fee, covers ongoing bond fund administration and post issuance debt compliance, including: investment of bond funds; requisition review and payment; audit support as requested; arbitrage monitoring; real estate matters; and assisting institutions with continuing post-issuance compliance matters.

State Grant Administration

The Authority, in partnership with the Office of the Secretary of Higher Education, The New Jersey State Librarian and the Department of Treasury, administers the New Jersey Higher Education Capital Grant and Library Construction Bond Act Programs. Through NJEFA's issuance of state-backed bonds and the State's issuance of General Obligation bonds, New Jersey's institutions of higher education and public libraries are able to increase capacity, modernize facilities and equipment, expand access and provide state-of-the-art academic opportunity for New Jersey's students and constituents.

The Authority is highly involved in every aspect of the grant process and post issuance administration. During the solicitation process, the Authority assists in the development, distribution and review of applications for conformity to solicitation requirements. In consultation with the Office of the Secretary of Higher Education or the New Jersey State Librarian and the Attorney General's Office, the Authority develops grant and lease agreements in accordance with state law and regulations, reviews financing documents, and corresponds with institutions needing assistance throughout the process. The Authority receives and reviews all requisitions for approved projects. Requisitions are reviewed to ensure grant proceeds are expended only for costs of an approved project, that the institution has satisfied any obligation to match grant funding, and that reimbursement is permissible per the grant agreement and applicable IRS rules and regulations.

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The Authority assists the Secretary of Higher Education and the New Jersey State Librarian in fulfilling obligations under the post-issuance compliance tax procedures and in addressing any tax issues that may arise when a contract or arrangement might create "private business use" of bond-financed facilities.

The Authority's operating revenues related to the administration of the Higher Education Capital Grant Programs and the Library Construction Bond Act are derived from initial fees on NJEFA issued State-backed bonds and State issued General Obligation bonds and annual fees for ongoing bond fund and grant management and debt compliance. Generally, the Authority collects an initial fee for each completed State-backed financing and annual fees for each grant, funded throughout the term of the bonds. Both the initial fee and the annual fee are based on a contracted amount as defined in the grant or lease agreements and/or memorandum of understandings with the Secretary of Higher Education and the New Jersey State Librarian.

Overview of Financial Statements

The Authority is a self-supporting, special purpose government entity supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The basic financial statements provide information about the Authority's overall financial condition and operations. The notes provide explanations and more details about the content of the basic financial statements.

This report consists of three parts: management's discussion and analysis, financial statements and the accompanying notes and the required supplementary information. The three financial statements presented are as follows:

Statement of Net Position – The statement of net position presents information reflecting the Authority's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. The Authority's net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure the Authority's financial position and operational solvency.

Statement of Revenues, Expenses and Changes in Net Position – The statement reflects the Authority's operating and nonoperating revenues and expense for the fiscal year. Nonoperating activity primarily relates to investment income.

Statement of Cash Flows – The statement of cash flows is presented using the direct method which reflects cash flows from operating, investing and capital financing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for each year. The statement also includes a reconciliation between operating income or loss for the period per the Statement of Revenues, Expenses and Changes in Net Position to net cash provided or used from operating activities per the Statement of Cash Flows.

Statement of Fiduciary Net Position – The statement of fiduciary net position presents information reflecting the Authority's trust fund for Other Post Employment Benefit (OPEB) assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. The Authority's fiduciary net position represents the amount of total assets and deferred outflows of resources less

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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liabilities and deferred inflows of resources and is one way to measure the Authority's financial position and operational solvency for the OPEB plan.

Statement of Changes in Fiduciary Net Position – The statement reflects the Authority's additions and deductions to the OPEB trust during the fiscal year.

Financial Highlights 2021:

- The Authority issued \$567 million of conduit debt for educational institutions during 2021.
- Cash and Investments represent approximately 81% of Total Assets at the end of 2021.
- The Authority's 2021 operating margin (net operating income as a percentage of operating revenues) was 46.2%.
- Operating expenditures decreased 34% in 2021 in comparison to the prior year.

During 2021, the Authority's volume of financing activity, excluding the state-backed bond programs was approximately \$275 million more than 2020. The increased volume was due primarily to the result of continued low interest rate market conditions resulting in an increase in refunding transactions. The Authority continued to work with the State's public and private institutions on their multi-year plans to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment to accommodate growing demand for higher education. The Authority also helped New Jersey colleges and universities restructure outstanding issues for the greatest benefit to the institutions.

Condensed Financial Information

The following table represents condensed statement of net position information and changes between December 31, 2020 and December 31, 2021 and between December 31, 2019 and December 31, 2020:

	2021	2020	2019	Increase (Decrease) 2020 to 2021	Increase (Decrease) 2019 to 2020
Current Assets	\$ 9,155,816	\$ 9,982,124	\$ 10,000,057	-8.28%	-0.18%
Noncurrent Investments	3,024,821	1,676,119	863,393	80.47%	94.13%
Capital Assets, Net	35,852	53,395	66,142	-32.86%	-19.27%
Security Deposit	21,505	21,505	21,505	0.00%	0.00%
Net OPEB Asset	1,873,486	82,325	385,851	2175.72%	-78.66%
Total Assets	<u>14,111,480</u>	<u>11,815,468</u>	<u>11,336,948</u>	19.43%	4.22%
Deferred Outflows of Resources	<u>918,308</u>	<u>1,377,923</u>	<u>1,130,156</u>	-33.36%	21.92%
Current Liabilities	794,812	768,783	712,898	3.39%	7.84%
Noncurrent Liabilities	2,193,479	2,961,073	3,468,062	-25.92%	-14.62%
Total Liabilities	<u>2,988,291</u>	<u>3,729,856</u>	<u>4,180,960</u>	-19.88%	-10.79%
Deferred Inflows of Resources	<u>4,187,236</u>	<u>3,440,055</u>	<u>3,711,608</u>	21.72%	-7.32%
Total Net Position	<u>\$ 7,854,261</u>	<u>\$ 6,023,480</u>	<u>\$ 4,574,536</u>	30.39%	31.67%

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2020 and 2021 and between 2019 and 2020:

	2021	2020	2019	Increase (Decrease) 2020 to 2021	Increase (Decrease) 2019 to 2020
Operating Revenues:					
Administrative Fees	\$ 3,095,552	\$ 3,218,653	\$ 2,437,351	-3.82%	32.06%
Total Operating Revenues	<u>3,095,552</u>	<u>3,218,653</u>	<u>2,437,351</u>	-3.82%	32.06%
Operating Expenses:					
Salaries and Related Expenses	1,064,062	1,902,881	1,855,729	-44.08%	2.54%
General and Administrative Expenses	511,038	548,689	511,616	-6.86%	7.25%
Professional Fees	88,937	75,425	59,133	17.91%	27.55%
Total Operating Expenses	<u>1,664,037</u>	<u>2,526,995</u>	<u>2,426,478</u>	-34.15%	4.14%
Net Operating Income	1,431,515	691,658	10,873	106.97%	6261.24%
Nonoperating Revenues (Expenses):					
Loss of Asset Disposal	-	-	(129)	0.00%	-100.00%
Investment Income	399,266	757,286	219,573	-47.28%	244.89%
Change in Net Position	1,830,781	1,448,944	230,317	26.35%	529.11%
Net Position - Beginning of Year	<u>6,023,480</u>	<u>4,574,536</u>	<u>4,344,219</u>	31.67%	5.30%
Net Position - End of Year	<u>\$ 7,854,261</u>	<u>\$ 6,023,480</u>	<u>\$ 4,574,536</u>	30.39%	31.67%

Analysis of Overall Financial Position and Results of Operations

The Authority's solid financial position and strong operating results continued.

