

**NEW JERSEY HEALTH CARE FACILITIES
FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

TABLE OF CONTENTS

December 31, 2024 and 2023

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	5
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	11
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	12
STATEMENTS OF CASH FLOWS	13
STATEMENTS OF FIDUCIARY NET POSITION	14
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION	15
NOTES TO FINANCIAL STATEMENTS	16
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
SCHEDULE OF CONTRIBUTIONS OF RETIREE HEALTH PLAN	42
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS	43
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - PERS	44
SCHEDULE OF CONTRIBUTIONS - PERS	45
OTHER SUPPLEMENTARY INFORMATION – TRUSTEE HELD FUNDS	
STATEMENTS OF NET POSITION FOR TRUSTEE HELD FUNDS	46
STATEMENTS OF CASH FLOWS FOR TRUSTEE HELD FUNDS	47
NOTES TO OTHER SUPPLEMENTARY INFORMATION	48
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	60

INDEPENDENT AUDITORS' REPORT

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary funds of the New Jersey Health Care Facilities Financing Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2024 and 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary funds of the Authority, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

We draw attention to Note N in the notes to the financial statements which disclose the effects of the Authority's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

Page 2

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

Page 3

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying other supplementary information – trustee held funds section is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the trustee - held funds statements and accompanying notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 11, 2025

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023**

This section of the New Jersey Health Care Facilities Financing Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2024, and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights

- The Authority's total net position increased \$1,382,000 or 11.1%
- Cash and cash equivalents increased \$934,000 or 5.8%
- Operating revenue increased \$103,000 or 2.7%
- Operating expenses increased \$581,000 or 20.8%
- Operating income decreased \$478,000 or 49.1%
- Effective for the year ended December 31, 2024, the Authority implemented the provisions of GASB Statement No. 101, *Compensated Absences*. As a result of adopting this new standard, it was not practicable to determine the cumulative effect on prior periods as of January 1, 2023. Accordingly, the compensated absences liability was restated as of December 31, 2023, and the cumulative effect of the change was recognized as a restatement to the January 1, 2023 net position. Additional details regarding this change in accounting principle can be found in the notes to the financial statements.

Overview of the Financial Statements

This annual financial report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information - trustee held funds. The Authority is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the accrual basis of accounting.

Financial Analysis of the Authority

Net Position – The following table presents the Authority's condensed statements of net position at December 31, 2024, 2023 and 2022:

	2024	2023		Change	% Change
	(As Restated)	2022	2024-2023		
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Current assets	\$19,090	\$ 17,995	\$ 15,807	\$ 1,095	6.1%
Noncurrent assets	1,720	2,646	2,837	(926)	-35.0%
Total assets	20,810	20,641	18,644	169	0.8%
Deferred outflows of resources	1,926	1,161	1,556	765	65.9%
Current liabilities	2,846	2,610	2,561	236	9.0%
Long-term liabilities	4,339	4,772	5,217	(433)	-9.1%
Total liabilities	7,185	7,382	7,778	(197)	-2.7%
Deferred inflows of resources	1,705	1,956	1,519	(251)	-12.8%
Total net position	<u>\$13,846</u>	<u>\$ 12,464</u>	<u>\$ 10,903</u>	<u>\$ 1,382</u>	11.1%

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023**

Financial Analysis of the Authority (Continued)

Current assets are comprised of cash and cash equivalents (operating account and Federally Qualified Health Centers ("FQHC") loan program), administrative fees and other receivables, notes receivable, notes interest receivable and prepaid expenses. Current assets increased \$1,095,000 or 6.1% from December 31, 2023 to December 31, 2024. As of December 31, 2024, the majority of the cash and cash equivalents were held in the New Jersey Cash Management Fund ("NJCMF"), a liquid short-term investment vehicle. The yield on the NJCMF at December 31, 2024 and 2023 was 4.38% and 5.34%, respectively. Overall, the operating account cash and cash equivalents increased \$696,000 while the FQHC loan program cash and cash equivalents increased \$238,000.

The operating account cash and cash equivalents increased due to the collection of semi-annual fees, initial fees, and per series fees.

Administrative fees and other receivables increased overall by \$179,000 or 9.5%. The majority of the receivables consist of the Authority's semi-annual fee billings. The semi-annual fee billings invoiced on December 31, 2024 and 2023, totaled \$1,913,000 and \$1,812,000, respectively, or an increase of \$101,000. Eight (8) new financings were added to the Authority's portfolio in 2024. Other receivables consist of trustee fees and reimbursement due from the New Jersey Department of Health ("DOH") and the New Jersey Department of Human Services ("DHS") for services that the Authority provides to those departments. The trustee fees receivable fluctuates from year to year depending on the timing of the invoices received from the trustees and the timing of the payments received from the health care institutions with which the Authority has outstanding debt.

Prepaid expenses from December 31, 2023 to December 31, 2024, increased \$20,000 or 66.7%.

When comparing current assets as of December 31, 2022 to December 31, 2023, current assets increased \$2,188,000 or 13.8%. Overall, the operating account cash and cash equivalents increased \$1,158,000 while the FQHC loan program cash and cash equivalents increased \$1,469,000. Administrative fees and other receivables decreased overall by \$17,000 or 0.9%. The semi-annual fee billings invoiced on December 31, 2023 and 2022, totaled \$1,812,000 and \$1,860,000, respectively, or a decrease of \$48,000.

Noncurrent assets represent the Authority's capital assets which include furniture, leasehold improvements, equipment, and automobiles whose costs are in excess of \$1,000. Capital assets also included Right to Use Asset Building and Equipment. Capital assets are net of accumulated depreciation/amortization. Noncurrent assets also include the Authority's net other postemployment benefit asset.

Noncurrent assets at December 31, 2024, decreased \$926,000 or 35.0% when compared to December 31, 2023. The decrease is due to depreciation/amortization of capital assets and net other postemployment benefit asset.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023**

Financial Analysis of the Authority (Continued)

Deferred outflows of resources is a result of the requirements of the GASB Statement 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

Deferred outflows of resources at December 31, 2024 and 2023 totaled \$1,926,000 and \$1,161,000, respectively, which is a increase of \$765,000 or 65.9%.

Current liabilities in 2024 are comprised of accounts payable and accrued expenses, unearned revenue-annual fees, lease payable, and compensated absences. When compared to December 31, 2023, current liabilities increased \$236,000 or 9.0%. Accounts payable and accrued expenses increased \$120,000 or 22.7%, and unearned revenue – annual fees increased \$101,000 or 5.7% compared to December 31, 2023. The increase in unearned revenue-annual fees is substantially due to new financings the Authority had in 2024. This is offset by declining outstanding balances resulting from principal payments by institutions. It represents the semi-annual fees billed on December 31, 2024 and 2023, which cover the periods January 1, 2025 to June 30, 2025, and January 1, 2024 to June 30, 2024, respectively. Compensated absences payable – current portion represents the portion of employees' accumulated, unused leave that is expected to be used or paid out within one year. The Authority's 2023 financial statements were restated to reflect a current liability of \$126,000. As of December 31, 2024, the current portion of compensated absences payable was \$133,000. Leases payable – current portion represents the portion of lease liabilities due to be paid out within one year. As of December 31, 2024 and 2023, the current portion of leases payable was \$190,000 and \$182,000.

Deferred inflows of resources is a result of GASB Statement 68 and GASB Statement 75 and at December 31, 2024 and 2023 totaled \$1,705,000 and \$1,956,000, respectively, which is a decrease of \$251,000 or 12.8%.

Long-term liabilities represent compensated absences payable in accordance with the requirements of GASB Statement 101, long-term lease payable in accordance with the requirements of GASB Statement 87, and actuarially calculated net pension liability in accordance with the requirements of GASB Statements 68 and 75. Long-term liabilities as of December 31, 2024 and 2023 are \$4,339,000 and \$4,772,000, respectively, which is a decrease of \$433,000 or 9.1%. The decrease is due to the decline in long-term lease payable and actuarially calculated net pension liability, which decreased \$207,000 or 13.0% and \$253,000 or 8.3%, respectively, when compared to 2023. The decreases were offset by an increase in compensated absences payable, \$27,000 or 19.3%. The Authority has implemented GASB issued Statement No. 101, *Compensated Absences*. It should be noted that a retiree is entitled payment for up to one-half of their accrued sick time; but the amount of the payment cannot exceed \$15,000.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023

Financial Analysis of the Authority (Continued)

Changes in Net Position – The following table presents the changes in net position for the years ended December 31, 2024, 2023, and 2022:

	2024	2023		Change	
	(2024)	(As Restated)	2022	2024-2023	% Change
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Operating revenues					
Administrative fees					
Annual fees	\$ 3,742	\$ 3,688	\$ 4,035	\$ 54	1.5%
Initial fees	69	20	31	49	245.0%
Administrative fees - Neighborhood Loan	-	2	2	(2)	-100.0%
Per series/per master lease fees	30	20	20	10	50.0%
Mortgage servicing and					
Section 142 (d) fees	26	14	17	12	85.7%
Note Interest Income Designated					
FQHC loan program	-	20	46	(20)	-100.0%
Other income	9	9	-	-	0.0%
Total operating revenues	<u>3,876</u>	<u>3,773</u>	<u>4,151</u>	<u>103</u>	2.7%
Operating expenses					
Salaries and related expenses	2,599	2,031	1,865	568	28.0%
General and administrative	336	313	318	23	7.3%
Professional fees and other	191	197	182	(6)	-3.0%
Depreciation expense	255	259	245	(4)	-1.5%
Total operating expenses	<u>3,381</u>	<u>2,800</u>	<u>2,610</u>	<u>581</u>	20.8%
Operating income	495	973	1,541	(478)	-49.1%
Nonoperating revenues					
Interest income from investments	887	764	213	123	16.1%
Total nonoperating revenues	<u>887</u>	<u>764</u>	<u>213</u>	<u>123</u>	16.1%
Change in net position	1,382	1,737	1,754	(355)	-20.4%
Net position, beginning of year - as previously stated	12,464	10,903	9,149	1,561	14.3%
Restatement - adoption of new accounting standard	-	(176)	-	176	-100.0%
Net position, beginning of year, restated	<u>12,464</u>	<u>10,727</u>	<u>9,149</u>	<u>1,737</u>	16.2%
Net position, end of year	<u>\$ 13,846</u>	<u>\$ 12,464</u>	<u>\$ 10,903</u>	<u>\$ 1,382</u>	11.1%

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023**

Financial Analysis of the Authority (Continued)

The Authority's net position increased \$1,382,000 or 11.1% from December 31, 2023 to December 31, 2024. The Authority's net position increased \$1,561,000 or 14.3% from December 31, 2022 to December 31, 2023.

Operating revenues - During 2024, total operating revenues increased \$103,000, or 2.7% compared to 2023. When comparing the total annual fees received through December 2024 to December 2023, there was an increase of \$54,000 or 1.5%. The increase is substantially due to new financings in 2024 offset by declining outstanding balances. Initial fees increased \$49,000 compared to 2023 while per series fees increased \$10,000 compared to 2023. Initial fees and per series fees can fluctuate from year to year depending on Authority financing activity, the financing needs of the health care institutions, the actual/estimated bond size and the current economic climate. During 2024, three (3) per series fees were received in the amount of \$30,000 and \$69,000 in initial fees were received.

