KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
REPORT ON FINANCIAL STATEMENTS AND
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
IN ACCORDANCE WITH
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS (UNIFORM GUIDANCE) AND
NEW JERSEY OMB CIRCULAR 15-08

YEARS ENDED JUNE 30, 2021 AND 2020

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

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(A Component Unit of the State of New Jersey)

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Kean University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Kean University (the "University"), a component unit of the State of New Jersey as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Kean University Foundation, Inc. and subsidiaries (the "Foundation"), the discretely presented component unit of Kean University. The Foundation's financial statements represent 12% of total assets, 26% of total net position and 2% of total operating revenues for the year ended June 30, 2021 and 10% of total assets, 27% of total net position and 5% of total operating revenues for the year ended June 30, 2020. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and the discretely presented component unit of Kean University, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the University's proportionate share of the net pension liability Public Employees' Retirement System – PERS, schedule of University contributions Public Employees' Retirement System - PERS, schedule of the University's proportionate share of the net pension liability Police and Firemen's Employee's Retirement System – PFRS, schedule of University contributions Police and Firemen's Employee's Retirement System – PFRS, schedule of the State's proportionate share of the net pension liability associated with the University Teacher's Pension and Annuity Fund – TPAF and schedule of the State's Proportionate Share of the Total OPEB Liability – State Health Benefit Retired Employees Fund as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State*

Grants and State Aid, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022, on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
May 6, 2022

Overview of Basic Financial Statements and Financial Analysis

This section of the financial statements for Kean University of New Jersey (the "University") presents management's discussion and analysis of the University's financial position and changes in financial position for the years ended June 30, 2021 and 2020 and comparative amounts for the year ended June 30, 2019. The discussion in this report focuses on the operations and financial position of Kean University. It is an overview of the reporting unit's financial activities and should be read in conjunction with the financial statements and notes, which follow this section. Management has prepared the financial statements and the related note disclosures, along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with management. All dollar amounts referred to in this Management's Discussion and Analysis are expressed in thousands.

University Overview

Kean University of New Jersey, one of twelve public institutions in the New Jersey system of public higher education, offers programs in the liberal arts and sciences as well as in business and other professional studies within a liberal context at both the bachelor's and master's level. Organized into schools, which provide thematic learning communities, the University presents a curriculum of traditional majors and innovative programs in an interdisciplinary fashion. Supported by global partnerships and telecommunications, international and intercultural education have become central themes in Kean's programming. The University purposely involves students in the cultural diversity of the world and of American society.

Financial Statements

The University's financial statements include the following: the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles and accounting principles generally accepted in the United States of America.

Kean University Foundation, Inc. and subsidiaries (the "Foundation") is a legally separate component unit of Kean University and is exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of Kean University. Because the resources of the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is presented as a discretely presented component unit in the University's financial statements in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* and GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statement No. 14 and No. 61*.

Separate financial statements of the Foundation can be obtained from the Kean University Foundation, Inc. at 1000 Morris Avenue, T-130, Union, NJ 07083 and/or from the Foundation's website at www.keanfoundation.org.

Statements of Net Position

Net position represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists primarily of grants and contracts and capital funds that are subject to regulations or restrictions governing their use. The unrestricted component of net position is available to the University for general purposes, but may be internally designated for various academic and student programs. The following represents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University at June 30, 2021, 2020 and 2019:

Net Position

(in thousands)

	June 30,		
	2021	2020	2019
Current assets	$ 204,609	$ 147,188	$ 202,055
Capital assets, net	567,612	573,958	532,671
Other noncurrent assets	3,554	5,216	7,717
Total Assets	775,775	726,362	742,443
Deferred Outflows of Resources	35,085	37,372	45,405
Current liabilities	42,462	36,144	43,502
Noncurrent liabilities	399,505	421,445	439,432
Total Liabilities	441,967	457,589	482,934
Deferred Inflows of Resources	78,330	81,017	85,177
Net Position:			
Net investment in capital assets	247,107	246,886	198,092
Restricted	26,509	23,460	79,058
Unrestricted (deficit)	16,947	(45,218)	(57,413)
Total Net Position	$ 290,563	$ 225,128	$ 219,737

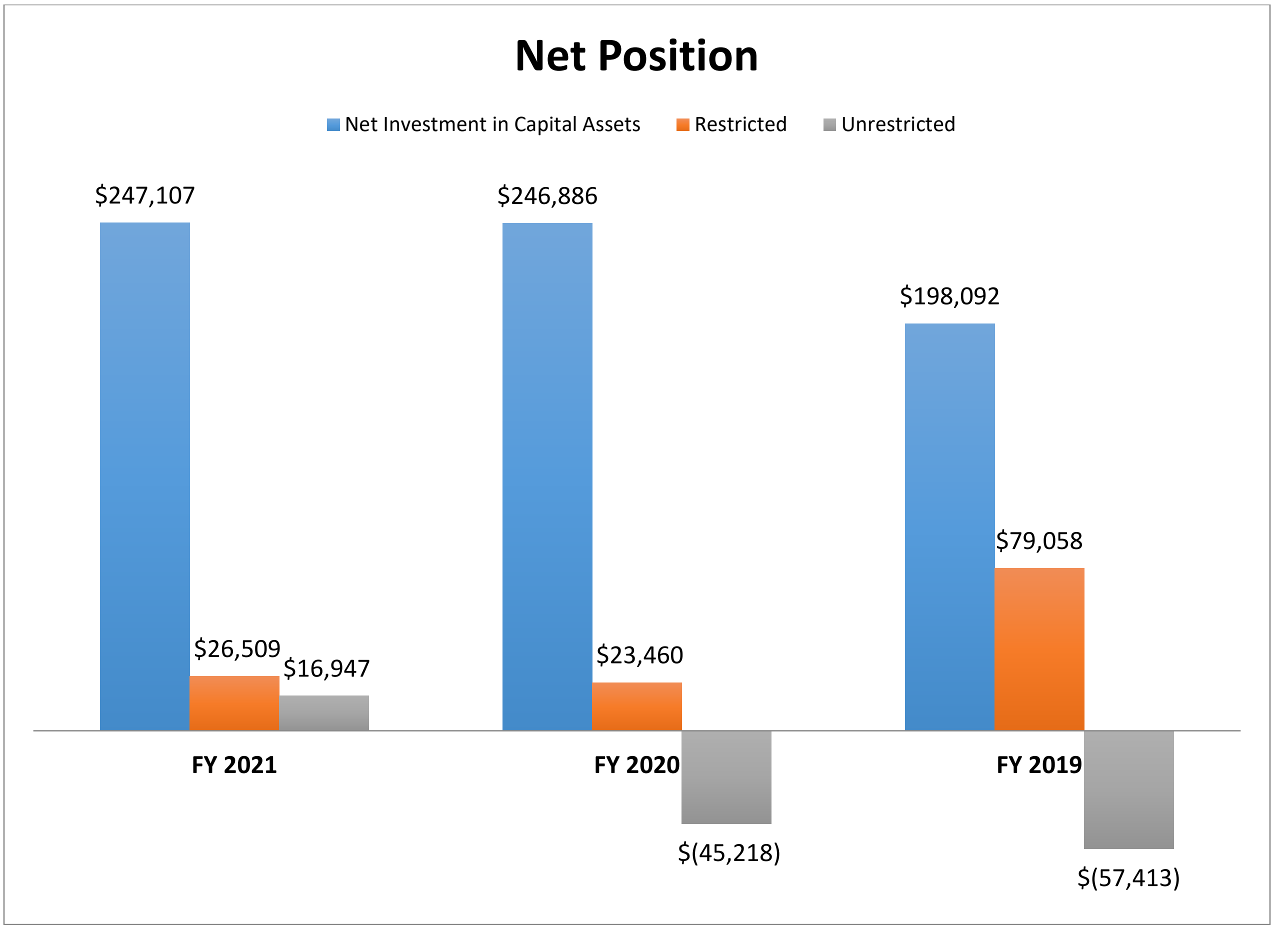
Kean University's net position *increased* approximately $65.4 million during fiscal 2021. Operating revenues of $138.7 million, plus net non-operating revenues and capital related revenues, net of interest expense of $160.7 million, *exceeded* operating expenses of $234.4 million and transfers to the Foundation of $0.3 million. State appropriations and State payment of fringe benefits totaling $79.2 million plus Federal and State Non-Operating Grants of $92.8 million *more than* offset the year's *operating loss* of $95.7 million and net interest expense, investment income, and other expenses of $11.2 million.

Net investment in capital assets *increased* $0.2 million which was due mostly to a mix of offsetting activity. Such activity includes the transfers of completed construction in progress to capital assets as well as new construction spending offset by depreciation related to existing capital assets. Restricted net position *increased* $3.0 million which was mainly the result of an increase in the Debt Service Reserve related to Funds held with Trustee.

In fiscal year 2020, net position *increased* approximately $5.4 million. Operating revenues of $150.2 million, plus net non-operating revenues and capital related revenues, net of interest expense of $112.9 million and legal settlements of $1.6 million, *exceeded* operating expenses of $229.3 million and scholarships funding and other transfers to the Foundation of $30.6 million. State appropriations and State payment of fringe benefits totaling $64.1 million plus Federal and State Non-Operating Grants of $57.7 million *more than* offset the year's *operating loss* of $79.1 million and net interest expense, investment income, and other expenses of $8.9 million.

Current assets consist primarily of cash and equivalents, deposits held by bond trustees under bond agreements for capital activities, investments and accounts receivable. Noncurrent assets consist primarily of investments, land, construction-in-progress and capital assets, net of accumulated depreciation. Current liabilities consist primarily of accounts payable, accrued expenses, unearned revenue and long-term debt – current portion. Noncurrent liabilities consist primarily of long-term debt and the net pension liability.

Graphically displayed below is net position by category as of June 30, 2021, 2020 and 2019.



Statements of Revenues and Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the University's changes in net position. The purpose of the statement is to present the revenues earned by Kean University, including operating, non-operating and capital and expenses incurred by the University, both operating and non-operating. A summary of the University's revenues for the years ended June 30, 2021, 2020 and 2019 follows:

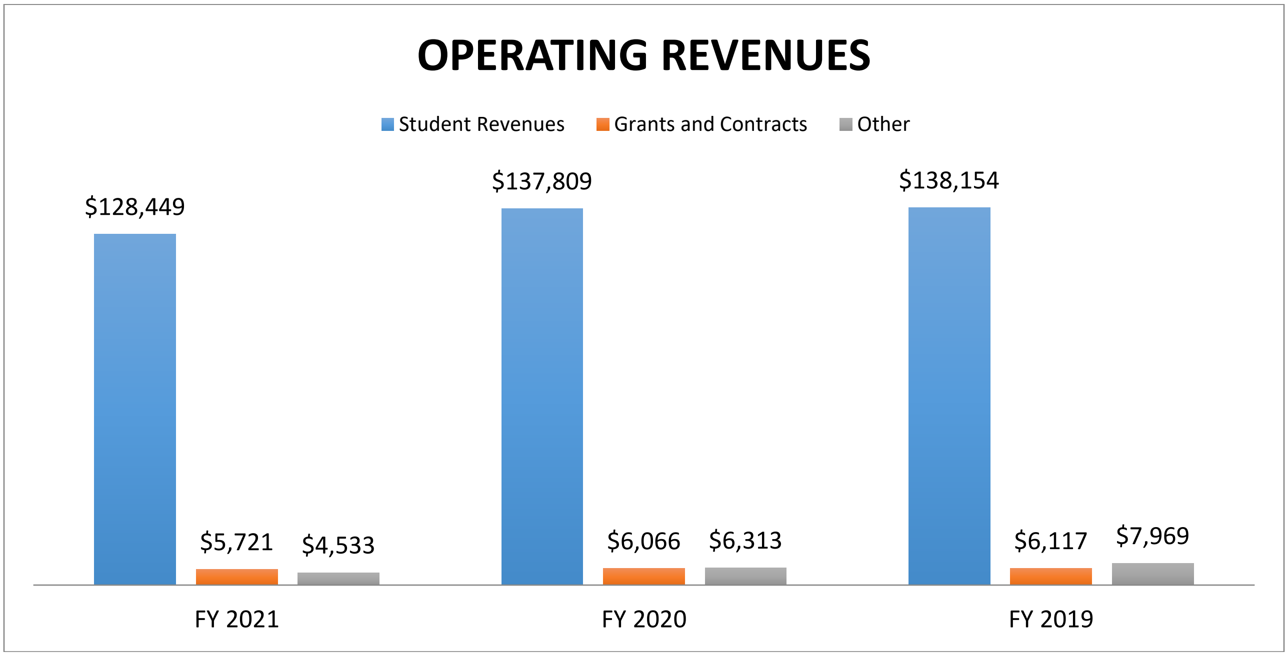
	Year Ended June 30,		
	2021	2020	2019
Operating revenues:			
Student revenues, net	$ 128,449	$ 137,809	$ 138,154
Grants and contracts	5,721	6,066	6,117
Other	4,533	6,313	7,969
Total Operating Revenues	138,703	150,188	152,240
Non-operating revenues (expenses) and capital revenues:			
State appropriation/paid fringe benefits	79,173	64,131	77,770
State appropriation - capital	74	679	1,369
Grants and contracts	92,842	57,679	46,529
Private gifts, investment income, interest expense and other, net	(11,315)	(8,903)	(8,420)
Total Non-operating revenues (expenses), and capital revenues	160,774	113,586	117,248
Total Revenues and Non-Operating Expenses	$ 299,477	$ 263,774	$ 269,488

Operating Revenues

Operating revenues are recognized by Kean University for providing goods and services directly to its customers (students). Operating revenues *decreased* $11.5 million in fiscal 2021 versus fiscal 2020. Net student revenues *decreased* $9.4 million, while federal and state grants and contracts *decreased* $0.3 million. Other operating revenues *decreased* $1.8 million.

In fiscal 2020, operating revenues *decreased* $2.0 million in fiscal 2020 versus fiscal 2019. Net student revenues *decreased* $0.3 million, while federal and state grants and contracts *mostly remained flat*. Other operating revenues *decreased* $1.7 million.

Following is a breakdown of operating revenues by category for the years ended June 30, 2021, 2020 and 2019:



Non-Operating and Capital Revenues

Non-operating and capital related revenues are revenues earned for which no goods or services have been provided. The primary non-operating and capital revenues earned by the University are State appropriations and State payments of fringe benefits (on-behalf) which totaled $79.2 million and $64.8 million in 2021 and 2020, respectively, for a *increase* of $14.4 million.

Approximately $5.3 million of this increase was due to increased State appropriations to offset the $2.7 million shortfall in the prior year, which was as a result of the COVID-19 pandemic. Offsetting this was a decrease of $0.7 million due to the winding down of construction projects nearing completion. The remaining $9.7 million variance was primarily due to two top side allocations that do not impact the bottom line increase in net position. The first is the required GASB Statement No. 75 allocation for Postemployment Benefits other than Pensions. This allocation of revenue increased $3.4 million compared to 2020. The second is the State fringe benefit allocation, which also increased $6.3 million due to a increase in the State's allocation rate. These decreases are offset by an equal decrease in the amount of expenses allocated to the various functional categories.

The University also incurred a net decrease in investment income and expense of $2.2 million. Offsetting these decreases were *increases* in Grant and contract revenue and private gifts of $35.0 million mostly due to funds received related to Federal HEERF grants. This contributed to the non-operating and capital revenues decreasing $47.2 million when comparing fiscal 2021 to fiscal 2020.

In fiscal 2020, State appropriations and State payment of fringe benefits (on-behalf) which totaled $64.8 million and $79.1 million in 2020 and 2019, respectively, for a *decrease* of $14.3 million. Approximately $2.7 million of this decrease was due to decreased State appropriations as a result of the COVID-19 pandemic. In addition, there was a decrease of $0.7 million due to the winding down of construction projects nearing completion. The remaining variance was primarily due to two top side allocations that do not impact the bottom line increase in net position. The first is the required GASB Statement No. 75 allocation for Postemployment Benefits other than Pensions. This allocation of revenue decreased $9.5 million compared to 2019. The second is the State fringe benefit allocation which also decreased $1.4 million due to a decrease in the State's allocation rate. These decreases are offset by an equal decrease in the amount of expenses allocated to the various functional categories.

The University also incurred a net decrease in investment income and expense of $0.7 million. Offsetting these decreases were *increases* in Grant and contract revenue and private gifts of $11.3 million. This contributed to the non-operating and capital revenues decreasing $3.6 million when comparing fiscal 2020 to fiscal 2019.

<u>Operating Expenses</u>

Operating expenses are those incurred to acquire or produce goods and services in return for operating revenues, and to carry out the mission of the University. Operating expenses include pension-related expenses due to State-managed pension plans of the University. Non-operating expenses are those for which the University does not receive goods or services in return.

For the year ended June 30, 2021, operating expenses *increased* by approximately $5.1 million. One component of this was due to an increase in the OPEB allocation charged to revenues and an offset to expenses of $3.4 million. This is a result of GASB Statement No. 75 which requires financial reporting for Postemployment Benefits other than Pensions. In addition to the GASB Statement No. 75 adjustment, there was also a decrease of $3.2 million in the allocation charge as a result of the GASB Statement No. 68 requirement to record expenses for the PERS and PFRS State-managed pension programs. These pension expenses consisted of employer (i.e., Kean) contributions as well as pension activity expenses to each plan.

Also included in the $5.1 million variance noted above was an *increase* of $6.3 million in the fringe benefit expense allocations due to a decrease in the State's Fringe benefit rate. The annual circular rate provided by the NJ Department of Treasury applies an expense allocation to the various programs that have state funded employee positions. These expenses are offset against a corresponding revenue allocation shown in non-operating revenues. The total allocation amounted to $41.6 million and $35.3 million in 2021 and 2020, respectively.

For financial statement purposes, GASB Statement No. 68 Pension, GASB Statement No. 75 OPEB, and State's Fringe Benefit expenses were allocated among the various program expense line items based on a percentage of salary expenses incurred. For purposes of the Management's Discussion and Analysis, such expense allocation has been excluded and are shown as separate line items in the schedule below.

Excluding the fringe benefit, pension, and OPEB allocations mentioned above, the remaining variance was a *decrease* of $1.4 million in operating expenses. This was primarily due increases noted in the Scholarships

($6.6 million) and Depreciation of ($1.9 million) offset by decreases in Student Services ($3.3 million), Operations ($1.2 million), Auxiliary enterprises ($2.7 million), Public Service ($0.6 million), and Academic support ($0.7 million) . The increase in Scholarship expense was due mostly to the HEERF student grant awards provided through the CARES act along with an increase in academic merit scholarships. Increases in Depreciation and Amortization were mostly due to the capitalization of new assets such as Hynes Hall as well as the recognition of a full year of expense for new assets capitalized in the prior year including Skylands and the Liberty Hall Academic Center. The decreases in Student Services can be attributed mostly to decreases in various expense lines such as professional services, reception, and student aides as a result of remote learning and social distancing. The primary reason for a decrease in Operations compared to the prior year was due to the Willis dorm demolition costs that occurred primarily in fiscal year 2020 compared to demolition expenses incurred in fiscal year 2021. Finally, the decrease in Auxiliary enterprises was due to a reduction in expenses such as household and security, student aides, utilities, and repairs and maintenance. This can be attributed to limited occupancy and state mandated social distancing restrictions related to the residence halls.

For the year ended June 30, 2020, operating expenses *decreased* by approximately $4.1 million. The primary reason for this decrease was mainly due to a decrease in the OPEB allocation charge to revenues and an offset to expenses of $9.5 million. This is a result of GASB Statement No. 75 which requires financial reporting for Postemployment Benefits other than Pensions. In addition to the GASB Statement No. 75 adjustment, there was also a decrease of $2.8 million in the allocation charge as a result of the GASB Statement No. 68 requirement to record expenses for the PERS and PFRS State-managed pension programs. These pension expenses consisted of employer (i.e., Kean) contributions as well as pension activity expenses to each plan.

Also included in the $4.1 million variance noted above was a decrease of $1.4 million in the fringe benefit expense allocations due to a decrease in the State's Fringe benefit rate. The annual circular rate provided by the NJ Department of Treasury applies an expense allocation to the various programs that have state funded employee positions. These expenses are offset against a corresponding revenue allocation shown in non-operating revenues. The total allocation amounted to $35.3 million and $36.7 million in 2020 and 2019, respectively.

For financial statement purposes, GASB Statement No. 68 Pension, GASB Statement No. 75 OPEB, and State's Fringe Benefit expenses were allocated among the various program expense line items based on a percentage of salary expenses incurred. For purposes of the Management's Discussion and Analysis, such expense allocation has been excluded and are shown as separate line items in the schedule below.

