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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
YEARS ENDED DECEMBER 31, 2020 AND 2019

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REPORT OF MANAGEMENT

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

The financial statements have been audited by the independent firm of PKF O'Connor Davies, LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditors' opinion is presented on page 2-4.

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

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

Sheryl A. Stitt
Acting Executive Director

Brian Sootkoos
Director of Finance

March 7, 2022

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 I Tel: 908.272.6200 I Fax: 908.272.2416 I www.pkfod.com

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary funds of the Authority as of December 31, 2020 and 2019, and the respective changes in its financial position, and, where applicable their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 – 9, the schedule of Authority's proportionate share of the net OPEB liability and schedule of Authority OPEB contributions pages 35 and 36, and the schedule of Authority's proportionate share of net pension liability and schedule of Authority pension contributions on pages 37 and 38, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial information on pages 39 – 49, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
March 7, 2022

Introduction

This section of the New Jersey Educational Facilities Authority's ("NJEFA" or the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2020 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Background

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

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

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

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

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

Business Overview

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

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

Stand-Alone Debt Transactions

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

State Grant Administration

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

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

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

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

Overview of Financial Statements

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

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

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

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

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

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

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

Financial Highlights 2020:

- The Authority issued $292 million of conduit debt for educational institutions during 2020.
- Cash and Investments represent approximately 97% of Total Assets at the end of 2020.
- The Authority's 2020 operating margin (net operating income as a percentage of operating revenues) was 21.5%.
- At December 31, 2020, Net Position represents approximately 2 times 2020 total operating expenses.

During 2020, the Authority's volume of financing activity, excluding the state-backed bond programs was approximately $270 million more than 2019. The increased volume was due primarily to the result of market conditions. The Authority continued to work with the State's public and private institutions on their multi-year plans to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment to accommodate growing demand for higher education. The Authority also helped New Jersey colleges and universities restructure outstanding issues for the greatest benefit to the institutions.

Condensed Financial Information

The following table represents condensed statement of net position information and changes between December 31, 2019 and December 31, 2020 and between December 31, 2018 and December 31, 2019:

	2020	2019	2018	Increase (Decrease) 2019 to 2020	Increase (Decrease) 2018 to 2019
Current Assets	$ 9,982,124	$ 10,000,057	$ 10,662,151	-0.18%	-6.21%
Noncurrent Investments	1,676,119	863,393	-	94.13%	100.00%
Capital Assets, Net	53,395	66,142	86,049	-19.27%	-23.13%
Security Deposit	21,505	21,505	21,505	0.00%	0.00%
Net OPEB Asset	82,325	385,851	-	-78.66%	100.00%
Deferred Outflows of Resources	1,377,923	1,130,156	1,526,382	21.92%	-25.96%
Total Assets and Def. Outflows	13,193,391	12,467,104	12,296,087	5.83%	1.39%
Current Liabilities	768,783	712,898	645,259	7.84%	10.48%
Noncurrent Liabilities	2,961,073	3,468,062	3,921,922	-14.62%	-11.57%
Total Liabilities	3,729,856	4,180,960	4,567,181	-10.79%	-8.46%
Deferred Inflows of Resources	3,440,055	3,711,608	3,384,687	-7.32%	9.66%
Total Net Position	$ 6,023,480	$ 4,574,536	$ 4,344,219	31.67%	5.30%

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2019 and 2020 and between 2018 and 2019:

	2020	2019	2018	Increase (Decrease) 2019 to 2020	Increase (Decrease) 2018 to 2019
Operating Revenues:					
Administrative Fees	$ 3,218,653	$ 2,437,351	$ 2,493,007	32.06%	-2.23%
Total Operating Revenues	3,218,653	2,437,351	2,493,007	32.06%	-2.23%
Operating Expenses:					
Salaries and Related Expenses	1,902,881	1,855,729	2,076,501	2.54%	-10.63%
General and Administrative Expenses	548,689	511,616	599,007	7.25%	-14.59%
Professional Fees	75,425	59,133	92,427	27.55%	-36.02%
Total Operating Expenses	2,526,995	2,426,478	2,767,935	4.14%	-12.34%
Net Operating Income/(Loss)	691,658	10,873	(274,928)	6261.24%	-103.95%
Nonoperating Revenues (Expenses):					
Loss of Asset Disposal	-	(129)	(895)	-100.00%	-85.59%
Investment Income	757,286	219,573	202,123	244.89%	8.63%
Change in Net Position	1,448,944	230,317	(73,700)	529.11%	-412.51%
Net Position - Beginning of Year	4,574,536	4,344,219	4,417,919	5.30%	-1.67%
Net Position - End of Year	$ 6,023,480	$ 4,574,536	$ 4,344,219	31.67%	5.30%

Analysis of Overall Financial Position and Results of Operations

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

Revenues

The Authority's revenues are derived primarily from two fees; annual fees charged with respect to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2020 increased approximately $781,300 from 2019 and total revenues for 2019 decreased approximately $56,000 from 2018.

Expenses

Operating expenses increased in 2020 by 4.14% from 2019, and 2019 decreased 12.34% from 2018.

