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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

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December 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary funds of the New Jersey Health Care Facilities Financing Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary funds of the Authority, as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

We draw attention to Notes B, I and N in the notes to financial statements which disclose the effects of the Authority's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "*Leases*". Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 10, 2023

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2022 and 2021

This section of the New Jersey Health Care Facilities Financing Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended December 31, 2022 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights

The Authority's total net position increased $1,754,000 or 19.2%
Cash and cash equivalents increased $828,000 or 6.6%
Operating revenue increased $80,000 or 2.0%
Operating expenses decreased $58,000 or 2.2%
Operating income increased $138,000 or 9.8%
The Authority implemented GASB Statement No. 87, "*Leases*", during the year ended December 31, 2022. This resulted in a restatement of the capital assets, leases payable, and operating expenses for the year ended December 31, 2021.

Overview of the Financial Statements

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

Financial Analysis of the Authority

Net Position – The following table presents the Authority's condensed statements of net position at December 31, 2022, 2021 and 2020:

	2022	2021 (As Restated)	2020	Change 2022-2021	% Change
	($000)	($000)	($000)	($000)	(%)
Current assets	$15,807	$ 15,314	$ 13,507	$ 493	3.2%
Noncurrent assets	2,837	3,360	2,595	(523)	-15.6%
Total assets	18,644	18,674	16,102	(30)	-0.2%
Deferred outflows of resources	1,556	934	693	622	66.6%
Current liabilities	2,561	2,818	2,461	(257)	-9.1%
Long-term liabilities	5,217	4,808	3,610	409	8.5%
Total liabilities	7,778	7,626	6,071	152	2.0%
Deferred inflows of resources	1,519	2,833	2,983	(1,314)	-46.4%
Total net position	$10,903	$ 9,149	$ 7,741	$ 1,754	19.2%

Current assets are comprised of cash and cash equivalents (operating account and Federally Qualified Health Centers ("FQHC") loan program), administrative fees and other receivables, notes receivable, notes interest receivable and prepaid expenses.

Financial Analysis of the Authority (Continued)

Current assets increased $493,000 or 3.2% from December 31, 2021 to December 31, 2022. As of December 31, 2022, the majority of the cash and cash equivalents were held in the New Jersey Cash Management Fund ("NJCMF"), a liquid short-term investment vehicle. The yield on the NJCMF at December 31, 2022 and 2021 was 4.10% and 0.04%, respectively. Overall, the operating account cash and cash equivalents increased $2,335,000 while the FQHC loan program cash and cash equivalents increased $493,000.

The operating account cash and cash equivalents increased due to the $2,000,000 previously allocated to John Brooks Debt Service Deficiency Fund that has been released back to the Authority due to the acquisition by AtlantiCare Health System. The increase in the FQHC loan program cash and cash equivalents was due to the collection of principal and interest payments on three (3) loans in 2022. The FQHC loan program is further described in Note D to the financial statements.

Administrative fees and other receivables decreased overall by $250,000 or 11.6%. The majority of the receivables consist of the Authority's semi-annual fee billings. The semi-annual fee billings invoiced on December 31, 2022 and 2021, totaled $1,860,000 and $2,100,000, respectively, or a decrease of $240,000. There were three (3) new financings added to the Authority's portfolio in 2022. Other receivables consist of trustee fees and reimbursement due from the New Jersey Department of Health ("DOH") and the New Jersey Department of Human Services ("DHS") for services that the Authority provides to those departments. The trustee fees receivable fluctuates from year to year depending on the timing of the invoices received from the trustees and the timing of the payments received from the health care institutions with which the Authority has outstanding debt. Finally, the note receivables-designated FQHC loan program decreased due to Lakewood Resources and Referral Center 2015 loan being paid off, offset by an additional loan to Neighborhood Health Services in the amount of $120,000. As a result, principal payment amount receivable was adjusted for the additional loan. The FQHC loan program is further described in Note D to the financial statements.

Prepaid expenses from December 31, 2021 to December 31, 2022, increased $3,000 or 6.8%.

When comparing current assets as of December 31, 2020 to December 31, 2021, current assets increased 13.4%. Overall, the operating account cash and cash equivalents increased $2,317,000 while the FQHC loan program cash and cash equivalents increased $690,000. Administrative fees and other receivables increased overall by $148,000 or 7.4%. The semi-annual fee billings invoiced on December 31, 2021 and 2020, totaled $2,100,000 and $1,887,000, respectively, or an increase of $213,000.

Financial Analysis of the Authority (Continued)

Noncurrent assets represent the Authority's capital assets which include furniture, leasehold improvements, equipment, and automobiles whose costs are in excess of $1,000. Capital assets also included Right to Use Asset Building and Equipment. Capital assets are net of accumulated depreciation/amortization. Noncurrent assets are also comprised of the portion of the three note receivables that exceeds one year as further described in Note D to the financial statements. Notes receivable include Neighborhood Health Services Corporation and Lakewood Resource and Referral Center Series 2015 (fully paid off as of August 2022) and 2017.

Noncurrent assets at December 31, 2022, decreased $523,000 or 15.6% when compared to December 31, 2021. The decrease is due to the implementation of the new lease accounting standard issued by the Governmental Accounting Standards Board ("GASB"), GASB 87 and collections on the Notes receivable-designated FQHC loan program. The Authority has a noncurrent portion of three FQHC loans receivable to Lakewood Resource and Referral Center, Inc. and Neighborhood Health Services Corporation in the amount of $875,000.

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

Deferred outflows of resources at December 31, 2022 and 2021 totaled $1,556,000 and $934,000, respectively, which is an increase of $622,000 or 66.6%.

Current liabilities in 2022 are comprised of accounts payable and accrued expenses, unearned revenue-annual fees, section 142(d) fees and the current portions of compensated absences payable and lease payable. When compared to December 31, 2021, current liabilities decreased $257,000 or 9.1%. Accounts payable and accrued expenses decreased $22,000 or 3.9%. The decrease is mainly due to Accounts payable offset by increases in categories of PERS Withheld (Pension). The 2022 unearned revenue – annual fees decreased $237,000 or 11.5% compared to December 31, 2021. The decrease is substantially due to declining outstanding balances resulting from redemptions and issues being paid off by institutions. It represents the semi-annual fees billed on December 31, 2022 and 2021, which cover the periods January 1, 2023 to June 30, 2023, and January 1, 2022 to June 30, 2022, respectively. Unearned revenue - 142(d) fees decreased $6,000 or 100.0% from 2021 to 2022. The decrease in unearned revenue -142(d) fees is due to the completion of amortization of the prepayment from a client for monitoring its compliance with the 142(d) IRS regulations.

Deferred inflows of resources is a result of GASB Statement 68 and GASB Statement 75 and at December 31, 2022 and 2021 totaled $1,519,000 and $2,833,000, respectively, which is a decrease of $1,314,000 or 46.4%.

Financial Analysis of the Authority (Continued)

Long-term liabilities represent the Authority's Long-term Lease Payable in accordance with the requirements of GASB Statement 87, compensated absences, actuarially calculated net pension and other postemployment benefits liabilities in accordance with the requirements of GASB Statements 68 and 75. Long-term liabilities as of December 31, 2022 and 2021 are $5,217,000 and $4,808,000, respectively, which is an increase of $409,000 or 8.5%. The increase is mainly due to an increase in the net pension liability in the amount of $673,000 offset with a decrease in the lease payable of $182,000. Compensated absences payable also decreased $24,000 or 8.2%. It should be noted that a retiree is entitled payment for up to one-half of their accrued sick time; but the amount of the payment cannot exceed $15,000. The net other postemployment benefits liability decreased $50,000, or 51%.

Changes in Net Position – The following table presents the changes in net position for the years ended December 31, 2022, 2021, and 2020:

	2022	2021 (As Restated)	2020	Change 2022-2021	% Change
	($000)	($000)	($000)	($000)	(%)
Operating revenues					
Administrative fees					
Annual fees	$ 4,035	$ 3,868	$ 3,811	$ 167	4.3%
Initial fees	31	93	35	(62)	-66.7%
Administrative fees - Neighborhood Loan	2	3	3	(1)	-33.3%
Per series/per master lease fees	20	60	30	(40)	-66.7%
Mortgage servicing and Section 142 (d) fees	17	17	-	-	0.0%
Note Interest Income Designated FQHC loan program	46	30	24	16	53.3%
Total operating revenues	4,151	4,071	3,920	80	2.0%
Operating expenses					
Salaries and related expenses	1,865	1,985	2,373	(120)	-6.0%
General and administrative	318	303	512	15	5.0%
Professional fees and other	182	139	369	43	30.9%
Depreciation expense	245	241	10	4	1.7%
Total operating expenses	2,610	2,668	3,264	(58)	-2.2%
Operating income	1,541	1,403	656	138	9.8%
Nonoperating revenues					
Interest income from investments	213	5	57	208	4160.0%
Gain on sale of assets	-	-	5	-	0.0%
Total nonoperating revenues	213	5	62	208	4160.0%
Change in net position	1,754	1,408	718	346	24.6%
Net position, beginning of year	9,149	7,741	7,023	1,408	18.2%
Net position, end of year	$ 10,903	$ 9,149	$ 7,741	$ 1,754	19.2%

Financial Analysis of the Authority (Continued)

The Authority's net position increased $1,754,000 or 19.2% from December 31, 2021 to December 31, 2022. The Authority's net position increased $1,408,000 or 18.2% from December 31, 2020 to December 31, 2021.