During 2023, two (2) per series fees were received in the amount of \$20,000 and \$20,000 in initial fees were received. The increase was due to new financings and refinancing of issues in 2023.

During 2022 two (2) per series fees were received in the amount of \$20,000 and \$31,250 in initial fees were received. The increase was due to new financings and refinancing of issues in 2022.

Interest income in 2024 was \$887,000 compared to \$764,000 in 2023 and \$213,000 received in 2022. This increase or decrease from year to year is a function of the variable interest rate on the NJCMF.

Operating expenses – During 2024, operating expenses increased \$581,000 or 20.8% when compared to 2023. The increase is mainly due to Salaries and Related Expenses, and General and Administrative Expenses.

When comparing operating expenses during 2023 to 2022, there was an increase of \$190,000 or 7.3%. The increase is mainly due to Salaries and Related Expenses. Professional fees increased slightly due to higher than average amount of services rendered by the Attorney General's Office.

Nonoperating revenues – Interest income in 2024 and 2023 represented interest earned on the Authority's checking accounts, and the operating funds invested in the NJCMF. During 2024, nonoperating revenues increased \$123,000 or 16.1% due to the increase in the interest rate in the NJCMF from an average of 4.98% in 2023 to an average of 5.08% in 2024.

Interest income in 2023 and 2022 represented interest earned on the Authority's checking accounts and the operating funds invested in the NJCMF. Interest income totaled \$764,000 in 2023 and \$213,000 in 2022. The average yield of the NJCMF for 2023 and 2022 was 4.98% and 1.71%, respectively. Additionally, more cash was available for investment which contributed to the increase in interest income.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2024 and 2023**

Contacting the Authority's Financial Management

This financial report is designed to provide New Jersey citizens, the Authority's client's investors and creditors, with a general overview of the Authority's finances. Questions about this report and/or additional financial information should be directed to the Executive Director at NJHCFFA, P.O. Box 366, Trenton, NJ 08625-0366. Readers are also invited to visit the Authority's web site at: www.njhcffa.com.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 and 2023

	2024 (\$000)	(Restated) 2023 (\$000)
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,980	\$ 12,284
Cash and cash equivalents - designated FQHC loan program	3,990	3,752
Administrative fees and other receivables	2,070	1,891
Notes receivable - designated FQHC loan program	-	37
Notes interest receivable - designated FQHC loan program	-	1
Prepaid expenses	50	30
Total current assets	<u>19,090</u>	<u>17,995</u>
Noncurrent assets:		
Net other postemployment benefit asset	182	881
Capital assets	3,072	3,044
Less accumulated depreciation/amortization	<u>(1,534)</u>	<u>(1,279)</u>
Total noncurrent assets	<u>1,720</u>	<u>2,646</u>
Total assets	<u>20,810</u>	<u>20,641</u>
Deferred outflows		
Deferred outflows of resources - related to pensions	206	215
Deferred outflows of resources - related to other postemployment benefits	<u>1,720</u>	<u>946</u>
Total deferred outflows	<u>1,926</u>	<u>1,161</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	649	529
Unearned revenue - annual fees	1,874	1,773
Compensated absences payable - current portion	133	126
Lease payable - current portion	<u>190</u>	<u>182</u>
Total current liabilities	<u>2,846</u>	<u>2,610</u>
Long-term liabilities:		
Compensated absences payable	167	140
Long-term lease payable	1,391	1,598
Net pension liability	<u>2,781</u>	<u>3,034</u>
Total long-term liabilities	<u>4,339</u>	<u>4,772</u>
Total liabilities	<u>7,185</u>	<u>7,382</u>
Deferred inflows		
Deferred inflows of resources - related to pensions	351	366
Deferred inflows of resources - related to other postemployment benefits	<u>1,354</u>	<u>1,590</u>
Total deferred inflows	<u>1,705</u>	<u>1,956</u>
Net position		
Net investment in capital assets	(43)	(15)
Unrestricted		
Undesignated	9,899	8,689
Designated - FQHC loan program	<u>3,990</u>	<u>3,790</u>
Total net position	<u>\$ 13,846</u>	<u>\$ 12,464</u>

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 and 2023

	2024 (\$000)	(Restated) 2023 (\$000)
Operating revenues		
Administrative fees		
Annual fees	\$ 3,742	\$ 3,688
Initial fees	69	20
Administrative fees - Neighborhood Loan	-	2
Per series/per master lease fees	30	20
Section 142 (d) fees	26	14
Note interest income - designated FQHC loan program	-	20
Other income	9	9
Total operating revenues	<u>3,876</u>	<u>3,773</u>
Operating expenses		
Salaries and related expenses	2,599	2,031
General and administrative expenses	336	313
Professional fees	191	197
Depreciation/Amortization expense	255	259
Total operating expenses	<u>3,381</u>	<u>2,800</u>
Operating income	<u>495</u>	<u>973</u>
Nonoperating revenues		
Interest income from investments	887	764
Total nonoperating revenues	<u>887</u>	<u>764</u>
Changes in net position	1,382	1,737
Net position, beginning of year - as previously reported	12,464	10,903
Restatement - Adoption of New Accounting Standard	-	(176)
Net position, beginning of year - as restated	<u>12,464</u>	<u>10,727</u>
Net position, end of year	<u>\$ 13,846</u>	<u>\$ 12,464</u>

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

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 and 2023**

	2024 (\$000)	2023 (\$000)
Cash flows from operating activities		
Cash received from customers	\$ 3,779	\$ 3,745
Cash payment to suppliers and employees	(3,542)	(2,930)
Net cash from operating activities	<u>237</u>	<u>815</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(28)	(62)
Proceeds from lease issuance	-	22
Lease payments	(199)	(207)
Net cash from capital and related financing activities	<u>(227)</u>	<u>(247)</u>
Cash flows from noncapital financing activities		
Note repayments from client institution - designated FQHC loan program	37	1,275
Interest received on note - designated FQHC loan program	-	20
Net cash from noncapital financing activities	<u>37</u>	<u>1,295</u>
Cash flows from investing activities		
Investment income	887	764
Net cash from investing activities	<u>887</u>	<u>764</u>
Net change in cash and cash equivalents	934	2,627
Cash and cash equivalents, beginning of year	16,036	13,409
Cash and cash equivalents, end of year	<u>\$ 16,970</u>	<u>\$ 16,036</u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 495	\$ 973
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation/amortization	255	259
Note interest income - designated FQHC loan program	-	(20)
Changes in assets, liabilities and related deferred inflows and outflows of resources:		
Administrative fees and other receivables	(179)	17
Notes interest receivable - designated FQHC loan program	1	5
Prepaid expenses	(20)	17
Accounts payable and accrued expenses	120	(11)
Unearned revenue	101	(47)
Compensated absences	34	(5)
Net pension expense	(259)	(337)
Net OPEB expense	(311)	(36)
Net cash from operating activities	<u>\$ 237</u>	<u>\$ 815</u>

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2024 and 2023

	Other Employee Benefit Trust Fund	
	2024	2023
	(\$000)	(\$000)
Assets		
Current assets:		
Restricted cash and cash equivalents	\$ 7,877	\$ 7,235
Total current assets	<u>7,877</u>	<u>7,235</u>
 Total assets	 <u><u>\$ 7,877</u></u>	 <u><u>\$ 7,235</u></u>
 Net position restricted for other postemployment benefits	 <u><u>\$ 7,877</u></u>	 <u><u>\$ 7,235</u></u>

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2024 and 2023

	Other Employee Benefit Trust Fund	
	December 31,	December 31,
	2024	2023
	(\$000)	(\$000)
Additions:		
Contribution to trust	\$ 460	\$ -
Interest and dividend income	383	113
Net increase in fair value	-	207
Less: administrative expenses	1	-
Total additions	<u>844</u>	<u>320</u>
Deductions:		
Benefits payments	<u>(202)</u>	<u>(229)</u>
Total deductions	<u>(202)</u>	<u>(229)</u>
Change in fiduciary net position	<u>642</u>	<u>91</u>
Net position beginning of year	<u>7,235</u>	<u>7,144</u>
Net position end of year	<u><u>\$ 7,877</u></u>	<u><u>\$ 7,235</u></u>

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

A. ORGANIZATION

The New Jersey Health Care Facilities Financing Authority (the “Authority”) is a public body corporate and politic, a political subdivision of the State of New Jersey (the “State”), and a public instrumentality organized and existing under and by virtue of the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c.29, N.J.S.A. 26:21:1, *et seq.* (the “Act”). The Authority is empowered to provide financing for health care organizations located in the State. In addition, as provided by the Act, the Authority at the request of the New Jersey Department of Health (“DOH”) will assist the DOH in the restructuring of the Health Care System of the State as needed. The Authority is a component unit as reflected in the annual comprehensive financial report of the State.

Under the terms of the Act, the Authority has the power to issue bonds to, in addition to other things, construct, acquire, reconstruct, rehabilitate and improve, and furnish and equip projects on behalf of health care organizations. The Authority enters into loan and security agreements, and in some cases, mortgage agreements with designated health care organizations for each revenue bond issue. The loans and/or mortgages are general obligations of the health care organizations. Each of the Authority’s issues of bonds, notes and leases is payable out of revenues derived from separate organizations and is secured by its own series resolution, note resolution or trust agreement and is separate and distinct as to source of payment and security, except for certain issues for the same organization or system which may be secured on a parity basis. The Authority assigns the loan and security agreements and, if any, mortgage agreements to the trustee for each bond issue, without recourse to the Authority.

Further, under the Hospital Asset Transformation Program, the Authority, upon written approval of the Treasurer of the State of New Jersey (the “State Treasurer”), may issue bonds in order to satisfy the outstanding bonded indebtedness of any nonprofit hospital in connection with the termination of the provision of hospital acute care services at a specific location that may no longer be necessary or useful for the provision of such care. To secure such bonds, the State Treasurer and the Authority are permitted to enter into one or more contracts providing for the payments by the State Treasurer to the Authority in each State fiscal year, from the State’s General Fund, of an amount equivalent to the amount due to be paid in that fiscal year for debt service on such bonds, subject to and dependent upon appropriations being made by the State Legislature for such purpose.