Assets and Liabilities

Net position increased $1,448,944, or 31.67% from 2019 to 2020 and increased $230,317, or 5.30% from 2018 to 2019. Net position increased in 2020 as a result of an increase in revenues.

Contacting the Authority's Financial Management

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	$ 595,681	$ 905,527
Investments	9,272,225	9,052,158
Fees Receivable	45,820	2,078
Prepaid Expenses and Other Assets	68,398	40,294
Total Current Assets	9,982,124	10,000,057
NONCURRENT ASSETS		
Investments	1,676,119	863,393
Capital Assets, at cost, Less Accumulated Depreciation of $402,679 and $377,529 Through 2020 and 2019, Respectively	53,395	66,142
Security Deposit	21,505	21,505
Net OPEB asset	82,325	385,851
Total Noncurrent Assets	1,833,344	1,336,891
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	714,843	1,109,809
OPEB deferrals	663,080	20,347
Total Deferred Outflows of Resources	1,377,923	1,130,156
Total Assets and Deferred Outflows of Resources	$ 13,193,391	$ 12,467,104
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 763,783	$ 712,898
Unearned Revenue	5,000	
Total Current Liabilities	768,783	712,898
NONCURRENT LIABILITIES		
Net Pension Liability	2,957,840	3,461,597
Project Obligations	3,233	6,465
Total Noncurrent Liabilities	2,961,073	3,468,062
Total Liabilities	3,729,856	4,180,960
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	1,527,805	1,452,611
OPEB deferrals	1,912,250	2,258,997
Total Deferred Inflows of Resources	3,440,055	3,711,608
NET POSITION		
Investment in Capital Assets	74,900	87,647
Unrestricted	5,948,580	4,486,889
Total Net Position	6,023,480	4,574,536
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 13,193,391	$ 12,467,104

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENT OF REVENUES, EXPENSE AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Administrative Fees	$ 3,218,653	$ 2,437,351
OPERATING EXPENSES		
Salaries and Related Expenses	1,902,881	1,855,729
General and Administrative Expenses	548,689	511,616
Professional Fees	75,425	59,133
Total Operating Expenses	2,526,995	2,426,478
NET OPERATING INCOME	691,658	10,873
NONOPERATING REVENUE/(EXPENSES)		
Loss of Asset Disposal	-	(129)
Investment Income	757,286	219,573
CHANGES IN NET POSITION	1,448,944	230,317
Net Position - Beginning of Year	4,574,536	4,344,219
NET POSITION - END OF YEAR	$ 6,023,480	$ 4,574,536

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Administrative Fees	$ 3,179,911	$ 2,855,101
Payments to Employees	(1,911,725)	(1,739,118)
Payments to Suppliers	(695,629)	(675,688)
Net Cash Provided by Operating Activities	572,557	440,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments		(87,287,466)
Sale and Maturity of Investments		87,369,221
Investment Income		222,658
Transfer to Investment	(950,000)	-
Transfer from Investment	80,000	-
Net Cash (Used)/Provided by Investing Activities	(870,000)	304,413
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(12,403)	(8,857)
Net Cash Used by Capital and Related Financing Activities	(12,403)	(8,857)
NET (DECREASE) INCREASE IN CASH	(309,846)	735,851
Cash - Beginning of Year	905,527	169,676
CASH - END OF YEAR	$ 595,681	$ 905,527
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	$ 691,658	$ 10,873
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	25,150	28,636
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Fees Receivable	(43,742)	417,750
Prepaid Expenses and Other Assets	(28,104)	12,001
Accounts Payable and Accrued Expenses	50,885	67,639
Unearned Revenue	5,000	-
Project Obligations	(3,232)	(3,233)
Postemployment Benefits other than Pension and Related Deferred Items	(91,461)	(209,982)
Net Pension Liability and Related Deferred Items	(33,597)	116,611
Net Cash Provided by Operating Activities	$ 572,557	$ 440,295
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES		
Change in Fair Value of Investments	$ 297,040	$ (3,085)

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash & Equivalents	$ 18,018	$ 2,808,430
Total Current Assets	18,018	2,808,430
INVESTMENTS AT FAIR VALUE		
Mutual Fund - Equity	1,790,135	-
Mutual Fund - Bond	1,546,557	-
Total Noncurrent Assets	3,336,692	-
Total Assets	$ 3,354,710	$ 2,808,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Total Net Position	$ 3,354,710	$ 2,808,430

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Additions		
Investment Income:		
Net Increase/(Decrease) in Fair Value	$ 319,341	$ -
Interest and Dividend Income	275,152	58,024
Net Investment Income	594,493	58,024
Total Additions	594,493	58,024
Deductions		
Employer Reimbursement	(48,213)	(37,562)
Trustee Payment	-	(500)
Total Deductions	(48,213)	(38,062)
CHANGES IN NET POSITION	546,280	19,962
Net Position - Beginning of Year	2,808,430	2,788,468
NET POSITION - END OF YEAR	$ 3,354,710	$ 2,808,430

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND FUNCTION OF THE AUTHORITY

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

The Authority is exempt from both federal and state taxes.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

Administrative Fees

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

Capital Assets

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

Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2020 and 2019, the amount of conduit debt outstanding totaled $4,780,581,076 and $4,742,324,053, respectively.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows and Outflows of Resources

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

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

Accounting Standard Adopted

GASB issued GASB Statement No. 84 (GASB No. 84), *Fiduciary Activities*, which is effective for reporting periods beginning after December 15, 2018. GASB No. 84 addresses criteria for identifying activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units. Activities meeting these criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. In 2019, the Authority adopted the GASB No. 84 criteria as it relates to its OPEB plan.

