

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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



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

Brian Sootkoos  
Director of Finance

July 19, 2024



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the New Jersey Educational Facilities Authority (the Authority), a component unit of the state of New Jersey, as of and for the year ended December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the New Jersey Educational Facilities Authority as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 New Jersey Educational Facilities 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.

#### ***Other Matter***

The audited financial statements of the New Jersey Educational Facilities Authority for the year ended December 31, 2022, were audited by other auditors whose report, dated July 17, 2023, expressed an unmodified opinion on those financial statements.

#### ***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 New Jersey Educational Facilities 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.

***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 judgment, 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 the 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 required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary financial information, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

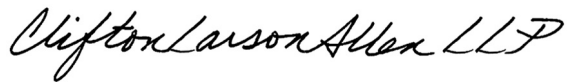
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the report of management but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024, on our consideration of the New Jersey Educational Facilities 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 New Jersey Educational Facilities 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 New Jersey Educational Facilities Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
July 19, 2024

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2023**

## **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, 2023 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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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2023**

## **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 Higher Education Institutional 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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YEAR ENDED DECEMBER 31, 2023**

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2023**

*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 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 2023:**

- The Authority issued \$261 million of conduit debt for educational institutions during 2023.
- Cash and Investments represent approximately 89% of Total Assets at the end of 2023.
- The Authority's 2023 operating margin (net operating income as a percentage of operating revenues) was 27%.
- Operating expenditures increased 54% in 2023 in comparison to the prior year.

During 2023, the Authority's volume of financing activity, excluding the state-backed bond programs was approximately \$403 million less than 2022. The decreased volume was due primarily to the result of high interest rate market conditions resulting in a decrease 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.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2023**

**Condensed Financial Information**

The following table presents condensed statement of net position information and changes between December 31, 2022 and December 31, 2023 and between December 31, 2021 and December 31, 2022.

	2023	2022	2021	Increase (Decrease) 2022 to 2023	Increase (Decrease) 2021 to 2022
Current Assets	\$ 14,027,553	\$ 12,405,523	\$ 9,135,576	13.08%	35.79%
Noncurrent Investments	159,577	323,594	3,024,821	-50.69%	-89.30%
Capital Assets, Net	226,549	453,367	684,098	-50.03%	-33.73%
Security Deposit	21,505	21,505	21,505	0.00%	0.00%
Net OPEB Asset	1,536,791	1,279,788	1,873,486	20.08%	-31.69%
Total Assets	15,971,975	14,483,777	14,739,486	10.27%	-1.73%
Deferred Outflows of Resources	1,027,390	1,630,148	918,308	-36.98%	77.52%
Current Liabilities	742,664	765,932	693,711	-3.04%	10.41%
Noncurrent Liabilities	3,066,831	3,420,007	2,813,981	-10.33%	21.54%
Total Liabilities	3,809,495	4,185,939	3,507,692	-8.99%	19.34%
Deferred Inflows of Resources	2,252,235	2,956,182	4,187,236	-23.81%	-29.40%
Total Net Position	\$ 10,937,635	\$ 8,971,804	\$ 7,962,866	21.91%	12.67%

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2022 and 2023 and between 2021 and 2022:

	2023	2022	2021	Increase (Decrease) 2022 to 2023	Increase (Decrease) 2021 to 2022
Operating Revenues:					
Administrative Fees	\$ 3,413,305	\$ 3,177,838	\$ 3,095,552	7.41%	2.66%
Total Operating Revenues	3,413,305	3,177,838	3,095,552	7.41%	2.66%
Operating Expenses:					
Salaries and Related Expenses	1,774,649	994,444	1,064,062	78.46%	-6.54%
General and Administrative Expenses	299,179	284,297	327,050	5.23%	-13.07%
Professional Fees	80,655	105,009	88,937	-23.19%	18.07%
Depreciation/Amortization Expense	228,155	233,894	237,303	-2.45%	-1.44%
Total Operating Expenses	2,382,638	1,617,644	1,717,352	47.29%	-5.81%
Net Operating Income	1,030,667	1,560,194	1,378,200	-33.94%	13.21%
Nonoperating Revenues (Expenses):					
Loss of Asset Disposal	-	-	-	0.00%	0.00%
Investment Income/(Loss)	935,164	(551,256)	399,266	269.64%	-238.07%
Change in Net Position	1,965,831	1,008,938	1,777,466	94.84%	-43.24%
Net Position - Beginning of Year	8,971,804	7,962,866	6,023,480	12.67%	32.20%
Prior Period Adjustment	-	-	161,920	0.00%	-100.00%
Net Position - Beginning of Year, as Restated	8,971,804	7,962,866	6,185,400	12.67%	28.74%
Net Position - End of Year	\$ 10,937,635	\$ 8,971,804	\$ 7,962,866	21.91%	12.67%

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2023**

**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 2023 increased approximately \$235,467 from 2022 and total revenues for 2022 increased approximately \$82,286 from 2021.

**Expenses**

Operating expenses increased in 2023 by 54.28% from 2022, and 2022 decreased 5.81% from 2021.

**Net Position**

Net position increased \$1,965,831, or 20.65% from 2022 to 2023 and decreased \$1,008,938 or 12.67% from 2021 to 2022. Net position increased in 2023 as a result of an increase in revenues and investment income.

**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](http://www.njefa.com).

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,605,661	\$ 1,666,435
Investments, Principally U.S. Government Obligations	11,374,608	10,681,642
Prepaid Expenses and Other Assets	<u>47,284</u>	<u>57,446</u>
Total Current Assets	14,027,553	12,405,523
<b>NONCURRENT ASSETS</b>		
Investments	159,577	323,594
Capital Assets, at Cost, Less Accumulated Depreciation/Amortization of \$1,102,032 and \$873,876 During 2023 and 2022, Respectively	226,549	453,367
Security Deposit	21,505	21,505
Net OPEB Asset	<u>1,536,791</u>	<u>1,279,788</u>
Total Noncurrent Assets	1,944,422	2,078,254
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Deferrals	396,438	596,981
OPEB Deferrals	<u>630,952</u>	<u>1,033,167</u>
Total Deferred Outflows of Resources	<u>1,027,390</u>	<u>1,630,148</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 16,999,365</u></u>	<u><u>\$ 16,113,925</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 526,087	\$ 538,128
Unearned Revenue	2,500	2,500
Lease Payable - Current Portion	<u>214,077</u>	<u>225,304</u>
Total Current Liabilities	742,664	765,932
<b>NONCURRENT LIABILITIES</b>		
Compensated Absences	180,517	179,010
Long-Term Lease Payable	-	214,077
Net Pension Liability	<u>2,886,314</u>	<u>3,026,920</u>
Total Noncurrent Liabilities	<u>3,066,831</u>	<u>3,420,007</u>
Total Liabilities	3,809,495	4,185,939
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Deferrals	258,474	584,221
OPEB Deferrals	<u>1,993,761</u>	<u>2,371,961</u>
Total Deferred Inflows of Resources	2,252,235	2,956,182
<b>NET POSITION</b>		
Investment in Capital Assets	12,472	13,986
Unrestricted	<u>10,925,163</u>	<u>8,957,818</u>
Total Net Position	<u>10,937,635</u>	<u>8,971,804</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 16,999,365</u></u>	<u><u>\$ 16,113,925</u></u>