Bonds, notes and leases issued by the Authority are not a debt or liability of the State or the Authority or any political subdivision of the State and do not constitute a pledge of the faith and credit of the State or any such political subdivision thereof, but are special and limited obligations of the Authority payable solely from the amounts payable under each agreement and mortgage and from amounts in the respective debt service reserve funds, if any, and other funds held pursuant to the resolutions, trust indenture, if any, and the mortgage agreement, if any, except as noted under the Hospital Asset Transformation Program and Bond Anticipation Notes. The Authority has no taxing power.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

A. ORGANIZATION (CONTINUED)

With regard to the Authority's Master Leasing Program, health care systems ("Sublease User") can access tax-exempt equipment leases through a pre-arranged master lease financing. The Authority as lessee approves the system for a total dollar amount, and the system's members enter into leases over a specific period up to an aggregate dollar amount of leases. The system must enter into a master lease agreement with each separate lessor/equipment vendor. Each of the leases is payable out of revenues derived from the Sublease User and is secured by its own Master Lease and Sublease Agreement. The Master Lease and Sublease Agreement and the lease payments are not a debt or liability or moral obligation of the State, the Authority or any political subdivision of the State, or a pledge of the faith and credit or taxing power of the State, or the Authority, political subdivision of the State, but are special obligations payable solely from the sublease payments and other amounts payable under the Master Lease and Sublease Agreement.

The Authority is exempt from both federal and state taxes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting, as well as reports its OPEB trust in a fiduciary fund; and accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standards setting body for establishing government accounting and financial reporting principles. The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues and expenses result from providing services to various health care organizations in connection with the issuance of bonds, notes and/or leases. The Authority's principal operating revenues are the administrative fees that it charges these entities as further explained under revenue recognition. Such fees are recognized when earned. Operating expenses include administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Administrative Fees

The Authority charges an upfront fee comprised of an initial fee, per series fee or per master lease fee to those health care organizations that have executed a Memorandum of Understanding signifying the organization's intentions to have the Authority finance a project through the issuance of bonds, notes or through the entering of a master lease. A separate application fee is charged to those health care organizations who wish to finance a project through the issuance of a Capital Asset Program Loan. An annual fee is also charged to those health care organizations for which bond sales, note sales and/or lease agreements have been completed. Such fees are charged for the processing of project costs, investment management of bond proceeds, monitoring of financial performance and other services provided to the organizations. For the Authority's Federally Qualified Health Centers ("FQHCs") loan program, an initial fee, closing fee and annual fee is charged. The fees are charged for the processing of the loan, processing of project costs, if any, and monitoring of financial performance. The administrative fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient funds will be available to provide for the Authority's needs, including but not limited to, the coverage of Authority members' legal liability as a result of official actions and research and development costs consistent with the Authority's legislation. All administrative fees are deemed collectible.

Section 142(d) Fees

The Authority charges an annual fee for each low and moderate income unit located in each project financed by the Authority under Section 142(d) of the Internal Revenue Code to compensate the Authority for monitoring the project's compliance therewith. All Section 142(d) fees are deemed collectible.

Capital Assets

The Authority capitalizes fixed assets of \$1,000 or more. Capital assets as listed below are depreciated/amortized over their estimated useful lives using the straight-line method as follows:

	<u>Useful Lives</u>
Equipment	3 to 5 years
Furniture	7 years
Leasehold improvements	Term of lease
Automobiles	3 years
Office lease right-of-use-asset	11 years

Cash and Cash Equivalents

The Authority classifies all highly liquid investments with an original maturity of ninety days or less as cash and cash equivalents. Cash and cash equivalents consist of the Authority's checking account, units of the State of New Jersey Cash Management Fund ("NJCMF"), and Restricted OPEB Trust.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The components of cash and cash equivalents, as reflected in the statements of cash flows, at December 31, 2024 and 2023, are:

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
Operating checking account	\$ 59	\$ 54
NJCMF - operating	12,921	12,230
NJCMF - designated FQHC loan program	3,990	3,752
Total cash and cash equivalents	<u>\$ 16,970</u>	<u>\$ 16,036</u>

Compensated Absences

The liability for compensated absences represents the vacation and sick time (“leave”/“leave days”) and salary related payments which have been earned for services previously rendered by employees and accumulates in accordance with the Authority’s policies. It is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. Vacation days are pro-rated at commencement or termination of employment, as well as leaves of absences. The liability is calculated based on each employees’ rate of pay and the number of unused leave days accumulated as of year-end. Sick leave is for eligible employees who retire with accrued sick leave. The retiring employee may be compensated for up to one-half of their accrued sick time; but the amount of payment cannot exceed \$15,000. Management’s assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The Authority utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the Authority’s financial statements as current and long-term liabilities.

Recent Accounting Pronouncements

The Authority has adopted GASB Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note N.

The Authority has adopted GASB issued Statement No. 101, “*Compensated Absences*”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note N.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The GASB issued Statement No. 102 “*Certain Risk Disclosures*” in December 2024. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 103 “*Financial Reporting Model Improvements*” in April 2025. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 104 “*Disclosure of Certain Capital Assets*” in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

C. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority’s investment policy permits the following securities and investment vehicles: (i) Obligations of or guaranteed by the State of New Jersey or the United States of America (including obligations which have been stripped of their unmatured interest coupons, and interest coupons which have been stripped from such obligations); (ii) Obligations issued or guaranteed by any instrumentality or agency of the United States of America, whether now existing or hereafter organized; (iii) Obligations issued or guaranteed by any state of the United States or District of Columbia, so long as such obligations are rated at the time of purchase in either of the highest two credit rating categories by any two nationally recognized securities rating agencies; (iv) Repurchase agreements and guaranteed investment contracts with any banking institution, where such agreement or contract is fully secured by obligations of the kind specified in (i), (ii) or (iii) above, provided that such security is held by a third party and that the seller of such obligations represents that such obligations are free and clear of claims by any other party; (v) Interest-bearing deposits in any bank or trust company provided that all such deposits shall, to the extent not insured, be secured by a pledge of obligations of the kind in (i), (ii) or (iii); (vi) Units of participation in the NJCMF, or any similar common trust fund which is established pursuant to law as a legal depository of public moneys and for which the New Jersey State Treasurer is custodian; and (vii) Shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940, as amended, and which (1) invests its assets exclusively in obligations of or guaranteed by the

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

C. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

United States of America or any instrumentality or agency thereof having in each instance a final maturity date of less than one year from their date of purchase; (2) seeks to maintain a constant net position value per share; and (3) has aggregate net position of not less than \$50,000,000 on the date of purchase of such shares.

The Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash, Cash Equivalents 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. If the Authority had investment securities they would be exposed to custodial credit risk if the securities were uninsured, were not registered in the name of the Authority, or held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

The investment risk is that, in the event of the failure of the counterparty to a transaction, the Authority would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2024 and December 31, 2023, the Authority's bank balance of \$91,000 and \$130,000, respectively, was not exposed to custodial credit risk since the full amount was covered by FDIC insurance. The NJCMF balance of \$16,911,000 and \$15,984,000 at December 31, 2024 and December 31, 2023, respectively, which is administered by the New Jersey Department of the Treasury, Division of Investments, invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, Short-Term Commercial Paper, U.S. Government Agency Bonds, Corporate Bonds and Certificates of Deposits. Agencies that are part of the NJCMF typically earn returns that mirror short-term interest rates. The NJCMF is considered an investment pool and as such is not exposed to custodial credit risk. The Authority does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date. The majority of available funds were being held in the NJCMF, which are classified as cash and cash equivalents. The Authority does not have a formal policy for investment securities custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution. The Authority also has \$7,877,000 and \$7,235,000 cash equivalents related to its OPEB Trust in the fiduciary fund deposited with the NJCMF as of December 31, 2024 and 2023, respectively.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

C. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

- (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 or more 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 were excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer. The Authority does not have any concentration of credit risk since there were no investments in the Authority's portfolio as of December 31, 2024 and 2023.
- (c) Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority's Investment Policy.
- (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 formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. The Authority frequently evaluates the Authority's investment portfolio to determine, based on the interest rate environment, if other investment vehicles would provide higher yields at a lower cost and risk.

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.

D. FEDERALLY QUALIFIED HEALTH CENTER ("FQHC") LOAN PROGRAM

At the Authority's meeting on July 23, 2009, the members of the Authority approved the creation of a loan program using the Authority's unrestricted net position that exceeded a six-month cash-on-hand reserve (approximately \$2 million) to provide funding, including capital and working capital, for start-up FQHCs. The terms of said loans will vary from five to ten years with interest due and computed using the monthly variable rate on the NJCMF plus 2%. Subsequently, at the Authority's meeting on December 18, 2014, the members of the Authority approved expanding the loan program to existing FQHCs that would like to expand. The term of the loans and interest due for existing FQHCs will be similar to the terms for the start-up FQHCs. Further, an additional \$1.5 million from the Authority's fund balance will be added to the loan program as demand requires, which would bring the potential pool of funds to \$3.5 million. The maximum loan amount remains at \$2 million and the repaid funds will be returned to the FQHC loan program to be lent out in the future to start-up and existing FQHCs.

The Authority currently has no FQHCs in the loan program.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

E. CAPITAL ASSETS

The following schedule is a summarization of changes in capital assets for the years ended December 31, 2024 and 2023.

	December 31, 2024			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated/Amortized:				
Computers and Equipment	\$ 222,938	\$ 24,112	\$ -	\$ 247,050
Furniture and Fixtures	271,632	4,093	-	275,725
Automobiles	25,465	-	-	25,465
Leasehold Improvements	172,367	-	-	172,367
Right-of-Use Asset - Equipment	22,201	-	-	22,201
Right-of-Use Asset - Office Space	2,329,241	-	-	2,329,241
Total Capital Assets Being Depreciated/Amortized	3,043,844	28,205	-	3,072,049
Accumulated Depreciation	(642,800)	(33,226)	-	(676,026)
Accumulated Amortization	(635,983)	(222,224)	-	(858,207)
Net Capital Assets	<u>\$ 1,765,061</u>	<u>\$ (227,245)</u>	<u>\$ -</u>	<u>\$ 1,537,816</u>
	December 31, 2023			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated/Amortized:				
Computers and Equipment	\$ 187,141	\$ 35,797	\$ -	\$ 222,938
Furniture and Fixtures	267,732	3,900	-	271,632
Automobiles	25,465	-	-	25,465
Leasehold Improvements	172,367	-	-	172,367
Right-of-Use Asset - Equipment	17,738	22,201	(17,738)	22,201
Right-of-Use Asset - Office Space	2,329,241	-	-	2,329,241
Total Capital Assets Being Depreciated/Amortized	2,999,684	61,898	(17,738)	3,043,844
Accumulated Depreciation	(607,240)	(35,560)	-	(642,800)
Accumulated Amortization	(430,813)	(222,908)	17,738	(635,983)
Net Capital Assets	<u>\$ 1,961,631</u>	<u>\$ (196,570)</u>	<u>\$ -</u>	<u>\$ 1,765,061</u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

F. LONG-TERM LIABILITIES

During the years ended December 31, 2024 and 2023, the following changes occurred in long-term liabilities.