Recent Accounting Standards

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Standards (continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has determined that GASB 91 will not impact its financial statements.

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

Reclassifications

Certain amounts in 2019 have been reclassified to conform with the 2020 presentation.

NOTE 3 DEPOSITS AND INVESTMENTS

At December 31, 2019 and 2019, the Authority's bank balance excluding payments and deposits in transit was $1,286,060 and $909,724, respectively. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts are protected by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

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

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

As of December 31, 2020 and 2019, the Authority had the following recurring fair value measurements using current sale prices (Level 1 inputs) or sale prices of comparable securities (Level 2 inputs) and using net asset value (NAV) per share valuation for Money Market Mutual Funds for investments and cash equivalents, and maturities:

		2020		
Investment Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
U.S. Treasury Bill	$ 849,393	$ 849,393	$ -	$ -
U.S. Treasury Note	3,106,330	3,106,330	-	-
U.S. Agencies	483,547	-	483,547	-
Commercial Paper	1,536,705	-	1,536,705	-
Certificate of Deposit	3,756,054	-	3,756,054	-
Asset-Backed Security	1,180,209	-	1,180,209	-
Money Market Funds	36,106	36,106	-	-
	$ 10,948,344	$ 3,991,829	$ 6,956,515	$ -

		2019		
Investment Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
U.S. Treasury Bill	$ 653,642	$ 653,642	$ -	$ -
U.S. Treasury Note	2,418,983	2,418,983	-	-
U.S. Agencies	1,003,288	-	1,003,288	-
Corporate Bonds	1,232,857	-	1,232,857	-
Commercial Paper	757,498	-	757,498	-
Certificate of Deposit	2,941,653	-	2,941,653	-
Asset-Backed Security	863,393	-	863,393	-
Money Market Funds	44,237	44,237	-	-
	$ 9,915,551	$ 3,116,862	$ 6,798,689	$ -

In 2020 and 2019, the Authority had $36,106 and $44,237, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury.

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

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

At December 31, 2020 and 2019, the Authority's bank balances were not exposed to custodial credit risk since the amounts were covered by either FDIC insurance or New Jersey GUDPA.

As of December 31, 2020 and 2019, the Authority's investments consisted of U.S. Treasury and Agency Obligations in the amount of $4,439,270 and $4,075,913, respectively, Investment Agreements in the amount of $6,472,968 and $5,795,401, respectively, and Money Market Mutual Funds in the amount of $36,106 and $44,237, respectively. Since the investments are registered in the Authority's name, they are not exposed to custodial credit risk.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2020 and 2019, the Authority was not exposed to a concentration of credit risk.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

The following table summarizes S&P's agency ratings of the Authority's investments at fair value as of December 31, 2020 and 2019:

Investment Type	Quality Rating	2020	2019
U.S. Treasury Bill	A-1+	$ 849,393	$ 653,642
U.S. Treasury Note	AA+	3,106,330	2,418,983
U.S. Agencies	A-1+	349,910	1,003,287
U.S. Agencies	AA+	133,637	-
Corporate Bonds	A	-	610,779
Corporate Bonds	A-	-	622,078
Commercial Paper	A-1	1,426,870	309,152
Commercial Paper	A-1+	109,835	448,346
Certificate of Deposit	A-1	2,995,785	1,990,780
Certificate of Deposit	A-1+	760,269	950,874
Asset-Backed Security	AAA	1,180,209	863,393
Money Market Funds	AAAm	36,106	44,237
		$ 10,948,344	$ 9,915,551

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2020 and 2019, the Authority had the following investments and maturities.

December 31, 2020:

		Maturities (in years)		
Investment Type	Fair Value	less than 1	1-5	greater than 5
U.S. Treasury Bill	$ 849,393	$ 849,393	$ -	$ -
U.S. Treasury Note	3,106,330	2,594,084	512,246	-
U.S. Agencies	483,547	483,547	-	-
Commercial Paper	1,536,705	1,536,705	-	-
Certificate of Deposit	3,756,054	3,756,054	-	-
Asset-Backed Security	1,180,209	16,336	1,163,873	-
Money Market Funds	36,106	36,106		
	$ 10,948,344	$ 9,272,225	$ 1,676,119	$ -

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

December 31, 2019:

		Maturities (in years)		
Investment Type	**Fair Value**	**less than 1**	**1-5**	**greater than 5**
U.S. Treasury Bill	$ 653,642	$ 653,642	$ -	$ -
U.S. Treasury Note	2,418,983	2,418,983	-	-
U.S. Agencies	1,003,288	1,003,288	-	-
Corporate Bonds	1,232,857	1,232,857	-	-
Commercial Paper	757,498	757,498	-	-
Certificate of Deposit	2,941,653	2,941,653	-	-
Asset-Backed Security	863,393	-	863,393	-
Money Market Funds	44,237	44,237		
	$ 9,915,551	$ 9,052,158	$ 863,393	$ -