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Administrative Fees	3,413,305	3,177,838
<b>OPERATING EXPENSES</b>		
Salaries and Related Expenses	1,774,649	994,444
General and Administrative Expenses	299,179	284,297
Professional Fees	80,655	105,009
Depreciation/Amortization Expense	228,155	233,894
Total Operating Expenses	<u>2,382,638</u>	<u>1,617,644</u>
<b>NET OPERATING INCOME</b>	1,030,667	1,560,194
<b>NONOPERATING REVENUE</b>		
Investment Income	<u>935,164</u>	<u>(551,256)</u>
<b>CHANGES IN NET POSITION</b>	1,965,831	1,008,938
Net Position - Beginning of Year	<u>8,971,804</u>	<u>7,962,866</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 10,937,635</u></u>	<u><u>\$ 8,971,804</u></u>

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Administrative Fees	\$ 3,413,305	\$ 3,166,945
Payments to Employees	(1,636,943)	(1,798,295)
Payments to Suppliers	<u>(662,498)</u>	<u>(629,492)</u>
Net Cash Provided by Operating Activities	1,113,864	739,158
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	<u>52,004</u>	<u>-</u>
Net Cash Provided by Investing Activities	52,004	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(1,337)	(3,163)
Lease Payments	<u>(225,305)</u>	<u>(216,640)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(226,642)</u>	<u>(219,803)</u>
<b>NET INCREASE IN CASH</b>	939,226	519,355
Cash - Beginning of Year	<u>1,666,435</u>	<u>1,147,080</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 2,605,661</u></u>	<u><u>\$ 1,666,435</u></u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 1,030,667	\$ 1,560,194
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	228,155	233,894
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Prepaid Expenses and Other Assets	10,162	(10,022)
Accounts Payable and Accrued Expenses	(32,141)	74,450
Unearned Revenue	-	(10,893)
Compensated Absences	1,507	(2,111)
Postemployment Benefits Other than Pension and Related Deferred Items	121,225	(744,137)
Net Pension Liability and Related Deferred Items	<u>(245,711)</u>	<u>(362,217)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,113,864</u></u>	<u><u>\$ 739,158</u></u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES</b>		
Change in Fair Value of Investments	<u><u>\$ 485,760</u></u>	<u><u>\$ (708,288)</u></u>

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  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Other Employee Benefit Trust Fund	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Equivalents	\$ 7,975	\$ 118,471
Total Current Assets	7,975	118,471
<b>NONCURRENT ASSETS</b>		
Investments	3,286,517	2,893,896
Total Noncurrent Assets	3,286,517	2,893,896
 Total Assets	 \$ 3,294,492	 \$ 3,012,367
<b>NET POSITION</b>		
 Total Net Position - Restricted for Benefits	 \$ 3,294,492	 \$ 3,012,367

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, 2023 AND 2022**

	Other Employee Benefit Trust Fund	
	2023	2022
<b>ADDITIONS</b>		
Investment Income:		
Net Increase/(Decrease) in Fair Value	\$ 291,485	\$ (718,130)
Interest and Dividend Income	62,726	127,531
Net Investment Income	<u>354,211</u>	<u>(590,599)</u>
<b>TOTAL ADDITIONS</b>	354,211	(590,599)
<b>DEDUCTIONS</b>		
Employer Reimbursement	<u>(72,086)</u>	<u>(73,801)</u>
<b>TOTAL DEDUCTIONS</b>	<u>(72,086)</u>	<u>(73,801)</u>
<b>CHANGES IN NET POSITION</b>	282,125	(664,400)
Net Position - Beginning of Year	<u>3,012,367</u>	<u>3,676,767</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 3,294,492</u></u>	<u><u>\$ 3,012,367</u></u>

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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 SUMMARY OF 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 and an office lease right-of-use asset, are carried at cost and depreciated/amortized 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, 2023 and 2022, the amount of conduit debt outstanding totaled \$4,966,906,300 and \$4,829,826,452, respectively.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF 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.

**Reclassifications**

Certain amounts in the financial statements have been reclassified to conform with the current year presentation.

**NOTE 3 DEPOSITS AND INVESTMENTS**

At December 31, 2023 and 2022, the Authority's bank balance excluding payments and deposits in transit was \$2,618,502 and \$1,675,181, respectively and are insured by the Federal Deposit Insurance Corporation (FDIC) in the amounts of \$250,000 for both 2023 and 2022.

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.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

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.

As of December 31, 2023 and 2022, 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:

Investment Type	Fair Value	2023		
		Level 1	Level 2	Level 3
Operating Fund:				
U.S. Treasury Note	\$ 7,853,955	\$ 7,853,955	\$ -	\$ -
Commercial Paper	2,632,178	-	2,632,178	-
Certificate of Deposit	477,222	-	477,222	-
Asset-Backed Security	159,577	-	159,577	-
Money Market Funds	411,253	411,253	-	-
Total Operating Fund	11,534,185	8,265,208	3,268,977	-
Fiduciary Fund:				
Blended Equity Mutual Funds	1,672,638	-	1,672,638	-
Real Assets Mutual Funds	1,613,879	1,613,879	-	-
Total Fiduciary Fund	3,286,517	1,613,879	1,672,638	-
Total Investments	\$ 14,820,702	\$ 9,879,087	\$ 4,941,615	\$ -
Investment Type	Fair Value	2022		
		Level 1	Level 2	Level 3
Operating Fund:				
U.S. Treasury Bill	\$ 793,336	\$ 793,336	\$ -	\$ -
U.S. Treasury Note	6,721,786	6,721,786	-	-
Government Agencies	485,487	485,487	-	-
Commercial Paper	1,465,872	-	1,465,872	-
Certificate of Deposit	299,078	-	299,078	-
Asset-Backed Security	335,634	-	335,634	-
Money Market Funds	904,043	904,043	-	-
Total Operating Fund	11,005,236	8,904,652	2,100,584	-
Fiduciary Fund:				
Blended Equity Mutual Funds	1,521,968	-	1,521,968	-
Real Assets Mutual Funds	1,371,928	1,371,928	-	-
Total Fiduciary Fund	2,893,896	1,371,928	1,521,968	-
Total Investments	\$ 13,899,132	\$ 10,276,580	\$ 3,622,552	\$ -

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

In 2023 and 2022, the Authority had \$411,253 and \$904,043, 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 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.