Operating revenues - During 2022, total operating revenues increased $80,000, or 2.0% compared to 2021. Annual fees increased $167,000, initial fees and per series fees decreased $62,000, and $40,000 respectively, compared to 2021. The decrease was due to less new financings and refinancing of issues in 2022. The Authority also earned $2,000 from administrative fees related to Neighborhood Health Services Corporation loan. Annual Fees increased due to the recognition of unearned revenue from the December 31, 2021 and June 30, 2022 semi-annual fee billings which were higher than those billed in the previous year. Regarding the increase in initial fees and per series/per master lease fees, the collection of those fees can fluctuate from year to year depending on Authority financing activity, the financing needs of the health care institutions, the actual/estimated bond size and the current economic climate. During 2022, two (2) per series fees were received in the amount of $20,000 and $31,250 in initial fees were received. The increase was due to new financings and refinancing of issues in 2022.

During 2021, six (6) per series fees were received in the amount of $60,000 and $93,400 in initial fees were received. The increase was due to new financings and refinancing of issues in 2021.

During 2020, three (3) per series fees were received in the amount of $30,000, and $34,966 initial fees were received. The decrease was due to less new financings and refinancing of issues in 2020.

Interest received in 2022 was $213,000 compared to $5,000 in 2021 and $57,000 received in 2020. This increase or decrease from year to year is a function of the variable interest rate on the NJCMF.

Finally, the note interest income-designated FQHC loan program amount is the interest earned on the Neighborhood Health Services issued on January 30, 2019 and Lakewood Resource and Referral Center, Inc. loans issued on July 27, 2015 (fully paid off as of August 2022) and November 16, 2017, as further described in Note D to the financial statements. In 2022, the interest earned on the FQHC loans was $46,000, compared to $30,000 in 2021 and $24,000 in 2020. The increase between 2021 and 2022 is due to higher interest rates on the NJCMF.

Operating expenses – During 2022, operating expenses decreased $58,000 or 2.2% when compared to 2021. The decrease is in Salaries and Related Expenses, offset by an increase in General and Administrative Expenses and Professional Fees. Professional fees increased slightly due to higher than average amount of services rendered by the Attorney General's Office.

Financial Analysis of the Authority (Continued)

When comparing operating expenses during 2021 to 2020, there was a decrease of $596,000 or 18.3%. The decrease in operating expenses is in the category of Salaries and Related Expenses, General and Administrative Expenses and Professional Fees. The decrease in Salaries and Related Expenses is due to a decrease in the actuarially determined pension expense. Professional fees decreased due to completion of The Assessment of the Need for Hospital Services in Bayonne, Salem and Trenton project performed by ECG Management Consultants.

Nonoperating revenues – Interest income in 2022 and 2021 represented interest earned on the Authority's checking accounts, the operating funds invested in the NJCMF, and John Brooks Debt Service Deficiency Fund account. During 2022, nonoperating revenues increased $208,000 or 4,160.0% due to the increase in the interest rate in the NJCMF from an average 0.04% in 2021 to an average of 1.71% in 2022.

Interest income in 2021 and 2020 represented interest earned on the Authority's checking accounts and the operating funds invested in the NJCFM, and John Brooks Debt Service Deficiency Fund Account. Interest income totaled $5,000 in 2021 and $57,000 in 2020. The average yield of on the NJCMF for 2021 and 2020 was 0.04% and 0.46%, respectively. Additionally, more cash was available for investment which contributed to the increase in interest income.

Contacting the Authority's Financial Management

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

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

STATEMENTS OF NET POSITION
DECEMBER 31, 2022 and 2021

	2022 ($000)	(Restated) 2021 ($000)
Assets		
Current assets:		
Cash and cash equivalents	$ 11,126	$ 8,791
Cash and cash equivalents - designated FQHC loan program	2,283	1,790
Cash and cash equivalents - John Brooks DS Deficiency Fund	-	2,000
Administrative fees and other receivables	1,908	2,158
Notes receivable - designated FQHC loan program	437	528
Notes interest receivable - designated FQHC loan program	6	3
Prepaid expenses	47	44
Total current assets	15,807	15,314
Noncurrent assets:		
Notes receivable - designated FQHC loan program	875	1,201
Capital assets	3,000	2,952
Less accumulated depreciation/amortization	(1,038)	(793)
Total noncurrent assets	2,837	3,360
Total assets	18,644	18,674
Deferred outflows		
Deferred outflows of resources - related to pensions	360	261
Deferred outflows of resources - related to other postemployment benefits	1,196	673
Total deferred outflows	1,556	934
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	540	562
Unearned revenue - annual fees	1,820	2,057
Unearned revenue - 142(d) fees	-	6
Compensated absences payable - current portion	13	7
Lease payable - current portion	188	186
Total current liabilities	2,561	2,818
Long-term liabilities:		
Compensated absences payable	82	108
Long-term lease payable	1,777	1,965
Net pension liability	3,310	2,637
Net other postemployment benefits liablity	48	98
Total long-term liabilities	5,217	4,808
Total liabilities	7,778	7,626
Deferred inflows		
Deferred inflows of resources - related to pensions	572	1,667
Deferred inflows of resources - related to other postemployment benefits	947	1,166
Total deferred inflows	1,519	2,833
Net position		
Net investment in capital assets	(3)	8
Unrestricted		
Undesignated	7,310	3,622
Designated - FQHC loan program	3,596	3,519
Designated - John Brooks DS Deficiency Fund	-	2,000
Total net position	$ 10,903	$ 9,149

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 and 2021

	2022 ($000)	(Restated) 2021 ($000)
Operating revenues		
Administrative fees		
Annual fees	$ 4,035	$ 3,868
Initial fees	31	93
Administrative fees - Neighborhood Loan	2	3
Per series/per master lease fees	20	60
Section 142 (d) fees	17	17
Note interest income - designated FQHC loan program	46	30
Total operating revenues	4,151	4,071
Operating expenses		
Salaries and related expenses	1,865	1,985
General and administrative expenses	318	303
Professional fees	182	139
Depreciation/Amortization expense	245	241
Total operating expenses	2,610	2,668
Operating income	1,541	1,403
Nonoperating revenues		
Interest income from investments	213	5
Total nonoperating revenues	213	5
Changes in net position	1,754	1,408
Net position, beginning of year	9,149	7,741
Net position, end of year	$ 10,903	$ 9,149

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

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

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 and 2021

	2022 ($000)	(Restated) 2021 ($000)
Cash flows from operating activities		
Cash received from customers	$ 4,106	$ 4,083
Cash payment to suppliers and employees	(3,720)	(2,785)
Net cash from operating activities	386	1,298
Cash flows from capital and related financing activities		
Acquisition of capital assets	(48)	(12)
Lease payments	(186)	(196)
Net cash from capital and related financing activities	(234)	(208)
Cash flows from noncapital financing activities		
Note repayments from client institution - designated FQHC loan program	417	662
Interest received on note - designated FQHC loan program	46	30
COVID-19 Emergency loan program	-	1,220
Net cash from noncapital financing activities	463	1,912
Cash flows from investing activities		
Investment income	213	5
Net cash from investing activities	213	5
Net change in cash and cash equivalents	828	3,007
Cash and cash equivalents, beginning of year	12,581	9,574
Cash and cash equivalents, end of year	$ 13,409	$ 12,581
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 1,541	$ 1,403
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation/amortization	245	241
Note interest income - designated FQHC loan program	(46)	(30)
Changes in assets, liabilities and related deferred inflows and outflows of resources:		
Administrative fees and other receivables	250	(148)
Notes interest receivable - designated FQHC loan program	(3)	(3)
Prepaid expenses	(3)	(3)
Accounts payable and accrued expenses	(22)	61
Unearned revenue	(243)	196
Compensated absences	(20)	22
Net pension expense	(521)	(683)
Net OPEB expense	(792)	242
Net cash from operating activities	$ 386	$ 1,298

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

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

STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2022 and 2021

	Other Employee Benefit Trust Fund	
	2022	2021
	($000)	($000)
Assets		
Current assets:		
Cash and cash equivalents	$ 1,328	$ 6,222
Investments	5,816	-
Total current assets	7,144	6,222
Total Assets	$ 7,144	$ 6,222
Net position restricted for other postemployment benefits	$ 7,144	$ 6,222

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

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2022 and 2021

	Other Employee Benefit Trust Fund	
	2022 ($000)	2021 ($000)
Additions:		
Contribution to trust	$ 970	$ -
Interest and dividend income	72	3
Net increase in fair value	9	-
Less: administrative expenses	(1)	(1)
Total Additions	1,050	2
Deductions:		
Benefits payments	(128)	(156)
Total Deductions	(128)	(156)
Change in fiduciary net position	922	(154)
Net position beginning of year	6,222	6,376
Net position end of year	$ 7,144	$ 6,222

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

A. ORGANIZATION

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

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

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

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

A. ORGANIZATION (CONTINUED)

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

The Authority is exempt from both federal and state taxes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

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

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

Use of Estimates

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

Operating Revenues and Expenses

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

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

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The components of cash and cash equivalents, as reflected in the statements of cash flows, at December 31, 2022 and 2021, are:

	2022 ($000)	2021 ($000)
Operating checking account	$ 90	$ 13
NJCMF - operating	11,036	8,778
NJCMF - designated FQHC loan program	2,283	1,790
NJCMF - John Brooks DS Deficiency Fund	-	2,000
Total cash and cash equivalents	$ 13,409	$ 12,581

Adoption of Accounting Pronouncements

The Authority has adopted GASB Statement No. 87, "*Leases*". This Statement's objective is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. See Note I Leases.

C. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's investment policy permits the following securities and investment vehicles: (i) Obligations of or guaranteed by the State of New Jersey or the United States of America (including obligations which have been stripped of their unmatured interest coupons, and interest coupons which have been stripped from such obligations); (ii) Obligations issued or guaranteed by any instrumentality or agency of the United States of America, whether now existing or hereafter organized; (iii) Obligations issued or guaranteed by any state of the United States or District of Columbia, so long as such obligations are rated at the time of purchase in either of the highest two credit rating categories by any two nationally recognized securities rating agencies; (iv) Repurchase agreements and guaranteed investment contracts with any banking institution, where such agreement or contract is fully secured by obligations of the kind specified in (i), (ii) or (iii) above, provided that such security is held by a third party and that the seller of such obligations represents that such obligations are free and clear of claims by any other party; (v) Interest-bearing deposits in any bank or trust company provided that all such deposits shall, to the extent not insured, be secured by a pledge of obligations of the kind in (i), (ii) or (iii); (vi) Units of participation in the NJCMF, or any similar common trust fund which is established pursuant to law as a legal depository of public moneys and for which the New Jersey State Treasurer is custodian; and (vii) Shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940, as amended, and which (1) invests its assets exclusively in obligations of or guaranteed by the United States of America or any instrumentality or agency thereof having in each instance a final maturity date of less than one year from their date of purchase; (2) seeks to maintain a constant net position value per share; and (3) has aggregate net position of not less than $50,000,000 on the date of purchase of such shares.

C. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash, Cash Equivalents and Investments.

(a) Custodial Credit Risk - The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. If the Authority had investment securities they would be exposed to custodial credit risk if the securities were uninsured, were not registered in the name of the Authority, or held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

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

At December 31, 2022 and December 31, 2021, the Authority's bank balance of $90,000 and $13,000, respectively, was not exposed to custodial credit risk since the full amount was covered by FDIC insurance. The NJCMF balance of $13,319,000 and $12,568,000 at December 31, 2022 and December 31, 2021, respectively, which is administered by the New Jersey Department of the Treasury, Division of Investments, invests pooled monies from various State and non-State agencies in primarily short-term investments. The Authority also has $1,328,000 and $6,222,000 related to its OPEB Trust in the fiduciary fund deposited with the NJCMF as of December 31, 2022 and 2021, respectively. These investments include: U.S. Treasuries, Short-Term Commercial Paper, U.S. Government Agency Bonds, Corporate Bonds and Certificates of Deposits. Agencies that are part of the NJCMF typically earn returns that mirror short-term interest rates. The NJCMF is considered an investment pool and as such is not exposed to custodial credit risk. The Authority does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date. The majority of available funds were being held in the NJCMF, which are classified as cash and cash equivalents. The Authority does not have a formal policy for investment securities custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

(b) Concentration of Credit Risk - This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments were excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer. The Authority does not have any concentration of credit risk since there were no investments in the Authority's portfolio as of December 31, 2022 and 2021.

C. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority's Investment Policy.

(d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. The Authority frequently evaluates the Authority's investment portfolio to determine, based on the interest rate environment, if other investment vehicles would provide higher yields at a lower cost and risk.

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

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.

As of December 31, 2022, the Authority had $5,815,950 of investments recorded at fair value in the fiduciary fund. The investments consisted of United States treasury bills, which are valued using Level 1 inputs. The United States treasury bills have an A-1+ quality rating. The United States treasury bills have maturity dates of less than one year from December 31, 2022 and are recorded as current investments in the statements of fiduciary net position. The Authority did not have any investments during the year ended December 31, 2021.

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

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

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

The below summarizes the Authority's remaining loan payments to be received, for the two (2) loans outstanding, which are considered to be fully collectible:

Lakewood Resource and Referral Center, Inc. loan dated November 16, 2017, due November 1, 2027; and Neighborhood Health Services Corporation loan dated January 29, 2019, due March 1, 2024.

Year Ending December 31,	Principal	Estimated Interest	Total
2023	$ 436,898	$ 32,886	$ 469,784
2024	251,247	23,300	274,547
2025	214,117	15,250	229,367
2026	214,118	9,250	223,368
2027	196,274	3,208	199,482
Total	$ 1,312,654	$ 83,894	$ 1,396,548

E. CAPITAL ASSETS

The following schedule is a summarization of changes in capital assets for the years ended December 31, 2022 and 2021.

	December 31, 2022			
	Beginning Balance (Restated)	**Additions**	**Deletions**	**Ending Balance**
Capital Assets, Being Depreciated/Amortized:				
Computers and Equipment	$ 157,493	$ 47,386	$ -	$ 204,879
Furniture and Fixtures	267,732	-	-	267,732
Automobiles	25,465	-	-	25,465
Leasehold Improvements	172,367	-	-	172,367
Right-of-Use Asset - Office Space	2,329,241	-	-	2,329,241
Total Capital Assets Being Depreciated/Amortized	2,952,298	47,386	-	2,999,684
Accumulated Depreciation/Amortization	(793,003)	(245,050)	-	(1,038,053)
Net Capital Assets	$ 2,159,295	$ (197,664)	$ -	$ 1,961,631

E. CAPITAL ASSETS (CONTINUED)

	December 31, 2021			
	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated/Amortized:				
Computers and Equipment	$ 199,108	$ 12,574	$ (54,189)	$ 157,493
Furniture and Fixtures	325,096	-	(57,364)	267,732
Automobiles	25,465	-	-	25,465
Leasehold Improvements	172,367	-	-	172,367
Right-of-Use Asset - Office Space	2,329,241	-	-	2,329,241
Total Capital Assets Being Depreciated/Amortized	3,051,277	12,574	(111,553)	2,952,298
Accumulated Depreciation/Amortization	(663,003)	(241,553)	111,553	(793,003)
Net Capital Assets	$ 2,388,274	$ (228,979)	$ -	$ 2,159,295

F. LONG-TERM LIABILITIES

During the years ended December 31, 2022 and 2021, the following changes occurred in long-term liabilities.

	December 31, 2022				
	Balance (Restated)	Increases	Decreases	Ending Balance	Current Portion
Leases	$ 2,151,770	$ -	$ 186,230	$ 1,965,540	$ 188,260
Compensated Absences	114,548	7,814	27,001	95,360	13,000
Net Pension Liability	2,637,299	672,266	-	3,309,565	-
Net OPEB Liability	98,058	-	49,713	48,345	-
Net Long-Term Liabilities	$ 5,001,675	$ 680,080	$ 262,944	$ 5,418,810	$ 201,260

	December 31, 2021				
	Balance (Restated)	Increases	Decreases	Ending Balance	Current Portion
Leases	$ 2,346,979	$ -	$ 195,209	$ 2,151,770	$ 186,260
Compensated Absences	92,612	22,160	224	114,548	7,000
Net Pension Liability	3,610,419	-	973,120	2,637,299	-
Net OPEB Liability	-	98,058	-	98,058	-
Net Long-Term Liabilities	$ 6,050,010	$ 120,218	$ 1,168,553	$ 5,001,675	$ 193,260

G. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

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

Public Employees' Retirement System

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

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

Membership and contributing employers of the defined benefit pension plan consisted of the following at June 30, 2022 and 2021:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	187,372	184,775
Inactive plan members entitled to but not yet receiving benefits	1,782	877
Active plan members	239,902	246,776
Total	429,056	432,428

Contributing Employers – 1,678

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

For the years ended December 31, 2022 and 2021 the Authority's covered payroll for all employees was $1,648,983 and $1,594,965. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2021 and State fiscal year 2022. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution, except for FYE 2022 and FYE 2023 when the impact of the recent demographic assumption changes is phased-in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The State contributed 107.91% of the actuarially determined contribution for fiscal year ending June 30, 2023 at the beginning of the fiscal year. This contribution has been included in the projections. In subsequent years, it is assumed that the State will contribute 100% of their actuarially determined contribution and NCGIPF contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2024 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2024 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 contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Authority's payments to PERS during the years ending December 31, 2022 and 2021 consisted of the following:

	2022	2021
Total Regular Billing	$276,550	$260,717

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, 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.

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The following represents the membership tiers for PERS:

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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 with 25 years or more of service credit 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 at which a member can receive full early retirement benefits in accordance with their respective tier.