For the years ended December 31, 2020 and 2019, investment income comprised the following:

	2020	2019
Interest Earnings	$ 460,246	$ 222,658
Net Increase in Fair Value of Investments	297,040	(3,085)
Total Investment Income	$ 757,286	$ 219,573

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS), 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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

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

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

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020 and 2019:

	2020	2019
Inactive plan members or beneficiaries currently receiving benefits	182,492	178,748
Inactive plan members entitled to but not yet receiving benefits	942	609
Active plan members	249,045	252,598
Total	432,479	431,955

Contributing Employers – 1,691

For the years ended December 31, 2020 and 2019 the Authority's total and covered payroll for all employees was $1,401,916 and $1,335,909. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Commission to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019 and State fiscal year 2020. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

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 while the State will contribute 78% of its actuarially determined contribution and 100% of its NCGIPF contribution for all years of the projection. The 78% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2020 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2020 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.

The Authority's payments to PERS during the years ending December 31, 2020 and 2019 consisted of the following:

	2020	2019
Total Regular Billing	$ 198,422	$ 186,870

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

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

The following represents the membership tiers for PERS:

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

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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the PERS reported a net pension liability of $18,143,832,135 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was $2,957,840 or 0.0181380391%, which was a decrease of 0.0010733268% from its proportion measured as of June 30, 2019.

At June 30, 2019, the PERS reported a net pension liability of $18,143,832,135 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 $3,461,597 or 0.0192113659%.

The following presents a summary of the Authority's proportionate share of the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the year ended June 30, 2020 and 2019:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,857	$ 10,460
Changes of assumptions	95,956	1,238,476
Net difference between projected and actual investment earnings on pension plan investments	101,101	
Changes in proportion	364,718	278,869
Authority contributions subsequent to the measurement date	99,211	
	$ 714,843	$ 1,527,805

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 62,131	$ 15,292
Changes of assumptions	345,653	1,201,509
Net difference between projected and actual investment earnings on pension plan investments		54,643
Changes in proportion	608,590	181,167
Authority contributions subsequent to the measurement date	93,435	
	$ 1,109,809	$ 1,452,611

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

The $99,211 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, 2021. 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
2021	$ (241,377)
2022	(278,899)
2023	(242,968)
2024	(124,213)
2025	(24,716)
Total	$ (912,173)

Actuarial Assumptions- The collective pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

June 30, 2020 and 2019	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% based on years of service
Investment rate of return	7.00%

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

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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

The actuarial assumptions used in the July 1, 2019 and July 1, 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 and 2019 are summarized in the following tables:

2020

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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

2019		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020 and 6.28% as of June 30, 2019. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

June 30, 2020	At 1% Decrease	At Current Discount Rate (7.00%)	At 1% Increase
PERS	$ 3,723,427	$ 2,957,840	$ 2,308,218

June 30, 2019	At 1% Decrease	At Current Discount Rate (6.28%)	At 1% Increase
PERS	$ 4,372,560	$ 3,461,597	$ 2,693,982

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2020 and 2019 were $29,045,369,302 and $29,847,977,666, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 and 2019 was $22,997,176,445 and $23,347,631,751, respectively.

Additional information

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	$ 2,347,583,337
Collective deferred inflows of resources	7,849,949,407
Collective net pension liability	16,435,616,426
Authority's Proportion	0.0181380391%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2020 and 2019 was $407,705,399 and $974,471,686, respectively. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

State Contribution Payable Dates

Prior to July 1, 2019 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2019 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

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, 2020 and June 30, 2019 are $1,144,889,253 and $1,038,892,124, respectively.

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS

The New Jersey Educational Facilities Authority provides healthcare to its employees and retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions;* therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us./treasury/pensions/financial-reports.shtml.

In April 2008, the Authority established and funded an irrevocable trust in the amount of $2,000,000 to pay for the employee postretirement medical benefits. The Authority established the trust for its OPEB obligations (OPEB Trust) for the exclusive benefit of the OPEB Trust beneficiaries and not of the Authority. The ownership of the OPEB Trust assets are not considered funds or assets of the Authority for any purpose. All of the OPEB Trust assets are irrevocably dedicated to, and are used for the exclusive purpose of, making payments of benefits to or for the benefit of the Authority OPEB Plan beneficiaries and for paying administrative expenses of the Authority OPEB Plan and the OPEB Trust and will not be available to any creditors of the Authority. The OPEB Trust does not issue a stand-alone financial report and its financial statements are reported as a fiduciary fund in the Authority's financial report. At December 31, 2020 and 2019, the fair value of this trust fund was $3,354,710 and $2,808,430.

At June 30, 2020 and 2019, Nineteen (19) and Eighteen (18) plan members (active and retiree) were receiving postretirement health care benefits in which the Authority was billed $105,518 and $354,930, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to the retirees.

Benefits Provided

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

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

Contributions

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

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was $12,484,309,814 and $8,020,352,361 at June 30, 2020 and 2019, respectively.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the New Jersey Educational Facilities Authority was $3,272,385 and $2,422,579 at June 30, 2020 and 2019, respectively. These allocated liabilities represent 0.018234% and 0.017884% of the State's Total Non-employer OPEB Liability for June 30, 2019 and 2018, respectively.