Revenues

The Authority's revenues are derived primarily from two fees; annual fees charged with respect to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2021 decreased approximately \$123,100 from 2020 and total revenues for 2020 increased approximately \$781,300 from 2019.

Expenses

Operating expenses decreased in 2021 by 34.15% from 2020, and 2020 increased 4.14% from 2019.

Assets and Liabilities

Net position increased \$1,830,781, or 30.39% from 2020 to 2021 and increased \$1,448,944, or 31.67% from 2019 to 2020. Net position increased in 2021 as a result of a decrease in expenses.

Contacting the Authority's Financial Management

If you have questions about this report or need additional financial information, contact the Office of the Chief Finance Officer, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, New Jersey 08540-6612. Readers are invited to visit the Authority's website at www.njefa.com.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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STATEMENTS NET POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	\$ 1,147,080	\$ 595,681
Investments	7,941,072	9,272,225
Fees Receivable	-	45,820
Prepaid Expenses and Other Assets	67,664	68,398
Total Current Assets	9,155,816	9,982,124
NONCURRENT ASSETS		
Investments	3,024,821	1,676,119
Capital Assets, at cost, Less Accumulated Depreciation of \$423,900 and \$402,679 Through 2021 and 2020, Respectively	35,852	53,395
Security Deposit	21,505	21,505
Net OPEB asset	1,873,486	82,325
Total Noncurrent Assets	4,955,664	1,833,344
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	366,801	714,843
OPEB deferrals	551,507	663,080
Total Deferred Outflows of Resources	918,308	1,377,923
Total Assets and Deferred Outflows of Resources	\$ 15,029,788	\$ 13,193,391
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 781,419	\$ 763,783
Unearned Revenue	13,393	5,000
Total Current Liabilities	794,812	768,783
NONCURRENT LIABILITIES		
Net Pension Liability	2,193,479	2,957,840
Project Obligations	-	3,233
Total Noncurrent Liabilities	2,193,479	2,961,073
Total Liabilities	2,988,291	3,729,856
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	1,549,699	1,527,805
OPEB deferrals	2,637,537	1,912,250
Total Deferred Inflows of Resources	4,187,236	3,440,055
NET POSITION		
Investment in Capital Assets	57,357	74,900
Unrestricted	7,796,904	5,948,580
Total Net Position	7,854,261	6,023,480
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,029,788	\$ 13,193,391

See accompanying Notes to Financial Statements.

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STATEMENTS OF REVENUES, EXPENSE AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Administrative Fees	<u>\$ 3,095,552</u>	<u>\$ 3,218,653</u>
OPERATING EXPENSES		
Salaries and Related Expenses	1,064,062	1,902,881
General and Administrative Expenses	511,038	548,689
Professional Fees	88,937	75,425
Total Operating Expenses	<u>1,664,037</u>	<u>2,526,995</u>
NET OPERATING INCOME	1,431,515	691,658
NONOPERATING REVENUE		
Investment Income	<u>399,266</u>	<u>757,286</u>
CHANGES IN NET POSITION	1,830,781	1,448,944
Net Position - Beginning of Year	<u>6,023,480</u>	<u>4,574,536</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,854,261</u></u>	<u><u>\$ 6,023,480</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Administrative Fees	\$ 3,149,765	\$ 3,179,911
Payments to Employees	(1,938,481)	(1,911,725)
Payments to Suppliers	(656,207)	(695,629)
Net Cash Provided by Operating Activities	555,077	572,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to Investment	-	(950,000)
Transfer from Investment	-	80,000
Net Cash Used by Investing Activities	-	(870,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(3,678)	(12,403)
Net Cash Used by Capital and Related Financing Activities	(3,678)	(12,403)
NET INCREASE (DECREASE) IN CASH	551,399	(309,846)
Cash - Beginning of Year	595,681	905,527
CASH - END OF YEAR	\$ 1,147,080	\$ 595,681
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	\$ 1,431,515	\$ 691,658
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	21,221	25,150
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Fees Receivable	45,820	(43,742)
Prepaid Expenses and Other Assets	734	(28,104)
Accounts Payable and Accrued Expenses	17,636	50,885
Unearned Revenue	8,393	5,000
Project Obligations	(3,233)	(3,232)
Postemployment Benefits other than Pension and Related Deferred Items	(572,584)	(91,461)
Net Pension Liability and Related Deferred Items	(394,425)	(33,597)
Net Cash Provided by Operating Activities	\$ 555,077	\$ 572,557
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES		
Change in Fair Value of Investments	\$ 20,412	\$ 297,040

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Equivalents	\$ 14,331	\$ 18,018
Total Current Assets	14,331	18,018
NONCURRENT ASSETS		
Investments	3,662,436	3,336,692
Total Noncurrent Assets	3,662,436	3,336,692
Total Assets	\$ 3,676,767	\$ 3,354,710
NET POSITION		
Total Net Position	\$ 3,676,767	\$ 3,354,710

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Additions		
Investment Income:		
Net Increase/(Decrease) in Fair Value	\$ 57,503	\$ 319,341
Interest and Dividend Income	324,214	275,152
Net Investment Income	381,717	594,493
Total Additions	381,717	594,493
Deductions		
Employer Reimbursement	(59,660)	(48,213)
Total Deductions	(59,660)	(48,213)
CHANGES IN NET POSITION	322,057	546,280
Net Position - Beginning of Year	3,354,710	2,808,430
NET POSITION - END OF YEAR	\$ 3,676,767	\$ 3,354,710

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 ORGANIZATION AND FUNCTION OF THE AUTHORITY

The New Jersey Educational Facilities Authority (the Authority), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB).

Administrative Fees

The Authority charges administrative fees to its client institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. These fees are recognized as earned. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available to provide for the Authority's needs.