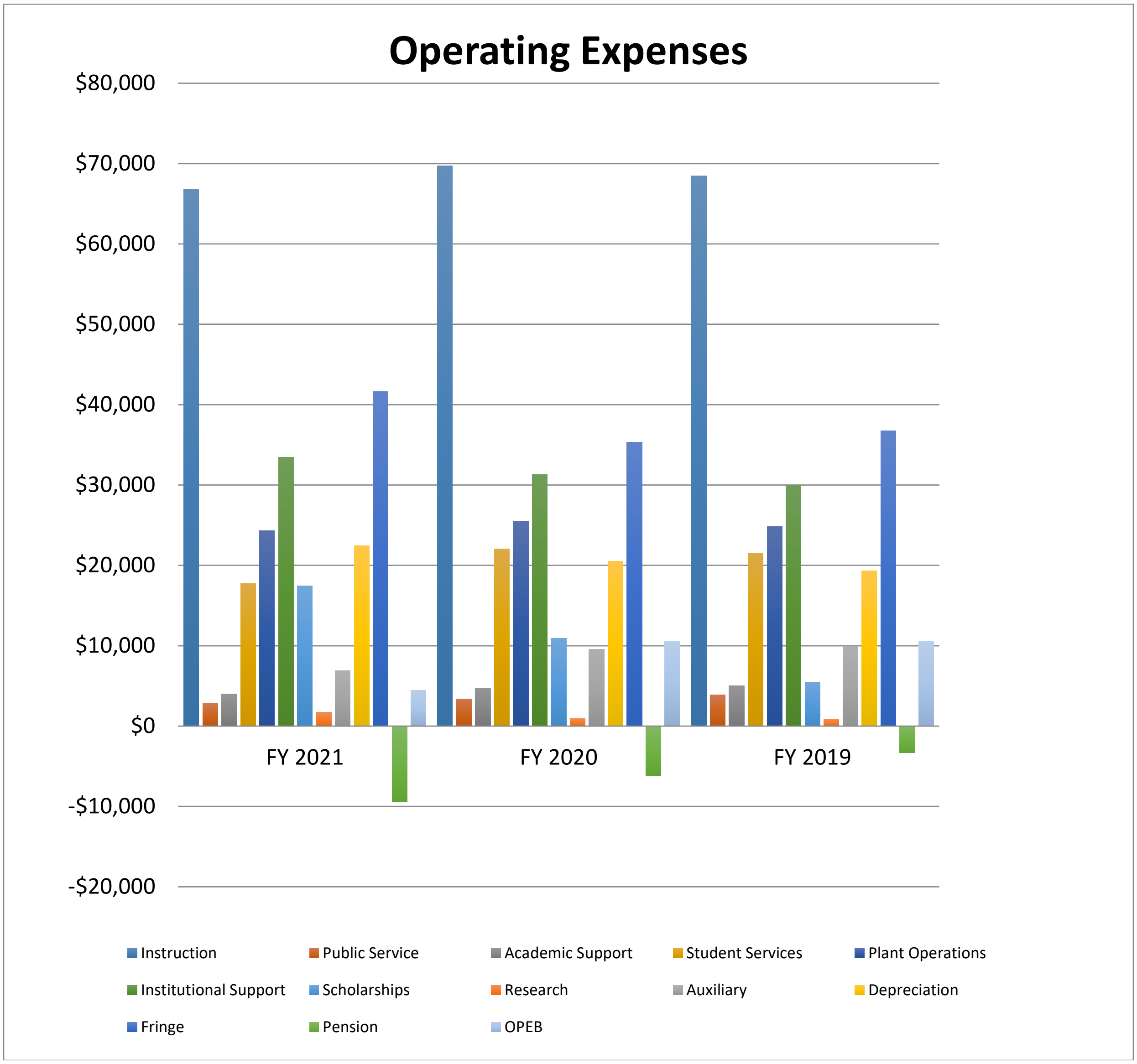
Excluding the fringe benefit, pension, and OPEB allocations mentioned above, the remaining variance was an *increase* of $9.6 million in operating expenses, which was primarily due to the following: Scholarships $5.5 million, Instruction $1.2 million, Institutional Support $1.7 million, Operations and Maintenance $0.7 million and Depreciation of $1.2 million. The increase in Scholarships was due to mostly to HEERF Student grant awards provided through the CARES act. The increases in Instruction can be attributed primarily to a full year of salary expense related to the School of Curriculum and Teaching which was established in April 2019. Institutional Support was the result of an increase in the Technology initiative cost center of $0.8 million, and Legal Services of $0.9 million. Operations and Maintenance's increase was due to $1.1 million in demolition expense related to Willis Hall offset by various savings in fuel and snow removal compared to the prior year. Finally, the increase in Depreciation and Amortization was due mostly to the capitalization of new fixed assets such as the Skylands Campus, Liberty Hall Academic Center, and the Miron Student Center improvements.

The following is a summary of operating expenses by category for the fiscal years ended June 30, 2021, 2020 and 2019:

Total Operating Expenses
(in thousands)

	Year Ended June 30,		
	2021	2020	2019
Operating expenses:			
Instruction	$ 66,799	$ 69,703	$ 68,490
Public service	2,827	3,399	3,919
Academic support	4,015	4,756	5,054
Student services	17,727	22,061	21,556
Operations and maintenance of plant	24,342	25,532	24,853
Institutional support	33,432	31,659	29,964
Scholarships and fellowships	17,481	10,915	5,450
Research	1,718	961	875
Auxiliary enterprises	6,890	9,575	9,951
Depreciation and amortization	22,440	20,521	19,330
Subtotal	$ 197,671	$ 199,082	$ 189,442
State Fringe Benefit allocation impact	$ 41,620	$ 35,344	$ 36,733
GASB 68 Pension Expense allocation impact	(9,385)	(6,142)	(3,332)
GASB 75 OPEB allocation impact	4,460	1,020	10,569
Total operating expenses	$ 234,366	$ 229,304	$ 233,412

The following chart provides a graphical breakdown of operating expenses by category for the fiscal years ended June 30, 2021, 2020 and 2019:



Capital Assets and Debt Administration

Capital Assets

Capital Asset, net (including construction-in-progress) *decreased* approximately $6.3 million in 2021 compared to 2020. This was primarily due to a decrease in new capital construction-in-progress spending of $37.0 million combined with $53.1 million of new capital assets placed into service as described below. This overall capital asset increase of $16.1 million was offset by depreciation and amortization expense of $22.4 million resulting in the net decrease. The University had approximately $567.6 million invested in capital assets, net of accumulated depreciation of $269.9 million at June 30, 2021 as compared to approximately $574.0 million net of accumulated depreciation of $247.5 million at June 30, 2020. Depreciation charges totaled $22.4 and $20.5 million for the years ended June 30, 2021 and 2020, respectively.

Details of these capital assets, net of accumulated depreciation, are as follows (in thousands):

	June 30,		
	2021	2020	2019
Construction-in-progress	$ 33,067	$ 70,083	$ 57,066
Land	9,123	9,123	9,123
Land improvements	9,707	10,928	12,247
Buildings and improvements	491,214	464,574	438,597
Equipment	19,082	13,562	9,681
Infrastructure	5,419	5,688	5,957
	534,545	503,875	475,605
	$ 567,612	$ 573,958	$ 532,671

Major capital additions during the 2021 fiscal year included (in thousands):

	Completed
Hynes Hall Business Building	$ 44,400
Nancy Thompson Library Addition	2,434
Workday Project	1,081
WiFi Upgrades & Immersive Classroom tech	3,609
Learning Plaza	477
Total (project to date spending)	52,001
	In progress
Bruce Hall & Science Renovation	1,096
Merck New Faculty Housing	1,254
Patton Ave	788
Hutchinson Renovation	909
Athletic Fields Renovations	2,111
Miron Court Renovations	1,097
Total (current year spending)	$ 7,255

See Note 3 to the financial statements for additional information relating to the University's capital assets.

Debt and Long-Term Liabilities

The University had $301.2 and $309.7 million in outstanding debt for the years ended June 30, 2021 and 2020, respectively. The outstanding debt is summarized below by the type of debt instrument.

	June 30,		
	2021	2020	2019
Bonds	$ 291,605	$ 297,880	$ 303,585
Lease obligations	2,909	4,729	7,532
Unamortized premium (discount), net	6,727	7,122	7,517
	$ 301,241	$ 309,731	$ 318,634

Year to year reductions in outstanding debt are primarily due to the payment of principal on outstanding debt and lease obligations. See Note 4 to the financial statements for additional information relating to the University's debt and noncurrent liabilities.

Summary and Outlook

Although operating expenses plus interest at Kean University *increased* from $124.7 million in FY 2002 to $247.3 million in FY 2021 (3.7% CAGR), state aid revenue (appropriations and revenue) only *increased* from $53.1 million in FY 2002 to $79.2 million in FY 2021 *(including Building our Future Bond Act Reimbursements)* (2.1% CAGR). It is anticipated that state aid appropriations in future years will continue to *decrease*, or at best, remain flat. To offset the increasing gap between state aid revenues and operating expenses, so as to minimize required tuition *increases*, the University will continue its effort to pursue alternate funding sources from outside contributors and other gifts and grants.

Requests for Information

This financial report is designed to provide a general overview of Kean University's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joseph Antonowicz, Director of General Accounting, Kean University, 1000 Morris Avenue, Union, New Jersey 07083.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF NET POSITION
(dollars in thousands)

	June 30, 2021			June 30, 2020		
	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total
ASSETS						
CURRENT ASSETS:						
Cash and equivalents	$ 175,419	$ 2,789	$ 178,208	$ 128,577	$ 22,837	$ 151,414
Deposits held by Bond Trustees	10,741	-	10,741	8,071	-	8,071
Investments	1,302	89,008	90,310	1,724	51,414	53,138
Accounts receivable:						
Student accounts (less allowance for doubtful accounts of $12,222 in 2021 and $10,580 in 2020)	5,863	-	5,863	1,913	-	1,913
Student loans	795	-	795	690	-	690
Gifts and grants	4,966	-	4,966	1,919	-	1,919
Due from State of New Jersey	3,500	-	3,500	3,501	-	3,501
Other receivables (less allowance for doubtful collections of $112 in 2021 and $117 in 2020)	2,011	8,814	10,825	764	8,085	8,849
Total Accounts Receivable	17,135	8,814	25,949	8,787	8,085	16,872
Prepaid expenses and other assets	12	75	87	29	178	207
Total Current Assets	204,609	100,686	305,295	147,188	82,514	229,702
NONCURRENT ASSETS:						
Investments	2,639	-	2,639	3,912	-	3,912
Student loans receivable	915	-	915	1,304	-	1,304
Other	-	983	983	-	909	909
Land	9,123	-	9,123	9,123	-	9,123
Construction-in-progress	33,067	-	33,067	70,083	-	70,083
Capital assets (net of accumulated depreciation of $269,985 in 2021 and $247,501 in 2020)	525,422	1,373	526,795	494,752	1,441	496,193
Total Noncurrent Assets	571,166	2,356	573,522	579,174	2,350	581,524
Total Assets	775,775	103,042	878,817	726,362	84,864	811,226
DEFERRED OUTFLOWS OF RESOURCES:						
Swap termination and loss on refinancing	23,103	-	23,103	24,745	-	24,745
Pension deferrals	11,982	-	11,982	12,627	-	12,627
Total Deferred Outflows of Resources	35,085	-	35,085	37,372	-	37,372
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	12,323	1	12,324	13,119	26	13,145
Accrued interest payable	4,453	-	4,453	4,578	-	4,578
Unearned revenue	8,474	-	8,474	6,360	-	6,360
Deposits and other	65	-	65	65	-	65
Compensated absences - current portion	4,488	-	4,488	3,927	-	3,927
Other current liabilities	-	111	111	-	111	111
Long-term debt - current portion	12,659	-	12,659	8,095	-	8,095
Total Current Liabilities	42,462	112	42,574	36,144	137	36,281
NONCURRENT LIABILITIES:						
Compensated absences	704	-	704	1,256	-	1,256
U.S. Government grants refundable	64	-	64	66	-	66
Other noncurrent liabilities	-	1,432	1,432	-	1,407	1,407
Long-term debt, less current portion	288,582	-	288,582	301,636	-	301,636
Net pension liability	110,155	-	110,155	118,487	-	118,487
Total Noncurrent Liabilities	399,505	1,432	400,937	421,445	1,407	422,852
Total Liabilities	441,967	1,544	443,511	457,589	1,544	459,133
DEFERRED INFLOWS OF RESOURCES:						
Pension deferrals	40,975	-	40,975	42,673	-	42,673
Deferred gain on refinancing	237	-	237	251	-	251
Deferred service concession arrangement	37,118	-	37,118	38,093	-	38,093
Total Deferred Inflows of Resources	78,330	-	78,330	81,017	-	81,017
NET POSITION						
Net investment in capital assets	247,107	-	247,107	246,886	-	246,886
Restricted:						
Nonexpendable	-	97,750	97,750	-	78,742	78,742
Expendable:						
Capital projects	26,509	-	26,509	23,460	-	23,460
Unrestricted (deficit)	16,947	3,748	20,695	(45,218)	4,578	(40,640)
Total Net Position	$ 290,563	$ 101,498	$ 392,061	$ 225,128	$ 83,320	$ 308,448

See accompanying notes to financial statements.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(dollars in thousands)