Components of Net OPEB Liability – The components of the collective net OPEB liability for PERS, including the State of New Jersey, is as follows:

	June 30, 2020	June 30, 2019
Total OPEB Liability	$ 18,111,475,228	$ 13,819,244,582
Plan Fiduciary Net Position	164,862,282	273,173,482
Net OPEB Liability	$ 17,946,612,946	$ 13,546,071,100
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.98%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases*:	
Public Employees' Retirement Systems (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00 - 6.00%
Rate thereafter	3.00 - 7.00%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

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

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience study prepared for July 1, 2014 to June 30, 2018.

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

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate - The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2020 and 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	June 30, 2020		
	1% Decrease (1.21%)	At Discount Rate (2.21%)	1% Increase (3.21%)
Total Net OPEB Liability	$21,216,688,254	$17,946,612,946	$15,358,051,000
Authority's Share	$ 3,868,650	$ 3,272,385	$ 2,800,387

	June 30, 2019		
	1% Decrease (2.50%)	At Discount Rate (3.50%)	1% Increase (4.50%)
Total Net OPEB Liability	$15,662,704,137	$13,546,071,100	$11,826,026,995
Authority's Share	$ 2,801,118	$ 2,422,579	$ 2,114,966

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

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

The following presents the net OPEB liability as of June 30, 2020 and 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	$14,850,840,718	$17,946,612,946	$22,000,569,109
Authority's Share	$ 2,707,902	$ 3,272,385	$ 4,011,583

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	$11,431,214,644	$13,546,071,100	$16,243,926,531
Authority's Share	$ 2,044,358	$ 2,422,579	$ 2,905,063

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience	$ 86,192	$ 609,379
Changes of assumptions	489,446	727,728
Changes in proportion	68,123	575,143
Net difference between projected and actual investment earnings on OPEB plan investments	2,078	
Authority contributions subsequent to the measurement date	17,241	
	$ 663,080	$ 1,912,250

	June 30, 2019	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience		$ 708,457
Changes of assumptions		858,508
Changes in proportion		692,032
Net difference between projected and actual investment earnings on OPEB plan investments	$ 1,996	
Authority contributions subsequent to the measurement date	18,351	
	$ 20,347	$ 2,258,997

NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)

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

Year ending	Amount
2021	$ (285,102)
2022	(285,279)
2023	(285,545)
2024	(285,756)
2025	(169,555)
Thereafter	44,826
Total	$(1,266,411)

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

NOTE 6 COMMITMENTS AND CONTINGENCIES

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

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

NOTE 7 NET POSITION

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

- **Investment in Capital Assets** are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.

- **Unrestricted** is the remaining net position, which can be further categorized as designated or undesignated. The designated position is not governed by statute or contract but is committed for specific purposes pursuant to Authority policy and/or directives. The designated portion includes funds and assets committed to working capital.

NOTE 7 NET POSITION (continued)

The changes in net position are as follows:

	Investment in Capital Investments	Unrestricted	Total
Net Position at December 31, 2018	$ 107,554	$ 4,236,665	$ 4,344,219
Net Position Change	-	230,317	230,317
Loss on Capital Asset Disposals	8,858	(8,858)	-
Capital Asset Additions	(129)	129	-
Depreciation	(28,636)	28,636	-
Net Position at December 31, 2019	87,647	4,486,889	4,574,536
Net Position Change	-	1,448,944	1,448,944
Capital Asset Additions	12,403	(12,403)	-
Depreciation	(25,150)	25,150	-
Net Position at December 31, 2020	$ 74,900	$ 5,948,580	$ 6,023,480

NOTE 8 RISK MANAGEMENT

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

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

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS*

	2020	2019	2018	2017	2016
Authority's Total OPEB Liability, Beginning Balance	$ 2,422,579	$ 3,025,537	$ 4,086,424	$ 4,803,686	$ 3,462,400
Net Activity	849,806	(602,958)	(1,060,887)	(717,262)	1,341,286
Authority's Total OPEB Liability, Ending Balance	$ 3,272,385	$ 2,422,579	$ 3,025,537	$ 4,086,424	$ 4,803,686
Authority's proportion of the net OPEB (asset) liability	0.018234%	0.017884%	0.019312%	0.020016%	0.022119%
Authority's proportionate share of the net OPEB (asset) liability	$ (82,325)	$ (385,851)	$ 237,069	$ 1,349,459	$ 467,762
Authority's covered-employee payroll	$ 1,401,916	$ 1,355,909	$ 1,361,404	$ 1,276,233	$ 1,129,567
Authority's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	-5.87%	-28.46%	17.41%	105.74%	41.41%
Plan fiduciary net position as a percentage of the total OPEB liability	102.52%	115.93%	92.16%	66.07%	56.51%

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

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

Notes to Required Supplementary Information

Benefit Changes
As of June 30, 2020, Chapter 48 provisions were updated and adopted which provide different levels of subsidy than in the prior fiscal year.