As of December 31, 2023 and 2022, the Authority’s investments in the operating fund consisted of U.S. Treasury and Agency Obligations in the amount of \$7,853,954 and \$7,515,122, respectively, Investment Agreements in the amount of \$3,268,977 and \$2,586,071, respectively, and Money Market Mutual Funds in the amount of \$411,253 and \$904,043, respectively. As of December 31, 2023 and 2022, the Authority’s investments in the fiduciary activities consisted of Blended Equity Mutual Funds in the amount of \$1,672,638 and \$1,521,968, respectively and Real Assets Mutual Funds in the amount of \$1,613,879 and \$1,371,928, 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, 2023 and 2022, 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.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

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).

The following table summarizes S&P's agency ratings of the Authority's investments at fair value as of December 31, 2023 and 2022:

Investment Type	Quality Rating	2023	2022
Operating Fund:			
U.S. Treasury Bill	A-1+	\$ -	\$ 793,336
U.S. Treasury Note	AA+	7,853,955	6,721,786
U.S. Agencies	A-1+	-	485,487
Commercial Paper	A-1	2,036,957	1,465,872
Commercial Paper	A-1+	595,221	-
Certificate of Deposit	A-1	477,222	299,078
Asset-Backed Security	AAA	159,577	250,265
Asset-Backed Security	Aaa	-	85,369
Money Market Funds	AAAm	411,253	904,043
Total Operating Fund		11,534,185	11,005,236
Fiduciary Fund:			
Blended Equity Mutual Funds	AAAm	1,672,638	1,521,968
Real Assets Mutual Funds	AAAmmf	1,613,879	1,371,928
Total Fiduciary Fund		3,286,517	2,893,896
Total Investments		\$ 14,820,702	\$ 13,899,132

(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, 2023 and 2022, the Authority had the following investments and maturities.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investment Type	Fair Value	Maturities (in years)		
		Less Than 1	1-5	Greater Than 5
Operating Fund:				
U.S. Treasury Note	\$ 7,853,955	\$ 7,853,955	\$ -	\$ -
Commercial Paper	2,632,178	2,632,178	-	-
Certificate of Deposit	477,222	477,222	-	-
Asset-Backed Security	159,577	-	159,577	-
Money Market Funds	411,253	411,253	-	-
Total Operating Fund	11,534,185	11,374,608	159,577	-
Fiduciary Fund:				
Blended Equity Mutual Funds	1,672,638	1,672,638	-	-
Real Assets Mutual Funds	1,613,879	1,613,879	-	-
Total Fiduciary Fund	3,286,517	3,286,517	-	-
Total Investments	<u>\$ 14,820,702</u>	<u>\$ 14,661,125</u>	<u>\$ 159,577</u>	<u>\$ -</u>

Investment Type	Fair Value	Maturities (in years)		
		Less Than 1	1-5	Greater Than 5
Operating Fund:				
U.S. Treasury Bill	\$ 793,336	\$ 793,336	\$ -	\$ -
U.S. Treasury Note	6,721,786	6,721,786	-	-
Government Agencies	485,487	485,487	-	-
Commercial Paper	1,465,872	1,465,872	-	-
Certificate of Deposit	299,078	299,078	-	-
Asset-Backed Security	335,634	12,040	323,594	-
Money Market Funds	904,043	904,043	-	-
Total Operating Fund	11,005,236	10,681,642	323,594	-
Fiduciary Fund:				
Blended Equity Mutual Funds	1,521,968	1,521,968	-	-
Real Assets Mutual Funds	1,371,928	1,371,928	-	-
Total Fiduciary Fund	2,893,896	2,893,896	-	-
Total Investments	<u>\$ 13,899,132</u>	<u>\$ 13,575,538</u>	<u>\$ 323,594</u>	<u>\$ -</u>

For the years ended December 31, 2023 and 2022, investment income for the operating fund comprised the following:

	2023	2022
Interest Earnings	\$ 449,404	\$ 157,032
Net Increase in Fair Value of Investments	485,760	(708,288)
Total Investment Income	<u>\$ 935,164</u>	<u>\$ (551,256)</u>



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**DECEMBER 31, 2023 AND 2022**

**NOTE 4 CAPITAL ASSETS**

The following schedule is a summarization of changes in capital assets for the years ended December 31, 2023 and 2022.

December 31, 2023				
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 462,915	\$ 1,338	\$ -	\$ 464,253
Right-of-Use Asset - Office Space	864,328	-	-	864,328
Total Capital Assets Being Depreciated	1,327,243	1,338	-	1,328,581
Accumulated Depreciation	(873,876)	(228,156)	-	(1,102,032)
Net Capital Assets	<u>\$ 453,367</u>	<u>\$ (226,818)</u>	<u>\$ -</u>	<u>\$ 226,549</u>
December 31, 2022				
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 459,752	\$ 3,163	\$ -	\$ 462,915
Right-of-Use Asset - Office Space	864,328	-	-	864,328
Total Capital Assets Being Depreciated	1,324,080	3,163	-	1,327,243
Accumulated Depreciation	(639,982)	(233,894)	-	(873,876)
Net Capital Assets	<u>\$ 684,098</u>	<u>\$ (230,731)</u>	<u>\$ -</u>	<u>\$ 453,367</u>

**NOTE 5 LONG-TERM LIABILITIES**

During the years ended December 31, 2023 and 2022, the following changes occurred in long-term liabilities.