Capital Assets

Capital assets, which consist of furniture and equipment, are carried at cost and depreciated over their useful lives using the straight-line method.

Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2021 and 2020, the amount of conduit debt outstanding totaled \$4,756,527,755 and \$4,780,581,076, respectively.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred outflows and inflows of resources for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan and OPEB investments, changes in the Authority's proportion of expenses and liabilities to the pension and OPEB as a whole, differences between the Authority's pension and OPEB contributions and its proportionate share of contributions, and the Authority's pension and OPEB contributions subsequent to the pension and OPEB valuation measurement dates.

Recent Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019 extended to June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority will implement GASB Statement No. 87 when required for its December 31, 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has determined that GASB Statement No. 91 will not impact its financial statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Standards (continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics and the majority of topics are effective for fiscal years beginning after June 15, 2021. The Authority has not yet completed the process of evaluating the impact of GASB Statement No. 92 on its financial statements.

Reclassifications

Certain amounts in 2020 have been reclassified to conform with the 2021 presentation.

NOTE 3 DEPOSITS AND INVESTMENTS

At December 31, 2021 and 2020, the Authority's bank balance excluding payments and deposits in transit was \$1,175,056 and \$1,286,060, respectively. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts are protected by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes and the Authority's approved investment policy. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U.S. treasuries and agencies are valued at quoted price reported on the active market
- Municipal bonds, corporate bonds, mortgage securities, asset backed securities and other fixed income securities are valued using prices based on bid evaluations or quoted prices in an inactive market.
- Money market accounts are recorded at the quoted price which approximates fair value.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2021 and 2020, the Authority had the following recurring fair value measurements using current sale prices (Level 1 inputs) or sale prices of comparable securities (Level 2 inputs) and using net asset value (NAV) per share valuation for Money Market Mutual Funds for investments and cash equivalents, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2021</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating Fund:				
U.S. Treasury Note	\$ 4,829,995	\$ 4,829,995	\$ -	\$ -
Commercial Paper	2,141,340	-	2,141,340	-
Certificate of Deposit	2,749,096	-	2,749,096	-
Asset-Backed Security	1,157,119	-	1,157,119	-
Money Market Funds	88,343	88,343	-	-
Total Operating Fund	<u>10,965,893</u>	<u>4,918,338</u>	<u>6,047,555</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,400,963	-	3,400,963	-
Real Assets Mutual Funds	261,473	261,473	-	-
Total Fiduciary Fund	<u>3,662,436</u>	<u>261,473</u>	<u>3,400,963</u>	<u>-</u>
Total Investments	<u>\$ 14,628,329</u>	<u>\$ 5,179,811</u>	<u>\$ 9,448,518</u>	<u>\$ -</u>
<u>Investment Type</u>	<u>Fair Value</u>	<u>2020</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating Fund:				
U.S. Treasury Bill	\$ 849,393	\$ 849,393	\$ -	\$ -
U.S. Treasury Note	3,106,330	3,106,330	-	-
U.S. Agencies	483,547	-	483,547	-
Commercial Paper	1,536,705	-	1,536,705	-
Certificate of Deposit	3,756,054	-	3,756,054	-
Asset-Backed Security	1,180,209	-	1,180,209	-
Money Market Funds	36,106	36,106	-	-
Total Operating Fund	<u>10,948,344</u>	<u>3,991,829</u>	<u>6,956,515</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,336,692	-	3,336,692	-
Total Fiduciary Fund	<u>3,336,692</u>	<u>-</u>	<u>3,336,692</u>	<u>-</u>
Total Investments	<u>\$ 14,285,036</u>	<u>\$ 3,991,829</u>	<u>\$ 10,293,207</u>	<u>\$ -</u>

In 2021 and 2020, the Authority had \$88,343 and \$36,106, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury.

In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

- (a) Custodial Credit Risk – The Authority’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 DEPOSITS AND INVESTMENTS (continued)

securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2021 and 2020, the Authority's bank balances were not exposed to custodial credit risk since the amounts were covered by either FDIC insurance or New Jersey GUDPA.

As of December 31, 2021 and 2020, the Authority's investments in the operating fund consisted of U.S. Treasury and Agency Obligations in the amount of \$4,829,995 and \$4,439,270, respectively, Investment Agreements in the amount of \$6,047,555 and \$6,472,968, respectively, and Money Market Mutual Funds in the amount of \$88,343 and \$36,106, respectively. As of December 31, 2021 and 2020, the Authority's investments in the fiduciary fund consisted of Blended Equity Mutual Funds in the amount of \$3,400,963 and \$3,336,692, respectively and Real Assets Mutual Funds in the amount of \$261,473 and \$0, respectively. Since the investments are registered in the Authority's name, they are not exposed to custodial credit risk.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2021 and 2020, the Authority was not exposed to a concentration of credit risk.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Securities must be rated investment grade or better by a nationally recognized credit rating agency at the time of purchase. Split rated credits will be considered to have the lower credit rating. Money market instruments must be rated AAA or better at the time of purchase. In the event that a security is downgraded below these credit quality guidelines, the investment manager(s) shall notify the Authority and provide an evaluation and plan of action.

Temporary cash balances may be invested in a money market instrument (AAAm).

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

The following table summarizes S&P's agency ratings of the Authority's investments at fair value as of December 31, 2021 and 2020:

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2021</u>	<u>2020</u>
Operating Fund:			
U.S. Treasury Bill	A-1+	\$ -	\$ 849,393
U.S. Treasury Note	AA+	4,829,995	3,106,330
U.S. Agencies	A-1+	-	349,910
U.S. Agencies	AA+	-	133,637
Commercial Paper	A-1	1,516,995	1,426,870
Commercial Paper	A-1+	624,345	109,835
Certificate of Deposit	A-1	2,149,859	2,995,785
Certificate of Deposit	A-1+	599,237	760,269
Asset-Backed Security	AAA	1,157,119	1,180,209
Money Market Funds	AAAm	88,343	36,106
Total Operating Fund		<u>10,965,893</u>	<u>10,948,344</u>
Fiduciary Fund:			
Blended Equity Mutual Funds	AAAm	3,400,963	3,336,692
Real Assets Mutual Funds	AAAm	261,473	-
Total Fiduciary Fund		<u>3,662,436</u>	<u>3,336,692</u>
Total Investments		<u>\$ 14,628,329</u>	<u>\$ 14,285,036</u>

- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2021 and 2020, the Authority had the following investments and maturities.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

December 31, 2021:

Investment Type	Fair Value	Maturities (in years)		
		less than 1	1-5	greater than 5
Operating Fund:				
U.S. Treasury Note	\$ 4,829,995	\$ 2,958,358	\$ 1,871,637	\$ -
Commercial Paper	2,141,340	2,141,340	-	-
Certificate of Deposit	2,749,096	2,749,096	-	-
Asset-Backed Security	1,157,119	3,935	1,153,184	-
Money Market Funds	88,343	88,343	-	-
Total Operating Fund	<u>10,965,893</u>	<u>7,941,072</u>	<u>3,024,821</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,400,963	3,400,963	-	-
Real Assets Mutual Funds	261,473	261,473	-	-
Total Fiduciary Fund	<u>3,662,436</u>	<u>3,662,436</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 14,628,329</u>	<u>\$ 11,603,508</u>	<u>\$ 3,024,821</u>	<u>\$ -</u>

December 31, 2020:

Investment Type	Fair Value	Maturities (in years)		
		less than 1	1-5	greater than 5
U.S. Treasury Bill	\$ 849,393	\$ 849,393	\$ -	\$ -
U.S. Treasury Note	3,106,330	2,594,084	512,246	-
U.S. Agencies	483,547	483,547	-	-
Commercial Paper	1,536,705	1,536,705	-	-
Certificate of Deposit	3,756,054	3,756,054	-	-
Asset-Backed Security	1,180,209	16,336	1,163,873	-
Money Market Funds	36,106	36,106	-	-
	<u>10,948,344</u>	<u>9,272,225</u>	<u>1,676,119</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,336,692	3,336,692	-	-
Total Fiduciary Fund	<u>3,336,692</u>	<u>3,336,692</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 14,285,036</u>	<u>\$ 12,608,917</u>	<u>\$ 1,676,119</u>	<u>\$ -</u>

For the years ended December 31, 2021 and 2020, investment income for the operating fund comprised the following:

	2021	2020
Interest Earnings	\$ 378,853	\$ 460,246
Net Increase in Fair Value of Investments	20,412	297,040
Total Investment Income	<u>\$ 399,265</u>	<u>\$ 757,286</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

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

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021 and 2020:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	184,775	182,492
Inactive plan members entitled to but not yet receiving benefits	877	942
Active plan members	246,776	249,045
Total	432,428	432,479

Contributing Employers – 1,683

For the years ended December 31, 2021 and 2020 the Authority’s covered payroll for all employees was \$1,435,835 and \$1,401,916. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Commission to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal years 2021 and State fiscal year 2020. Employers’ contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution, except for FYE 2021 and FYE 2022 when the impact of the recent demographic assumption changes is phased-in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The State contributed 107.91% of the actuarially determined contribution for fiscal year ending June 30, 2022 at the beginning of the fiscal year. This contribution has been included in the projections. In subsequent years, it is assumed that the State will contribute 100% of their actuarially determined contribution and NCGIPF contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

The Authority's payments to PERS during the years ending December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Total Regular Billing	\$ 216,842	\$ 198,422

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

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the PERS reported a net pension liability of \$11,972,782,878 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$2,193,479 or 0.0185158395%, which was an increase of 0.0003778004% from its proportion measured as of June 30, 2020.

At June 30, 2020, the PERS reported a net pension liability of \$16,435,616,426 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$2,957,840 or 0.0181380391%.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

The following presents a summary of the Authority's proportionate share of the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the year ended December 31, 2021 and 2020:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,594	\$ 15,703
Changes of assumptions	11,424	780,893
Net difference between projected and actual investment earnings on pension plan investments		577,820
Changes in proportion	212,362	175,283
Authority contributions subsequent to the measurement date	108,421	
	\$ 366,801	\$ 1,549,699
	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,857	\$ 10,460
Changes of assumptions	95,956	1,238,476
Net difference between projected and actual investment earnings on pension plan investments	101,101	
Changes in proportion	364,718	278,869
Authority contributions subsequent to the measurement date	99,211	
	\$ 714,843	\$ 1,527,805

The \$108,421 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2022	\$ (434,515)
2023	(398,584)
2024	(279,829)
2025	(180,327)
2026	1,936
Total	\$ (1,291,319)

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NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

Actuarial Assumptions- The collective pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

<u>June 30, 2021 and 2020</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 and 2020 are summarized in the following tables:

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NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

2021		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

2020		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

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NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the Authority's proportionate share of the net pension liability calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>June 30, 2021</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 2,987,074	\$ 2,193,479	\$ 1,520,002
<u>June 30, 2020</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,723,427	\$ 2,957,840	\$ 2,308,218

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2021 and 2020 were \$35,707,804,636 and \$29,045,369,302, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 and 2020 was \$28,386,785,177 and \$22,997,176,445, respectively.

Additional information

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	\$ 1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability	11,972,782,878
Authority's Proportion	0.0185158395%

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NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2021 and 2020 was \$(1,599,674,464) and \$407,705,399, respectively. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

State Contribution Payable Dates

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. This assumption does not apply to the fiscal year ending June 30, 2022 contribution that was paid in full at the beginning of the fiscal year.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2021 and June 30, 2020 are \$1,207,896,120 and \$1,144,889,253, respectively.

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS

The Authority provides healthcare to its employees and retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2,000,000 to pay for the employee postretirement medical benefits. The Authority established the trust for its OPEB obligations (OPEB Trust) for the exclusive benefit of the OPEB Trust beneficiaries and not of the Authority. The ownership of the OPEB Trust assets are not considered funds or assets of the Authority for any purpose. All of the OPEB Trust assets are irrevocably dedicated to, and are used for the exclusive purpose of, making payments of benefits to or for the benefit of the Authority OPEB Plan beneficiaries and for paying administrative expenses of the Authority OPEB Plan and the OPEB Trust and will not be available to any creditors of the Authority. The OPEB Trust does not issue a stand-alone financial report and its financial statements are reported as a fiduciary fund in the Authority's financial report. At December 31, 2021 and 2020, the fair value of this trust fund was \$3,676,767 and \$3,354,710, respectively.

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NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

At June 30, 2021 and 2020, Twenty (20) and Nineteen (19) plan members (active and retiree) were receiving postretirement health care benefits for which the Authority was billed \$173,558 and \$105,518, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to the retirees.