Changes of Assumptions
The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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

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

LAST TEN FISCAL YEARS*

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

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

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

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

LAST TEN FISCAL YEARS*

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

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

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

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

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

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

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

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

REQUIRED SUPPLEMENTARY INFORMATION

BALANCE SHEETS – TRUSTEE HELD FUNDS

	2020	2019
ASSETS		
Investments, Principally U.S. Government Obligations	$ 349,667,277	$ 235,663,277
Accrued Interest Receivable	468,519	74,115
Due from Colleges and Universities	2,345,730	2,350,492
Loans and Leases Receivable	4,750,676,076	4,707,946,553
Total Assets	$5,103,157,602	$ 4,946,034,437
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 19,425,791	$ 3,328,978
Accrued Interest Payable	87,797,785	89,397,037
Bonds, Notes, and Leases Payable	4,780,581,076	4,742,324,053
Funds Held in Trust	215,352,950	110,984,369
Total Liabilities	$5,103,157,602	$ 4,946,034,437

STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS

	2020	2019
Funds Held in Trust - Beginning of Year	$ 110,984,369	$233,731,525
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	567,808,319	88,785,159
Annual Loan and Rental Requirements	515,901,195	499,118,381
College and University Contributions (Returned)	(119)	(33,264)
Investment Income	2,664,158	4,669,648
U.S. Government Debt Service Subsidies	373,678	1,256,039
Change in Investment Valuation Reserve	(1,293,657)	407,522
Total Additions	1,085,453,574	594,203,485
Deductions:		
Debt Service:		
Interest	210,142,370	216,483,040
Principal	298,840,478	283,210,206
Project Costs	275,557,771	192,730,702
Issuance Costs	8,789,241	270,271
Administrative Fees	2,403,863	2,437,350
Transfers to Escrow Accounts for Defeasance of Refunded Issues	185,351,270	21,819,072
Total Deductions	981,084,993	716,950,641
Decrease in Funds Held in Trust	104,368,581	(122,747,156)
Funds Held in Trust - End of Year	$ 215,352,950	$110,984,369

NOTE 1 INTRODUCTION

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 FUNDS HELD IN TRUST

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2020 and 2019:

	2020	2019
Construction Funds	$ 190,265,074	$ 101,391,244
Debt Service Funds	15,974,899	881,136
Debt Service Reserve Funds	7,732,251	7,732,251
Renewal and Replacement Accounts	1,380,726	979,738
Total Funds Held in Trust	$ 215,352,950	$ 110,984,369

NOTE 4 CASH AND INVESTMENTS

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

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

	2020	2019
Investments:		
Collateralized Investment Agreements	$ 82,642,267	$ 2,591,727
U.S. Treasury and Agency Obligations*	267,025,010	233,071,550
Total Investments	$ 349,667,277	$ 235,663,277

* Includes $150,020,795 and $181,974,977 of investments in pooled U.S. Treasury funds at December 31, 2020 and 2019, respectively, which are uncategorized.

NOTE 5 LOANS AND LEASES RECEIVABLE

Since its inception, the Authority has issued obligations of $18,504,593,125 as of December 31, 2020, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
DECEMBER 31, 2020 AND 2019

NOTE 5 LOANS AND LEASES RECEIVABLE (continued)

	2020	2019
Loans:		
Institute for Advanced Study	$ 32,225,000	$ 35,220,000
New Jersey Institute of Technology	-	49,300,000
Princeton University	1,631,960,000	1,698,235,000
Mortgages:		
Bloomfield College	27,919,768	28,713,062
Caldwell University	17,194,649	17,511,310
Saint Elizabeth University	20,157,500	20,425,000
Fairleigh Dickinson University	50,266,099	55,926,991
Georgian Court University	24,647,500	25,762,500
Institute for Defense Analyses	6,755,000	7,320,000
Rider University	69,405,000	71,125,000
Saint Peter's University	19,885,712	22,229,980
Seton Hall University	274,117,500	166,177,500
Stevens Institute of Technology	285,087,500	113,402,500
Leases:		
Kean University	290,272,488	298,112,442
Montclair State University	357,622,500	371,162,500
New Jersey City University	128,032,500	133,200,000
Passaic County Community College	-	11,627,500
Ramapo College of New Jersey	196,610,000	204,617,500
Rowan University	45,515,000	51,340,000
Thomas Edison State University	6,941,468	8,132,777
The College of New Jersey	351,920,000	320,507,500
Stockton University	211,058,392	209,672,491
The William Paterson University of New Jersey	150,912,500	158,775,000
Higher Education Capital Improvement Fund	356,805,000	408,950,000
Higher Education Facilities Trust Fund	143,355,000	155,785,000
Higher Education Equipment Leasing Fund	19,785,000	26,665,000
Higher Education Technology Infrastructure Fund	25,140,000	27,675,000
Library Grant Program	7,085,000	10,375,000
Total	$ 4,750,676,076	$ 4,707,946,553