December 31, 2024					
	Beginning Balance (Restated)*	Increases	Decreases	Ending Balance	Current Portion
Leases	\$ 1,780,148	\$ -	\$ 199,162	\$ 1,580,986	\$ 189,726
Compensated Absences**	266,409	34,043	-	300,452	133,093
Net Pension Liability	3,033,583	-	252,624	2,780,959	-
Net Long-Term Liabilities	<u>\$ 5,080,140</u>	<u>\$ 34,043</u>	<u>\$ 451,786</u>	<u>\$ 4,662,397</u>	<u>\$ 322,819</u>

December 31, 2023					
	Beginning Balance (Restated)*	Increases (Restated)*	Decreases (Restated)*	Ending Balance (Restated)*	Current Portion (Restated)*
Leases	\$ 1,965,540	\$ 22,201	\$ 207,593	\$ 1,780,148	\$ 182,428
Compensated Absences**	271,740	-	5,331	266,409	126,325
Net Pension Liability	3,309,565	-	275,982	3,033,583	-
Net OPEB Liability	48,345	-	48,345	-	-
Net Long-Term Liabilities	<u>\$ 5,595,190</u>	<u>\$ 22,201</u>	<u>\$ 537,251</u>	<u>\$ 5,080,140</u>	<u>\$ 308,753</u>

*Restated for the implementation of GASB Statement No. 101, "*Compensated Absences*".

**The change in compensated absences is shown as a net change.

G. COMPENSATED ABSENCES

The Authority has adopted policies which set forth the terms under which an employee may accumulate earned, but unused vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vest with the employee. In accordance with GASB Statement No. 101, "*Compensated Absences*", the Authority has recognized a liability for compensated absences representing leave balances more likely than not to be paid upon termination or other use. The liability is calculated based on current pay rates and includes applicable salary-related payments (such as employer's share of Social Security and Medicare taxes) associated with these payments. The Authority maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

G. COMPENSATED ABSENCES (CONTINUED)

At December 31, 2024 and 2023, the liability for compensated absences was as follows:

Description	2024	(Restated) 2023
Current Portion	\$ 133,093	\$ 126,325
Noncurrent Portion	167,359	140,084
	<u>\$ 300,452</u>	<u>\$ 266,409</u>

Refer to Note N for information regarding the restatement of the December 31, 2023 balance.

H. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

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

Public Employees' Retirement System

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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.

Membership and contributing employers of the defined benefit pension plan consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefits	193,915	191,041
Inactive plan members entitled to but not yet receiving benefits	646	658
Active plan members	<u>244,324</u>	<u>241,151</u>
Total	<u>438,885</u>	<u>432,850</u>

Contributing Employers – 1,668 (As of June 30, 2024)

For the years ended December 31, 2024 and 2023 the Authority's covered payroll for all employees was \$1,949,820 and \$1,682,362. 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 year 2023 and State fiscal year 2024. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2024 and 2023, the State's pension contribution was less than the actuarially determined amount.

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 and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. It is assumed that the State will contribute 100% of its 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, 2025 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2025 for all State administered retirement systems.

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The Authority's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Authority's payments to PERS during the years ending December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Total Regular Billing	\$ 278,488	\$279,920

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. 43:15A. PERS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible 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 with 25 years or more of service credit before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

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

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the PERS reported a collective net pension liability of \$13,702,423,985 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 \$2,780,959 or 0.0204662167%, which was a decrease of 0.0004776135% from its proportion measured as of June 30, 2023.

At June 30, 2023, the PERS reported a collective 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 \$3,033,583 or 0.0209438302%.

The following presents a summary of the proportionate share of the State of New Jersey's changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the years ended June 30, 2024 and 2023:

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,708	\$ 7,404
Changes in assumptions	3,455	31,641
Net difference between projected and actual earnings on pension plan investments	-	128,945
Changes in proportion	7,528	183,486
Authority contributions subsequent to the measurement date	139,244	-
	<u>\$ 205,935</u>	<u>\$ 351,476</u>
	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,005	\$ 12,400
Changes in assumptions	6,664	183,848
Net difference between projected and actual earnings on pension plan investments	13,970	-
Changes in proportion	25,022	170,134
Authority contributions subsequent to the measurement date	139,960	-
	<u>\$ 214,621</u>	<u>\$ 366,382</u>

The \$139,244 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2025	\$ (178,436)
2026	45,330
2027	(101,855)
2028	(49,337)
2029	(487)
Total	<u>\$ (284,785)</u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions- The collective pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

June 30, 2024 and 2023	
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, 2023 valuations were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024 and 2023) 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, 2024 and 2023 are summarized in the following tables:

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Assets	3.00%	8.20%
Real Estate	8.00%	10.95%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. 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 Assets	3.00%	8.40%
Real Estate	8.00%	8.58%
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%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing 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.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Sensitivity of Net Pension Liability – the following presents the net pension liability of the Authority as of June 30, 2024, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>June 30, 2024</u>			
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,695,211	\$ 2,780,959	\$ 2,002,936

<u>June 30, 2023</u>			
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,949,080	\$ 3,033,583	\$ 2,254,374

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2024 and 2023 were \$37,740,650,902 and \$34,831,652,936, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2024 and 2023 was \$29,413,070,105 and \$27,400,438,440, respectively.

Additional information

Collective Local Group balances at June 30, 2024 are as follows:

Collective deferred outflows of resources	\$ 1,079,580,780
Collective deferred inflows of resources	1,611,322,898
Collective net pension liability	13,702,423,985
Authority's Proportion	0.0204662167%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2024 and 2023 was \$372,160,096 and (\$79,181,803), respectively. The average of the expected remaining service lives of all plan members is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21 years for the 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

H. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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, 2024 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, 2024 and June 30, 2023 are \$1,393,655,054 and \$1,354,892,653, respectively.

Special Funding Situation

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

Unaudited data provided by the PERS indicates that the total non-employer contributions made to the PERS by the State for the year ended June 30, 2024 was \$61,435,556. The portion of that contribution allocated to the Authority in 2024 was \$8,966 or 0.0205607720%. The June 30, 2024 State special funding situation pension expense of \$53,698,726 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$114,378,189 at June 30, 2024 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Authority's allocated shares of the special funding situation pension expense for the years ended June 30, 2024 and 2023 and its share of the special funding situation Net Pension Liability at that date was \$8,966 and \$9,461, respectively.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

I. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Authority sponsors and administers a single employer defined benefit health care plan (the "Plan") that provides post-employment medical coverage for eligible retirees, their spouses/domestic partners and eligible dependent children, and continues to be provided on behalf of the surviving spouse/domestic partner of a retiree. The Authority does not issue a publicly available financial report for the Plan. Employees and/or their spouses/domestic partners become eligible for these benefits upon:

- Disability retirement.
- Retirement after 25 years of creditable service in PERS and ten years of service with the Authority.
- Retirement after age 65, 25 years of PERS service, and six years of service with the Authority.
- Retirement after age 62 and 15 years of service with the Authority.

Contributions and benefit provisions for the Plan are established and amended through the members of the Authority and there is no statutory requirement for the Authority to continue this Plan for future Authority employees. The Plan is a noncontributory plan with all payments for Plan benefits being funded by the Authority.

At January 1, 2024 and January 1, 2023, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	23	23
Active employees	21	21
Total	<u>44</u>	<u>44</u>

At December 31, 2024 and 2023, funds in the Trust totaled \$7,877,109 and \$7,235,006, respectively. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,949,820 and \$1,682,362 for the years ended December 31, 2024 and 2023, respectively.

The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, level percent of pay
Investment Rate of Return	1.00 percent per annum, net of investment expenses and including inflation
Health cost trend rates	For pre-Medicare medical benefits, the trend is initially 17.90% and decreases to a 3.94% long-term trend rate after twenty years. The assumed post-65 medical trend is 9.90% for 2025 and decreases to a 3.94% long-term trend rate after twenty years.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

I. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For the ordinary death component of active mortality, 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.

For inactive mortality, the base mortality table is 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.

For disabled life mortality, 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.

The discount rate as of December 31, 2024 is 2.79% for the valuation year, which is a blended rate. Projections of the Plan's fiduciary net position have indicated that it is not expected to be sufficient to make projected benefit payments for current Plan members following the procedures described in paragraphs 48-53 of GASB Statement 74. As such, the single rate of return, as required by the Statement, is equal to a blend of the long-term expected rate of return on the Plan's assets, which is 2.00%, and the rate of return on municipal bonds, which is 3.26% as of December 31, 2024. This assumption is based on past practice and the absence of a formal funding policy for the Plan. The prior year's discount rate was 2.70%.

The changes in net OPEB liability (asset) for December 31, 2024 and 2023 is as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
<u>Change in Net OPEB Liability</u>			
Net OPEB liability at beginning of year (12/31/2023)	<u>\$6,354,108</u>	<u>\$ 7,235,006</u>	<u>\$ (880,898)</u>
Service cost	168,848		168,848
Interest	173,625		173,625
Differences between expected and actual experience	230,940		230,940
Changes of assumptions	953,957		953,957
Contributions		460,394	(460,394)
Net Investment Income		383,364	(383,364)
Benefit payments	(186,078)	(201,155)	15,077
Administrative expense		(500)	500
Net changes	<u>1,341,292</u>	<u>642,103</u>	<u>699,189</u>
Net OPEB liability/(asset) at end of year (12/31/2024)	<u>\$7,695,400</u>	<u>\$ 7,877,109</u>	<u>\$ (181,709)</u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

I. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Change in Net OPEB Liability			
Net OPEB liability at beginning of year (12/31/2022)	\$ 7,192,677	\$ 7,144,332	\$ 48,345
Service cost	212,660		212,660
Interest	126,640		126,640
Changes of assumptions	(1,006,915)		(1,006,915)
Net Investment Income		319,426	(319,426)
Benefit payments	(170,954)	(228,752)	57,798
Net changes	(838,569)	90,674	(929,243)
Net OPEB liability/(asset) at end of year (12/31/2023)	<u>\$ 6,354,108</u>	<u>\$ 7,235,006</u>	<u>\$ (880,898)</u>

The OPEB benefit for 2024 and 2023 was \$311,877 and \$35,272, respectively.

The following presents the net OPEB liability (asset), as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

December 31, 2024

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate	1% Decrease 1.79%	Discount Rate 2.79%	1% Increase 3.79%
Authority's OPEB Liability	\$ 8,908,310	\$ 7,695,400	\$ 6,711,146
Plan Fiduciary Net Position	7,877,109	7,877,109	7,877,109
Net OPEB Liability/(Asset)	<u>\$ 1,031,201</u>	<u>\$ (181,709)</u>	<u>\$ (1,165,963)</u>

December 31, 2023

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate	1% Decrease 1.70%	At Discount Rate 2.70%	1% Increase 3.70%
Authority's OPEB Liability	\$ 7,395,701	\$ 6,354,108	\$ 5,512,588
Plan Fiduciary Net Position	7,235,006	7,235,006	7,235,006
Net OPEB Liability/(Asset)	<u>\$ 160,695</u>	<u>\$ (880,898)</u>	<u>\$ (1,722,418)</u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

I. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The following presents the net OPEB liability (asset), as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

December 31, 2024

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Authority's OPEB Liability	\$ 6,547,161	\$ 7,695,400	\$ 9,163,716
Plan Fiduciary Net Position	7,877,109	7,877,109	7,877,109
Net OPEB (Asset)/Liability	<u>\$ (1,329,948)</u>	<u>\$ (181,709)</u>	<u>\$ 1,286,607</u>

December 31, 2023

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Authority's OPEB Liability	\$ 5,323,110	\$ 6,354,108	\$ 7,684,237
Plan Fiduciary Net Position	7,235,006	7,235,006	7,235,006
Net OPEB (Asset)/Liability	<u>\$ (1,911,896)</u>	<u>\$ (880,898)</u>	<u>\$ 449,231</u>

The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current and future retirees and spouses until 2044. After that time, benefit payments will be funded on a pay-as-you go basis. The discount rates are the single equivalent rates which result in the same present value as discounting future benefit payments made from assets at the long term expected rate of return and discounting future benefit payments funded on a pay-as-you-go basis at the municipal bond 20-year index rate.