December 31, 2023					
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Lease	\$ 439,381	\$ -	\$ 225,304	\$ 214,077	\$ 214,077
Compensated Absences	179,010	1,507	-	180,517	-
Net Pension Liability	3,026,920	-	140,606	2,886,314	-
Net Long-Term Liabilities	<u>\$ 3,645,311</u>	<u>\$ 1,507</u>	<u>\$ 365,910</u>	<u>\$ 3,280,908</u>	<u>\$ 214,077</u>
December 31, 2022					
	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Lease	\$ 656,021	\$ -	\$ 216,640	\$ 439,381	\$ 225,304
Compensated Absences	181,121	54,912	57,023	179,010	-
Net Pension Liability	2,193,479	833,441	-	3,026,920	-
Net Long-Term Liabilities	<u>\$ 3,030,621</u>	<u>\$ 888,353</u>	<u>\$ 273,663</u>	<u>\$ 3,645,311</u>	<u>\$ 225,304</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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**NOTE 6 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](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**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  
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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Inactive Plan Members or Beneficiaries Currently		
Receiving Benefits	191,041	187,372
Inactive Plan Members Entitled to But Not Yet Receiving		
Benefits	580	723
Active Plan Members	<u>241,151</u>	<u>239,902</u>
Total	<u><u>432,772</u></u>	<u><u>427,997</u></u>

Contributing Employers – 1,683

For the years ended December 31, 2023 and 2022, the Authority's covered payroll for all employees was \$1,331,248 and \$1,475,555. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority 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 2023 and State fiscal year 2022. 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 2022 and FYE 2023 when the impact of the recent demographic assumption changes is phased-in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. 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.

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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

The Authority's payments to PERS during the years ending December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Total Regular Billing	\$ 266,331	\$ 252,932

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 to enroll 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.

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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2023, the PERS reported a net pension liability of \$14,606,489,066 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 \$2,886,314 or 0.0199270908%, which was a decrease of 0.0001301945% from its proportion measured as of June 30, 2022.

At June 30, 2022, the PERS reported a net pension liability of \$15,219,184,920 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 \$3,026,920 or 0.0200572853%.

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, 2023 and 2022:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 27,597	\$ 11,798
Changes of Assumptions	6,341	174,923
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	13,292	-
Changes in Proportion	216,042	71,753
Contributions Subsequent to the Measurement Date	133,166	-
Total	<u>\$ 396,438</u>	<u>\$ 258,474</u>
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 21,847	\$ 19,266
Changes of Assumptions	9,378	453,250
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	125,282	-
Changes in Proportion	314,008	111,705
Contributions Subsequent to the Measurement Date	126,466	-
Total	<u>\$ 596,981</u>	<u>\$ 584,221</u>

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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

The \$133,166 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amortization</u>
2024	\$ 123,428
2025	22,800
2026	(174,453)
2027	23,429
2028	(2)
Total	<u>\$ (4,798)</u>

*Actuarial Assumptions* – The collective pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

<u>June 30, 2023 and 2022</u>	
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55%
	based on years
	of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year 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-2021.

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

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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 and 2022) 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, 2023 and 2022 are summarized in the following tables:

2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.35%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and June 30, 2022. 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, 2023</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,757,367	\$ 2,886,314	\$ 2,144,933
<u>June 30, 2022</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,888,706	\$ 3,026,920	\$ 2,293,506

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2023 and 2022 were \$34,831,652,936 and 32,568,122,309, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 and 2022 was \$27,400,438,440 and \$25,810,084,045, respectively.

*Additional information*

Collective Local Group balances at June 30, 2023 are as follows:

Collective Deferred Outflows of Resources	\$ 1,080,204,730
Collective Deferred Inflows of Resources	1,780,216,457
Collective Net Pension Liability	14,606,489,066
Authority's Proportion	0.0199270908%



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**NOTE 6 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2023 and 2022 was \$(79,181,803) and \$(1,032,778,934), respectively. The average of the expected remaining service lives of all plan members is 5.08, 4.04, 3.13, 2.16, 1.21, and 0.63 years for the 2023, 2022, 2021, 2020, 2019, and 2018 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, 2023 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, 2023 and 2022 are \$1,354,892,653 and \$1,288,683,017, respectively.

**NOTE 7 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>.

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**NOTE 7 POST-RETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

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 activities in the Authority's financial report. At December 31, 2023 and 2022, the fair value of this trust fund was \$3,294,492 and \$3,012,367, respectively.

At June 30, 2023 and 2022, Seventeen (17) and Nineteen (19) plan members (active and retiree) were receiving postretirement health care benefits for which the Authority was billed \$53,943 and \$180,201, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to the retirees.

**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.

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**NOTE 7 POST-RETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

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 December 31, 2023 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to December 31, 2023. 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:

Discount Rate	As of June 30, 2022: 6.00% As of June 30, 2023: 6.00%
Expected Return on Assets	6.00%
Valuation Date	June 30, 2023
Measurement Date	December 31, 2023
Reporting Date	December 31, 2023
Salary Increase Rate	2.75% - 6.55%; based on years of service
Rates of Mortality	<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-2021. All pre-retirement deaths are assumed to be ordinary deaths.

Healthy Retirees and Beneficiaries (Healthy Annuitants): 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-2021.

Disabled Retirees (Disabled Annuitants): 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-2021.

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

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**NOTE 7 POST-RETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 5.45% 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 2022 through 2023 are reflected. The assumed post-65 medical trend is 7.56% for 2024, 14.43% for 2025 and decreases to a 4.5% after seven years. For prescription drug benefits, the initial trend rate is 6.25% and decreases to a 4.5% long-term trend rate after seven years.

*Discount Rate* – The discount rate for June 30, 2023 and 2022 was 6.00%. In 2023, this represents the assumed long-term expected rate of return on Plan investments.