NOTE 6 BONDS, NOTES AND LEASES PAYABLE

Bonds, notes, and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2020	Amount Outstanding December 31, 2019
Bloomfield College					
2013 Series A	$ 32,267,000	5/13/2043	Variable	$ 27,919,768	$ 28,713,062
Caldwell University (formerly Caldwell College):					
2019 Series A	17,000,000	6/1/2044	3.730%	16,479,490	16,796,151
Fairleigh Dickinson University:					
2006 Series G	14,505,000	7/1/2028	4.954%	7,300,000	8,030,000
2006 Series H	2,147,554	7/1/2027	4.954%	463,599	521,991
2014 Series B	51,925,000	2/1/2029	3.678%	36,515,000	39,005,000
2015 Series B	19,675,000	7/1/2045	3.932%	6,370,000	8,735,000
Georgian Court University:					
2017 Series G	13,325,000	7/1/2037	3.818%	13,115,000	13,200,000
2017 Series H	14,095,000	7/1/2033	4.196%	12,100,000	13,110,000
Higher Education Capital Improvement Fund:					
Series 2002 A	194,590,000	9/1/2022	4.599%	1,640,000	1,640,000
Series 2014 A	164,245,000	9/1/2033	3.669%	127,290,000	134,160,000
Series 2014 B	14,345,000	9/1/2033	3.671%	11,115,000	11,715,000
Series 2014 C	21,230,000	9/1/2020	1.696%	-	4,015,000
Series 2014 D	3,490,000	9/1/2020	1.712%	-	660,000
Series 2016 A	252,270,000	9/1/2024	2.841%	91,530,000	126,465,000
Series 2016 B	142,715,000	9/1/2036	4.733%	125,230,000	130,295,000
Higher Education Equipment Leasing Fund:					
Series 2014 A	82,235,000	6/1/2023	1.894%	17,665,000	23,705,000
Series 2014 B	7,105,000	6/1/2023	1.894%	2,120,000	2,960,000
Higher Education Facilities Trust Fund:					
Series 2014	199,855,000	6/15/2029	3.246%	143,355,000	155,785,000
Higher Education Technology Infrastructure Fund:					
Series 2014	38,110,000	6/1/2028	3.039%	25,140,000	27,675,000

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Institute for Advanced Study:					
2006 Series B	$ 29,600,000	7/1/2031	3.990%	$ 17,800,000	$ 19,500,000
2006 Series C	20,000,000	7/1/2036	Variable	13,700,000	14,300,000
2008 Series C	11,255,000	7/1/2021	3.619%	725,000	1,420,000
Institute for Defense Analysis:					
2000 Series D	16,695,000	10/1/2030	Variable	6,755,000	7,320,000
Kean University:					
Series 2009 A	179,380,000	9/1/2036	6.404%	262,488	-
Series 2015 H	117,175,000	7/1/2039	3.762%	94,335,000	97,995,000
Series 2017 C	184,230,000	9/1/2036	3.626%	181,615,000	184,230,000
Series 2017 D	15,655,000	9/1/2039	3.310%	15,655,000	15,655,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	7,085,000	10,375,000
Montclair State University:					
Series 2006 J	154,110,000	7/1/2034	4.300%	4,315,000	11,460,000
Series 2007 A	6,150,000	7/1/2021	4.022%	685,000	1,335,000
Series 2014 A	189,365,000	7/1/2044	4.212%	173,290,000	177,940,000
Series 2015 D	73,770,000	7/1/2036	3.757%	69,520,000	69,520,000
Series 2016 B	118,190,000	7/1/2038	2.875%	116,770,000	117,490,000
New Jersey City University:					
Series 2007 F	17,910,000	7/1/2032	4.337%	12,020,000	12,910,000
Series 2008 F	6,175,000	7/1/2036	7.039%	6,175,000	6,175,000
Series 2010 F	24,065,000	7/1/2028	3.313%	10,975,000	13,015,000
Series 2010 G	18,310,000	7/1/2040	4.062%**	18,310,000	18,310,000
Series 2015 A	35,340,000	7/1/2045	3.932%	35,340,000	35,340,000
Series 2016 D	52,075,000	7/1/2035	2.886%	47,840,000	49,990,000
New Jersey Institute of Technology:					
Series 2010 H	50,965,000	7/1/2031	4.280%	-	29,340,000
Series 2010 I	20,450,000	7/1/2040	4.304%**	-	20,450,000
Passaic County Community College:					
Series 2010 C	13,635,000	7/1/2041	5.355%	-	11,780,000

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2020	Amount Outstanding December 31, 2019
Princeton University:					
2011 Series B	$ 250,000,000	7/1/2041	4.087%	$ 209,950,000	$ 215,845,000
2014 Series A	200,000,000	7/1/2044	3.773%	186,010,000	189,030,000
2015 Series A	156,790,000	7/1/2035	2.317%	97,305,000	117,700,000
2015 Series D	150,000,000	7/1/2045	3.403%	141,410,000	144,415,000
2016 Series A	109,500,000	7/1/2035	2.525%	101,525,000	105,610,000
2016 Series B	117,820,000	7/1/2027	1.769%	105,270,000	110,015,000
2017 Series B	342,240,000	7/1/2036	2.911%	276,635,000	307,705,000
2017 Series C	141,095,000	7/1/2047	3.505%	138,500,000	141,095,000
2017 Series I	357,105,000	7/1/2040	2.968%	341,355,000	351,820,000
Ramapo College of New Jersey:					
Series 2011 A	19,090,000	7/1/2021	3.325%	1,130,000	2,220,000
Series 2012 B	80,670,000	7/1/2042	3.689%	71,440,000	73,120,000
Series 2015 B	45,180,000	7/1/2040	3.585%	38,810,000	40,360,000
Series 2017 A	99,450,000	7/1/2047	3.505%	89,310,000	92,845,000
Rider University:					
2012 Series A	52,020,000	7/1/2037	3.741%	28,510,000	30,200,000
2017 Series F	41,770,000	7/1/2047	4.187%	41,770,000	41,770,000
Rowan University:					
Series 2011 C	30,045,000	7/1/2025	3.705%	9,850,000	12,550,000
Series 2016 C	45,300,000	7/1/2031	2.129%	38,685,000	41,595,000
Saint Peter's University					
2007 Series G	36,053,465	7/1/2027	4.217%	19,885,712	22,229,980