Following are the details of the deferred inflows and outflows of resources:

December 31, 2024

<u>Deferred Outflows of Resources</u>	
Deferred Outflows as of January 1, 2023	\$ 946,035
Difference between Expected and Actual Experience	361,690
Changes in Assumptions or Other Inputs	412,647
Deferred Outflows as of January 1, 2024	<u>\$ 1,720,372</u>

December 31, 2024

<u>Deferred Inflows of Resources</u>	
Deferred Inflows as of January 1, 2023	\$ 1,590,401
Difference between Expected and Actual Experience	60,688
Changes in Assumptions or Other Inputs	(297,417)
Deferred Inflows as of January 1, 2024	<u>\$ 1,353,672</u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

I. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

December 31, 2023

Deferred Outflows of Resources

Deferred Outflows as of January 1, 2022	\$ 1,196,234
Difference between Expected and Actual Experience	204,676
Changes in Assumptions or Other Inputs	<u>(454,875)</u>
Deferred Outflows as of January 1, 2023	<u><u>\$ 946,035</u></u>

December 31, 2023

Deferred Inflows of Resources

Deferred Inflows as of January 1, 2022	\$ 946,629
Difference between Expected and Actual Experience	85,885
Changes in Assumptions or Other Inputs	<u>557,887</u>
Deferred Inflows as of January 1, 2023	<u><u>\$ 1,590,401</u></u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2025	\$ (12,458)
2026	(26,610)
2027	85,418
2028	125,653
2029	25,426
Thereafter	<u>169,271</u>
	<u><u>\$ 366,700</u></u>

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) as of December 31, 2024 (determined at the beginning of the measurement period) is 7.00 years.

J. LEASES

The Authority is a lessee for noncancellable leases of office space and two copiers. 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:

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

J. LEASES (CONTINUED)

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.

The Authority entered into noncancelable leases with various third parties. Current lease activities include the right-to-use office space and a copier. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liabilities 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 leases have interest rates of 4.00%.

On September 24, 2021, the Authority entered into a lease for office space from September 24, 2021 to September 23, 2026 with an automatic five-year renewal term (September 24, 2026 through September 23, 2031). An initial lease liability for the office space was recorded in the amount of \$2,329,241 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, 2024 was \$2,329,241 with accumulated amortization of \$866,694. The Authority also paid operating expenses which are not included in the measurement of the lease liability as they are variable in nature. The Authority paid \$76,471 during the year toward those variable costs.

On May 1, 2019, the Authority entered into a lease for a copier from May 1, 2019 to May 1, 2023. An initial lease liability for the copier was recorded in the amount of \$17,738 at December 31, 2020, which was the date of the implementation of GASB Statement No. 87. This lease expired during the year ended December 31, 2023.

On May 1, 2023, the Authority entered into a lease for a copier from May 1, 2023 to May 1, 2027. An initial lease liability for the copier was recorded in the amount of \$22,201 at December 31, 2024. The value of the right of use asset as of December 31, 2024 was \$22,201 with accumulated amortization of \$9,250.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

J. LEASES (CONTINUED)

The following is a summary of the remaining lease principal and interest payments as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total Payment
2025	\$ 189,726	\$ 63,909	\$ 253,635
2026	217,653	55,650	273,303
2027	231,034	46,944	277,978
2028	238,211	37,703	275,914
2029	247,739	28,175	275,914
2030-2031	456,623	26,224	482,847
	<u>\$ 1,580,986</u>	<u>\$ 258,605</u>	<u>\$ 1,839,591</u>

K. RELATED-PARTY TRANSACTIONS

Operating expenses for the years ended December 31, 2024 and 2023, include approximately \$423,131 and \$381,891, respectively, relating to payment for goods and services provided by various State agencies.

L. CONDUIT DEBT AND MASTER LEASE OBLIGATIONS

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 or rewards of the related financing. The Authority has not extended any limited, voluntary, or additional commitments in relation to the conduit debt obligations. 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. During the years ended December 31, 2024 and 2023, the Authority issued \$1,115,865,000 and \$61,705,000, respectively, in conduit debt. The amount of conduit debt outstanding at December 31, 2024 and 2023, totaled \$6,333,124,000 and \$5,985,918,000, respectively. Total assets for the trustee held funds relating to the conduit debt were \$6,425,410,000 and \$6,089,447,000, for the years ended December 31, 2024 and 2023, respectively. Total liabilities and net position for the trustee held funds relating to the conduit debt were \$6,425,410,000 and \$6,089,447,000 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the master leasing program did not have any outstanding lease balances.

M. RISK MANAGEMENT

The Authority maintains a Not-For-Profit Protector Individual and Organization Insurance Policy (Directors and Officers Liability) that provides protection to the Authority's past, present and future members, committee members, officers and staff for official actions that may have been taken while carrying out their normal duties on behalf of the Authority. The Authority's policy which covers the period December 18, 2023 through December 18, 2024, has a \$20 million liability limit with a retention level of \$250,000 at a premium cost of \$82,214.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

N. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The Authority implemented the provisions of GASB Statement No. 101, "*Compensated Absences*" for the year ended December 31, 2024. In addition to the value of unused leave time owed to employees upon separation from employment, the Authority now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result of this implementation, the beginning net position as of January 1, 2023 was restated to reflect the cumulative effect of applying the new standard. The effect of this restatement is as follows:

	Balance		
	December 31, 2023		Restated Balance
	As Reported	Restatement	December 31, 2023
	\$000	\$000	\$000
Current portion compensated absences payable	\$ -	\$ 126	\$ 126
Long-term compensated absences payable	90	50	140
Total compensated absences payable	90	176	266
Net investment in capital assets	(15)	-	(15)
Unrestricted net position:			
Undesignated	8,865	(176)	8,689
Designated - FQHC loan program	3,790	-	3,790
Total net position	<u>\$ 12,640</u>	<u>\$ (176)</u>	<u>\$ 12,464</u>

O. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the Statement of Net Position date through August 11, 2025, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS OF RETIREE HEALTH PLAN**

Schedule of Contributions (\$000)											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Actuarially determined contribution	\$ 460	\$ -	\$ 970	\$ -	\$ -	\$ 79	\$ 28	\$ 358	\$ 564	\$ 307	
Contribution in relation to the actuarially determined contribution	(460)	-	(970)	-	-	(79)	(28)	(358)	(564)	(307)	
Contribution deficiency(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered employee payroll	\$ 1,950	\$ 1,682	\$ 1,649	\$ 1,595	\$ 1,584	\$ 1,602	\$ 1,471	\$ 1,517	\$ 1,550	\$ 1,645	
Contributions as a percentage of covered employee payroll	23.61%	0.00%	58.82%	0.00%	0.00%	4.94%	1.91%	23.60%	36.39%	18.66%	

Notes to Schedule:

Valuation Date	December 31, 2023
Measurement Date	December 31, 2023 for Fiscal Year End December 31, 2024 reporting.
Actuarial Cost Method	Entry Age Normal, level percent of pay. Service Costs are attributed through all assumed ages of exit from active service.
Asset Valuation	Market values.
Miscellaneous	The valuation was prepared on an on-going plan basis.
Discount Rate	The discount rate was 2.70% as of December 31, 2022 in the prior valuation. For these results, a discount rate of 2.79% was used as of December 31, 2023.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS**

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 168,848	\$ 212,660	\$ 226,838	\$ 199,260	\$ 260,196	\$ 265,018
Interest	173,625	126,640	104,166	125,560	255,160	236,801
Differences between expected and actual experience	230,940		286,546	(19,113)	(134,096)	(35,530)
Changes of assumptions or other inputs	953,957	(1,006,915)	410,088	602,607	(1,176,699)	(277,306)
Benefit payments	(186,078)	(170,954)	(155,547)	(139,112)	(178,499)	(136,996)
Net change in total OPEB liability	1,341,292	(838,569)	872,091	769,202	(973,938)	51,987
Total OPEB liability-beginning	6,354,108	7,192,677	6,320,586	5,551,384	6,525,322	6,473,335
Total OPEB liability-ending	<u>\$ 7,695,400</u>	<u>\$ 6,354,108</u>	<u>\$ 7,192,677</u>	<u>\$ 6,320,586</u>	<u>\$ 5,551,384</u>	<u>\$ 6,525,322</u>
Plan Fiduciary Net Position						
Net investment income						\$ 138,247
Interest	\$ 383,364	\$ 113,043	\$ 80,436	\$ 2,661	\$ 43,818	102,457
Deposits	460,394		970,149			79,348
Capital gains		215,044				4,600
Benefit payments	(201,155)	(228,752)	(128,281)	(155,547)	(139,112)	(136,996)
Adjustments		(8,661)		(8)		(30,258)
Other disbursements						(130,405)
Administrative expense	(500)		(500)	(500)	(500)	(500)
Net Change in plan fiduciary net position	642,103	90,674	921,804	(153,394)	(95,794)	26,493
Plan fiduciary net position-beginning	7,235,006	7,144,332	6,222,528	6,375,922	6,471,716	6,445,223
Plan fiduciary net position-ending	<u>\$ 7,877,109</u>	<u>\$ 7,235,006</u>	<u>\$ 7,144,332</u>	<u>\$ 6,222,528</u>	<u>\$ 6,375,922</u>	<u>\$ 6,471,716</u>
Net OPEB (Asset) Liability - ending	\$ (181,709)	\$ (880,898)	\$ 48,345	\$ 98,058	\$ (824,538)	\$ 53,606
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	102.36%	113.86%	99.33%	98.45%	114.85%	99.18%
Covered employee payroll	\$ 1,949,820	\$ 1,682,362	\$ 1,648,983	\$ 1,594,965	\$ 1,583,697	\$ 1,602,132
Net OPEB (Asset) Liability as a percentage of covered-employee payroll	-9.32%	-52.36%	2.93%	6.15%	-52.06%	3.35%

Notes to Schedule:

The discount rate was 2.70% as of December 31, 2022 in the prior valuation. For these results, a discount rate of 2.79% was used as of December 31, 2023.