The changes in net OPEB liability (asset) for December 31, 2023 and 2022 is as follows:

Change in Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Net OPEB Liability (Asset) at Beginning of Year (12/31/2022)	\$ 1,732,579	\$ 3,012,367	\$ (1,279,788)
Service Cost	64,072	-	64,072
Interest	52,323	-	52,323
Differences Between Expected and Actual Experience	(78,519)	-	(78,519)
Changes of Assumptions	41,189	-	41,189
On Behalf Contributions	-	-	-
Net Investment Loss	-	340,068	(340,068)
Benefit Payments	(53,943)	(53,943)	-
Adjustments	-	-	-
Administrative Expenses	-	(4,000)	4,000
Net Changes	25,122	282,125	(257,003)
Net OPEB Liability (Asset) at End of Year (12/31/2023)	\$ 1,757,701	\$ 3,294,492	\$ (1,536,791)

Change in Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Net OPEB Liability (Asset) at Beginning of Year (12/31/2021)	\$ 1,803,281	\$ 3,676,767	\$ (1,873,486)
Service Cost	60,446	-	60,446
Interest	166,892	-	166,892
Differences Between Expected and Actual Experience	(32,472)	-	(32,472)
Changes of Assumptions	(190,916)	-	(190,916)
On Behalf Contributions	-	-	-
Net Investment Loss	-	(590,599)	590,599
Benefit Payments	-	(73,801)	73,801
Adjustments	(74,652)	-	(74,652)
Administrative Expenses	-	-	-
Net Changes	(70,702)	(664,400)	593,698
Net OPEB Liability (Asset) at End of Year (12/31/2022)	\$ 1,732,579	\$ 3,012,367	\$ (1,279,788)

The OPEB expense for 2023 and 2022 was \$3,036 and \$(764,832), respectively.

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**NOTE 7 POST-RETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

*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 December 31, 2023 and 2022, 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:

	December 31, 2023		
	1% Decrease (5.00%)	At Discount Rate (6.00%)	1% Increase (7.00%)
Authority's OPEB Liability	\$ 1,996,338	\$ 1,757,701	\$ 1,561,064
Plan Fiduciary Net Position	3,294,492	3,294,492	3,294,492
Net OPEB (Asset)	<u>\$ (1,298,154)</u>	<u>\$ (1,536,791)</u>	<u>\$ (1,733,428)</u>

	December 31, 2022		
	1% Decrease (5.00%)	At Discount Rate (6.00%)	1% Increase (7.00%)
Authority's OPEB Liability	\$ 1,972,000	\$ 1,732,579	\$ 1,535,384
Plan Fiduciary Net Position	3,012,367	3,012,367	3,012,367
Net OPEB Liability/(Asset)	<u>\$ (1,040,367)</u>	<u>\$ (1,279,788)</u>	<u>\$ (1,476,983)</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 December 31, 2023 and 2022, 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:

	December 31, 2023		
	Healthcare Cost		
	1% Decrease (3.50 - 4.50%)	Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 1,534,909	\$ 1,757,701	\$ 2,034,228
Plan Fiduciary Net Position	3,294,492	3,294,492	3,294,492
Net OPEB (Asset)	<u>\$ (1,759,583)</u>	<u>\$ (1,536,791)</u>	<u>\$ (1,260,264)</u>

	December 31, 2022		
	Healthcare Cost		
	1% Decrease (3.50 - 4.50%)	Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 1,490,578	\$ 1,732,579	\$ 2,037,472
Plan Fiduciary Net Position	3,012,367	3,012,367	3,012,367
Net OPEB (Asset)/Liability	<u>\$ (1,521,789)</u>	<u>\$ (1,279,788)</u>	<u>\$ (974,895)</u>

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**NOTE 7 POST-RETIREMENT HEALTHCARE BENEFITS (CONTINUED)**

At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes Between Expected and Actual Experience	\$ 48,553	\$ 470,208
Changes of Assumptions	312,726	1,523,553
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	269,673	-
Total	<u>\$ 630,952</u>	<u>\$ 1,993,761</u>

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes Between Expected and Actual Experience	\$ 61,100	\$ 533,048
Changes of Assumptions	346,958	1,838,913
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	625,109	-
Total	<u>\$ 1,033,167</u>	<u>\$ 2,371,961</u>

*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
2024	\$ (265,411)
2025	(211,426)
2026	(79,151)
2027	(167,040)
2028	(187,748)
Thereafter	(452,033)
Total	<u>\$ (1,362,809)</u>

*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 9.86, 9.86, 10.31, 7.87, 8.05, and 8.14 years for the 2023, 2022, 2021, 2020, 2019, and 2018 amounts, respectively.

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**NOTE 8 COMMITMENTS AND CONTINGENCIES**

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 9 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 and related liabilities.
- **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 position 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, 2021	28,077	7,934,789	7,962,866
Net Position Change	-	1,008,938	1,008,938
Capital Asset Additions	3,163	(3,163)	-
Lease Payments	216,640	(216,640)	-
Depreciation	(233,894)	233,894	-
Net Position at December 31, 2022	13,986	8,957,818	8,971,804
Net Position Change	-	1,965,831	1,965,831
Capital Asset Additions	1,337	(1,337)	-
Lease Payments	225,305	(225,305)	-
Depreciation	(228,156)	228,156	-
Net Position at December 31, 2023	<u>\$ 12,472</u>	<u>\$ 10,925,163</u>	<u>\$ 10,937,635</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**NOTE 10 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.

**NOTE 11 LEASES**

The Authority is a lessee for a noncancellable lease of office space. The Authority recognizes a lease liability and an intangible right- to-use lease asset ("lease asset") in the financial statements.

At commencement of a lease, the Authority initially measures the lease liability at the value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include:

Discount Rate	The Authority uses the interest rate charged by the lessor as indicated in the agreement. When the interest rate charged by the lessor is not provided the Authority generally uses its estimated incremental borrowing rate as the rate for leases.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the Authority is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

At December 31, 2020, the Authority recognized a lease liability with an initial, individual value of \$864,328. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The Authority's lease has an interest rate of 4.00%.



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**NOTE 11 LEASES (CONTINUED)**

On December 31, 2016, New Jersey Educational Facilities Authority entered into a 96-month lease as lessee for office rental. An initial lease liability was recorded in the amount of \$864,328 at December 31, 2020, which was the date of the implementation of GASB Statement No. 87. The value of the right of use asset as of December 31, 2023 was \$864,328 with accumulated amortization of \$648,246.