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the PERS reported a collective net pension liability of $15,219,184,290 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 $3,309,565 or 0.0219301720%, which was a decrease of 0.0003320932% from its proportion measured as of June 30, 2021.

At June 30, 2021, the PERS reported a collective net pension liability of $11,972,782,878 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was $2,637,299 or 0.0222622652%.

The following presents a summary of the proportionate share of the State of New Jersey's changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the years ended June 30, 2022 and 2021:

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,887	$ 21,065
Changes in assumptions	10,254	495,573
Net difference between projected and actual earnings on pension plan investments	136,980	-
Changes in proportion	50,103	55,678
Authority contributions subsequent to the measurement date	138,275	-
	$ 359,499	$ 572,316

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,594	$ 18,880
Changes in assumptions	13,735	938,896
Net difference between projected and actual earnings on pension plan investments		694,734
Changes in proportion	75,184	14,157
Authority contributions subsequent to the measurement date	130,359	-
	$ 260,872	$ 1,666,667

The $138,275 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, 2023. 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
2023	$ (276,823)
2024	(142,713)
2025	(77,301)
2026	146,469
2027	(724)
Total	$ (351,092)

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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

June 30, 2022 and 2021	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.00 - 6.55%
	based on years of service
Investment rate of return	7.00%

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

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 2021) 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, 2022 and 2021 are summarized in the following tables:

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

2022

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

2021

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Sensitivity of Net Pension Liability – the following presents the net pension liability of the participating employers as of June 30, 2022, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

June 30, 2022

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	$ 4,251,822	$ 3,309,565	$ 2,507,667

June 30, 2021

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	$ 3,591,466	$ 2,637,299	$ 1,827,553

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2022 and 2021 were $32,568,122,309 and $35,707,804,636, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2022 and 2021 was $25,810,084,045 and $28,386,785,177, respectively.

Additional information

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	$	1,660,772,008
Collective deferred inflows of resources		3,236,303,935
Collective net pension liability		15,219,184,920
Authority's Proportion		0.0219301720%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2022 and 2021 was ($1,032,778,934) and ($1,599,674,464), respectively. The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

G. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

State Contribution Payable Dates

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

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2022 and June 30, 2021 are $1,288,683,017 and $1,207,896,120, respectively.

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

At January 1, 2022 and January 1, 2021, the following employees were covered by the benefit terms:

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	23	22
Active employees	21	19
Total	44	41

At December 31, 2022 and 2021, funds in the Trust totaled $7,144,332 and $6,222,760, respectively. The total funds as of December 31, 2022 consist of cash balance of $1,300,793 and two (2) treasury bills totaling $5,815,950. The treasury bills yield 4.64% and have maturity of less than a year, maturing 6/15/23 and 11/30/23. The covered payroll (annual payroll of active employees covered by the Plan) was $1,648,983 and $1,594,965 for the years ended December 31, 2022 and 2021, respectively.

The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, level percent of pay
Investment Rate of Return	1.00 percent per annum, net of investment expenses and including inflation
Health cost trend rates	For pre-Medicare medical benefits, the trend is initially 13.00% and decreases to a 3.94% long-term trend rate after twenty years. The assumed post-65 medical trend is 5.50% for 2023 and decreases to a 3.94% long-term trend rate after twenty years.

For the ordinary death component of active mortality, the Pub-2010 General Below-Median Income Employee mortality table [PubG-2010(B) Employee] as published by the Society of Actuaries with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018. All pre-retirement deaths are assumed to be ordinary deaths.

For inactive mortality, the base mortality table is the Pub-2010 General Below-Median Income Healthy Retiree mortality table [PubG-2010(B) Healthy Retiree] as published by the Society of Actuaries with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.

For disabled life mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table [PubNS-2010 Disabled Retiree] as published by the Society of Actuaries with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.

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

The discount rate as of December 31, 2021 is 1.73% for the valuation year, which is a blended rate. Projections of the Plan's fiduciary net position have indicated that it is not expected to be sufficient to make projected benefit payments for current Plan members following the procedures described in paragraphs 48-53 of GASB Statement 74. As such, the single rate of return, as required by the Statement, is equal to a blend of the long-term expected rate of return on the Plan's assets, which is 1.00%, and the rate of return on municipal bonds, which is 2.06% as of December 31, 2021. This assumption is based on past practice and the absence of a formal funding policy for the Plan. The prior year's discount rate was 1.61%.

The changes in net OPEB liability (asset) for December 31, 2022 and 2021 is as follows:

Change in Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Net OPEB liability at beginning of year (12/31/2021)	$ 6,320,586	$ 6,222,528	$ 98,058
Service cost	226,838		226,838
Interest	104,166	71,774	32,392
Differences between expected and actual experience	286,546		286,546
Changes of assumptions	410,088		410,088
Contributions		970,149	(970,149)
Net Investment Income		8,662	(8,662)
Benefit payments	(155,547)	(128,281)	(27,266)
Administrative expense		(500)	500
Net changes	872,091	921,804	(49,713)
Net OPEB liability at end of year (12/31/2022)	$ 7,192,677	$ 7,144,332	$ 48,345

Change in Net OPEB (Asset) Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Net OPEB liability (asset) at beginning of year (12/31/2020)	$ 5,551,384	$ 6,375,922	$ (824,538)
Service cost	199,260		199,260
Interest	125,560	2,661	122,899
Differences between expected and actual experience	(19,113)		(19,113)
Changes of assumptions	602,607		602,607
Adjustments		(8)	8
Benefit payments	(139,112)	(155,547)	16,435
Administrative expense		(500)	500
Net changes	769,202	(153,394)	922,596
Net OPEB liability at end of year (12/31/2021)	$ 6,320,586	$ 6,222,528	$ 98,058

The OPEB expense for 2022 and 2021 was $282,904 and $164,095, respectively.

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

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

December 31, 2022 Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate	1% Decrease 0.73%	At Discount Rate 1.73%	1% Increase 2.73%
Authority's OPEB Liability	$ 8,477,368	$ 7,192,677	$ 6,165,635
Plan Fiduciary Net Position	7,144,332	7,144,332	7,144,332
Net OPEB Liability/(Asset)	$ 1,333,036	$ 48,345	$ (978,697)

December 31, 2021 Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate	1% Decrease 0.61%	At Discount Rate 1.61%	1% Increase 2.61%
Authority's OPEB Liability	$ 8,022,198	$ 6,320,586	$ 4,163,229
Plan Fiduciary Net Position	6,222,528	6,222,528	6,222,528
Net OPEB Liability/(Asset)	$ 1,799,670	$ 98,058	$ (2,059,299)

The following presents the net OPEB liability (asset), as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates:

December 31, 2022 Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Authority's OPEB Liability	$ 5,999,203	$ 7,192,677	$ 8,749,096
Plan Fiduciary Net Position	7,144,332	7,144,332	7,144,332
Net OPEB (Asset)/Liability	$ (1,145,129)	$ 48,345	$ 1,604,764

December 31, 2021 Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Authority's OPEB Liability	$ 3,637,057	$ 6,320,586	$ 8,341,323
Plan Fiduciary Net Position	6,222,528	6,222,528	6,222,528
Net OPEB Liability/(Asset)	$ (2,585,471)	$ 98,058	$ 2,118,795

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

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

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

December 31, 2022		
Deferred Outflows of Resources		
Deferred Outflows as of January 1, 2021	$	672,951
Difference between Expected and Actual Experience		245,611
Changes in Assumptions or Other Inputs		277,672
Deferred Outflows as of January 1, 2022	$	1,196,234

December 31, 2022		
Deferred Inflows of Resources		
Deferred Inflows as of January 1, 2021	$	1,165,927
Difference between Expected and Actual Experience		(111,082)
Changes in Assumptions or Other Inputs		(108,216)
Deferred Inflows as of January 1, 2022	$	946,629

December 31, 2021		
Deferred Outflows of Resources		
Deferred Outflows as of January 1, 2020	$	192,438
Changes in Assumptions or Other Inputs		480,513
Deferred Outflows as of January 1, 2021	$	672,951

December 31, 2021		
Deferred Inflows of Resources		
Deferred Inflows as of January 1, 2020	$	1,366,112
Difference between Expected and Actual Experience		(6,084)
Changes in Assumptions or Other Inputs		(194,101)
Deferred Inflows as of January 1, 2021	$	1,165,927

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

Year Ended June 30:		
2023	$	14,381
2024		14,381
2025		784
2026		(13,368)
2027		98,660
Thereafter		134,767
	$	249,605

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) as of December 31, 2022 (determined at the beginning of the measurement period) is 7.00 years.

I. LEASES

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, "*Leases*" which was retrospectively implemented as of December 31, 2020 for comparative purposes and resulted in a restatement of the December 31, 2021 financial statements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the 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. The Authority is a lessee for a noncancellable lease of office space. The Authority recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the financial statements.

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

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

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

At December 31, 2020, the Authority recognized lease liabilities with an initial, individual value of $2,346,979. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The Authority's leases have an interest rate of 4.00%.