For June 30, 2020 and prior, the Authority utilized the actuary valuation performed by the State for its multiple employer plan. Beginning June 30, 2021, the Authority hired its own actuary to calculate its OPEB actuarially determined liabilities.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

Discount Rate	As of June 30, 2020: 2.21% As of June 30, 2021: 6.00%
Expected Return on Assets	6.00%
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Reporting Date	December 31, 2021
Salary Increase Rate	3.50% per year for purposes of attributing individual costs under the Entry Age actuarial cost method
Rates of Mortality	<p><u>Pre-Retirement Mortality</u>: The Pub-2010 General Below-Median Income Employee mortality table [PubG-2010(B) Employee] as published by the Society of Actuaries with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018. All pre-retirement deaths are assumed to be ordinary deaths.</p> <p><u>Healthy Retirees and Beneficiaries (Healthy Annuitants)</u>: The Pub-2010 General Below-Median Income Healthy Retiree mortality table [PubG-2010(B) Healthy Retiree] as published by the Society of Actuaries with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.</p> <p><u>Disabled Retirees (Disabled Annuitants)</u>: The Pub-2010 Non-Safety Disabled Retiree mortality table [PubNS-2010 Disabled Retiree] as published by the Society of Actuaries with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.</p>

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NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

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

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 5.5% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 21.83% for 2023, 18.53% for 2024 and 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate - The discount rate for June 30, 2021 and 2020 was 6.00% and 2.21%, respectively. In 2021, this represents the assumed long-term expected rate of return on Plan investments. In 2020, this represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The changes in net OPEB liability (asset) for December 31, 2021 is as follows:

<u>Change in Net OPEB Liability (Asset)</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Net OPEB liability (asset) at beginning of year (12/31/2020)	\$ 3,272,385	\$ 3,354,710	\$ (82,325)
Service cost	128,117	-	128,117
Interest	75,380	-	75,380
Differences between expected and actual experience	(133,694)	-	(133,694)
Changes of assumptions	(1,529,377)	-	(1,529,377)
Net investment income	-	381,717	(381,717)
Benefit payments	(59,660)	(59,660)	-
Adjustments	50,130	-	50,130
Net changes	<u>(1,469,104)</u>	<u>322,057</u>	<u>(1,791,161)</u>
Net OPEB liability (asset) at end of year (12/31/2021)	<u>\$ 1,803,281</u>	<u>\$ 3,676,767</u>	<u>\$ (1,873,486)</u>

The OPEB expense for 2021 and 2020 was \$(589,151) and \$(96,903), respectively.

Sensitivity of the Authority's Net OPEB Liability to Changes in the Discount Rate:

The following presents the Authority's net OPEB liability as of June 30, 2021 and 2020, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

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NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

	June 30, 2021		
	1% Decrease (5.00%)	At Discount Rate (6.00%)	1% Increase (7.00%)
Authority's OPEB Liability	\$ 2,090,901	\$ 1,803,281	\$ 1,570,538
Plan Fiduciary Net Position	3,676,767	3,676,767	3,676,767
Net OPEB (Asset)	<u>\$ (1,585,866)</u>	<u>\$ (1,873,486)</u>	<u>\$ (2,106,229)</u>
	June 30, 2020		
	1% Decrease (1.21%)	At Discount Rate (2.21%)	1% Increase (3.21%)
Authority's OPEB Liability	\$ 3,868,650	\$ 3,272,385	\$ 2,800,387
Plan Fiduciary Net Position	3,354,710	3,354,710	3,354,710
Net OPEB Liability/(Asset)	<u>\$ 513,940</u>	<u>\$ (82,325)</u>	<u>\$ (554,323)</u>

Sensitivity of the Authority's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability as of June 30, 2021 and 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease (3.50 - 4.50%)	Healthcare Cost Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 1,530,719	\$ 1,803,281	\$ 2,151,841
Plan Fiduciary Net Position	3,676,767	3,676,767	3,676,767
Net OPEB (Asset)	<u>\$ (2,146,048)</u>	<u>\$ (1,873,486)</u>	<u>\$ (1,524,926)</u>
	June 30, 2020		
	1% Decrease (3.50 - 4.50%)	Healthcare Cost Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 2,707,902	\$ 3,272,385	\$ 4,011,583
Plan Fiduciary Net Position	3,354,710	3,354,710	3,354,710
Net OPEB (Asset)/Liability	<u>\$ (646,808)</u>	<u>\$ (82,325)</u>	<u>\$ 656,873</u>

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NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience	\$ 73,646	\$ 633,972
Changes of assumptions	418,201	1,963,357
Net difference between projected and actual investment earnings on OPEB plan investments		40,208
Authority contributions subsequent to the measurement date	59,660	
	\$ 551,507	\$ 2,637,537
	June 30, 2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience	\$ 86,192	\$ 609,379
Changes of assumptions	489,446	727,728
Changes in proportion	68,123	575,143
Net difference between projected and actual investment earnings on OPEB plan investments	2,078	
Authority contributions subsequent to the measurement date	17,241	
	\$ 663,080	\$ 1,912,250

The \$59,660 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Amount
2022	\$ (351,998)
2023	(352,271)
2024	(352,502)
2025	(298,520)
2026	(166,244)
Thereafter	(624,155)
Total	\$ (2,145,690)

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 10.31, 7.87, 8.05, 8.14, and 8.04 years for the 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

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NOTE 6 COMMITMENTS AND CONTINGENCIES

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$197,340 through December 31, 2024.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions of higher education, and costs associated with litigation are the obligation of the institution involved. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

NOTE 7 NET POSITION

The Authority's net position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and is categorized as follows:

- **Investment in Capital Assets** are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.
- **Unrestricted** is the remaining net position, which can be further categorized as designated or undesignated. The designated position is not governed by statute or contract but is committed for specific purposes pursuant to Authority policy and/or directives. The designated portion includes funds and assets committed to working capital.

The changes in net position are as follows:

	Investment in Capital Investments	Unrestricted	Total
Net Position at December 31, 2019	\$ 87,647	\$ 4,486,889	\$ 4,574,536
Net Position Change	-	1,448,944	1,448,944
Loss on Capital Asset Disposals	12,403	(12,403)	-
Depreciation	(25,150)	25,150	-
Net Position at December 31, 2020	74,900	5,948,580	6,023,480
Net Position Change	-	1,830,781	1,830,781
Capital Asset Additions	3,678	(3,678)	-
Depreciation	(21,221)	21,221	-
Net Position at December 31, 2021	<u>\$ 57,357</u>	<u>\$ 7,796,904</u>	<u>\$ 7,854,261</u>