	Year ended June 30, 2021			Year ended June 30, 2020		
	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total
OPERATING REVENUES:						
Student revenues:						
Student tuition and fees	$ 172,970	$ -	$ 172,970	$ 176,314	$ -	$ 176,314
Auxiliary enterprises	5,709	-	5,709	16,617	-	16,617
Less: Scholarship allowances	(50,230)	-	(50,230)	(55,122)	-	(55,122)
Student revenues, net	128,449	-	128,449	137,809	-	137,809
Federal grants and contracts	2,568	-	2,568	3,017	-	3,017
State and local grants and contracts	3,153	-	3,153	3,049	-	3,049
Fundraising revenue	-	2,951	2,951	-	8,005	8,005
Other operating revenues	4,533	132	4,665	6,313	227	6,540
Total operating revenues	138,703	3,083	141,786	150,188	8,232	158,420
OPERATING EXPENSES:						
Instruction	88,303	-	88,303	87,470	-	87,470
Public service	3,052	-	3,052	3,565	-	3,565
Academic support	4,754	-	4,754	5,473	-	5,473
Student services	23,042	-	23,042	26,386	-	26,386
Operations and maintenance of plant	26,456	-	26,456	27,630	872	28,502
Institutional support	40,022	3,074	43,096	36,648	2,393	39,041
Scholarships and fellowships	17,481	-	17,481	10,915	28	10,943
Research	1,911	-	1,911	1,121	-	1,121
Auxiliary enterprises	6,905	-	6,905	9,575	-	9,575
Depreciation and amortization	22,440	57	22,497	20,521	57	20,578
Total operating expenses	234,366	3,131	237,497	229,304	3,350	232,654
OPERATING (LOSS) INCOME	(95,663)	(48)	(95,711)	(79,116)	4,882	(74,234)
NON-OPERATING REVENUES (EXPENSES):						
State of New Jersey appropriations - State	33,092	-	33,092	27,766	-	27,766
State of New Jersey paid fringe benefits - on behalf payments	46,081	-	46,081	36,365	-	36,365
Federal nonoperating grants and contracts	27,345	-	27,345	29,114	-	29,114
State and local nonoperating grants and contracts	18,029	-	18,029	18,362	-	18,362
COVID-19 Federal CARES Grants - Institutional	39,169	-	39,169	5,372	-	5,372
COVID-19 Federal CARES Grants - Student Aid	8,299	-	8,299	4,832	-	4,832
Private gifts	702	-	702	919	-	919
Investment income	909	18,644	19,553	3,414	2,168	5,582
Interest expense	(12,926)	(96)	(13,022)	(13,236)	(96)	(13,332)
Other expense	-	2	2	-	797	797
Total net non-operating revenues (expenses)	160,700	18,550	179,250	112,908	2,869	115,777
STATE OF NEW JERSEY APPROPRIATIONS - CAPITAL	74	-	74	679	-	679
INCOME BEFORE SPECIAL ITEMS	65,111	18,502	83,613	34,471	7,751	42,222
SPECIAL ITEMS:						
Legal Settlement Awards	-	-	-	1,566	-	1,566
BOT Scholarship Transfers to Kean University Foundation	-	-	-	(30,100)	30,100	-
Transfers to Kean University Foundation	324	(324)	-	(545)	545	-
INCREASE IN NET POSITION	65,435	18,178	83,613	5,392	38,396	43,788
NET POSITION, BEGINNING OF YEAR	225,128	83,320	308,448	219,737	44,924	264,661
NET POSITION, END OF YEAR	$ 290,563	$ 101,498	$ 392,061	$ 225,129	$ 83,320	$ 308,449

See accompanying notes to financial statements.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF CASH FLOWS
Business-Type Activities - University Only

(dollars in thousands)

	Year Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student revenues	$ 126,508	$ 138,779
Government grants	47,733	31,203
Payments to suppliers	(116,699)	(104,007)
Payments for employee salaries and benefits	(104,388)	(105,884)
Other receipts	3,312	7,005
Net cash flows from operating activities	(43,534)	(32,904)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of New Jersey appropriations	33,167	28,269
Government grants	92,842	57,679
Direct lending receipts	68,391	81,466
Direct lending disbursements	(68,391)	(81,466)
Transfers from/(to) Component Unit	324	(30,645)
Private gifts	702	2,485
Net cash flows from noncapital financing activities	127,035	57,788
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(17,069)	(62,639)
Principal paid on long-term debt	(8,095)	(8,508)
Interest paid on long-term debt	(11,818)	(12,162)
Deposits held by Bond Trustees	(2,281)	323
Net cash flows from capital and related financing activities	(39,263)	(82,986)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investments	1,695	1,409
Net investment income and other	909	3,414
Net cash flows from investing activities	2,604	4,823
NET CHANGE IN CASH AND EQUIVALENTS	46,842	(53,279)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	128,577	181,856
CASH AND EQUIVALENTS, END OF YEAR	$ 175,419	$ 128,577
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (95,663)	$ (79,116)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization expenses	22,440	20,521
State of New Jersey paid fringe benefits	46,081	36,365
State of New Jersey paid pension contributions	(9,385)	(6,141)
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,351)	2,313
Prepaid expenses and other assets	17	(28)
Accounts payable and accrued expenses	(796)	(6,556)
Unearned revenue	2,114	(783)
Compensated absences	9	521
Net cash flows from operating activities	$ (43,534)	$ (32,904)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization - Kean University (the "University"), a multi-purpose institution of higher education, offers graduate and undergraduate programs that are administered through the University's six (6) colleges: the Nathan Weiss Graduate College, College of Education, College of Business and Public Administration, College of Natural, Applied, and Health Sciences, College of Humanities and Social Sciences, and the College of Visual and Performing Arts. Certain amounts in the footnotes include amounts for the Foundation that are reported as a discretely presented component unit.

The University is recognized as a public institution of higher education by the State of New Jersey (the "State"). This recognition is supported by an annual appropriation between the University and the State whereby the University agrees to render services of public higher education for the State.

In 1986, State College Autonomy legislation was enacted, which granted certain fiscal and financial responsibility to the University Board of Trustees. In 1994, the Higher Education Restructuring Act further expanded the role of the Board of Trustees. However, under Governmental Accounting Standards Board ("GASB") Statement No. 14 and No. 61, *The Financial Reporting Entity,* the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Annual Comprehensive Financial Report.

Kean University Foundation, Inc. and Subsidiaries (the "Foundation") is a legally separate component unit of Kean University, exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of Kean University. Because the resources of the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is presented as a discretely presented unit in the University's financial statements.

Complete financial statements can be obtained from the Kean University Foundation, Inc. at 1000 Morris Avenue, T-130, Union, NJ 07083-01 or from the Foundation's website at www.keanfoundation.org.

The significant accounting policies employed by the University are described below:

Basis of Presentation - The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities and the accounts are maintained on the accrual basis of accounting. The University reports are based on all applicable GASB authoritative literature in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

The University follows GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which established criteria for determining whether certain organizations should be reported as component units of the financial reporting entity.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Kean University Foundation, Inc. and Subsidiaries is a private not-for-profit organization that reports under Financial Accounting Board Standards ("FASB"), including FASB Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*. These standards provide for certain revenue recognition and presentation features which may be different from GASB criteria. During the year ended June 30, 2019, the Foundation implemented FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – "Presentation of Financial Statements for Not-For-Profit Entities." The Foundation adjusted the presentation of its financial statements accordingly and resulted in the unrestricted net asset class being renamed net assets without donor restrictions.

Net Position - GASB Statements No. 35 and No. 63 established the standards for external financial reporting for public colleges and universities. The University classifies its resources into three net position categories in accordance with the provisions of these Statements.

- ***Net Investment in Capital Assets:*** Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- ***Restricted:***

  Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the University.

  Expendable - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

- ***Unrestricted:*** Net position not subject to externally imposed stipulations. They may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Measurement Focus and Basis of Accounting - The financial statements of the University have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with the Governmental Accounting Standards Board. The University reports its financial statements as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Estimates and Uncertainties - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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, as determined at a later date, could differ from those estimates.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Cash and Equivalents - Cash and equivalents consist of cash and highly liquid investments that have maturities of three months or less when purchased. The University invests a certain portion of its cash in the State of New Jersey Cash Management Fund. This is an interest-bearing account from which funds are available upon demand. Cash and equivalents under the Foundation include highly liquid short-term investments purchased with original maturities of three months or less.

Investments - Investments are recorded in the financial statements at fair value, which is based on quoted market prices. Purchase and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

Deposits Held by Bond Trustees - Deposits held by bond trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and equivalents and U.S. Treasury obligations and government securities.

Capital Assets - Capital assets are recorded at actual incurred cost if purchased or constructed. Construction-in-progress is recorded as costs are incurred during construction. Donated capital assets are recorded at acquisition value at the date of acquisition.

Capital assets of the University are depreciated using the straight-line method over the following useful lives:

	Useful Lives
Land and Building improvements	15
Buildings	40
Equipment	5-7
Infrastructure	40

Unearned Revenue - Unearned revenue consists primarily of amounts received from grants and NJEFA funds, which have not yet been earned under the terms of the agreement. Unearned revenue also includes student tuition and fees billed and collected in advance of the applicable academic term.

Student Tuition and Fees - Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarships expenses, and are recognized in the period earned.

Grants and Contracts - Federal, State and local grants and contracts revenue is comprised mainly of grant revenues received from the Federal Government, State of New Jersey and local entities and are recognized as the related expenses are incurred. Amounts received from grants, which have not yet been earned under the terms of the agreement, are recorded as unearned revenue in the accompanying statements of net position.

State Appropriation - Revenue from State appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Financial Dependency **-** One of the University's largest sources of revenue is appropriations from the State of New Jersey. The University is economically dependent on these appropriations to carry on its operations.

Classification of Operating Revenues and Expenses **-** The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) most Federal, State and local grants and contracts. Operating expenses include administrative and educational costs, as well as depreciation and amortization. All revenues and expenses not meeting this definition including formula-based state aid and non-exchange, non-operating grants and contracts are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted resources first, then unrestricted resources as they are needed.

Income Taxes **-** The University and Foundation are exempt from Federal income taxes under Internal Revenue Code Section 115 and 501(c)(3), respectively.

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income and related matters. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. Therefore, management has concluded that no tax benefits or liabilities are required to be recognized.

The Foundation believes it is no longer subject to income tax examinations for years prior to June 30, 2018.

Deferred Outflows/Inflows of Resources **-** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the University has two items that qualify for reporting in this category, including deferred swap termination and loss from the refinancing of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University has three items that qualify for reporting in this category, including deferred gain on the refinancing of debt, deferred amounts related to pensions and deferred service concession arrangement.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Recently Issued Accounting Pronouncements **-** The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

Reclassification **-** Certain prior period amounts have been reclassified to conform to the current year presentation. Such reclassifications were limited to the statement of revenues, expenses and changes in net position and did not impact net position. Specifically, the University reclassified revenues from “Federal Nonoperating Grants and Contract” to “COVID-19 Federal CARES Grants – Institutional” and COVID-19 Federal CARES Grants – Student Aid.”

Subsequent Events **-** Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and May 6, 2022 the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees:

Statutes of the State of New Jersey and regulations of the State Investment Council authorize the New Jersey Division of Investments to invest in obligations of the U.S. Treasury agencies, and other municipal or political subdivisions of the State; commercial paper; bankers acceptances; revenue obligations of public authorities; debt instruments of banks; collateralized notes and mortgages; certificates of deposit; repurchase agreements; equity and convertible equity securities; and other common types of

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such things as minimum capital, dividend paying history, credit history and other evaluation factors.