I. LEASES (CONTINUED)

On May 1, 2019, the Authority entered into a lease for a copier from May 1, 2019 to May 1, 2023. An initial lease liability for the copier was recorded in the amount of $17,738 at December 31, 2020, which was the date of the implementation of GASB Statement No. 87. The value of the right of use asset as of December 31, 2022 was $17,738 with accumulated amortization of $15,204.

On September 24, 2021, the Authority entered into a lease for office space from September 24, 2021 to September 23, 2026 with an automatic five-year renewal term (September 24, 2026 through September 23, 2031). An initial lease liability for the office space was recorded in the amount of $2,329,241 at December 31, 2020, which was the date of the implementation of GASB Statement No. 87. The value of the right of use asset as of December 31, 2022 was $2,329,241 with accumulated amortization of $433,347.

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

Year Ended	Principal	Interest	Remaining Balance
As of December 31, 2020			$ 2,346,979
2021	$ 195,209	$ 93,879	2,151,770
2022	186,230	86,071	1,965,540
2023	188,260	78,622	1,777,280
2024	193,081	71,091	1,584,199
2025	200,805	63,368	1,383,394
2026-2030	1,184,420	186,343	198,974
2031	198,974	7,959	-
	$2,346,979	$587,333	

J. RELATED-PARTY TRANSACTIONS

Operating expenses for the years ended December 31, 2022 and 2021, include approximately $390,597 and $332,558, respectively, relating to payment for goods and services provided by various State agencies.

K. CONDUIT DEBT AND MASTER LEASE OBLIGATIONS

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks or rewards of the related financing. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. During the years ended December 31, 2022 and 2021, the Authority issued $183,215,000 and $1,014,277,000, respectively, in conduit debt. The amount of conduit debt outstanding at December 31, 2022 and 2021, totaled $6,148,435,000 and $6,613,784,000, respectively. Total assets for the trustee held funds relating to the conduit debt were $6,254,151,000 and $6,722,972,000, for the years ended December 31, 2022 and 2021, respectively. Total liabilities and net position for the trustee held funds relating to the conduit debt

K. CONDUIT DEBT AND MASTER LEASE OBLIGATIONS (CONTINUED)

were $6,254,151,000 and $6,772,972,000 as of December 31, 2022 and 2021, respectively. Regarding the Master Leasing Program, during the years ended December 31, 2022 and 2021, leases entered into totaled $0 and $0, respectively. The amount of lease payments outstanding at December 31, 2022 and 2021, totaled $0 and $244,000, respectively.

L. RISK MANAGEMENT

The Authority maintains a Not-For-Profit Protector Individual and Organization Insurance Policy (Directors and Officers Liability) that provides protection to the Authority's past, present and future members, committee members, officers and staff for official actions that may have been taken while carrying out their normal duties on behalf of the Authority. The Authority's policy which covers the period December 18, 2021 through December 18, 2022, has a $20 million liability limit with a retention level of $250,000 at a premium cost of $77,482.

M. SUBSEQUENT EVENTS

The Authority has engaged in a cooperative effort with the New Jersey Department of Health (DOH) to effectuate the provision of the State Fiscal Year 2023 Appropriation Act which appropriated a Grant-in-Aid line item of $10,000,000 to the Department of Health and the Authority for Family Planning Facilities upgrades. The Authority's enabling statute gives it the authority to enter into loan agreements with health care organizations, including family planning facilities, to provide them with the funds necessary to upgrade their health care facilities. The loans will be eligible for forgiveness if the recipient family planning facility continues to operate and provide family planning services for at least one year after entering into the loan agreement. The Authority will require requisitions from loan recipients with invoices or receipts to be submitted prior to disbursement of loan proceeds.

N. CHANGES IN ACCOUNTING PRINCIPLE/RESTATEMENT

Effective in the fiscal year ended December 31, 2022, the Authority implemented Governmental Accounting Standards Board Statement No. 87, "*Leases*" as described in the adoption of accounting pronouncements footnote above. The implementation was performed as of December 31, 2020 and resulted in a restatement to the December 31, 2021 financial statements as follows:

	Balance December 31, 2021	Restatement	Restated Balance December 31, 2021
	$000	$000	$000
Capital Assets	$ 605	$ 2,347	$ 2,952
Accumulated Depreciation	(569)	(224)	(793)
Net Capital Assets	36	2,123	2,159
Lease Payable - Current Portion	-	186	186
Long-term Lease Payable	-	1,965	1,965
Total Lease Payable	-	2,151	2,151
General and Administrative Expenses	499	(196)	303
Depreciation/Amortization	17	224	241
Change in Net Position	516	28	544
Net Investment in Capital Assets	36	(28)	8
Total Net Position	$ 9,177	$ (28)	$ 9,149

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS OF RETIREE HEALTH PLAN

Schedule of Contributions ($000)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 970	$ -	$ -	$ 79	$ 28	$ 358	$ 564	$ 307	$ 294	$ 280
Contribution in relation to the actuarially determined contribution	(970)	-	-	(79)	(28)	(358)	(564)	(307)	(294)	(280)
Contribution deficiency(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,649	$ 1,595	$ 1,584	$ 1,602	$ 1,471	$ 1,517	$ 1,550	$ 1,645	$ 1,714	$ 1,705
Contributions as a percentage of covered employee payroll	58.82%	0.00%	0.00%	4.94%	1.91%	23.60%	36.39%	18.66%	17.15%	16.42%

Notes to Schedule:

Valuation Date	December 31, 2021
Measurement Date	December 31, 2021 for Fiscal Year End December 31, 2022 reporting.
Actuarial Cost Method	Entry Age Normal, level percent of pay. Service Costs are attributed through all assumed ages of exit from active service.
Asset Valuation	Market values.
Miscellaneous	The valuation was prepared on an on-going plan basis.
Discount Rate	The discount rate was 1.61% as of December 31, 2020 in the prior valuation. For these results, a discount rate of 1.73% was used as of December 31, 2021.

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

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

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	$ 226,838	$ 199,260	$ 260,196	$ 265,018
Interest	104,166	125,560	255,160	236,801
Differences between expected and actual experience	286,546	(19,113)	(134,096)	(35,530)
Changes of assumptions or other inputs	410,088	602,607	(1,176,699)	(277,306)
Benefit payments	(155,547)	(139,112)	(178,499)	(136,996)
Net change in total OPEB liability	872,091	769,202	(973,938)	51,987
Total OPEB liability-beginning	6,320,586	5,551,384	6,525,322	6,473,335
Total OPEB liability-ending	$ 7,192,677	$ 6,320,586	$ 5,551,384	$ 6,525,322
Plan Fiduciary Net Position				
Net investment income				$ 138,247
Interest	$ 80,436	$ 2,661	$ 43,818	102,457
Deposits	970,149			79,348
Capital gains				4,600
Benefit payments	(128,281)	(155,547)	(139,112)	(136,996)
Adjustments		(8)		(30,258)
Other disbursements				(130,405)
Administrative expense	(500)	(500)	(500)	(500)
Net Change in plan fiduciary net position	921,804	(153,394)	(95,794)	26,493
Plan fiduciary net position-beginning	6,222,528	6,375,922	6,471,716	6,445,223
Plan fiduciary net position-ending	$ 7,144,332	$ 6,222,528	$ 6,375,922	$ 6,471,716
Net OPEB Liability (Asset) - ending	$ 48,345	$ 98,058	$ (824,538)	$ 53,606
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0.67%	1.55%	-14.85%	0.82%
Covered employee payroll	$ 1,648,983	$ 1,594,965	$ 1,583,697	$ 1,602,132
Net OPEB Liability (Asset) as a percentage of covered-employee payroll	2.93%	6.15%	-52.06%	3.35%

Notes to Schedule:

The discount rate was 1.61% as of December 31, 2020 in the prior valuation. For these results, a discount rate of 1.73% was used as of December 31, 2021.

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of Net Pension Liability	0.0219301720%	0.0222622652%	0.0221397776%	0.0219043702%	0.0216835200%	0.0218833644%	0.0219413703%	0.0252974240%	0.0246446573%
Proportionate Share of Net Pension Liability	$ 3,309,565	$ 2,637,299	$ 3,610,419	$ 3,946,835	$ 4,269,378	$ 5,094,097	$ 6,498,405	$ 5,678,765	$ 4,614,154
Covered-Employee Payroll	1,648,983	1,583,697	1,583,697	1,602,132	1,470,782	1,517,320	1,549,905	1,644,881	1,714,089
Proportionate Share of Net Pension Liability as a Percentage of Payroll	200.70%	166.53%	227.97%	246.35%	290.28%	335.73%	419.28%	345.24%	269.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.08%	47.93%	52.08%

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 which information is available.

<u>Note to Required Supplementary Information</u>

<u>Benefit Changes</u>

There were none.

Changes of Assumptions

The discount rate remained the same at 7.00% as of June 30, 2021 and June 30, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – PERS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 276,550	$ 260,717	$ 242,198	$ 213,066	$ 215,681	$ 196,999	$ 217,490	$ 203,167	$ 164,448
Contribution in Relation to the Contractually Required Contribution	276,550	260,717	242,198	213,066	215,681	196,999	217,490	203,167	164,448
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$1,648,983	$1,594,965	$1,583,697	$1,602,132	$1,470,782	$1,517,320	$1,549,905	$1,644,881	$1,714,089
Contributions as a Percentage of Covered-Employee Payroll	16.77%	16.35%	15.29%	13.30%	14.66%	12.98%	14.03%	12.35%	9.59%

* 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 which information is available.