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2020	Amount Outstanding December 31, 2019
Seton Hall University:					
2011 Series A	$ 35,470,000	7/1/2026	2.997%	$ 4,615,000	$ 5,270,000
2013 Series D	41,910,000	7/1/2043	2.707%	32,980,000	35,800,000
2015 Series C	22,205,000	7/1/2037	3.819%	18,785,000	19,505,000
2016 Series C	36,265,000	7/1/2046	3.198%	36,265,000	36,265,000
2017 Series D	39,520,000	7/1/2047	3.853%	39,520,000	39,520,000
2017 Series E	31,915,000	7/1/2039	3.914%	31,915,000	31,915,000
2020 Series C	33,205,000	7/1/2050	3.536%	33,205,000	-
2020 Series D	79,015,000	7/1/2048	3.829%	79,015,000	-
Stevens Institute of Technology:					
2017 Series A	119,905,000	7/1/2047	3.976%	112,120,000	114,685,000
2020 Series B	174,315,000	7/1/2050	3.382%	174,315,000	
The College of New Jersey:					
Series 2013 A	24,950,000	7/1/2043	4.561%	41,185,000	23,015,000
Series 2015 G	114,525,000	7/1/2031	3.301%	49,140,000	110,285,000
Series 2016 F	87,925,000	7/1/2040	2.928%	79,410,000	87,925,000
Series 2016 G	105,255,000	7/1/2034	3.323%	182,185,000	105,255,000
Saint Elizabeth University:					
2016 Series D	21,435,000	7/1/2046	4.566%	20,270,000	20,580,000
Stockton University					
Series 2015 E	18,830,826	7/1/2028	2.830%	11,988,392	13,447,491
Series 2016 A	202,445,000	7/1/2041	3.175%	195,330,000	197,120,000
2020 Series A	5,935,000	7/1/2035	2.171%	5,935,000	-
Thomas Edison State University					
Series 2011 D	8,000,000	10/1/2031	3.516%	3,815,953	4,237,005
Series 2014 B	7,000,000	12/1/2024	2.500%	2,985,000	3,685,000
The William Paterson University of New Jersey:					
Series 2012 C	33,815,000	7/1/2042	2.955%	29,690,000	30,230,000
Series 2012 D	21,860,000	7/1/2028	2.489%	10,640,000	11,840,000
Series 2015 C	45,695,000	7/1/2040	3.538%	27,810,000	30,785,000
Series 2016 E	60,755,000	7/1/2038	2.877%	56,100,000	58,485,000
Series 2017 B	27,065,000	7/1/2047	3.796%	25,775,000	26,255,000
Series 2019 A	5,070,000	7/1/2038	3.450%	4,860,000	5,070,000

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)

Issue	Original Issue Amount		Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2020	2019
Notes Payable						
Princeton University:						
Various Commercial Paper	$ 120,000,000	*	N/A	Variable	$ 34,000,000	$ 15,000,000
Leases Payable						
Kean University	10,000,000		7/1/2020	3.140%	-	750,000
Kean University	15,000,000		2/15/2021	2.820%	-	1,312,442
Thomas Edison State University	2,700,000		9/28/2022	Variable	140,515	210,772
Caldwell	3,000,000		N/A	Variable	715,159	715,159
					$ 4,780,581,076	$ 4,742,324,053

* Maximum authorized amount.
** Build America Bond

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

2021 - 2025	$ 1,115,638,125
2026 - 2030	1,206,757,737
2031 - 2035	1,056,767,318
2036 - 2040	657,225,323
2041 - 2045	475,682,573
2046 - 2050	268,510,000
Total	$ 4,780,581,076

NOTE 7 REFUNDED BOND ISSUES

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

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

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

Refunded bonds outstanding at December 31, 2020 comprise the following:

		Refunded Issues			Refunding Issues		
Issue	Principal Amount Outstanding December 31, 2020	Principal Amount Refunded	Call Date	Debt Service Savings	Date of Issuance	Issue	Original Amount of Issue
Stevens Institute of Technology							
1998 Series I	$ 2,100,000	$ 6,050,000	No Call	N/A*	8/2/2007	2007 Series A	$ 71,060,000
Drew University							
Series 2003 C	2,050,000	11,385,000	7/1/2021	N/A**			

* Debt Restructuring
** Not NJEFA Refunding Bonds

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 7, 2022.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 7, 2022