Cash and equivalents of the University are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 157,945	$ 101,115
State of NJ Cash Management Fund	17,474	27,462
Total Cash and Equivalents	$ 175,419	$ 128,577

As of June 30, 2021 and 2020, the University's cash and equivalents book balance (excluding State of New Jersey Cash Management Fund) was $157,945 and $101,115, respectively; the actual amount of cash on deposit in the University's bank accounts was $161,990 and $103,142, respectively. Of these bank balances, $161,990 at June 30, 2021, and $103,142 at June 30, 2020, were either fully insured by the Federal Deposit Insurance Corporation, covered by a collateralization agreement or backed by US Government Securities. The amount covered under this collateralization agreement as of June 30, 2021 and 2020 was $26,299 and $17,278, respectively.

For additional information regarding the cash and equivalents and investments of the Foundation, please refer to the separately issued Foundation report.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's Investment Policy addresses custodial credit risk by limiting deposits and investments to specific banks and financial institutions that meet criteria established by the New Jersey Department of Banking and Insurance.

The University participates in the State of New Jersey Cash Management Fund ("NJCMF") wherein amounts also contributed by other State entities are combined into a large-scale investment program. The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. The carrying amount of cash and equivalents in the State of New Jersey Cash Management Fund as of June 30, 2021 and 2020 was $17,474 and $27,462, respectively, which represented the amount on deposit with the Fund. The amount of cash and equivalents is equal to the amount on deposit with the pool. The debt instruments in the New Jersey Cash Management Fund are rated by three national rating agencies.

Lastly, assets held by the bond trustees of $10,741 and $8,071 at June 30, 2021 and 2020, respectively, are carried in the financial statements at fair value, and consist of cash and equivalents and U.S. Government obligations.

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

Investments - GASB Statement No. 40 requires that the University disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the University would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the 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 name of the University. The University's investment balances as of June 30, 2021 and 2020, of $3,941 and $5,636, respectively, were comprised of instruments that were either fully insured by the FDIC, and/or registered in the University's name. The Foundation's investment balances as of June 30, 2021 and 2020, of $89,008 and $51,414, respectively, were comprised of mutual funds, charitable gift annuities and limited partnership interests registered in the name of the Foundation.

The University's Centralized Cash Management and Investment Policy ("Investment Policy") states, "Preservation of capital is regarded as the highest priority in the handling of University investments. All other investment objectives are secondary to the safety of capital." To that end, the Investment Policy addresses custodial credit risk by limiting deposits and investments to specific banks and financial institutions that meet criteria established by the New Jersey Department of Banking and Insurance.

Investments held by various bank custodians, investments in debt securities and equity securities with readily determinable fair values are carried at fair value.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles under GASB. 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.

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

The following table sets forth by level, within fair value hierarchy, the investment assets at fair value as of June 30, 2021 and 2020:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Kean University				
US Treasury Securities	$ -	$ 1,794	$ -	$ 1,794
Fixed Income Securities	2,147	-	-	2,147
Total Kean University	2,147	1,794	-	3,941
Kean University Foundation				
Mutual Funds	75,534	-	-	75,534
Commodity Trust Fund	1,960	-	-	1,960
Investments Measured at Net Asset Value (a)				11,514
Total Kean University Foundation	77,494	-	-	89,008
Total Assets at Fair Value	$ 79,641	$ 1,794	$ -	$ 92,949

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Kean University				
US Treasury Securities	$ -	$ 2,858	$ -	$ 2,858
Fixed Income Securities	2,778	-	-	2,778
Total Kean University	2,778	2,858	-	5,636
Kean University Foundation				
Mutual Funds	42,692	-	-	42,692
Commodity Trust Fund	1,999	-	-	1,999
Investments Measured at Net Asset Value (a)				6,723
Total Kean University Foundation	44,691	-	-	51,414
Total Assets at Fair Value	$ 47,469	$ 2,858	$ -	$ 57,050

(a) As it relates to the Foundation, in accordance with FASB Accounting Standards Codification Subtopic 820-10 *Fair Value Measurement* - Overall, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position within the separately issued Foundation audit report.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to fair value losses arising from increasing interest rates, the University's Investment Policy requires that, to the fullest extent possible, investment maturities be matched to anticipated cash flow requirements. Furthermore, the Investment Policy prohibits direct investments in securities maturing more than five years from the date of purchase unless they are matched to a specific cash flow. The average maturity of the University's investments in the NJCMF are less than one year.

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

As of June 30, 2021, the University and Foundation had the following investments and maturities:

Investment Type	Quality Rating	Fair Value	Maturities (in years) Less than 1	1 - 5	Greater than 5
Kean University					
US Treasury Securities	AAA	$ 1,794	$ 1,012	$ 782	
Fixed Income Securities	AAA	2,147	290	1,857	
Kean University Foundation					
Mutual Funds		75,534	75,534		
Commodity Trust Fund		1,960	1,960		
Total		$ 81,435	$ 78,796	$ 2,639	$ -
Investments Measured at Net Asset Value (a)		11,514			
		$ 92,949			

As of June 30, 2020, the University and Foundation had the following investments and maturities:

Investment Type	Quality Rating	Fair Value	Maturities (in years) Less than 1	1 - 5	Greater than 5
Kean University					
US Treasury Securities	AAA	$ 2,858	$ 1,035	$ 1,823	
Fixed Income Securities	AAA	2,778	688	2,090	$ -
Kean University Foundation					
Mutual Funds		42,692	42,692		
Commodity Trust Fund		1,999	1,999		
Total		$ 50,327	$ 46,414	$ 3,913	$ -
Investments Measured at Net Asset Value (a)		6,723			
		$ 57,050			

(a) As it relates to the Foundation, in accordance with FASB Accounting Standards Codification Subtopic 820-10 *Fair Value Measurement* - Overall, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position within the separately issued Foundation audit report.

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

Credit Risk - GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government as well as pooled investments such as the New Jersey Cash Management Fund.

Concentration of Credit Risk - This is the risk associated with the amount of investments the University has with any one issuer. The University's Investment Policy requires that investments be diversified by limiting investments to avoid over-concentration in securities from a specific issuer or business sector. Assets held under bond indenture agreements represent assets held by bond trustees under the terms of various bond and other long-term debt agreements. Assets held under bond indenture agreements are carried in the financial statements at fair value, and consist of cash and equivalents and U.S. Government obligations.

Deposits Held by Bond Trustees - The deposits held by bond trustees under bond indenture agreements are maintained for the following:

	June 30,	
	2021	2020
Construction fund	$ 843	$ 907
Debt service fund for principal and interest	9,898	7,144
Rental pledge fund	-	20
	10,741	8,071
Less: Current Portion	10,741	8,071
Non-current Deposits Held by Trustees	$ -	$ -

Deposits held by bond trustees are recorded in the financial statements at fair value, as determined by quoted market prices, and consist of the following:

	June 30,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and equivalents	$ 10,741	$ 10,741	$ 8,071	$ 8,071

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

The University's deposits held with bond trustees are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University, and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2021 and 2020, the University's deposits held with bond trustees are invested in money market accounts, U.S. Treasury notes or government securities guaranteed by the U.S. government. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2021 and 2020, no deposits held with bond trustees had maturities greater than one year.

Note 3 - Capital Assets:

The University's principal capital assets are buildings, which are owned by the State of New Jersey and are dedicated for use to the University. Although legal title rests with the State of New Jersey, the University has been given, through legislation, exclusive use of the buildings and has included the cost of these capital assets in the accompanying statements of net position. For the years ended June 30, 2021 and 2020, capital assets and accumulated depreciation activity was as follows:

	Year Ended June 30, 2021			
	Beginning of Year	Additions	Retirements	End of Year
Nondepreciable assets:				
Construction-in-progress	$ 70,083	$ (37,016)	$ -	$ 33,067
Land	9,123	-	-	9,123
	79,206	(37,016)	-	42,190
Depreciable assets:				
Land improvements	40,766	477	-	41,243
Buildings and improvements	657,335	44,864	-	702,199
Equipment	34,838	7,769	(24)	42,583
Infrastructure	10,755	-	-	10,755
	743,694	53,110	(24)	796,780
Less Accumulated depreciation:				
Land improvements	29,838	1,698	-	31,536
Buildings and improvements	191,347	18,280	-	209,627
Equipment	21,248	2,261	(24)	23,485
Infrastructure	5,068	269	-	5,337
	247,501	22,508	(24)	269,985
Capital Assets, Net	$ 575,399	$ (6,414)	$ -	$ 568,985
Kean University				$ 567,612
Kean University Foundation				1,373
				$ 568,985

(dollars in thousands)

Note 3 - Capital Assets (continued):

	Year Ended June 30, 2020			
	Beginning of Year	Additions	Retirements	End of Year
Nondepreciable assets:				
Construction-in-progress	$ 57,066	$ 13,017	$ -	$ 70,083
Land	9,123	-	-	9,123
	66,189	13,017	-	79,206
Depreciable assets:				
Land improvements	40,281	485	-	40,766
Buildings and improvements	614,411	42,924	-	657,335
Equipment	30,050	5,395	(607)	34,838
Infrastructure	10,755	-	-	10,755
	695,497	48,804	(607)	743,694
Less Accumulated depreciation:				
Land improvements	28,033	1,805	-	29,838
Buildings and improvements	174,353	16,994	-	191,347
Equipment	20,334	1,511	(597)	21,248
Infrastructure	4,800	268	-	5,068
	227,520	20,578	(597)	247,501
Capital Assets, Net	$ 534,166	$ 41,243	$ (10)	$ 575,399
Kean University				$ 573,958
Kean University Foundation				1,441
				$ 575,399

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was $22,508 and $20,578, respectively. For the year ended June 30, 2021, of the $22,508, $11 was included in the institutional support expense grouping. Commitments outstanding on construction projects amounted to approximately $563 and $4,238 as of June 30, 2021 and 2020, respectively.

Note 4 – Noncurrent Liabilities:

The Board of Trustees of the University, the New Jersey Board of Higher Education and the New Jersey Educational Facilities Authority (the “Authority”) have entered into various agreements whereby the University is given use of buildings, improvements and equipment and the University agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority.

In January 2014, the University, along with other colleges and universities, entered into a lease agreement with the Authority. Under the terms of the agreement, the Authority issued bonds to provide a

Note 4 - Noncurrent Liabilities (continued):

higher education equipment leasing fund to finance the acquisition and installation of higher education equipment at public and private institutions within the State of New Jersey. The Project was financed by the Authority through the Issuance of Series 2014 Revenue Bonds. The University was allocated $2,438 of the total proceeds of the bond issue.

The terms of the agreement require annual rental payments equal to 25% of the amount necessary to pay the debt service on the University's allocable share of the Series 2014 Bonds and related program expenses. The lease ends in May 2023. On that date, equipment title will transfer to the University.

In March 2014, the University also entered into a Capital Improvement Fund agreement with the Authority for the purpose of providing funds for the renewal, renovation, improvement, expansion, construction and reconstruction of certain facilities, or technology infrastructure. The University was allocated $7,800 which was funded with the proceeds of the 2014A Revenue Bonds issued by the Authority.

In September 2016, the University was awarded an additional $3,000 under the Capital Improvement Fund which was funded with the proceeds of the 2016B Revenue Bonds issued by the Authority. In addition, the Authority issued 2016A Revenue Bonds which were a result of an advance refunding of the 2005A and 2006A Capital Improvement Fund Revenue Bonds.

The terms of the agreement require the University to pay the Authority an amount equal to one-third (1/3) of the amount necessary to pay the principal of and interest on the Bonds and any refunding bonds, plus the University's share of any fees allocable to the University.

In 2014, the University, along with other colleges and universities, was awarded multiple grants under the State of New Jersey's Building our Future Bond Act ($40,838) as well as the Authority's Higher Education Technology Infrastructure Fund ($238), and Higher Education Facilities Trust Fund ($2,500). The University did not incur any debt with respect to these new grant agreements, however the University was required to provide matching funds equal to 25% for the Building our Future Bond Act grant and matching funds equal to the grant amount for the Higher Education Technology Infrastructure Fund. A matching component was not required for the Higher Education Facilities Trust Fund grant.