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the last three years.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 128,117	\$ 110,489	\$ 119,210	\$ 173,081
Interest	75,380	90,704	113,757	147,560
Changes of benefit terms		189	(341)	
Differences between expected and actual experience	(133,694)	98,738	(250,362)	(700,327)
Changes of assumptions or other inputs	(1,529,377)	560,690	(292,539)	(446,926)
Changes in proportion		48,367	(228,210)	(145,228)
Contributions - retired members		6,846	7,735	10,426
Adjustments	50,130	(18,004)	(34,646)	(18,050)
Benefit payments	(59,660)	(48,213)	(37,562)	(81,423)
Net change in total OPEB liability	(1,469,104)	849,806	(602,958)	(1,060,887)
Total OPEB liability-beginning	3,272,385	2,422,579	3,025,537	4,086,424
Total OPEB liability-ending	<u>\$ 1,803,281</u>	<u>\$ 3,272,385</u>	<u>\$ 2,422,579</u>	<u>\$ 3,025,537</u>
Plan Fiduciary Net Position				
Net investment income	\$ 381,717	\$ 594,493	\$ -	\$ 2,443
Interest			58,024	49,560
Benefit payments	(59,660)	(48,213)	(37,562)	
Administrative expense			(500)	(500)
Net Change in plan fiduciary net position	322,057	546,280	19,962	51,503
Plan fiduciary net position-beginning	3,354,710	2,808,430	2,788,468	2,736,965
Plan fiduciary net position-ending	<u>\$ 3,676,767</u>	<u>\$ 3,354,710</u>	<u>\$ 2,808,430</u>	<u>\$ 2,788,468</u>
Net OPEB Liability (Asset) - ending	\$ (1,873,486)	\$ (82,325)	\$ (385,851)	\$ 237,069
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	203.89%	102.52%	115.93%	92.16%
Covered employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404
Net OPEB Liability (Asset) as a percentage of covered-employee payroll	-130.48%	-5.87%	-28.46%	17.41%

Notes to Schedule:

The discount rate changed from 2.21% as of June 30, 2020 to 6.00% as of June 30, 2021.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 173,558	\$ 105,518	\$ 354,930	\$ 361,349	\$ 345,240	\$ 231,500
Contributions in relation to the contractually required contribution	<u>(173,558)</u>	<u>(105,518)</u>	<u>(354,930)</u>	<u>(361,349)</u>	<u>(345,240)</u>	<u>(231,500)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567
Contributions as a percentage of covered-employee payroll	12%	8%	26%	27%	27%	20%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) - Local Group	0.0185158395%	0.0181380391%	0.0192113659%	0.0186655583%	0.0190835813%	0.0141831411%	0.0161515486%	0.0151122246%	0.0158916053%
Authority's proportionate share of the net pension liability (asset)	\$ 2,193,479	\$ 2,957,840	\$ 3,461,597	\$ 3,675,155	\$ 4,442,353	\$ 4,200,640	\$ 3,625,699	\$ 2,829,422	\$ 3,037,202
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	152.77%	210.99%	255.30%	269.95%	348.08%	371.88%	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.62%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate remained the same at 7.00% as of June 30, 2020 and June 30, 2021.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 216,842	\$ 198,422	\$ 186,870	\$ 185,662	\$ 176,789	\$ 126,001	\$ 138,860	\$ 124,583	\$ 119,740
Contributions in relation to the contractually required contribution	(216,842)	(198,422)	(186,870)	(185,662)	(176,789)	(126,001)	(138,860)	(124,583)	(119,740)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Contributions as a percentage of covered-employee payroll	15.10%	14.15%	13.78%	13.64%	13.85%	11.15%	Not available	Not available	Not available

*

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

BALANCE SHEETS – TRUSTEE HELD FUNDS

	December 31,	
ASSETS	2021	2020
Cash	\$ 2,962,620	\$ -
Investments, Principally U.S. Government Obligations	370,578,433	349,667,277
Accrued Interest Receivable	474,792	468,519
Due from Colleges and Universities	2,270,923	2,345,730
Loans and Leases Receivable	4,730,590,256	4,750,676,076
Total Assets	\$ 5,106,877,024	\$ 5,103,157,602
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 40,016,331	\$ 19,425,791
Accrued Interest Payable	79,206,978	87,797,785
Bonds, Notes, and Leases Payable	4,756,527,756	4,780,581,076
Funds Held in Trust	231,125,959	215,352,950
Total Liabilities	\$ 5,106,877,024	\$ 5,103,157,602

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS

	Years Ended December 31,	
	2021	2020
Funds Held in Trust - Beginning of Year	\$ 215,352,950	\$ 110,984,369
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	665,197,297	567,808,319
Annual Loan and Rental Requirements	464,136,102	515,901,195
College and University Contributions (Returned)	2,369	(119)
Investment Income	720,478	2,664,158
U.S. Government Debt Service Subsidies	374,075	373,678
Change in Investment Valuation Reserve	758,593	(1,293,657)
Total Additions	1,131,188,914	1,085,453,574
Deductions:		
Debt Service:		
Interest	199,865,636	210,142,370
Principal	275,552,440	298,840,478
Project Costs	332,517,289	275,557,771
Issuance Costs	4,399,526	8,789,241
Administrative Fees	2,447,402	2,403,863
Transfers to Escrow Accounts for Defeasance of Refunded Issues	300,633,612	185,351,270
Total Deductions	1,115,415,905	981,084,993
Increase in Funds Held in Trust	15,773,009	104,368,581
Funds Held in Trust - End of Year	\$ 231,125,959	\$ 215,352,950

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 1 INTRODUCTION

Under the terms of the Authority’s enabling legislation, the Authority has the power to issue bonds and notes on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The Trustee Held Funds are presented as fiduciary funds and are held by outside trustees and as such are not intended to present the financial position or results of operations of the Authority. The Trustee Held Funds utilize the accrual basis of accounting.

NOTE 3 FUNDS HELD IN TRUST

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2021 and 2020:

	2021	2020
Construction Funds	\$ 203,891,276	\$ 190,265,074
Debt Service Funds	20,336,455	15,974,899
Debt Service Reserve Funds	5,573,534	7,732,251
Renewal and Replacement Accounts	1,324,694	1,380,726
Total Funds Held in Trust	\$ 231,125,959	\$ 215,352,950

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 4 CASH AND INVESTMENTS

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the state of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the state of New Jersey.

Investments held by trustees are carried at fair value and comprise the following:

	2021	2020
Investments:		
Collateralized Investment Agreements	\$ 122,538,249	\$ 82,642,267
U.S. Treasury and Agency Obligations*	248,040,184	267,025,010
Total Investments	\$ 370,578,433	\$ 349,667,277

* Includes \$179,260,705 and \$150,020,795 of investments in pooled U.S. Treasury funds at December 31, 2021 and 2020, respectively, which are uncategorized.