OTHER SUPPLEMENTARY INFORMATION – TRUSTEE HELD FUNDS

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

STATEMENTS OF NET POSITION FOR TRUSTEE HELD FUNDS
DECEMBER 31, 2022 AND 2021

	2022	2021
	($000)	($000)
Assets		
Mortgages and loans receivable, net	$ 5,443,736	$ 5,392,977
Capital asset program notes receivable, net	24,435	28,764
Lease receivable	188,645	201,470
State contract bonds receivable	150,015	157,230
Construction/program accounts		
Cash and cash equivalents	273,661	741,104
Investments	941	9
Prepaid expenses	21	21
Debt service accounts		
Cash and cash equivalents	135,628	142,687
Investments	209	2
Receivable from master trustee/institution	9,731	16,446
Debt service reserve accounts		
Cash and cash equivalents	27,048	26,927
Investments	82	15,091
Master lease funds		
Lease payments receivable, net	-	244
Total assets	$ 6,254,152	$ 6,722,972
Liabilities and net position		
Bonds payable	$ 6,148,436	$ 6,613,784
Unearned Income	32	18
Accrued interest payable	104,987	108,253
Accrued expenses	73	66
Master lease payable	-	244
Capital Asset Program net position	624	607
Total liabilities and net position	$ 6,254,152	$ 6,722,972

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

STATEMENTS OF CASH FLOWS FOR TRUSTEE HELD FUNDS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022 ($000)	2021 ($000)
Cash flows from operating activities		
Payments received from institutions under agreements	$ 521,390	$ 365,366
Disbursements for construction/acquisition and issuance expense	(521,681)	(582,083)
Other receipts/(disbursements)	92,648	(58,189)
Net cash from operating activities	92,357	(274,906)
Cash flows from noncapital financing activities		
Face amount of revenue bonds	145,563	1,108,242
Net proceeds from sale of revenue bonds	145,563	1,108,242
Principal/premium paid on revenue bonds	(481,904)	(280,584)
Interest paid on revenue bonds	(250,817)	(232,049)
Net cash from noncapital financing activities	(587,158)	595,609
Cash flows from capital financing activities		
Payments received from institutions under lease/sublease agreements	-	4,076
Payments made under lease/sublease agreements	-	(4,044)
Principal/premium paid on master lease	-	(33)
Net cash from capital financing activities	-	(1)
Cash flows from investing activities		
Net investment in securities	15,185	(66)
Interest on investments	5,235	524
Net cash from investing activities	20,419	458
Net (decrease) increase in cash and cash equivalents	(474,382)	321,161
Cash and cash equivalents, beginning of year	910,718	589,557
Cash and cash equivalents, end of year	$ 436,337	$ 910,718

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

NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022 AND 2021

A. BACKGROUND – CONDUIT DEBT

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- *Capital Asset Program* - Accounts for the receipt and disbursement of funds in connection with the Authority's Capital Asset Revenue Bonds, Series A and B. The Program was designed to issue loans to certain eligible borrowers for capital asset needs. These bonds were initially issued without designated borrowers. Under the Capital Asset Program, the Authority was required to establish a Debt Service Reserve Fund which may be used to pay debt service if pledged revenues are insufficient.

- *Revenue Bond/Note Program* - Accounts for the receipt and disbursement of funds in connection with the various revenue bonds/notes issued by the Authority to designated borrowers for specific purposes as described in the applicable bond and note resolutions.

- *Master Leasing Program* – Accounts for the receipt and disbursement of funds in connection with leases entered into by the Authority with designated borrowers for leasing of specific equipment as described in the applicable master lease and sublease agreements.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Construction/Program Accounts - Accounts for the receipt and disbursement of monies for the payment of construction expenses, related equipment expenditures, and expenses associated with bond issues.

- Debt Service Accounts - Accounts for the receipt and disbursement of monies held on behalf of the designated borrowers for the payment of bond or note principal and interest.

- Debt Service Reserve Funds - Accounts for the receipt and disbursement of monies held in reserve on behalf of the investors in compliance with applicable bond resolutions. When required, the Debt Service Reserve Funds are generally maintained at an amount equal to the greatest annual amount of principal and interest payable.

- Master Lease Accounts – Accounts for the receipt and disbursement of monies held on behalf of sublessee user for the related equipment expenditures and for the payment of the lease principal and interest.

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

C. MORTGAGES AND LOANS RECEIVABLE

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

Among other things, the mortgages provide first liens on the physical property financed with the bond proceeds, and in some instances, all after-acquired property and previously existing facilities. The Authority has assigned all of its rights, title and interest in such security to the trustee bank for each respective issue.

C. MORTGAGES AND LOANS RECEIVABLE (CONTINUED)

As of December 31, 2022 and 2021, mortgages and loans receivable were:

	2022 ($000)	2021 ($000)
Mortgages		
Total mortgages receivable	$ -	$ -
Loans		
Secured by pledge of collateral with trustees:		
Christian Health Care Center	$ 4,160	$ 4,380
Meridian Hospitals Corporation (currently Hackensack Meridian Health)	-	11,950
Wiley Mission Project	4,991	5,880
The Matheny School and Hospital	200	400
Virtua Health, Inc.	41,115	43,140
MHAC I, LLC (currently Hackensack Meridian Health)	-	19,745
Southern Ocean County Hospital (currently Hackensack Meridian Health)	-	13,360
St. Ann's Home for the Aged	9,106	9,412
Samaritan Healthcare and Hospice	6,339	6,609
University Hospital	244,340	249,785
RWJ Barnabas (REISSUE)	7,033	7,438
Village Drive Health Care	22,850	23,000

C. MORTGAGES AND LOANS RECEIVABLE (CONTINUED)

	2022 ($000)	2021 ($000)
Loans (Continued)		
Secured by pledge of gross receipts under Master Trust Indenture:		
Hackensack Medical Center		
(currently Hackensack Meridian Health)	$ 64,251	$ 67,143
Saint Peter's Medical Center		
(currently Saint Peter's University Hospital)	105,925	122,390
Hunterdon Medical Center	106,932	109,408
Shore Memorial Health Care System	31,845	39,880
St. Joseph's Hospital and Medical Center Obligated Group	259,695	226,140
AHS Hospital Corporation	350,550	362,165
Christian Health Care Center	10,055	11,350
CentraState Medical Center Obligated Group	-	58,250
Virtua Health, Inc.	474,315	490,650
Meridian Health System Obligated Group		
(currently Hackensack Meridian Health)	234,106	379,119
Trinitas Hospital Obligated Group	-	67,815
The House of the Good Shepherd	-	8,725
Princeton Healthcare System	242,075	247,875
Holy Name Medical Center	53,572	60,477
Robert Wood Johnson Hospital		
(currently RWJ Barnabas Health, Inc.)	151,690	154,050
Barnabas Health, Inc.		
(currently RWJ Barnabas Health, Inc.)	129,925	138,925
St. Luke's Warren Hospital Obligated Group	39,410	37,410
Deborah Heart and Lung Center Obligated Group	-	2,363
Inspira Health Obligated Group	450,325	460,370
RWJ Barnabas Health Obligated Group	1,634,805	1,657,280
Hackensack Meridian Health	542,410	558,560
Valley Health System	320,760	332,645
Atlanticare Health System	216,995	216,995
Total loans receivable	5,759,776	6,205,084
Total mortgages and loans receivable	5,759,776	6,205,084
Less cash and investments held by trustees	316,040	812,107
Mortgages and loans receivable, net	$ 5,443,736	$ 5,392,977

D. CAPITAL ASSET PROGRAM NOTES RECEIVABLE

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

As of December 31, 2022 and 2021, Capital Asset Program notes receivable were:

	2022 ($000)	2021 ($000)
Hackensack Meridian Health, Inc.	$ 13,500	$ 17,357
John Brooks Recovery Center (Part of AtlantiCare Health System)	10,935	11,407
Total Capital Asset Program notes receivable	$ 24,435	$ 28,764

E. EQUIPMENT REVENUE NOTES RECEIVABLE

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

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

There are no Equipment Revenue Notes Receivable as of December 31, 2022 and 2021.

F. LEASE RECEIVABLE

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

F. LEASE RECEIVABLE (CONTINUED)

On April 18, 2013, the Authority issued lease revenue bonds in the aggregate principal amount of $210,840,000. Greystone Park Psychiatric Hospital Project 2013A in the principal amount of $50,730,000 was issued to finance the completion of the demolition and remediation of the psychiatric facilities formerly used by Greystone Park Psychiatric Hospital, Morris County, New Jersey; and Greystone Park Psychiatric Hospital Refunding Project Series 2013B in an aggregate principal amount of $160,110,000 was issued to refinance all of the Series 2003 and Series 2005 lease revenue bonds.