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 HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – PERS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of Net Pension Liability	0.0204662167%	0.0209438302%	0.0219301720%	0.0222622652%	0.0221397776%	0.0219043702%	0.0216835200%	0.0218833644%	0.0219413703%	0.0252974240%
Proportionate Share of Net Pension Liability	\$ 2,780,959	\$ 3,033,583	\$ 3,309,565	\$ 2,637,299	\$ 3,610,419	\$ 3,946,835	\$ 4,269,378	\$ 5,094,097	\$ 6,498,405	\$ 5,678,765
Covered-Employee Payroll	1,949,820	1,682,362	1,648,983	1,594,965	1,583,697	1,602,132	1,470,782	1,517,320	1,549,905	1,644,881
Proportionate Share of Net Pension Liability as a Percentage of Payroll	142.63%	180.32%	200.70%	165.35%	227.97%	246.35%	290.28%	335.73%	419.28%	345.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.08%	47.93%

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, 2024.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – PERS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 278,488	\$ 279,920	\$ 276,550	\$ 260,717	\$ 242,198	\$ 213,066	\$ 215,681	\$ 196,999	\$ 217,490	\$ 203,167
Contribution in Relation to the Contractually Required Contribution	278,488	279,920	276,550	260,717	242,198	213,066	215,681	196,999	217,490	203,167
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,949,820	\$ 1,682,362	\$ 1,648,983	\$ 1,594,965	\$ 1,583,697	\$ 1,602,132	\$ 1,470,782	\$ 1,517,320	\$ 1,549,905	\$ 1,644,881
Contributions as a Percentage of Covered- Employee Payroll	14.28%	16.64%	16.77%	16.35%	15.29%	13.30%	14.66%	12.98%	14.03%	12.35%

**OTHER SUPPLEMENTARY INFORMATION –
TRUSTEE HELD FUNDS**

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**STATEMENTS OF NET POSITION FOR TRUSTEE HELD FUNDS
DECEMBER 31, 2024 AND 2023**

	<u>2024</u> (\$000)	<u>2023</u> (\$000)
Assets		
Mortgages and loans receivable, net	\$ 5,650,142	\$ 5,477,528
Capital asset program notes receivable, net	5,786	9,643
Lease receivable	149,900	175,175
State contract bonds receivable	134,460	142,435
Construction/program accounts		
Cash and cash equivalents	308,468	100,920
Investments	1,122	429
Prepaid expenses	13	10
Debt service accounts		
Cash and cash equivalents	136,185	146,856
Investments	253	312
Receivable from master trustee/institution	9,816	8,765
Debt service reserve accounts		
Cash and cash equivalents	29,163	27,260
Investments	102	114
Total assets	<u>\$ 6,425,410</u>	<u>\$ 6,089,447</u>
Liabilities and net position		
Bonds payable	\$ 6,333,124	\$ 5,985,918
Accrued interest payable	91,202	102,673
Accrued expenses	118	66
Capital Asset Program net position	966	790
Total liabilities and net position	<u>\$ 6,425,410</u>	<u>\$ 6,089,447</u>

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**STATEMENTS OF CASH FLOWS FOR TRUSTEE HELD FUNDS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024 (\$000)	2022 (\$000)
Cash flows from operating activities		
Payments received from institutions under agreements	\$ 410,465	\$ 466,631
Equity contributions from institutions	245	5,410
Disbursements for construction/acquisition and issuance expense	(418,886)	(257,050)
Other receipts	395,626	32,731
Net cash from operating activities	<u>387,450</u>	<u>247,722</u>
Cash flows from noncapital financing activities		
Face amount of revenue bonds	616,514	61,705
Net proceeds from sale of revenue bonds	<u>616,514</u>	<u>61,705</u>
Principal/premium paid on revenue bonds	(549,297)	(224,222)
Interest paid on revenue bonds	(267,517)	(258,095)
Net cash from noncapital financing activities	<u>(200,300)</u>	<u>(420,612)</u>
Cash flows from investing activities		
Interest on investments	11,630	11,589
Net cash from investing activities	<u>11,630</u>	<u>11,589</u>
Net increase (decrease) in cash and cash equivalents	198,780	(161,301)
Cash and cash equivalents, beginning of year	275,036	436,337
Cash and cash equivalents, end of year	<u>\$ 473,816</u>	<u>\$ 275,036</u>

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

A. BACKGROUND – CONDUIT DEBT

As indicated in Note A to the Authority's financial statements, the Authority has the power to issue bonds, notes and enter into lease agreements on behalf of healthcare organizations. Each of the Authority's issues of bonds, notes and leases is payable out of revenues derived from separate organizations and is secured by its own series resolution, note resolution, trust agreement or lease agreement, and is separate and distinct as to source of payment and security, except for certain issues for the same organization or system which may be secured on a parity basis. The Authority assigns the loan and security agreements and, if any, mortgage agreements to the trustee for each bond issue. The amounts reported in these other supplementary financial statements include all Trustee Held Funds (the "Funds") maintained by the Authority's various trustees.

Bonds, notes and leases issued by the Authority are not a debt or liability of the State of New Jersey (the "State") or any political subdivision and do not constitute a pledge of the faith and credit of the State or any such political subdivision thereof, but are special and limited obligations of the Authority payable solely from the amounts payable under each agreement and mortgage and from amounts in the respective debt service reserve funds, if any, and other funds held pursuant to the resolutions, trust indenture, if any, and the mortgage agreement, if any, except as noted under the Hospital Asset Transformation Program and Bond Anticipation Notes. The Authority has no taxing power.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are maintained in accordance with the requirements of the applicable bond and note resolutions and on the accrual basis of accounting.

Description of Funds - The Authority maintains books of accounts for each of the issues of debt outstanding for the Funds. The Funds are combined for financial statement presentation. The following is a description of the Authority's financing programs:

- *Capital Asset Program* - Accounts for the receipt and disbursement of funds in connection with the Authority's Capital Asset Revenue Bonds, Series A and B. The Program was designed to issue loans to certain eligible borrowers for capital asset needs. These bonds were initially issued without designated borrowers. Under the Capital Asset Program, the Authority was required to establish a Debt Service Reserve Fund which may be used to pay debt service if pledged revenues are insufficient.
- *Revenue Bond/Note Program* - Accounts for the receipt and disbursement of funds in connection with the various revenue bonds/notes issued by the Authority to designated borrowers for specific purposes as described in the applicable bond and note resolutions.
- *Master Leasing Program* – Accounts for the receipt and disbursement of funds in connection with leases entered into by the Authority with designated borrowers for leasing of specific equipment as described in the applicable master lease and sublease agreements.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the above programs the assets of the construction/program accounts, debt service accounts and debt service reserve accounts are held by trustees in accordance with the applicable bond and note resolutions as well as lease agreements. The resolutions/agreements establish the following accounts, which are referred to as funds. These do not represent "funds" as the term is used in generally accepted accounting principles but are separate "accounts" used to delineate the accounting and reporting of bond/notes/lease related monies.

- Construction/Program Accounts - Accounts for the receipt and disbursement of monies for the payment of construction expenses, related equipment expenditures, and expenses associated with bond issues.
- Debt Service Accounts - Accounts for the receipt and disbursement of monies held on behalf of the designated borrowers for the payment of bond or note principal and interest.
- Debt Service Reserve Funds - Accounts for the receipt and disbursement of monies held in reserve on behalf of the investors in compliance with applicable bond resolutions. When required, the Debt Service Reserve Funds are generally maintained at an amount equal to the greatest annual amount of principal and interest payable.
- Master Lease Accounts – Accounts for the receipt and disbursement of monies held on behalf of sublessee user for the related equipment expenditures and for the payment of the lease principal and interest.

Interest income on these accounts (except for accounts held under the Capital Asset Program) and the interest expense on the bonds, notes and leases are recorded in the borrowers' financial statements, and therefore, the Authority does not present a statement of revenues, expenses and changes in net position for the Funds.

C. MORTGAGES AND LOANS RECEIVABLE

Loans are granted by the Authority to borrowers for periods concurrent with those of the related bond issues. In some instances, mortgages, and in most instances, a pledge of gross receipts is granted to the Authority to support the respective loans. The organizations are required to make principal and interest payments to the Authority or trustee bank sufficient to meet the principal and interest requirements of the bonds. To the extent required by the applicable bond documents, funds received by the Authority have been placed in debt service and debt service reserve funds for future principal and interest payments.

Among other things, the mortgages provide first liens on the physical property financed with the bond proceeds, and in some instances, all after-acquired property and previously existing facilities. The Authority has assigned all of its rights, title and interest in such security to the trustee bank for each respective issue. As of December 31, 2024 and 2023 there were no mortgage receivable balances.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

C. MORTGAGES AND LOANS RECEIVABLE (CONTINUED)

As of December 31, 2024 and 2023, loans receivable were:

	2024 (\$000)	2023 (\$000)
Loans		
Secured by pledge of collateral with trustees:		
Christian Health Care Center	\$ 3,690	\$ 3,930
Wiley Mission Project	3,599	4,307
Virtua Health, Inc.	36,825	39,010
St. Ann's Home for the Aged	8,444	8,784
Samaritan Healthcare and Hospice	5,774	6,059
University Hospital	232,615	238,620
Village Drive Health Care	22,530	22,850
Secured by pledge of gross receipts under Master Trust Indenture:		
Hackensack Medical Center (currently Hackensack Meridian Health)	58,257	61,290
Saint Peter's Medical Center (currently Saint Peter's University Hospital)	91,685	98,165
Hunterdon Medical Center	101,745	104,395
St. Joseph's Hospital and Medical Center Obligated Group	248,765	254,365
AHS Hospital Corporation	325,550	338,350
Christian Health Care Center	7,285	8,700
Virtua Health, Inc.	451,625	463,225
Meridian Health System Obligated Group (currently Hackensack Meridian Health)	196,018	221,171
Princeton Healthcare System	229,590	235,985
Holy Name Medical Center	95,187	46,907
Robert Wood Johnson Hospital (currently RWJ Barnabas Health, Inc.)	-	149,210
Barnabas Health, Inc. (currently RWJ Barnabas Health, Inc.)	-	129,925
St. Luke's Warren Hospital Obligated Group	39,410	39,410
Inspira Health Obligated Group	638,205	439,895
RWJ Barnabas Health Obligated Group	2,108,610	1,599,970
Hackensack Meridian Health	507,190	525,555
Valley Health System	291,345	303,470
Atlanticare Health System	270,620	274,760
Atlanticare Health System	24,200	
Total loans receivable	5,998,764	5,618,308
Less cash and investments held by trustees	348,622	140,780
Loans receivable, net	<u>\$ 5,650,142</u>	<u>\$ 5,477,528</u>

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

D. CAPITAL ASSET PROGRAM NOTES RECEIVABLE

Capital Asset Program notes receivable is for varying terms. The borrowing institutions are required to make principal and interest payments to the trustee in an amount sufficient to repay principal borrowed and to meet the interest requirements including program expenses related to the respective loans. Any principal repayments can be reloaned to other institutions as long as they are scheduled for repayment no later than six months prior to the maturity of the Capital Asset Program Bonds, Series A and B in 2035.