NOTE 5 LOANS AND LEASES RECEIVABLE

Since its inception, the Authority has issued obligations of \$19,071,718,125 as of December 31, 2021, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenues produced by the facilities and by other legally available funds of the institutions. For projects under lease agreements, the Authority is the owner of those projects. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 5 LOANS AND LEASES RECEIVABLE (continued)

	2021	2020
Loans:		
Institute for Advanced Study	\$ 29,200,000	\$ 32,225,000
Princeton University	1,750,680,000	1,631,960,000
Mortgages:		
Bloomfield College	27,092,692	27,919,768
Caldwell University	17,552,825	17,194,649
Saint Elizabeth University	19,925,000	20,157,500
Fairleigh Dickinson University	63,160,000	50,266,099
Georgian Court University	23,492,500	24,647,500
Institute for Defense Analyses	6,175,000	6,755,000
Rider University	41,770,000	69,405,000
Saint Peter's University	17,440,220	19,885,712
Seton Hall University	271,437,500	274,117,500
Stevens Institute of Technology	282,327,500	285,087,500
Leases:		
Kean University	277,487,500	290,272,488
Montclair State University	344,260,000	357,622,500
New Jersey City University	136,365,000	128,032,500
Ramapo College of New Jersey	188,272,500	196,610,000
Rowan University	39,675,000	45,515,000
Thomas Edison State University	5,730,157	6,941,468
The College of New Jersey	351,920,000	351,920,000
Stockton University	204,026,862	211,058,392
The William Paterson University of New Jersey	160,940,000	150,912,500
Higher Education Capital Improvement Fund	302,105,000	356,805,000
Higher Education Facilities Trust Fund	130,305,000	143,355,000
Higher Education Equipment Leasing Fund	13,145,000	19,785,000
Higher Education Technology Infrastructure Fund	22,475,000	25,140,000
Library Grant Program	3,630,000	7,085,000
	\$ 4,730,590,256	\$ 4,750,676,076
Total		

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 6 BONDS, NOTES AND LEASES PAYABLE

Bonds, notes, and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Bloomfield College 2013 Series A	\$ 32,267,000	5/13/2043	Variable	\$ 27,092,692	\$ 27,919,768
Caldw ell University (formerly Caldw ell College): 2019 Series A	17,000,000	6/1/2044	3.730%	16,042,448	16,479,490
Fairleigh Dickinson University: 2006 Series G	14,505,000	7/1/2028	4.954%	-	7,300,000
2006 Series H	2,147,554	7/1/2027	4.954%	-	463,599
2014 Series B	51,925,000	2/1/2029	3.678%	-	36,515,000
2015 Series B	19,675,000	7/1/2045	3.932%	-	6,370,000
2021 Series A	63,785,000	7/1/2050	2.400%	63,160,000	-
Georgian Court University: 2017 Series G	13,325,000	7/1/2037	3.818%	13,030,000	13,115,000
2017 Series H	14,095,000	7/1/2033	4.196%	11,050,000	12,100,000
Higher Education Capital Improvement Fund: Series 2002 A	194,590,000	9/1/2022	4.599%	1,640,000	1,640,000
Series 2014 A	164,245,000	9/1/2033	3.669%	120,065,000	127,290,000
Series 2014 B	14,345,000	9/1/2033	3.671%	10,485,000	11,115,000
Series 2016 A	252,270,000	9/1/2024	2.841%	50,010,000	91,530,000
Series 2016 B	142,715,000	9/1/2036	4.733%	119,905,000	125,230,000
Higher Education Equipment Leasing Fund: Series 2014 A	82,235,000	6/1/2023	1.894%	11,805,000	17,665,000
Series 2014 B	7,105,000	6/1/2023	1.894%	1,340,000	2,120,000
Higher Education Facilities Trust Fund: Series 2014	199,855,000	6/15/2029	3.246%	130,305,000	143,355,000
Higher Education Technology Infrastructure Fund: Series 2014	38,110,000	6/1/2028	3.039%	22,475,000	25,140,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Institute for Advanced Study:					
2006 Series B	\$ 29,600,000	7/1/2031	3.990%	\$ 16,100,000	\$ 17,800,000
2006 Series C	20,000,000	7/1/2036	Variable	13,100,000	13,700,000
2008 Series C	11,255,000	7/1/2021	3.619%	-	725,000
Institute for Defense Analysis:					
2000 Series D	16,695,000	10/1/2030	Variable	6,175,000	6,755,000
Kean University:					
Series 2009 A	179,380,000	9/1/2036	6.404%	-	262,488
Series 2015 H	117,175,000	7/1/2039	3.762%	91,145,000	94,335,000
Series 2017 C	184,230,000	9/1/2036	3.626%	172,365,000	181,615,000
Series 2017 D	15,655,000	9/1/2039	3.310%	15,655,000	15,655,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	3,630,000	7,085,000
Montclair State University:					
Series 2006 J	154,110,000	7/1/2034	4.300%	-	4,315,000
Series 2007 A	6,150,000	7/1/2021	4.022%	-	685,000
Series 2014 A	189,365,000	7/1/2044	4.212%	165,125,000	173,290,000
Series 2015 D	73,770,000	7/1/2036	3.757%	69,520,000	69,520,000
Series 2016 B	118,190,000	7/1/2038	2.875%	116,020,000	116,770,000
New Jersey City University:					
Series 2007 F	17,910,000	7/1/2032	4.337%	2,645,000	12,020,000
Series 2008 F	6,175,000	7/1/2036	7.039%	-	6,175,000
Series 2010 F	24,065,000	7/1/2028	3.313%	-	10,975,000
Series 2010 G	18,310,000	7/1/2040	4.062%**	18,310,000	18,310,000
Series 2015 A	35,340,000	7/1/2045	3.932%	35,340,000	35,340,000
Series 2016 D	52,075,000	7/1/2035	2.886%	35,885,000	47,840,000
Series 2021 A	5,640,000	7/1/2036	2.874%	5,640,000	-
Series 2021 B	38,545,000	7/1/2051	4.465%	38,545,000	-