The following is a summary of lease principal and interest payments from implementation date to maturity:

Year Ended	Principal	Interest	Remaining Balance
As of December 31, 2020			\$ 864,328
2021	\$ 208,307	\$ 34,573	656,021
2022	216,640	26,241	439,381
2023	225,304	17,575	214,077
2024	214,077	8,563	-
Total	<u>\$ 864,329</u>	<u>\$ 86,952</u>	

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 64,072	\$ 60,446	\$ 128,117	\$ 110,489	\$ 119,210	\$ 173,081
Interest	52,323	166,892	75,380	90,704	113,757	147,560
Changes of Benefit Terms	-	-	-	189	(341)	-
Differences Between Expected and Actual Experience	(78,519)	(32,472)	(133,694)	98,738	(250,362)	(700,327)
Changes of Assumptions or Other Inputs	41,189	(190,916)	(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	(53,943)	(74,652)	(59,660)	(48,213)	(37,562)	(81,423)
Net Change in Total OPEB Liability	25,122	(70,702)	(1,469,104)	849,806	(602,958)	(1,060,887)
Total OPEB Liability - Beginning	1,732,579	1,803,281	3,272,385	2,422,579	3,025,537	4,086,424
Total OPEB Liability - Ending	<u>\$ 1,757,701</u>	<u>\$ 1,732,579</u>	<u>\$ 1,803,281</u>	<u>\$ 3,272,385</u>	<u>\$ 2,422,579</u>	<u>\$ 3,025,537</u>
<b>Plan Fiduciary Net Position</b>						
Net Investment Income	\$ 340,068	\$ (590,599)	\$ 381,717	\$ 594,493	\$ 58,024	\$ 133,426
Interest	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Capital Gains	-	-	-	-	-	-
Benefit Payments	(53,943)	(73,801)	(59,660)	(48,213)	(37,562)	(81,423)
Adjustments	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-
Administrative Expense	(4,000)	-	-	-	(500)	(500)
Net Change in Plan Fiduciary Net Position	282,125	(664,400)	322,057	546,280	19,962	51,503
Plan Fiduciary Net Position - Beginning	3,012,367	3,676,767	3,354,710	2,808,430	2,788,468	2,736,965
Plan Fiduciary Net Position - Ending	<u>\$ 3,294,492</u>	<u>\$ 3,012,367</u>	<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	\$ (1,536,791)	\$ (1,279,788)	\$ (1,873,486)	\$ (82,325)	\$ (385,851)	\$ 237,069
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	-214.37%	-235.38%	-196.25%	-4074.96%	-727.85%	1176.23%
Covered-Employee Payroll	\$ 1,331,248	\$ 1,475,555	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	-115.44%	-86.73%	-130.48%	-5.87%	-28.46%	17.41%

**Notes to Schedule:**

The discount rate remained the same at 6.00% as of December 31, 2023 and December 31, 2022.

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  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
REQUIRED SUPPLEMENTARY INFORMATION**

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

LAST TEN FISCAL YEARS\*

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 53,943	\$ 180,201	\$ 173,558	\$ 105,518	\$ 354,930	\$ 361,349	\$ 345,240	\$ 231,500
Contributions in Relation to the Contractually Required Contribution	<u>(53,943)</u>	<u>(180,201)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 1,331,248	\$ 1,475,555	\$ 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	4%	12%	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  
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REQUIRED SUPPLEMENTARY INFORMATION**

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability (Asset) - Local Group	0.0199270908%	0.0200572853%	0.0185158395%	0.0181380391%	0.0192113659%	0.0186655583%	0.0190835813%	0.0141831411%	0.0161515486%	0.0151122246%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,886,314	\$ 3,026,920	\$ 2,193,479	\$ 2,957,840	\$ 3,461,597	\$ 3,675,155	\$ 4,442,353	\$ 4,200,640	\$ 3,625,699	\$ 2,829,422
Authority's Covered-Employee Payroll	\$ 1,331,248	\$ 1,475,555	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	216.81%	205.14%	152.77%	210.99%	255.30%	269.95%	348.08%	371.88%	Not available	Not available
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Local Group	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.62%

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

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, 2023 and June 30, 2022.

**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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 266,331	\$ 252,932	\$ 216,842	\$ 198,422	\$ 186,870	\$ 185,662	\$ 176,789	\$ 126,001	\$ 138,860	\$ 124,583
Contributions in Relation to the Contractually Required Contribution	(266,331)	(252,932)	(216,842)	(198,422)	(186,870)	(185,662)	(176,789)	(126,001)	(138,860)	(124,583)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 1,331,248	\$ 1,475,555	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available
Contributions as a Percentage of Covered-Employee Payroll	20.01%	17.14%	15.10%	14.15%	13.78%	13.64%	13.85%	11.15%	Not available	Not available

## **SUPPLEMENTARY FINANCIAL INFORMATION**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**SUPPLEMENTARY FINANCIAL INFORMATION – UNAUDITED**  
**BALANCE SHEETS – TRUSTEE HELD FUNDS**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,409,485	\$ 51,356,145
Investments, Principally U.S. Government Obligations	469,933,493	432,609,376
Accrued Interest Receivable	13,465	474,346
Due from Colleges and Universities	2,065,747	2,176,440
Debt Service Subsidies Receivable	187,038	-
Loans and Leases Receivable	<u>4,939,718,800</u>	<u>4,806,138,952</u>
Total Assets	<u><u>\$ 5,413,328,028</u></u>	<u><u>\$ 5,292,755,259</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 1,352,351	\$ 32,589,514
Accrued Interest Payable	85,881,132	79,318,537
Bonds, Notes, and Leases Payable	4,966,906,300	4,829,826,452
Funds Held in Trust	<u>359,188,245</u>	<u>351,020,756</u>
Total Liabilities	<u><u>\$ 5,413,328,028</u></u>	<u><u>\$ 5,292,755,259</u></u>

*See accompanying Notes to Supplementary Financial Information.*



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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SUPPLEMENTARY FINANCIAL INFORMATION – UNAUDITED  
STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Funds Held in Trust - Beginning of Year	\$ 351,020,756	\$ 231,125,959
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	381,260,000	403,345,000
Bond Premium, Net	13,464,114	52,871,281
Annual Loan and Rental Requirements	457,207,798	445,311,760
College and University Contributions (Returned)	-	(115,196)
Investment Income	14,929,759	2,225,390
U.S. Government Debt Service Subsidies	374,075	374,075
Change in Investment Valuation Reserve	551,767	(380,425)
Total Additions	<u>867,787,513</u>	<u>903,631,885</u>
Deductions:		
Debt Service:		
Interest	218,608,193	204,631,120
Principal	247,470,152	241,281,630
Project Costs	389,090,717	229,133,612
Issuance Costs	1,810,177	1,801,343
Administrative Fees	2,640,785	2,606,908
Transfers to Escrow Accounts for Defeasance of Refunded Issues	-	104,282,475
Total Deductions	<u>859,620,024</u>	<u>783,737,088</u>
Decrease in Funds Held in Trust	<u>8,167,489</u>	<u>119,894,797</u>
Funds Held in Trust - End of Year	<u><u>\$ 359,188,245</u></u>	<u><u>\$ 351,020,756</u></u>