Also on April 18, 2013, the Authority issued lease revenue bonds in the aggregate principal amount of $73,530,000 to finance the costs of a project consisting of the demolition and remediation of the existing facilities at or related to Marlboro Psychiatric Hospital in Monmouth County, New Jersey and construction of group housing.

	2022 ($000)	2021 ($000)
Greystone Park Psychiatric Hospital	$ 128,275	$ 139,735
Marlboro Psychiatric Hospital	60,370	61,735
Total Lease Receivable	$ 188,645	$ 201,470

G. STATE CONTRACT BONDS RECEIVABLE

The Hospital Asset Transformation Act (the “Transformation Act”) (P. L. 2000, c. 98) amended and established a Hospital Asset Transformation Program within the Authority for the purpose of providing financial assistance by the Authority to nonprofit hospitals in the State, in connection with the termination of the provision of hospital acute care services at a specific location that may no longer be necessary or useful for the provision of such care under the Transformation Act. The Authority, subject to the prior written approval of the State Treasurer, may issue bonds in order to satisfy the outstanding bonded indebtedness of any nonprofit hospital for the purposes outlined in the Transformation Act. To secure such bonds, the State Treasurer and the Authority are permitted to enter into one or more contracts providing for the payment by the State Treasurer to the Authority in each fiscal year from the State's General Fund, of an amount equivalent to the amount due to be paid in that fiscal year for the debt service on such bonds, subject to and dependent upon appropriation being made by the State Legislature for such purpose. The remaining outstanding debt related to the Transformation Act bonds issued on behalf of St. Mary’s Hospital and St. Michael’s Medical Center in 2007 and 2008, respectively, has been refunded by State Contract Refunding Bonds in 2017, the principal and interest on which will be paid by the State Treasurer, subject to appropriation by the State Legislature, in accordance with a new State Contract issued pursuant to the Transformation Act. See note K for more detail. Transformation Act bonds issued on behalf of Community Medical Center (d/b/a Solaris Health System) in 2009 have been redeemed in full through a 2018 refunding by Hackensack Meridian Health, on its own credit, which acquired JFK Health System (f/k/a Solaris Health System) on January 1, 2018. Therefore, the bonds are no longer subject to a State Contract pursuant to the Transformation Act.

G. STATE CONTRACT BONDS RECEIVABLE (CONTINUED)

At December 31, 2022 and 2021, State contract bonds receivable were as follows:

	2022 ($000)	2021 ($000)
State Contract Refunding Bonds (HATP)	$ 150,015	$ 157,230
Total State contract bonds receivable	$ 150,015	$ 157,230

H. MASTER LEASE PAYABLE

For the Authority's Master Leasing Program introduced in 2012, health care systems (sublease user) can access tax-exempt equipment leases through a pre-arranged master lease financing program. The Authority, as lessee, approves the system for a total dollar amount, and the system's members enter into leases over a specific period up to an aggregate dollar amount of leases. The system must enter into a master lease agreement with each separate lessor/equipment vendor. Each of the leases is payable out of revenues derived from the subleasee user and is secured by its own master lease and sublease agreement. The systems are required to make principal and interest payments to the Authority or trustee bank sufficient to meet the principal and interest requirements of the leases.

At December 31, 2022 and 2021, the Master Lease payable was as follows:

	2022 ($000)	2021 ($000)
St. Barnabas Medical Center	$ -	$ 244
Total Master Lease receivable	-	244

NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022 AND 2021

I. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The components of cash and cash equivalents and investments at December 31, 2022 and 2021, are as follows:

	2022 ($000)	2021 ($000)
Cash and cash equivalents		
Money Market Funds (which includes New Jersey Cash Management Fund)	$ 436,337	$ 910,718
Investments		
U.S. Treasury and Agency obligations	1,232	15,102
Total cash and cash equivalents and investments	$ 437,569	$ 925,820

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

Investments of trustee held funds are generally made in accordance with the Authority's General Bond Resolution, subject to modifications in the applicable Series Resolutions or in accordance with individual Bond Trust Agreements. The General Bond Resolution, which is amended from time to time, permits the investment of funds held by the trustee in the following: (a) obligations of or guaranteed by the State of New Jersey; the U.S. Government or agencies of the U.S. Government; (b) obligations of or guaranteed by any state of the U.S. or the District of Columbia rated in the highest two credit rating categories; (c) repurchase agreements secured by obligations noted in (a) or (b) above; (d) interest-bearing deposits in any bank or trust company, insured or secured by a pledge of obligations noted in (a) or (b) above; (e) NJCMF; and (f) shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940 which invests in obligations of or guaranteed by the U. S. Government or government agencies with maturities of less than one year and has a net position of not less than $10,000,000.

In addition, bond resolutions for the Capital Asset Program and certain bond issues permit investments in investment agreements. These investments are made at the direction of the Authority and are held by the respective trustee in the name of the Authority and the respective health care organization. Interest income earned on such investments is credited periodically to the participant's trust account.

NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022 AND 2021

J. REVENUE BONDS, NOTES AND MASTER LEASES

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

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

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

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2022	Amount Outstanding December 31, 2021
Revenue bonds			($000)	($000)
Public issues				
Christian Health Care Center, Series 1997 B	2028	Weekly variable rate	$ 3,400	$ 3,900
*Meridian Health System Obligated Group, Series 2003 A	2033	Weekly variable rate	-	57,830
The Matheny School and Hospital Inc., Series 2003 A-2	2023	Weekly variable rate	200	400
*Meridian Nursing and Rehab, Series 2004 A-3	2035	Weekly variable rate	-	8,450
Virtua Health, Series 2004	2033	Weekly variable rate	41,115	43,140
Christian Health Care Center, Series 2005 A-2	2035	Weekly variable rate	4,160	4,380
*Southern Ocean County Hospital, Series 2006	2036	Weekly variable rate	-	13,360

(*Denotes defeased or paid off)

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

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2022 ($000)	Amount Outstanding December 31, 2021 ($000)
Revenue bonds				
Public issues (continued)				
*Meridian Nursing and Rehabilitation, Series 2006 A-3	2031	Weekly variable rate	$ -	$ 3,500
*MHAC I, LLC, Series 2006 A-4	2027	Weekly variable rate	-	8,830
*MHAC I, LLC, Series 2006 A-5	2036	Weekly variable rate	-	10,915
*Saint Peter's University Hospital Obligated Group, Series 2007	2037	5.25 - 5.75	-	57,060
AHS Hospital Corp., Series 2008 A	2027	5.00	2,600	3,100
AHS Hospital Corp., Series 2008 B	2036	Weekly variable rate	88,555	88,555
AHS Hospital Corp., Series 2008 C	2036	Weekly variable rate	88,555	88,555
Christian Health Care Center, Series 2009	2038	Weekly variable rate	6,655	7,450
Virtua Health, Series 2009 B	2043	Daily variable rate	60,000	60,000
Virtua Health, Series 2009 C	2043	Daily variable rate	40,000	40,000
Virtua Health, Series 2009 D	2043	Weekly variable rate	65,000	65,000
Virtua Health, Series 2009 E	2043	Weekly variable rate	20,000	20,000
*Saint Peter's University Hospital Obligated Group, Series 2011	2035	5.00 - 6.25	-	65,330

(*Denotes defeased or paid off)

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

NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022 AND 2021

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

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2022	Amount Outstanding December 31, 2021
Revenue bonds			($000)	($000)
Public issues (continued)				
		Weekly		
*Meridian Health System, Series 2011	2027	2.00 - 5.00	$ -	$ 79,205
*Barnabas Health, Series 2012 A	2026	2.00 - 5.00	-	9,000
Greystone Park Psychiatric Hospital Project, Series 2013A	2033	3.50 - 5.00	50,730	50,730
Greystone Park Psychiatric Hospital Project, Series 2013B	2028	4.00 - 5.00	77,545	89,005
Marlboro Psychiatric Hospital Project, Series 2013	2033	3.00 - 5.00	60,370	61,735
Meridian Health System Obligated Group, Series 2013A	2032	4.00 - 5.00	19,220	20,290
*St. Luke's Warren Hospital Obligated Group, Series 2013	2043	4.00 - 5.00	-	37,410
Robert Wood Johnson University Hospital, Series 2013A	2043	3.00 - 5.50	95,765	98,125
Virtua Health, Series 2013	2029	3.00 - 5.00	89,510	105,845
RWJ University Hospital, Series 2014A	2043	5.00	55,925	55,925
Barnabas Health Obligated Group,				
Series 2014A	2044	4.25 - 5.00	129,925	129,925
Hunterdon Medical Center, Series 2014A	2045	4.00 - 5.00	14,305	14,305
University Hospital, Series 2015A	2046	4.125-5.00	244,340	249,785
Princeton Healthcare System, Series 2016A	2034	2.00 - 5.00	157,075	162,875
Inspira Health Obligated Group, Series 2016A	2036	2.00 - 5.00	139,205	143,725
St. Joseph's Healthcare System, Series 2016	2036	3.00 - 5.00	221,815	226,140
*Trinitas Regional Medical Center Obligated Group, Series 2016A	2030	4.00 - 5.00	-	10,040
AHS Hospital Corp, Series 2016	2036	3.00 - 5.00	170,840	181,955
RWJ Barnabas Health Obligated Group, Series 2016A	2036	3.50 - 5.00	670,615	679,135
*Trinitas Regional Medical Center Obligated Group, Series 2017	2030	5.00	-	57,775
Hackensack Meridian Health, Series 2017	2057	2.50 - 5.00	542,410	558,560
Inspira Health Obligated Group, Series 2017A	2037	2.00 - 5.00	260,120	261,645
State Contract Refunding Bonds (HATP), Series 2017	2038	5.00	150,015	157,230
RWJ Barnabas Health Obligated Group, Series 2019A	2029	5.00	13,265	15,470
RWJ Barnabas Health Obligated Group, Series 2019B-1	2043	5.00	69,725	69,725
RWJ Barnabas Health Obligated Group, Series 2019B-2	2042	5.00	70,555	70,555
RWJ Barnabas Health Obligated Group, Series 2019B-3	2045	5.00	70,550	70,550
Valley Health System Obligated Group, Series 2019	2039	3.00 - 5.00	320,760	332,645
Hunterdon Medical Center Obligated Group, Series 2020A	2050	2.56 - 3.511	44,040	44,460
Atlanticare Health System Obligated Group, Series 2021	2051	2.00 - 5.00	216,995	216,995
RWJ Barnabas Obligated Group, Series 2021A	2051	2.625 - 5.00	740,095	751,845
St. Luke's Warren Hospital Obl. Group, Series 2022A	2044	2.56	39,410	-
Saint Peter's University Hospital Obligated Group, Series 2011	2037	5	105,925	-
Total public issues			5,261,290	5,662,365