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31,	
				2021	2020
Princeton University:					
2011 Series B	\$ 250,000,000	7/1/2041	4.087%	\$ -	\$ 209,950,000
2014 Series A	200,000,000	7/1/2044	3.773%	182,870,000	186,010,000
2015 Series A	156,790,000	7/1/2035	2.317%	85,460,000	97,305,000
2015 Series D	150,000,000	7/1/2045	3.403%	138,255,000	141,410,000
2016 Series A	109,500,000	7/1/2035	2.525%	97,235,000	101,525,000
2016 Series B	117,820,000	7/1/2027	1.769%	100,335,000	105,270,000
2017 Series B	342,240,000	7/1/2036	2.911%	251,060,000	276,635,000
2017 Series C	141,095,000	7/1/2047	3.505%	135,775,000	138,500,000
2017 Series I	357,105,000	7/1/2040	2.968%	330,425,000	341,355,000
2021 Series B	250,000,000	3/1/2051	1.656%	250,000,000	-
2021 Series C	179,265,000	3/1/2041	2.338%	179,265,000	-
Ramapo College of New Jersey:					
Series 2011 A	19,090,000	7/1/2021	3.325%	-	1,130,000
Series 2012 B	80,670,000	7/1/2042	3.689%	69,695,000	71,440,000
Series 2015 B	45,180,000	7/1/2040	3.585%	36,725,000	38,810,000
Series 2017 A	99,450,000	7/1/2047	3.505%	86,110,000	89,310,000
Rider University:					
2012 Series A	52,020,000	7/1/2037	3.741%	-	28,510,000
2017 Series F	41,770,000	7/1/2047	4.187%	41,770,000	41,770,000
Row an University:					
Series 2011 C	30,045,000	7/1/2025	3.705%	7,015,000	9,850,000
Series 2016 C	45,300,000	7/1/2031	2.129%	35,480,000	38,685,000
Saint Peter's University					
2007 Series G	36,053,465	7/1/2027	4.217%	17,440,220	19,885,712
Seton Hall University:					
2011 Series A	35,470,000	7/1/2026	2.997%	3,925,000	4,615,000
2013 Series D	41,910,000	7/1/2043	2.707%	19,170,000	32,980,000
2015 Series C	22,205,000	7/1/2037	3.819%	18,035,000	18,785,000
2016 Series C	36,265,000	7/1/2046	3.198%	36,265,000	36,265,000
2017 Series D	39,520,000	7/1/2047	3.853%	39,520,000	39,520,000
2017 Series E	31,915,000	7/1/2039	3.914%	31,915,000	31,915,000
2020 Series C	33,205,000	7/1/2050	3.536%	33,205,000	33,205,000
2020 Series D	79,015,000	7/1/2048	3.829%	79,015,000	79,015,000
2021 Series D	11,990,000	7/1/2033	N/A	11,990,000	-

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Stevens Institute of Technology:					
2017 Series A	\$ 119,905,000	7/1/2047	3.976%	\$ 109,425,000	\$ 112,120,000
2020 Series B	174,315,000	7/1/2050	3.382%	174,315,000	174,315,000
The College of New Jersey:					
Series 2015 G	24,950,000	7/1/2043	4.561%	41,185,000	41,185,000
Series 2016 F	114,525,000	7/1/2031	3.301%	49,140,000	49,140,000
Series 2016 G	87,925,000	7/1/2040	2.928%	79,410,000	79,410,000
Series 2020 D	105,255,000	7/1/2034	3.323%	182,185,000	182,185,000
Saint Elizabeth University:					
2016 Series D	21,435,000	7/1/2046	4.566%	20,045,000	20,270,000
Stockton University					
Series 2015 E	18,830,826	7/1/2028	2.830%	10,481,862	11,988,392
Series 2016 A	202,445,000	7/1/2041	3.175%	190,940,000	195,330,000
2020 Series A	5,935,000	7/1/2035	2.171%	5,755,000	5,935,000
Thomas Edison State University					
Series 2011 D	8,000,000	10/1/2031	3.516%	3,394,900	3,815,953
Series 2014 B	7,000,000	12/1/2024	2.500%	2,265,000	2,985,000
The William Paterson University of New Jersey:					
Series 2012 C	33,815,000	7/1/2042	2.955%	27,620,000	29,690,000
Series 2012 D	21,860,000	7/1/2028	2.489%	9,380,000	10,640,000
Series 2015 C	45,695,000	7/1/2040	3.538%	26,450,000	27,810,000
Series 2016 E	60,755,000	7/1/2038	2.877%	53,595,000	56,100,000
Series 2017 B	27,065,000	7/1/2047	3.796%	25,275,000	25,775,000
Series 2019 A	5,070,000	7/1/2038	3.450%	4,625,000	4,860,000
Series 2021 C	17,900,000	7/1/2040	2.642%	17,900,000	-

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Notes Payable					
Princeton University:					
Various Commercial Paper	\$ 120,000,000 *	N/A	Variable	\$ -	\$ 34,000,000
Leases Payable					
Thomas Edison State University	2,700,000	9/28/2022	Variable	70,257	140,515
Caldw ell	3,000,000	N/A	Variable	1,510,377	715,159
				<u>\$ 4,756,527,756</u>	<u>\$ 4,780,581,076</u>

* Maximum authorized amount.

** Build America Bond

The minimum aggregate principal maturities for each of the following five-year periods are as follows:

<u>Years</u>	<u>Principal Maturities</u>
2022 - 2026	\$ 1,068,242,032
2027 - 2031	1,191,977,106
2032 - 2036	1,074,621,855
2037 - 2041	618,609,428
2042 - 2046	480,737,335
2047 - 2051	322,340,000
Total	<u>\$ 4,756,527,756</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
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NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 7 REFUNDED BOND ISSUES

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

Refunded bonds outstanding at December 31, 2021 comprise the following:

Issue	Principal Amount Outstanding December 31, 2021	Refunded Issues			Refunding Issues		
		Principal Amount Refunded	Call Date	Debt Service Savings	Date of Issuance	Issue	Original Amount of Issue
Stevens Institute of Technology							
1998 Series I	\$ 1,880,000	\$ 6,050,000	7/1/2028	N/A*	8/2/2007	2007 Series A	\$ 71,060,000
The College of New Jersey							
Series 2013 A	21,895,000	22,470,000	7/1/2023	154,916	6/18/2020	Series 2020 D	182,185,000
Series 2015 G	53,010,000	61,230,000	7/1/2025	7,580,621	6/18/2020	Series 2020 D	182,185,000
Series 2016 F	35,825,000	37,705,000	7/1/2026	6,473,337	6/18/2020	Series 2020 D	182,185,000
Fairleigh Dickinson University							
2006 Series G	-	7,426,199	2/24/2021		2/24/2021	2021 Series A	63,785,000
2006 Series H	-	459,567	2/24/2021		2/24/2021	2021 Series A	63,785,000
2014 Series B	-	36,179,172	2/24/2021		2/24/2021	2021 Series A	63,785,000
2015 Series B	-	5,979,192	2/24/2021		2/24/2021	2021 Series A	63,785,000
				2,819,303			
Princeton University							
2011 Series B	-	208,378,611	7/1/2021	64,011,802	4/8/2021	Series 2021 C	204,607,322
New Jersey City University							
Series 2007 F	-	9,375,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2008 F	-	6,175,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2010 F	-	10,975,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2016 D	9,745,000	11,955,000	7/1/2025		4/21/2021	Series 2021 A & B	44,185,000
				(330,402)			
Rider University							
2012 Series A	-	28,510,000	5/28/2021	N/A**			
Seton Hall University							
2016 Series D	10,885,000	11,828,286	7/1/2021	1,198,202	9/23/2021	2021 Series D	11,990,000

* Debt Restructuring

** Not NJEFA Refunding Bonds



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

INDEPENDENT AUDITORS' REPORT

**Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 19, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

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 or significant deficiencies may exist that were not identified.

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**Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey**

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 19, 2022