See accompanying Notes to Supplementary Financial Information.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION  
DECEMBER 31, 2023**

**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 activities 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, 2023 and 2022:

	2023	2022
Construction Funds	\$ 359,161,005	\$ 329,462,879
Debt Service Funds	(9,642,316)	12,267,653
Debt Service Reserve Funds	7,773,534	7,764,534
Renewal and Replacement Accounts	1,896,022	1,525,690
Total Funds Held in Trust	<u>\$ 359,188,245</u>	<u>\$ 351,020,756</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**DECEMBER 31, 2023**

**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:

	<u>2023</u>	<u>2022</u>
Investments:		
Collateralized Investment Agreements	\$ -	\$ 131,782,145
U.S. Treasury and Agency Obligations*	<u>469,933,493</u>	<u>300,827,231</u>
Total Investments	<u><u>\$ 469,933,493</u></u>	<u><u>\$ 432,609,376</u></u>

\* Includes \$440,128,656 and \$190,213,870 of investments in pooled U.S. Treasury funds at December 31, 2023 and 2022, respectively, which are uncategorized.

**NOTE 5 LOANS AND LEASES RECEIVABLE**

Since its inception, the Authority has issued obligations of \$19,736,322,125 as of December 31, 2023, 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  
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NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION  
DECEMBER 31, 2023**

**NOTE 5    LOANS AND LEASES RECEIVABLE (CONTINUED)**

Loans and leases receivable comprise the following:

	<u>2023</u>	<u>2022</u>
Loans:		
Institute for Advanced Study	\$ 12,400,000	\$ 14,300,000
Princeton University	1,948,675,000	1,963,885,000
Mortgages:		
Bloomfield College	26,233,529	26,233,529
Caldwell University	17,813,337	18,517,725
Saint Elizabeth University	19,160,000	19,595,000
Fairleigh Dickinson University	58,135,000	61,255,000
Georgian Court University	20,500,000	21,737,500
Rider University	41,770,000	41,770,000
Saint Peter's University	22,000,000	22,000,000
Seton Hall University	262,450,000	267,270,000
Stevens Institute of Technology	302,875,000	305,917,500
Leases:		
Kean University	249,817,500	264,057,500
Montclair State University	317,632,500	331,345,000
New Jersey City University	136,365,000	136,365,000
Ramapo College of New Jersey	186,767,500	188,150,000
Rowan University	27,312,500	33,792,500
Thomas Edison State University	775,000	1,530,000
The College of New Jersey	351,920,000	351,920,000
Stockton University	186,536,934	195,745,198
The William Paterson University of New Jersey	144,200,000	152,937,500
Higher Education Capital Improvement Fund	409,995,000	245,370,000
Higher Education Facilities Trust Fund	102,215,000	116,600,000
Higher Education Equipment Leasing Fund	77,425,000	6,165,000
Higher Education Technology Infrastructure Fund	16,745,000	19,680,000
Total	<u>\$ 4,939,718,800</u>	<u>\$ 4,806,138,952</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
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**NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION**  
**DECEMBER 31, 2023**

**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,	
				2023	2022
Bonds Payable					
Bloomfield College 2013 Series A	\$ 32,267,000	5/13/2043	Variable	\$ 26,233,529	\$ 26,233,529
Caldwell University 2019 Series A	17,000,000	6/1/2044	3.730%	15,010,595	15,588,588
Fairleigh Dickinson University: 2021 Series A	63,785,000	7/1/2050	2.400%	58,135,000	61,255,000
Georgian Court University: 2017 Series G	13,325,000	7/1/2037	3.818%	12,360,000	12,380,000
2017 Series H	14,095,000	7/1/2033	4.196%	8,770,000	9,965,000
Higher Education Capital Improvement Fund:					
Series 2014 A	164,245,000	9/1/2033	3.669%	104,485,000	112,470,000
Series 2014 B	14,345,000	9/1/2033	3.671%	9,125,000	9,820,000
Series 2016 A	252,270,000	9/1/2024	2.841%	4,120,000	8,770,000
Series 2016 B	142,715,000	9/1/2036	4.733%	108,430,000	114,310,000
Series 2023 A	183,835,000	9/1/2053	5.007%	183,835,000	-
Higher Education Equipment Leasing Fund:					
Series 2014 A	82,235,000	6/1/2023	1.894%	-	5,650,000
Series 2014 B	7,105,000	6/1/2023	1.894%	-	515,000
Series 2023 A	77,425,000	9/1/2023	5.000%	77,425,000	-
Higher Education Facilities Trust Fund:					
Series 2014	199,855,000	6/15/2029	3.246%	102,215,000	116,600,000
Higher Education Technology Infrastructure Fund:					
Series 2014	38,110,000	6/1/2028	3.039%	16,745,000	19,680,000
Institute for Advanced Study: 2006 Series B	29,600,000	7/1/2031	3.990%	12,400,000	14,300,000
Kean University:					
Series 2015 H	117,175,000	7/1/2039	3.762%	84,275,000	87,790,000
Series 2017 C	184,230,000	9/1/2036	3.626%	152,745,000	162,750,000
Series 2017 D	15,655,000	9/1/2039	3.310%	14,645,000	15,275,000
Montclair State University:					
Series 2014 A	189,365,000	7/1/2044	4.212%	151,690,000	160,000,000
Series 2015 D	73,770,000	7/1/2036	3.757%	63,710,000	66,685,000
Series 2016 B	118,190,000	7/1/2038	2.875%	109,435,000	111,170,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION  
DECEMBER 31, 2023**