(*Denotes defeased or paid off)

NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022 AND 2021

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

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2022 ($000)	Amount Outstanding December 31, 2021 ($000)
Private placements				
St. Ann's Home for the Aged, Series 2010	2040	Indexed rate	$ 9,106	$ 9,412
*House of the Good Shepherd Obligated Group, Series 2012	2031	2.54 to 2022, 4.41 after	-	8,725
Wiley Mission, Series 2012 Lot A	2029	Monthly variable rate	4,991	5,652
*Wiley Mission, Series 2012 Lot B	2022	Monthly variable rate	-	228
*Deborah Heart & Lung Center, Obligated Group, Series 2014	2023	4.28	-	2,363
*CentraState Medical Center, Obligated Group, Series 2014A	2028	2.97	-	21,045
*CentraState Medical Center, Obligated Group, Series 2014C	2029	3.00	-	5,695
Hunterdon Medical Center, Series 2014B	2029	2.44	11,790	13,317
Hunterdon Medical Center, Series 2014D	2034	indexed rate	3,355	3,576
Hackensack University Med. Ctr., Ob. Grp., Series 2015A	2040	2.38	64,251	67,143
Samaritan Healthcare and Hospice, Series 2015	2040	2.6500	6,339	6,609
Meridian Health System Obligated Group, Series 2015A	2045	2.5000	99,306	103,639
Princeton Healthcare System, Series 2016B	2045	Indexed rate	65,000	65,000
Princeton Healthcare System, Series 2016C	2045	Indexed rate	20,000	20,000
Meridian Health System, Series 2016A	2038	Monthly variable rate	115,580	118,155
RWJ Barnabus, Series 2017A (Reissue)	2036	3.23	7,033	7,438
Insprira Health Obligated Group, Series 2017B	2042	Monthly variable rate	51,000	55,000
*Centrastate Medical Center Obligated Group, Series 2017A	2037	3.26	-	31,510
Village Drive Health Care Urban Renewal Issue, Series 2018	2038	5.75	22,850	23,000
Virtua Health, Series 2019	2038	3.20	199,805	199,805
Shore Memorial Obligated Group, Series 2019	2039	2.21	31,845	39,880
Holy Name Medical Center Obligated Group, Series 2020	2025	2.25	10,980	15,040
Hunterdon Medical Center Obligated Group, Series 2020B	2045	1.41	33,442	33,750
Holy Name Medical Center Obligated Group, Series 2021	2030	1.78	42,592	45,437
St. Joseph's Healthcare System Obligated Group, Series 2022	2052	4.00 - 5.00	37,880	
Total private placements			837,146	901,419
Capital asset program				
Total Capital Asset Program, Series A & B	2035		50,000	50,000
Total bonds payable			$ 6,148,436	$ 6,613,784
Master Leases				
St. Barnabas Medical Center, Dated April 17, 2015	2022	2.02	-	244
Total master leases			-	244
Total revenue bonds, equipment revenue notes and master leases			$ 6,148,436	$ 6,614,028

(*Denotes defeased or paid off)

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

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

	Principal ($000)	Interest ($000)	Total ($000)
2023	$ 179,317	$ 261,843	$ 441,160
2024	189,507	254,646	444,153
2025	248,856	242,319	491,175
2026	166,013	228,983	394,996
2027	174,792	217,752	392,544
2028-2032	1,184,377	948,260	2,132,637
2033-2037	1,362,911	685,723	2,048,634
2038-2042	1,360,962	394,349	1,755,311
2043-2047	788,921	174,405	963,326
2048-2052	448,890	55,879	504,769
2053-2057	43,890	6,989	50,879
	$ 6,148,436	$ 3,471,148	$ 9,619,584

Several Authority bond issues are subject to periodic interest rate reset. Interest expense in future years, as reflected on the above schedule for variable rate bonds, is estimated based on rates in effect at or close to December 31, 2022.

K. COMPLIANCE WITH BOND PROVISIONS

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

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

K. COMPLIANCE WITH BOND PROVISIONS (CONTINUED)

The Authority routinely monitors the financial condition of all borrowers to determine compliance with the requirements pursuant to related bond documents. As of December 31, 2022 and 2021, there were no Events of Default of the Authority's bond issues. On December 28, 2017, the Authority currently refunded the remaining outstanding Transformation Act bonds issued in 2007 on behalf of the former St. Mary's Hospital and advance refunded the remaining Transformation Act bonds issued in 2008 on behalf of the former St. Michael's Medical Center, Inc. by issuing the New Jersey Health Care Facilities Financing Authority $170,475,000 State Contract Refunding Bonds (Hospital Asset Transformation Program), Series 2017 (the "Series 2017 State Contract Refunding Bonds"). As part of the refunding, the State Treasurer entered into a new State Contract agreeing to pay the principal and interest on the bonds, subject to appropriation by the State Legislature. The Series 2017 State Contract Refunding Bonds have a final maturity of October 1, 2038, and debt service payments, as follows:

State Fiscal Year	Principal and Interest Payments
Remainder of 2023 (interest only)	$ 3,750,375
2024	14,891,250
2025	14,897,375
2026	14,893,500
2027	14,898,625
2028	13,005,125
2029	13,009,375
2030	13,004,375
2031	13,004,250
2032	13,007,750
2033	13,008,750
2034	13,001,375
2035	13,009,250
2036	13,006,000
2037	13,005,500
2038	13,006,250
2039	12,797,125
Total	$ 219,196,250

L. DEFEASED ISSUES

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations. The proceeds received from the sales of these bond issues are used to refund the outstanding bond issues or to deposit in an irrevocable escrow account held by an escrow agent, an amount which, when combined with interest earnings thereon, is sufficient to pay the principal and interest on the defeased bonds when due. The escrow accounts meet the criteria under generally accepted accounting principles for a refunding and, accordingly, the escrow account assets and liabilities for refunded bonds are not included in the Authority's financial statements.

Certain refundings result in annual debt service savings compared to the original debt service requirements. The debt service savings, together with any accounting gain or loss to be deferred, accrue to the respective organizations. A summary of outstanding balances as of December 31, 2022 and 2021, by issue, is as follows:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31, 2022	Amount Outstanding December 31, 2021
Defeased public issues			($000)	($000)
St. Clare's Hospital, Inc. Series 2004 A	2025	4.25 - 5.25	$ 20,785	$ 27,045
Saint Barnabas Health Care System, Series 1998B	2023	0.00	5,161	13,158
Kennedy Health System, Series 2012	2022	2.00 - 5.00	14,320	50,140
Barnabas Health, Series 2012A	2026	2.00 - 5.00	-	81,250
St. Luke's Warren Hospital Obl. Group, Series 2013	2043	4.00-5.00	37,410	-
Palisades Medical Center, Series 2013 (currently Hackensack Meridian Health)	2023	3.15 - 5.00	34,820	36,785
Virtua Health, Series 2013	2029	3.00-5.00	5,005	-
Trinitas Regional Medical Center Obligated Group, Series 2016A	2030	4.00 - 5.00	9,130	-
Trinitas Regional Medical Center Obligated Group, Series 2017A	2030	5	52,535	-
CentraState Medical Center Obligated Group, Series 2017A	2037	3.26	30,900	-
Total defeased public issues			210,066	208,378
Partially defeased private placement issues				
Hunterdon Medical Center Obl. Grp., Series 2014A	2034	2.5	28,430	28,430
Total partially defeased private placement issues			28,430	28,430
Total defeased issues			$ 238,496	$ 236,808

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business – type activities and fiduciary funds of the New Jersey Health Care Facilities Financing Authority ("the Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 10, 2023