As of December 31, 2024 and 2023, Capital Asset Program notes receivable were:

	<u>2024</u> <u>(\$000)</u>	<u>2023</u> <u>(\$000)</u>
Hackensack Meridian Health, Inc.	\$ 5,786	\$ 9,643
Total Capital Asset Program notes receivable	<u>\$ 5,786</u>	<u>\$ 9,643</u>

E. EQUIPMENT REVENUE NOTES RECEIVABLE

Equipment revenue notes ("Notes") receivable are for varying terms. The borrowing institutions are required to make principal and interest payments to the note holder in an amount sufficient to meet the principal and interest requirements of the Notes.

The Notes are secured by first liens on all or a portion of the physical property financed with the note, or similar collateral. The Authority has assigned all of its rights, title and interest in such security to the holder of each respective note.

There are no Equipment Revenue Notes Receivable as of December 31, 2024 and 2023.

F. LEASE RECEIVABLE

The Authority entered into a 50-year lease on December 18, 2003, with the Department of Human Services of the State of New Jersey ("DHS") whereby the Authority obtained a lease on the existing property and buildings of the Greystone Park Psychiatric Hospital. The Authority agreed to make major improvements to the leased property and sublease the property back to DHS. Under the sublease, DHS agreed to make rental payments to the Authority that are sufficient to pay the principal, interest and other costs associated with the financing, subject to appropriation. There is no remedy provided to the Authority under the sublease for any default by DHS in its payments of rent or failure by DHS to make sublease payments, if the monies are not appropriated.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

F. LEASE RECEIVABLE (CONTINUED)

On May 14, 2024, the Authority issued lease revenue bonds in the aggregate principal amount of \$109,975,000 for Greystone Park Psychiatric Hospital Series 2024. The Authority had previously financed the construction of a replacement hospital on the Greystone campus through the issuance of DHS, Lease Revenue Bonds, in two phases: Phase I, for approximately \$19 million, was completed in 2003 and provided funds for the design and construction of renovations and additions to Greystone, the demolition of certain improvements, and the construction of certain roadways on the campus. Phase II, for approximately \$186.5 million, was completed in 2005 and provided funds for new construction of a 450 bed hospital, renovations to existing facilities and the acquisition of equipment, capitalized interest and the related costs of issuance. The proceeds of the Series 2013A Bonds financed the final demolition and remediation work associated with the old Greystone property. The proceeds of the Series 2013B Bonds refunded the 2003 and 2005 series of bonds. The proceeds of the Series 2024 Bonds will be used for (i) the refunding and defeasance of the NJHCFFA Greystone 2013A and 2013B Bonds, and (ii) paying the related costs of issuance.

Also on May 14, 2024, the Authority issued lease revenue bonds in the aggregate principal amount of \$54,100,000 for Marlboro Psychiatric Hospital Series 2024. The Authority had previously financed, through the issuance of its Series 2013 Bonds, (i) the demolition and remediation of the facilities related to Marlboro Psychiatric Hospital in Monmouth County, NJ, (ii) funded capitalized interest, and (iii) paid cost of issuance. The proceeds of the Series 2024 Bonds will be used for (i) the refunding and defeasance of all or a portion of the NJHCFFA Marlboro 2013 Bonds, and (ii) the payment of related costs of issuance.

	2024 (\$000)	2023 (\$000)
Greystone Park Psychiatric Hospital	\$ 97,095	\$ 116,230
Marlboro Psychiatric Hospital	52,805	58,945
Total Lease Receivable	<u>\$ 149,900</u>	<u>\$ 175,175</u>

G. STATE CONTRACT BONDS RECEIVABLE

The Hospital Asset Transformation Act (the "Transformation Act") (P. L. 2000, c. 98) amended and established a Hospital Asset Transformation Program within the Authority for the purpose of providing financial assistance by the Authority to nonprofit hospitals in the State, in connection with the termination of the provision of hospital acute care services at a specific location that may no longer be necessary or useful for the provision of such care under the Transformation Act. The Authority, subject to the prior written approval of the State Treasurer, may issue bonds in order to satisfy the outstanding bonded indebtedness of any nonprofit hospital for the purposes outlined in the Transformation Act. To secure such bonds, the State Treasurer and the Authority are permitted to enter into one or more contracts providing for the payment by the State Treasurer to the Authority in each fiscal year from the State's General Fund, of an amount equivalent to the amount due to be paid in that fiscal year for the debt service on such bonds, subject to and dependent upon appropriation being made by the State Legislature for such purpose.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

G. STATE CONTRACT BONDS RECEIVABLE (CONTINUED)

The remaining outstanding debt related to the Transformation Act bonds issued on behalf of St. Mary's Hospital and St. Michael's Medical Center in 2007 and 2008, respectively, has been refunded by State Contract Refunding Bonds in 2017, the principal and interest on which will be paid by the State Treasurer, subject to appropriation by the State Legislature, in accordance with a new State Contract issued pursuant to the Transformation Act. See note K for more detail. Transformation Act bonds issued on behalf of Community Medical Center (d/b/a Solaris Health System) in 2009 have been redeemed in full through a 2018 refunding by Hackensack Meridian Health, on its own credit, which acquired JFK Health System (f/k/a Solaris Health System) on January 1, 2018. Therefore, the bonds are no longer subject to a State Contract pursuant to the Transformation Act.

At December 31, 2024 and 2023, State contract bonds receivable were as follows:

	<u>2024</u> (\$000)	<u>2023</u> (\$000)
State Contract Refunding Bonds (HATP)	\$ 134,460	\$ 142,435
Total State contract bonds receivable	<u>\$ 134,460</u>	<u>\$ 142,435</u>

H. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The components of cash and cash equivalents and investments at December 31, 2024 and 2023, are as follows:

	<u>2024</u> (\$000)	<u>2023</u> (\$000)
Cash and cash equivalents		
Money Market Funds (which includes New Jersey Cash Management Fund)	\$ 473,816	\$ 275,036
Investments		
U.S. Treasury and Agency obligations	1,477	855
Total cash and cash equivalents and investments	<u>\$ 475,293</u>	<u>\$ 275,891</u>

The New Jersey Cash Management Fund ("NJCMF") is a common trust fund administered by the New Jersey Department of the Treasury, Division of Investment. Securities in the NJCMF are insured, registered or held by the division or its agent in the NJCMF's name. Money Market funds represent shares of open-end, diversified investment companies which, along with funds invested in the NJCMF, are "uncategorized" investments. All investments, except for investment agreements, are carried at fair value. Investment agreements are non-participating guaranteed investment contracts which are carried at cost.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

H. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments of trustee held funds are generally made in accordance with the Authority's General Bond Resolution, subject to modifications in the applicable Series Resolutions or in accordance with individual Bond Trust Agreements. The General Bond Resolution, which is amended from time to time, permits the investment of funds held by the trustee in the following: (a) obligations of or guaranteed by the State of New Jersey; the U.S. Government or agencies of the U.S. Government; (b) obligations of or guaranteed by any state of the U.S. or the District of Columbia rated in the highest two credit rating categories; (c) repurchase agreements secured by obligations noted in (a) or (b) above; (d) interest-bearing deposits in any bank or trust company, insured or secured by a pledge of obligations noted in (a) or (b) above; (e) NJCMF; and (f) shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940 which invests in obligations of or guaranteed by the U. S. Government or government agencies with maturities of less than one year and has a net position of not less than \$10,000,000. In addition, bond resolutions for the Capital Asset Program and certain bond issues permit investments in investment agreements. These investments are made at the direction of the Authority and are held by the respective trustee in the name of the Authority and the respective health care organization. Interest income earned on such investments is credited periodically to the participant's trust account.

I. REVENUE BONDS, NOTES AND MASTER LEASES

The security for the revenue bonds and notes is described in Note C and is assigned to the trustee of the bond issue or to the holder of the equipment revenue note. The bonds, notes or leases do not constitute a debt or liability of the State or any other political subdivision, or a pledge of the faith and credit of the State or any other political subdivision thereof, but are special limited obligations of the Authority payable solely from the revenues received by the Authority under the mortgage, loan, lease and note agreements and from amounts in the debt service reserve funds and other funds held pursuant to the resolutions, loan and mortgage agreements, except as described in Note G.

The security for the master lease is described in Note H and is assigned to the trustee of the master lease issue. The master lease, sublease agreement and the lease payments are not a debt or liability or moral obligation of the State, the Authority or any political subdivision of the State, or a pledge of the faith and credit or taxing power of the State or the Authority, or any political subdivision of the State, but are special obligations payable solely from the sublease payments and other amounts payable under the master lease and sublease agreement.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

I. REVENUE BONDS, NOTES AND MASTER LEASES (CONTINUED)

Revenue bonds, notes and master leases outstanding are comprised of the following:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2024 (\$000)	Amount Outstanding December 31, 2023 (\$000)
Revenue bonds				
Public issues				
Christian Health Care Center, Series 1997 B	2028	Weekly variable rate	\$ 2,400	\$ 2,900
Virtua Health, Series 2004	2033	Weekly variable rate	36,825	39,010
Christian Health Care Center, Series 2005 A-2	2035	Weekly variable rate	3,690	3,930
AHS Hospital Corp., Series 2008 A	2027	5.00	1,515	2,070
AHS Hospital Corp., Series 2008 B	2036	Weekly variable rate	88,555	88,555
AHS Hospital Corp., Series 2008 C	2036	Weekly variable rate	88,555	88,555
Christian Health Care Center, Series 2009	2038	Weekly variable rate	4,885	5,800
Virtua Health, Series 2009 B	2043	Daily variable rate	60,000	60,000
Virtua Health, Series 2009 C	2043	Daily variable rate	40,000	40,000
Virtua Health, Series 2009 D	2043	Weekly variable rate	65,000	65,000
Virtua Health, Series 2009 E	2043	Weekly variable rate	20,000	20,000
Greystone Park Psychiatric Hospital Project, Series 2013A	2033	3.50 - 5.00	-	50,730
Greystone Park Psychiatric Hospital Project, Series 2013B	2028	4.00 - 5.00	-	65,500
Marlboro Psychiatric Hospital Project, Series 2013	2033	3.00 - 5.00	-	58,945
Meridian Health System Obligated Group, Series 2013A	2032	4.00 - 5.00	-	18,070
Robert Wood Johnson University Hospital, Series 2013A	2043	3.00 - 5.50	-	93,285
Virtua Health, Series 2013	2029	3.00 - 5.00	66,820	78,420
RWJ University Hospital, Series 2014A	2043	5.00	-	55,925
Barnabas Health Obligated Group, Series 2014A	2044	4.25 - 5.00	-	129,925
Hunterdon Medical Center, Series 2014A	2045	4.00 - 5.00	14,305	14,305
University Hospital, Series 2015A	2046	4.125-5.00	232,615	238,620
Princeton Healthcare System, Series 2016A	2034	2.00 - 5.00	144,590	150,985
Inspira Health Obligated Group, Series 2016A	2036	2.00 - 5.00	129,500	134,470
St. Joseph's Healthcare System, Series 2016	2036	3.00 - 5.00	212,505	217,275
AHS Hospital Corp, Series 2016	2036	3.00 - 5.00	146,925	159,170
RWJ Barnabas Health Obligated Group, Series 2016A	2036	3.50 - 5.00	659,410	663,925
Hackensack Meridian Health, Series 2017	2057	2.50 - 5.00	507,190	525,555
Inspira Health Obligated Group, Series 2017A	2037	2.00 - 5.00	257,135	258,625
State Contract Refunding Bonds (HATP), Series 2017	2038	5.00	134,460	142,435
RWJ Barnabas Health Obligated Group, Series 2019A	2029	5.00	9,420	10,950
RWJ Barnabas Health Obligated Group, Series 2019B-1	2043	5.00	-	69,725
RWJ Barnabas Health Obligated Group, Series 2019B-2	2042	5.00	70,555	70,555
RWJ Barnabas Health Obligated Group, Series 2019B-3	2045	5.00	70,550	70,550