On August 1, 2015, the Authority issued $117,175 of revenue refunding bonds (Series 2015 H) on behalf of the University. The University completed the advance refunding to reduce its total debt service payments over the next twenty four years by $8,288 and to obtain an economic gain (the difference between the present values of the old and new debt service) of $5,836.

(dollars in thousands)

Note 4 - Noncurrent Liabilities (continued):

In December 2017, the Authority issued $199,884 of revenue refunding bonds consisting of $184,230 Series 2017C and $15,655 Series 2017D. The proceeds were used to advance refund and defease (a) a portion of the Authority's revenue refunding bonds series 2009A and (b) all of the Bergen County Improvement Authority's Revenue Bonds Series 2010A, and pay certain costs of issuance of the Bonds. The refunding and the assignment and transference of the Foundations' interest in the Gateway Building (see Note 16), resulted in a loss of $1,566, which has been reported as a special item in the accompanying Statements of Revenues, Expenses and Changes in Net Position. The advance refunding resulted in a difference between reacquisition price and the net carrying amount of the old debt of $29,668 (loss). The University completed the advance refunding to reduce its total debt service payments over the next twenty three years by $18,726 and to obtain an economic gain (the difference between the present values of the old and new debt service) of $18,062.

The following represents the components and changes in outstanding debt for the years ended June 30, 2021 and 2020:

	June 30, 2021				
	Beginning of Year	Additions	Reductions	End of Year	Amount Due Within One Year
Bonds payable and other debt - gross	$ 302,609	$ -	$ (8,095)	$ 294,514	$ 12,659
Unamortized premium	7,122	-	(395)	6,727	
Total bonds payable and other debt - net	$ 309,731	$ -	$ (8,490)	$ 301,241	

	June 30, 2020				
	Beginning of Year	Additions	Reductions	End of Year	Amount Due Within One Year
Bonds payable and other debt - gross	$ 311,117	$ -	$ (8,508)	$ 302,609	$ 8,095
Unamortized premium	7,517	-	(395)	7,122	
Total bonds payable and other debt - net	$ 318,634	$ -	$ (8,903)	$ 309,731	

(dollars in thousands)

Note 4 - Noncurrent Liabilities (continued)

The following principal payments due were outstanding at June 30, 2021 and 2020:

		June 30,	
	Interest Rates	2021	2020
New Jersey Educational Facilities			
Authority Revenue Bonds:			
Series 2015 H, due 2018 to 2040	1.00%-5.00%	$ 94,335	$ 97,995
Series 2017 C, due 2020 to 2032	2.25%-3.79%	181,615	184,230
Series 2017 D, due 2022 to 2039	4.00%-5.00%	15,655	15,655
		291,605	297,880
Other debt:			
Higher Education Capital Improvement Fund:			
Series 2014 C, due serially to 2020	3.54%-5.75%	-	11
Series 2014 A, due serially to 2024	3.50%-5.00%	1,875	1,976
Series 2016 A, due serially to 2034	1.69%-3.36%	50	626
Series 2016 B, due serially to 2037	3.00%-5.50%	858	893
Higher Education Master Equipment Lease:			
2010, due serially to 2020	3.14%	-	250
2011, due serially to 2020	2.82%	-	788
2014 A, due serially to 2021	5.00%	126	185
		2,909	4,729
Total principal		294,514	302,609
Additional amounts representing:			
Net premiums/discounts		6,727	7,122
Total long-term debt		301,241	309,731
Less: Non-current portion		288,582	301,636
Long-term debt - current portion		$ 12,659	$ 8,095

(dollars in thousands)

Note 4 - Noncurrent Liabilities (continued):

Payments due on long-term debt for the Kean University, including mandatory sinking fund payments on the Authority and Higher Education revenue bonds, for the next five years and thereafter are as follows as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	$ 12,659	$ 10,985	$ 23,644
2023	13,579	10,555	24,134
2024	14,320	10,067	24,387
2025	14,976	9,530	24,506
2026	15,674	8,954	24,628
2027-2031	87,528	35,084	122,612
2032-2036	92,823	17,103	109,926
2037-2041	42,955	2,244	45,199
Total	$ 294,514	$ 104,522	$ 399,036

Note 5 - Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses of the University and Foundation were as follows:

	June 30,	
	2021	2020
Salaries and fringe benefits	$ 11	$ 85
Accounts payable - construction related	1,606	4,709
Accounts payable - other	10,707	8,351
Total	$ 12,324	$ 13,145

(dollars in thousands)

Note 6 - Other Non-current Liabilities:

Activity in other non-current liabilities of the University and Foundation for the year ended June 30, 2021 was as follows:

	June 30, 2020	Additions	Reductions	June 30, 2021	Current Portion
Compensated absences	$ 5,183	$ 508	$ 499	$ 5,192	$ 4,488
U.S. Government grants refundable	66	-	2	64	-
Annuity Payable	670	-	16	654	111
Gear Up Scholarship Fund	694	41	-	735	-
Paycheck Protection Program Loan	154	-	-	154	-
Net pension liability	118,487	-	8,332	110,155	-
	$ 125,254	$ 549	$ 8,849	$ 116,954	$ 4,599

Activity in other non-current liabilities of the University and Foundation for the year ended June 30, 2020 was as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020	Current Portion
Compensated absences	$ 4,662	$ 844	$ 323	$ 5,183	$ 3,927
U.S. Government grants refundable	314	-	248	66	-
Annuity Payable	686	-	16	670	111
Gear Up Scholarship Fund	838	-	144	694	-
Paycheck Protection Program Loan	-	154		154	-
Net pension liability	127,704	-	9,217	118,487	-
	$ 134,204	$ 998	$ 9,948	$ 125,254	$ 4,038

Note 7 - Benefits Paid by the State of New Jersey:

The State of New Jersey pays certain fringe benefits on behalf of University employees. It is the policy of the University to reflect such amounts, aggregating $46,081 and $36,365 in 2021 and 2020, respectively, in the financial statements as part of non-operating revenues and expenses, which are distributed to the various functional categories.

Note 8 - Retirement Plans:

Plan Descriptions - All full-time employees of the University participate in a retirement program. The University has four retirement plans for its employees - Public Employees' Retirement System ("PERS"), Police and Firemen's Retirement System ("PFRS"), the Teachers' Pension and Annuity Fund ("TPAF"), and the Alternate Benefit Program ("ABP") which provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. PERS and PFRS are cost-sharing multiple-employer defined benefit pension plans administered by the State of New Jersey.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State of New Jersey or public agency provided the employee is not a member of another State-administered retirement system. PFRS was established under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State of New Jersey firemen appointed after June 30, 1994.

Certain faculty members of the University participate in the Teachers' Pension and Annuity Fund ("TPAF") which is a State of New Jersey cost-sharing, defined benefit plan. TPAF was established under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care, to substantially all full-time public school employees in the State of New Jersey. The plans eligibility requirements are similar to PERS' requirements. The State of New Jersey issues publicly available financial reports that include financial statements and required supplementary information for PERS, PFRS and TPAF. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

PERS Funding Policy - Chapter 78, P.L. 2011, the Pension and Health Benefit Reform Law, increased the contribution required from PERS members to 7.5% of base salary. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included within the state paid fringe benefits in the accompanying financial statements. The University has no direct pension obligation associated with this plan. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS) - 2021

At June 30, 2021, the University reported a liability of $102,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2019, which was rolled forward to June 30, 2020. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2020, the University's proportion was 0.4601692811 percent, which was a decrease of 0.0186736618 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized full accrual pension credit of $2,745 in the financial statements. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,706	$ 23,026
Difference between expected and actual experience	2,689	551
Net difference between projected and actual earnings on pension plan investments	1,161	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	14,689
University contributions subsequent to the measurement date	5,270	-
	$ 10,826	$ 38,266

$5,270 is reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date. 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 June 30:	
2022	$ (12,040)
2023	(11,158)
2024	(6,788)
2025	(2,394)
2026	(330)
	$ (32,710)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate on return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of the 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.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
University's proportionate share of the net pension liability	$ 116,670	$ 102,268	$ 90,094

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the State Group

Collective balances of the State Group at June 30, 2020 are as follows:

Collective deferred outflows of resources	$ 1,585,513
Collective deferred inflows of resources	5,501,786
Collective net pension liability	22,223,967
University's proportion	0.4601692811%

Collective pension expense for the State Group for the measurement period ended June 30, 2020 is $895,192.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.16, 5.21, 5.63, 5.48, 5.57 and 5.72 years, respectively.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Public Employee's Retirement System (PERS) - 2020

At June 30, 2020, the University reported a liability of $110,193 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2018, which was rolled forward to June 30, 2019. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2019, the University's proportion was 0.4788429429 percent, which was a decrease of 0.0242117131 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized full accrual pension credit of $810 in the financial statements. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 6,118	$ 22,099
Difference between expected and actual experience	1,138	789
Net difference between projected and actual earnings on pension plan investments	107	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	16,674
University contributions subsequent to the measurement date	4,271	-
	$ 11,634	$ 39,562

$4,271 is reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date. 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 June 30:	
2021	$ (7,510)
2022	(10,118)
2023	(9,235)
2024	(4,865)
2025	(471)
	$ (32,199)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% based on years of service
Investment rate on return	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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-2019.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 will be based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
University's proportionate share of the net pension liability	$ 126,777	$ 110,193	$ 96,258

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the State Group

Collective balances of the State Group at June 30, 2019 are as follows:

Collective deferred outflows of resources	$ 1,811,110
Collective deferred inflows of resources	5,053,344
Collective net pension liability	23,012,420
University's proportion	0.4788429429%

Collective pension expense for the State Group for the measurement period ended June 30, 2019 is $1,267,799.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016 and 2015 is 5.21, 5.63, 5.48, 5.57 and 5.72 years, respectively.

Police and Firemen's Retirement System (PFRS) - 2021

At June 30, 2021, the University reported a liability of $7,887 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2020, the University's

(dollars in thousands)

Note 8 - Retirement Plans (continued):

proportion was 0.1834585660 percent, which was a decrease of 0.0139343843 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized full accrual pension credit of $340 in the financial statements. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 6	$ 936
Difference between expected and actual experience	-	137
Net difference between projected and actual earnings on pension plan investments	191	-
Changes in proportion and differences between University contributions and proportionate share of contributions	62	1,636
University contributions subsequent to the measurement date	897	-
	$ 1,156	$ 2,709

$897 is reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date. 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 June 30:	
2022	$ (1,040)
2023	(720)
2024	(396)
2025	(173)
2026	(121)
	$ (2,450)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases through all future years	3.25 - 15.25% based on years of service
Investment rate on return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major

(dollars in thousands)

Note 8 - Retirement Plans (continued):

asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	7.71%
Non-US developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
University's proportionate share of the net pension liability	$ 9,171	$ 7,887	$ 6,821

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$	139,309
Collective deferred inflows of resources		617,322
Collective net pension liability		4,299,010
University's proportion		0.1834585660%

Collective pension expense for the State Group for the measurement period ended June 30, 2020 is $232,608.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.90, 5.92, 5.73, 5.59, 5.58 and 5.53 years, respectively.