**NOTE 6 BONDS, NOTES, AND LEASES PAYABLE (CONTINUED)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding		
				December 31,		
				2023	2022	
New Jersey City University:						
Series 2007 F	\$ 17,910,000	7/1/2032	4.337%	\$ 2,645,000	\$ 2,645,000	
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	35,885,000	
Series 2021 A	5,640,000	7/1/2036	2.874%	5,640,000	5,640,000	
Series 2021 B	38,545,000	7/1/2051	4.465%	38,545,000	38,545,000	
Princeton University:						
2014 Series A	200,000,000	7/1/2044	3.773%	176,200,000	179,600,000	
2015 Series A	156,790,000	7/1/2035	2.317%	63,135,000	67,345,000	
2015 Series D	150,000,000	7/1/2045	3.403%	131,460,000	134,940,000	
2016 Series A	109,500,000	7/1/2035	2.525%	88,000,000	92,730,000	
2016 Series B	117,820,000	7/1/2027	1.769%	69,300,000	91,820,000	
2017 Series B	342,240,000	7/1/2036	2.911%	213,020,000	228,600,000	
2017 Series C	141,095,000	7/1/2047	3.505%	129,905,000	132,910,000	
2017 Series I	357,105,000	7/1/2040	2.968%	307,110,000	319,020,000	
2021 Series B	250,000,000	3/1/2051	1.656%	238,475,000	243,855,000	
2021 Series C	179,265,000	3/1/2041	2.338%	167,270,000	173,065,000	
2022 Series A	300,000,000	3/1/2032	5.000%	300,000,000	300,000,000	
Ramapo College of New Jersey:						
Series 2015 B	45,180,000	7/1/2040	3.585%	29,940,000	29,940,000	
Series 2017 A	99,450,000	7/1/2047	3.505%	76,865,000	76,865,000	
Series 2022 A	67,880,000	7/1/2052	4.690%	67,880,000	67,880,000	
Series 2022 B	13,465,000	7/1/2042	4.293%	13,465,000	13,465,000	
Rider University:						
2017 Series F	41,770,000	7/1/2047	4.187%	41,770,000	41,770,000	
Rowan University:						
Series 2011 C	30,045,000	7/1/2025	3.705%	2,245,000	4,690,000	
Series 2016 C	45,300,000	7/1/2031	2.129%	28,485,000	32,165,000	
Saint Peter's University:						
2022 Series B	22,000,000	7/1/2035	5.250%	22,000,000	22,000,000	
Seton Hall University:						
2011 Series A	35,470,000	7/1/2026	2.997%	2,445,000	3,200,000	
2013 Series D	41,910,000	7/1/2043	2.707%	17,460,000	18,330,000	
2015 Series C	22,205,000	7/1/2037	3.819%	16,415,000	17,245,000	
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%	30,195,000	31,065,000	
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%	77,210,000	79,015,000	
2021 Series D	11,990,000	7/1/2033	N/A	11,990,000	11,990,000	
Stevens Institute of Technology:						
2017 Series A	119,905,000	7/1/2047	3.976%	103,635,000	106,600,000	
2020 Series A	174,315,000	7/1/2050	3.382%	174,315,000	174,315,000	
2020 Series B	26,480,000	7/1/2042	2.481%	26,485,000	26,485,000	

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION  
DECEMBER 31, 2023**

**NOTE 6 BONDS, NOTES, AND LEASES PAYABLE (CONTINUED)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31,		
				2023	2022	
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	
The College of Saint Elizabeth:						
2016 Series D	21,435,000	7/1/2046	4.566%	19,385,000	19,805,000	
Stockton University:						
Series 2015 E	18,830,826	7/1/2028	2.830%	7,334,434	8,930,198	
Series 2016 A	202,445,000	7/1/2041	3.175%	177,860,000	184,640,000	
Series 2020 A	5,935,000	7/1/2035	2.171%	5,375,000	5,565,000	
Thomas Edison State University:						
Series 2014 B	7,000,000	12/1/2024	2.500%	775,000	1,530,000	
The William Paterson University of New Jersey:						
Series 2012 C	33,815,000	7/1/2042	2.955%	23,180,000	25,455,000	
Series 2012 D	21,860,000	7/1/2028	2.489%	6,690,000	8,070,000	
Series 2015 C	45,695,000	7/1/2040	3.538%	23,485,000	25,005,000	
Series 2016 E	60,755,000	7/1/2038	2.877%	49,175,000	51,440,000	
Series 2017 B	27,065,000	7/1/2047	3.796%	24,195,000	24,750,000	
Series 2019 A	5,070,000	7/1/2038	3.450%	4,210,000	4,420,000	
Series 2021 C	17,900,000	7/1/2040	2.642%	17,900,000	17,900,000	
Notes Payable						
Princeton University:						
Various Commercial Paper	120,000,000	*	N/A	Variable	64,800,000	-
Leases Payable						
Caldwell	3,000,000	N/A	Variable	2,802,742	2,929,137	
				\$ 4,966,906,300	\$ 4,829,826,452	

\* Maximum authorized amount

\*\* Build America Bond

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024 - 2028	\$ 1,434,301,984
2029 - 2033	1,324,498,010
2034 - 2038	950,833,988
2039 - 2043	527,989,853
2044 - 2048	492,402,426
2049 - 2053	236,880,039
Total	<u>\$ 4,966,906,300</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTARY FINANCIAL INFORMATION  
DECEMBER 31, 2023**

**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, 2023 comprise the following:

Issue	Principal Amount Outstanding December 31, 2023	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
Stevens Institute of Technology 1998 Series I	\$ 1,410,000	\$ 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	-	22,470,000	7/1/2023	\$ 154,916	6/18/2020	Series 2020 D	182,185,000
Series 2015 G	36,225,000	61,230,000	7/1/2025	7,580,621	6/18/2020	Series 2020 D	182,185,000
Series 2016 F	31,000,000	37,705,000	7/1/2026	6,473,337	6/18/2020	Series 2020 D	182,185,000
New Jersey City University Series 2016 D	5,095,000	11,955,000	7/1/2025	(330,402)	4/21/2021	Series 2021 A & B	44,185,000
Ramapo College of New Jersey Series 2012 B	-	69,965,000	7/1/2022	10,365,659	4/5/2022	Series 2022 A	67,880,000
Series 2015 B	2,345,000	6,785,000	7/1/2022	-	4/5/2022	Series 2022 B	13,465,000
Series 2017 A	-	9,245,000	7/1/2022	-	4/5/2022	Series 2022 B	13,465,000
Seton Hall University 2016 Series D	-	11,828,286	7/1/2021	1,198,202	9/23/2021	2021 Series D	11,990,000

\* Debt Restructuring

\*\* Not NJEFA Refunding Bonds





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

Management and Members  
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 activities of the New Jersey Educational Facilities Authority (the Authority), a component unit of the State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 19, 2024.

**Report on 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

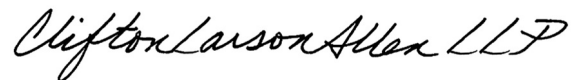
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
July 19, 2024