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

I. REVENUE BONDS, NOTES AND MASTER LEASES (CONTINUED)

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2024 (\$000)	Amount Outstanding December 31, 2023 (\$000)
Revenue bonds				
Public issues (continued)				
Valley Health System Obligated Group, Series 2019	2039	3.00 - 5.00	\$ 291,345	\$ 303,470
Hunterdon Medical Center Obligated Group, Series 2020A	2050	2.56 - 3.511	43,170	43,610
Atlanticare Health System Obligated Group, Series 2021	2051	2.00 - 5.00	208,915	213,055
RWJ Barnabas Obligated Group, Series 2021A	2051	2.625 - 5.00	677,655	714,265
St. Luke's Warren Hospital Obl. Group, Series 2022A	2044	2.56	39,410	39,410
Saint Peter's University Hospital Obligated Group, Series 2011	2037	5.00	91,685	98,165
Greystone Park Psychiatric Hospital Project, Series 2024	2034	5.00	97,095	-
Marlboro Psychiatric Hospital Project, Series 2024	2034	5.00	52,805	-
RWJ Barnabas Health Obl. Grp Issue, Series 2024A	2054	4.995	370,330	-
RWJ Barnabas Health Obl Grp Issue, Series 2024B	2036	5.00	250,690	-
Paragon Senior Living LLC Issue, Series 2024A	2033	6.25	11,050	-
Paragon Senior Living LLC Issue, Series 2024B (taxable)	2031	7.10	13,150	-
Inspira Health Obl. Grp., SER. 2024A	2054	4.856	251,570	-
Total public issues			<u>5,466,275</u>	<u>5,105,740</u>
Private placements				
St. Ann's Home for the Aged, Series 2010	2040	Indexed rate	8,444	8,784
Wiley Mission, Series 2012 Lot A	2029	Monthly variable rate	3,599	4,307
Hunterdon Medical Center, Series 2014B	2029	2.44	8,625	10,227
Hunterdon Medical Center, Series 2014D	2034	indexed rate	2,889	3,126
Hackensack University Med. Ctr., Ob. Grp., Series 2015A	2040	2.38	58,257	61,290
Samaritan Healthcare and Hospice, Series 2015	2040	2.6500	5,774	6,059
Meridian Health System Obligated Group, Series 2015A	2045	2.5000	90,639	94,972
Princeton Healthcare System, Series 2016B	2045	Indexed rate	65,000	65,000
Princeton Healthcare System, Series 2016C	2045	Indexed rate	20,000	20,000
Meridian Health System, Series 2016A	2038	Monthly variable rate	105,379	108,129
Inspira Health Obligated Group, Series 2017B	2042	Monthly variable rate	-	46,800
Village Drive Health Care Urban Renewal Issue, Series 2018	2038	5.75	22,530	22,850
Virtua Health, Series 2019	2038	3.20	199,805	199,805
Holy Name Medical Center Obligated Group, Series 2020	2025	2.25	3,460	7,120
Hunterdon Medical Center Obligated Group, Series 2020B	2045	1.41	32,756	33,127
Holy Name Medical Center Obligated Group, Series 2021	2030	1.78	36,727	39,787
St. Joseph's Healthcare System Obligated Group, Series 2022	2052	4.00 - 5.00	36,260	37,090
Atlanticare Health System Obligated Group, Series 2023	2052	Monthly variable rate	61,705	61,705
Holy Name Medical Center Obligated Group, Series 2024A	2053	4.56	55,000	-
Total private placements			<u>816,849</u>	<u>830,177</u>
Capital asset program				
Total Capital Asset Program, Series A & B	2035		50,000	50,000
Total bonds payable			<u>\$ 6,333,124</u>	<u>\$ 5,985,918</u>

(*Denotes defeased or paid off)

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

I. REVENUE BONDS, NOTES AND MASTER LEASES (CONTINUED)

The aggregate maturities and interest payments of outstanding revenue bonds, revenue notes and master leases are as follows:

Year	Principal (\$000)	Interest (\$000)	Total (\$000)
2025	\$ 244,885	\$ 260,860	\$ 505,745
2026	161,672	265,836	427,508
2027	170,412	255,393	425,805
2028	175,974	247,551	423,525
2029	301,618	239,690	541,308
2030-2034	1,362,718	1,021,784	2,384,502
2035-2039	1,478,242	712,125	2,190,367
2040-2044	1,135,820	403,973	1,539,793
2045-2049	683,793	204,550	888,343
2050-2054	590,350	79,905	670,255
2055-2059	27,640	5,582	33,222
	\$ 6,333,124	\$ 3,697,248	\$ 10,030,372

Several Authority bond issues are subject to periodic interest rate reset. Interest expense in future years, as reflected on the above schedule for variable rate bonds, is estimated based on rates in effect at or close to December 31, 2024.

J. COMPLIANCE WITH BOND PROVISIONS

Each bond issue has covenants stipulating certain financial ratios and permitted indebtedness limits with which the health care organizations must comply throughout the term of the related debt. The Authority has developed a compliance program to monitor the borrower's compliance with the terms and provisions of the related bond documents.

In the event an organization violates any of the said covenants, the bond documents outline various actions to be taken by the borrower, trustee and/or the Authority ranging from requiring an independent consultant's report related to the reasons for violations, to the appointment of a third party to take over the management of the organization. If an "Event of Default," as defined in the Series Resolution, Trust Agreement, or the Authority's General Resolution does occur, the trustee may, and upon request of the required percentage of holders in principal amount of the outstanding bonds of the applicable series, shall declare the principal immediately due and payable from the respective borrower within thirty days of written notification to the Authority or the trustee.

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024 AND 2023**

J. COMPLIANCE WITH BOND PROVISIONS (CONTINUED)

The Authority routinely monitors the financial condition of all borrowers to determine compliance with the requirements pursuant to related bond documents. On October 3, 2023 US Bank Corporate Trust Services (the "Trustee") gave notice, via a public MSRB EMMA posting, to Holders of Village Drive Health Care Urban Renewal series 2018 Bonds, and Borrower that Events of Default have occurred and continue to exist under the Bond Indenture, Loan Agreement, and Mortgage including, without limitation, the Borrower's failure to pay or cause to be paid the required payments to the Trustee pursuant to Section 5.3 of the Loan Agreement, resulting in Events of Default under Sections 7.1(a) of the Loan Agreement, 4.1 of the Mortgage, and 7.1 of the Bond Indenture. Each and every failure constitutes an Event of Default. Under the Bond Indenture, the Trustee holds funds in a Debt Service Reserve Fund to be used should monies deposited with the Trustee for debt service be insufficient to pay principal and interest when due. In the same October 3, 2023 posting, notice was also given that the Trustee had been directed by the Holders owning a majority in the aggregate of the Series 2018 Bonds outstanding (the "Majority Bondholders") to refrain from drawing on the funds held in the Debt Service Reserve Fund to make the scheduled debt service payment for October 1, 2023 and from taking any other action. The principal and interest due to bondholders on October 1, 2023 has not been paid as of this writing.

On December 28, 2017, the Authority currently refunded the remaining outstanding Transformation Act bonds issued in 2007 on behalf of the former St. Mary's Hospital and advance refunded the remaining Transformation Act bonds issued in 2008 on behalf of the former St. Michael's Medical Center, Inc. by issuing the New Jersey Health Care Facilities Financing Authority \$170,475,000 State Contract Refunding Bonds (Hospital Asset Transformation Program), Series 2017 (the "Series 2017 State Contract Refunding Bonds"). As part of the refunding, the State Treasurer entered into a new State Contract agreeing to pay the principal and interest on the bonds, subject to appropriation by the State Legislature. The Series 2017 State Contract Refunding Bonds have a final maturity of October 1, 2038, and debt service payments, as follows:

<u>State Fiscal Year</u>	<u>Principal and Interest Payments</u>
Remainder of 2025 (interest only)	\$ 3,361,500
2026	14,893,500
2027	14,898,625
2028	13,005,125
2029	13,009,375
2030	13,004,375
2031	13,004,250
2032	13,007,750
2033	13,008,750
2034	13,001,375
2035	13,009,250
2036	13,006,000
2037	13,005,500
2038	13,006,250
2039	12,797,125
Total	<u><u>\$ 189,018,750</u></u>

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

NOTES TO OTHER SUPPLEMENTARY INFORMATION DECEMBER 31, 2024 AND 2023

K. DEFEASED 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 these bond issues are used to refund the outstanding bond issues or to deposit in an irrevocable escrow account held by an escrow agent, an amount which, when combined with interest earnings thereon, is sufficient to pay the principal and interest on the defeased bonds when due. The escrow accounts meet the criteria under generally accepted accounting principles for a refunding and, accordingly, the escrow account assets and liabilities for refunded bonds are not included in the Authority's financial statements.

Certain refundings result in annual debt service savings compared to the original debt service requirements. The debt service savings, together with any accounting gain or loss to be deferred, accrue to the respective organizations. A summary of outstanding balances as of December 31, 2024 and 2023, by issue, is as follows:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2024	Amount Outstanding December 31, 2023
			(\$000)	(\$000)
Defeased public issues				
St. Clare's Hospital, Inc. Series 2004 A	2025	4.25 - 5.25%	\$ 7,265	\$ 14,200
Kennedy Health System, Series 2012	2022	2.00 - 5.00	8,905	11,660
Virtua Health, Series 2013	2029	3.00-5.00	-	4,265
Trinitas Regional Medical Center Obligated Group, Series 2016A	2030	4.00 - 5.00	7,170	8,175
Trinitas Regional Medical Center Obligated Group, Series 2017A	2030	5.00	41,260	47,035
CentraState Medical Center Obligated Group, Series 2017A	2037	3.26	29,635	30,275
Total defeased public issues			94,235	115,610
Defeased private placement issues				
Hunterdon Medical Center Obl. Group, Series 2014A	2034	2.50	-	28,430
Total partially defeased private placement issues			-	28,430
Total defeased issues			<u>\$ 94,235</u>	<u>\$ 144,040</u>

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditors' Report

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business – type activities and fiduciary funds of the New Jersey Health Care Facilities Financing Authority (“the Authority”), a component unit of the State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated August 11, 2025.

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”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Authority’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.

**Management and Members of
New Jersey Health Care Facilities Financing Authority
Trenton, New Jersey**

Page 2

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 11, 2025