Police and Firemen's Retirement System (PFRS) - 2020

At June 30, 2020, the University reported a liability of $8,294 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2019, the University's proportion was 0.1973929503 percent, which was an increase of 0.0020189236 from its proportion measured as of June 30, 2018.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

For the year ended June 30, 2020, the University recognized full accrual pension credit of $226 in the financial statements. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 110	$ 1,161
Difference between expected and actual experience	-	195
Net difference between projected and actual earnings on pension plan investments	105	-
Changes in proportion and differences between University contributions and proportionate share of contributions	81	1,754
University contributions subsequent to the measurement date	697	-
	$ 993	$ 3,110

$697 is reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date. 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 June 30:	
2021	$ (866)
2022	(945)
2023	(625)
2024	(301)
2025	(77)
	$ (2,814)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases through all future years	3.25 - 15.25% based on years of service
Investment rate on return	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-US developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

	At 1% Decrease (5.85%)	At Current Discount Rate (6.85%)	At 1% Increase (7.85%)
University's proportionate share of the net pension liability	$ 9,701	$ 8,294	$ 7,130

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$ 139,596
Collective deferred inflows of resources	717,628
Collective net pension liability	4,201,688
University's proportion	0.1973929503%

Collective pension expense for the State Group for the measurement period ended June 30, 2019 is $298,386.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016 and 2015 is 5.92, 5.73, 5.59, 5.58 and 5.53 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) - 2021 – Special Funding Situation

The employer contributions for participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the participating employers.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

However, the notes to the financial statements of the participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the University as of June 30, 2021 was $4,684. The University's proportionate share was $0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the University was based on a projection of the State's long-term contributions to the pension plan associated with the University relative to the projected contributions by the State associated with all participating Universities, actuarially determined. At June 30, 2020, the State's proportionate share of the TPAF net pension liability associated with the University was 0.0071136873 percent, which was a decrease of 0.0010695677 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized on-behalf pension expense and revenue in the financial statements of $291 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55 - 4.45% based on years of service
Thereafter	2.75 - 5.65% based on years of service
Investment rate on return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	7.71%
Non-US developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make

(dollars in thousands)

Note 8 - Retirement Plans (continued):

projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the University to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the University as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the University would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.4 percent) than the current rate:

	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
University's proportionate share of the net pension liability	$ 5,502	$ 4,684	$ 4,005

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the State Group at June 30, 2019 are as follows:

Collective deferred outflows of resources	$ 37,407
Collective deferred inflows of resources	182,627
Collective net pension liability	144,702
University's proportion	0.0071136873%

Collective pension credit for the plan for the measurement period ended June 30, 2020 is $15,313.

Note 8 - Retirement Plans (continued):

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2020, 2019, 2018, 2017, and 2016 is 7.99, 8.04, 8.29, 8.3, and 8.3 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) - 2020 – Special Funding Situation

The employer contributions for participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the participating employers.

However, the notes to the financial statements of the participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the University as of June 30, 2020 was $5,022. The University's proportionate share was $0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the University was based on a projection of the State's long-term contributions to the pension plan associated with the University relative to the projected contributions by the State associated with all participating Universities, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the University was 0.0081832550 percent, which was a decrease of 0.0003231103 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized on-behalf pension expense and revenue in the financial statements of $296 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55 - 4.45% based on years of service
Thereafter	2.75 - 5.65% based on years of service
Investment rate on return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-US developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the University to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the University as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the University would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
University's proportionate share of the net pension liability	$ 5,922	$ 5,022	$ 4,275

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the State Group at June 30, 2019 are as follows:

Collective deferred outflows of resources	$ 51,701
Collective deferred inflows of resources	210,861
Collective net pension liability	148,169
University's proportion	0.0081832550%

Collective pension credit for the plan for the measurement period ended June 30, 2019 is $13,329.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016 and 2015 is 8.04, 8.29, 8.3, 8.3, and 8.3 years, respectively.

Alternate Benefits Program Information - The Alternate Benefits Program ("ABP") is a defined contribution retirement program for eligible full time non-temporary appointed employees of the public institutions of higher education in New Jersey. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law and IRS Code. An employee is a vested member if he/she has an existing qualified retirement account from his/her previous employer. From that point on, all of the contributions and accumulations in the account belong to employees and provide benefit. An employee never enrolled in a retirement plan will be considered as delayed enrollment and will be vested on the second year of employment. ABP provides retirement benefits, life insurance, long-term disability and loans for vested members. The University assumes no liability for ABP members other than payment of contributions.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Participating University employees are required to contribute 5.0% and may contribute a voluntary additional contribution of salary up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions to ABP of 8.0% of salary are paid by the State of New Jersey and are reflected in the accompanying financial statements as appropriation revenue and expenses.

Participating University employees are required to contribute 5.0%. Employer contributions to ABP of 8.0% of salary are paid by Kean University and reimbursed by the State of New Jersey, and are reflected in the accompanying financial statements as appropriation revenue and expenses.

During the year ended June 30, 2021 and 2020, ABP received employer and employee contributions that approximated the following from the University:

	2021	2020
Employer contributions	$ 5,310	$ 5,370
Employee contributions	$ 7,041	$ 7,330
Basis for contributions:		
Participating employee salaries	$ 66,374	$ 67,122

Note 9 – Postemployment Benefits Other than Pensions:

The State of New Jersey funds post-retirement medical benefits for those State employees who retire from a full-time SHBP eligible position with an accumulated 25 years of credited service in a State-administered retirement plan. Any required retiree contributions towards premium costs will be determined by the date on which the employee completed 25 years of service. These expenses are not included in the University's financial statements.

The University contributes to the New Jersey Health Benefits Program (the "Plan"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS) to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L.

Note 9 – Postemployment Benefits Other than Pensions (continued):

1994, c.62. Funding of post–retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 (GASB 75) and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

Postemployment Benefits Other Than Pensions (OPEB) – 2021 – Special Funding Situation

Plan description, including benefits provided

The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan, with a special funding situation, for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB Statement No. 75.

(dollars in thousands)

Note 9 – Postemployment Benefits Other than Pensions (continued):

Total OPEB Liability and OPEB Expense

As of June 30, 2021, the State recorded a liability of $254,371, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is attributable to the University (the University's share) and includes 1,328 plan members. The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2021, the State's proportionate share was 3.180838% of the total collective OPEB liability under the Plan.

For the year ended June 30, 2021, the University recognized OPEB expense of $4,459. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of $4,459.

Actuarial assumptions and other inputs

The State's total OPEB liability associated with the University at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
Discount rate	2.21%		
Salary increases:			
	TPAF	PERS	PFRS
	Through 2026 1.55 - 3.05% based on years of service	Through 2026 2.00 - 6.00% based on years of service	All future years 3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.25% based on years of service	3.00 - 7.00% based on years of service	Not applicable

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement

Note 9 – Postemployment Benefits Other than Pensions (continued):

mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "Safety" (PFRS) "Teachers" (TPAF) and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Certain actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans, including PERS (July 1, 2014 through June 30, 2019), TPAF/ABP (using the experience of the Teacher's Pension and Annuity Fund – July 1, 2015 through June 30, 2019), and PFRS (July 1, 2013 through June 30, 2019).

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Postemployment Benefits Other Than Pensions (OPEB) – 2020 – Special Funding Situation

Plan description, including benefits provided

The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan, with a special funding situation, for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

(dollars in thousands)

Note 9 – Postemployment Benefits Other than Pensions (continued):

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB Statement No. 75.

Total OPEB Liability and OPEB Expense

As of June 30, 2020, the State recorded a liability of $170,817, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is attributable to the University (the University's share) and includes 1,423 plan members. The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2020, the State's proportionate share was 3.110043% of the total collective OPEB liability under the Plan.

For the year ended June 30, 2020, the University recognized OPEB expense of $1,020. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of $1,020.

Actuarial assumptions and other inputs

The State's total OPEB liability associated with the University at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
Discount rate	3.50%		
Salary increases:			
	TPAF	PERS	PFRS
	Through 2026	Through 2026	All future years
	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Not applicable

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Note 9 – Postemployment Benefits Other than Pensions (continued):

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “Safety” (PFRS) “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies of the State of New Jersey’s defined benefit plans, including PERS (July 1, 2014 through June 30, 2018), TPAF/ABP (using the experience of the Teacher’s Pension and Annuity Fund – July 1, 2015 through June 30, 2018), and PFRS (July 1, 2013 through June 30, 2018).

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Note 10 - Compensated Absences:

The University has recorded a liability for compensated absences in the amount of $5,192 and $5,183 as of June 30, 2021 and 2020, respectively. The liability is calculated based upon employees’ accrued vacation leave as of each respective year-end, as well as estimated vested amounts for accrued sick leave and paid leave bank.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee’s sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University paid approximately $142 and $24 in sick leave payments for employees who retired during the years ended June 30, 2021 and 2020, respectively.

A paid leave bank was established for certain employees who were required to take unpaid furlough days in fiscal year 2010. These employees were credited with three days of paid leave which, beginning July 1, 2010, can be used in the same manner as vacation leave. There are no limitations on the carryover of these paid leave bank days, and any unused days in an employee’s paid leave bank will be paid upon the employee’s separation from the University.

Note 11 - Agency Transactions:

The University collects and distributes monies as the agent for various student organizations and certification programs, as well as the Federal Direct Loan Program. The revenues and related expenses have not been included in the accompanying financial statements. However, the related assets and liabilities are presented in the statements of net position.

Note 12 - Contingencies:

The full impact of the COVID-19 pandemic continues to evolve as of the date the financial statements were available to be issued. This pandemic has adversely affected the global economic activity which contributed to significant business disruption in the United States. Additionally, given the uncertainty of any future disruption relating to another surge of COVID-19, such disruption could have a material adverse effect on the revenues and operations of the University. Notwithstanding, the University continues to monitor state and local developments and proceeds with proactive strategies to minimize any impact to its current and future operation.

The University receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors.

As of June 30, 2021, the University estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the University's financial statements.

The University is also involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the University's financial position. Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

There have been no significant reductions in insurance coverage from the prior year and there have been no settlements in the prior three years that exceeded insurance coverage.

Note 13 - Middle States Commission on Higher Education:

The Middle States Association of Colleges and Schools (MSA), established in 1887, is a nonprofit organization dedicated to educational improvement through evaluation and accreditation. Accreditation by the Commission on Higher Education follows a period of candidacy lasting up to five years. MSCHE reviews institutions periodically through either on-site evaluation or other reports. Accreditation is reaffirmed only as a result of periodic reviews and evaluations through assessments of institutional achievements.

The Commission maintains a 10-year cycle of review alternating between self-study and on-site evaluation and a Periodic Review Report. Institutions granted initial accreditation following self-study and on-site evaluation conduct a second self-study for on-site evaluation in the fifth year following the grant of accreditation. From that point forward, institutions reflect on progress and changes in a Periodic Review Report five years later. In addition to these set reviews, institutions also may be reviewed in conjunction with follow-up reporting or substantive institutional change, or at the initiation of the Commission, based on developments within the institution.

(dollars in thousands)

Note 13 - Middle States Commission on Higher Education (continued):

Kean University was first accredited in 1960 and has since been reaccredited in November 2017 as part of the commission's review cycle. The next evaluation visit is scheduled for 2021-2022. Refer to the MSCHE website for additional information: https://www.msche.org/institution/0226/.

Note 14 - Unrestricted Net Position (Deficit):

As described in Note 1 to the financial statements, unrestricted net position are those amounts not subject to externally imposed stipulations. Net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position of the University and the Foundation is comprised of the following:

	June 30, 2021	June 30, 2020
Operating reserve - University	$ 91,742	$ 52,134
Operating reserve - Foundation	3,748	4,578
State pension allocation	(139,147)	(148,533)
Academic and other programs	20,442	17,311
Curriculum Devel. / Pres. Initiatives	3,872	2,500
Capital - renewal and replacement	11,180	5,962
Capital project reserve	19,000	19,000
Student loan program	2,728	3,088
Quasi Endowment	5,567	2,915
Operating programs	1,563	405
	$ 20,695	$ (40,640)

Note 15 - Operations in China:

On May 8, 2006, Kean University entered into an agreement with Wenzhou University in China and signed a cooperation agreement (the "Agreement") on the establishment and operation of Wenzhou-Kean University (WKU), a jointly governed organization. The Agreement, supplemented in 2010, is to establish a co-operative university in Wenzhou, China which will provide an independent Sino-American co-operative educational institution with legal status and qualified to grant certificates, diplomas and degrees independently. Additionally, this institution will introduce high-quality educational resources and will advance teaching, research and management methods, to provide easier access to high-class educational opportunities and resources to students and to contribute to the development and internationalization of Chinese Higher Education.

Under the agreement, the principal responsibilities of Wenzhou University include: assisting in obtaining all necessary approvals, permits and licenses, and any other documents for the operation of WKU; acting as liaison for the procurement of various services and infrastructure required for the operation of WKU; assisting expatriate employees of WKU in obtaining necessary visas, work permits and residences; providing student support services to WKU at the expense of WKU; and assisting in the design, construction and maintenance of a new campus location and providing the funds required to build academic and administrative structures and facilities as well as required infrastructure for the campus. After WKU is established, the Board

Note 15 - Operations in China:

of Directors of WKU will be responsible for supplementary financing to satisfy the capital requirements of operation and development of WKU. The entire revenue of WKU shall be completely dedicated to the operation and development of WKU. Neither party seeks profit from the operation of WKU. WKU shall hold the user's right of the land and title and ownership of the building and facilities being that the Chinese party raised the funds for such and thus the Kean University claims no interests in the assets or any associated debt in this regard.

Kean University's principal responsibilities under the agreement include: providing all necessary legal documents required for approval, registration and establishment of WKU; providing teaching and administrative staff for academic and administrative work at WKU in compliance with relevant regulations of the People's Republic of China; issuing certificates, diplomas and degrees of Kean University, which are the same as those issued in New Jersey and acceptable in the United States, to qualified WKU students; introducing internationally advanced academic systems and materials at the same level as those in use at Kean University; and accept credits of WKU students for study at Kean University.

On November 16, 2011, the Chinese Ministry of Education approved the initiative, giving the University the name "Wenzhou Kean University (in preparation)" and granting it three years to prepare for its official establishment in 2014.

On March 31, 2014, the Chinese Ministry of Education officially approved the formal establishment of Wenzhou-Kean University, making it the first Sino-US University in Zhejiang.

Note 16 - Acquisition of Liberty Hall Museum:

On December 22, 2006, the University entered into an agreement with the Liberty Hall Foundation (the "Foundation") for the sale of real estate and the formation of a Historic Precinct. The Foundation and the University have jointly organized the Liberty Hall Museum, Inc. ("LHM").

As part of the agreement, the University purchased property from the Foundation in the amount of $5,150, which represents the land, the museum and associated buildings. At the time of the closing, the University took ownership of the land and Museum buildings, but did not take ownership of the Historical Documents contained in the Museum. In accordance with the terms of the agreement, the Foundation was to retain possession and control of the Historical Documents until they were formally donated to the University after a Cataloging Period was completed.

In June 2015, Stuart Lutz Historic Documents Inc. of Short Hills, New Jersey was hired to undertake the appraisal work. As of September 2016, the appraisal was substantially complete and the Deed of Gift was finalized in November 2016 of which the final appraised value was determined to be $550.

Management elected not to capitalize these items in accordance with GASB Statement No. 34 and rather record this in the University's financial statements as non-operating revenue and expense in the June 30, 2017 fiscal year.

LHM, Inc. was established to operate and preserve the Museum and the Historic Precinct. The Board of Trustees consists of eight individuals, three appointed by the University and five appointed by the Liberty Hall Foundation. At closing, LHM, Inc. and the University entered into a ground lease, which provides for the

Note 16 - Acquisition of Liberty Hall Museum (continued):

lease of the Historical Precinct, including the Museum and all other buildings and improvements within the Historical Precinct, to LHM for a period of ninety-eight years at an annual rent of one dollar. Annually, LHM is responsible for establishing an operating budget for the Museum and the Historic Precinct approved by its Board of Trustees. Annually, the Foundation provides funding to LHM in an amount not to exceed five percent of the Foundation's total endowment. In the event that LHM's annual operating expenses exceed the amount contributed by the Foundation, the University is required to contribute to the shortfall in an amount not to exceed $200 per year unless mutually agreed upon and in compliance with the terms of the original contract. In fiscal year 2021, it was mutually agreed that the University's annual support would include an additional $40 per year toward the cost of grounds maintenance, bringing the total annual support to $240. Any additional support deemed necessary will be mutually agreed upon and set forth in a separate agreement. The amount the University contributed in 2021 and 2020 was $240 and $170, respectively.

Note 17 – Kean Ocean Initiative:

The University entered into a partnership with Ocean County College in Fall 2005 culminating in an agreement signed in June, 2006. The agreement allows students to take the Kean courses needed to complete the requirements for certain Kean University undergraduate and graduate degree programs on the Ocean County campus in Toms River, NJ.

On March 7, 2009, the Board of Trustees authorized the President to pursue a development plan for a "Gateway Building" that would provide the physical infrastructure needed to support the Kean Ocean initiative. The University has received all necessary approvals for the development of the Kean Ocean branch campus at Ocean County College.

The Foundation and the County College entered into the Gateway Building Ownership and Operating Agreement, dated September 21, 2010 (the "Operating Agreement") governing the construction, ownership and operation of the Gateway Building, which provides that each party finance fifty percent (50%) of the costs associated with the construction of the building, and any other costs incurred for the Project, and each party owns a fifty percent (50%) interest in the Gateway Building. Operating costs and related improvements of the Gateway Building are paid equally by the County College and the Foundation. The building occupies a portion of an approximately 34 acre site owned by the County College. The Foundation and the County College entered into a Ground Lease, dated September 21, 2010 ("Ground Lease"), whereby the Foundation leases fifty percent (50%) of the Building Footprint from the County College.

During December, 2010, the Kean University Foundation issued two series of revenue bonds through The Bergen County Improvement Authority ("Authority") totaling $18,765. (Series 2010A and 2010B). These bonds were used to pay fifty percent (50%) of the costs of construction of an approximately 75,000 square foot academic building ("Gateway Building") located on the campus of Ocean County College ("County College") in Toms River, New Jersey; fund a portion of the Debt Service Reserve Fund associated with the bonds; fund a portion of the capitalized interest on the bonds; and to pay the costs of issuance with respect to the sale and delivery of the bonds. The 2010B Bonds matured on December 1, 2013.

The Foundation had previously leased its interest in the Gateway Building to Kean University pursuant to a Lease Agreement, dated September 21, 2010, as amended and restated (collectively, the "Lease Agreement"), as permitted by the Operating Agreement.

Note 17 – Kean Ocean Initiative (continued):

Effective December 2017, the Kean University Foundation assigned, transferred, and conveyed unto the University, all of its right, title, and interest in and to the Ground Lease and Operating Agreement pursuant to the terms defined in each respective agreement.

In addition, as described in the Noncurrent Liabilities Footnote (see Note 4), during December 2017 the University issued its 2017D Bonds through the New Jersey Educational Facilities Authority, the proceeds of which were used to provide funds to refund and defease the previously issued 2010A Bonds.

Note 18 - The Institute for Life Science Entrepreneurship:

On March 3, 2014, the Kean University Board of Trustees passed a resolution approving seed funding in the amount of $250 for the creation of the Institute for Life Science Entrepreneurship, Inc. (ILSE), a new non-profit entity based in the New Jersey Center for Science, Technology and Mathematics (STEM building) located on the university campus. ILSE is a regional research integrator, accelerator and incubator, bringing basic researchers and clinical scientists from academia together with entrepreneurs, R&D experts and business leaders to facilitate the translation of early innovation into meaningful health care solutions. ILSE was incorporated as a NJ non-profit 501(c)(3) corporation on April 29, 2014, “organized and …operated exclusively for charitable, educational and scientific purposes.”

On December 11, 2014, the parties formalized the status of Kean as a founding member as well as a “use of space” agreement which established a life sciences incubator facility in the STEM building, under the direction of ILSE. Under the agreements, the principal responsibilities of ILSE are to provide one seat on its Board of Trustees to Kean University (currently filled by Andrew Brannen, Senior VP, Finance at Kean), facilitate networking and collaboration for university faculty, students and staff including participation in seminars, conferences and other educational events organized by ILSE, and the facilitation of internships, advisory roles and research collaborations between ILSE, ILSE partners and the university community. The parties will also seek to collaborate on the submission of research grants and other funding opportunities to support scientific research activities common to the university and ILSE.

ILSE will also be responsible for creating and operating a life sciences incubator facility in a portion of the STEM building, bringing start-up and small entity life science companies and their advisors to STEM in order to create a vibrant research community and ecosystem of entrepreneurship, all in close proximity with the university. Neither party seeks profit from the operation of ILSE, although a for-profit subsidiary of ILSE was established to develop and fund commercially viable health care innovation that result from the activities of ILSE and its partners, this subsidiary has now been dissolved. As a founding member of ILSE, Kean will be entitled to an ownership portion or other benefits from any subsidiary that may be established in the future and are lawful and consistent with the missions and non-profit status of both ILSE and Kean University.

Kean University’s principal responsibilities under the agreement include providing space and staff support for the activities of ILSE in the STEM building. The Dean of the STEM program will serve part time as interim CEO of ILSE until such time as additional funds are raised and a permanent CEO and management team can be recruited. University staff, under the direction of the Dean, will also provide administrative and operational support to ILSE on a part-time basis.

(dollars in thousands)

Note 19 – Student Concession Arrangement for Student Residence Hall Facility:

On February 1, 2017, the University entered into a 40 year Project Development agreement with The Provident Group – Kean Properties LLC to undertake the design, finance, and construction of a student housing facility on the University's campus. The Provident Group will be entitled to all of the housing revenues during the term of the 40 year agreement. At the end of the term, the residence hall facility and its operations will be transferred to the University. During fiscal year 2019, construction was completed on the Student Residence Hall Facility pursuant to the agreement. At June 30, 2019, the University has reported the dormitory as a capital asset and related deferred inflows of resources with a carrying amount of $38,924. The capital assets are being depreciated in accordance with the University's capitalization policies and accumulated depreciation as of June 30, 2021 and 2020 was $1,497 and $1,481, respectively. As of June 30, 2021 and 2020, the deferred inflow of resources on the concession arrangement was $37,118 and $38,093, respectively, in the Statements of Net Position. As of June 30, 2021 and 2020, the University has reported a deferred outflow of resources in the amount of $999 and $1,024, respectively, in the Statement of Revenue, Expenses and Changes in Net Position.

Note 20 – Related Party Transaction:

On July 1, 2018, the University entered into an operating relationship with Foundation upon the elimination of the Division of Institutional Advancement at Kean University and the simultaneous decision of the Foundation Board of Directors to directly employ its own staff and manage its operations independent of the University structure. To aid the Foundation in this transition to a self-managed and operated organization, the University agreed to provide financial support. During the year ended June 30, 2021, the University provided $1,200 to the Foundation representing the third of five annual payments. The remaining gross payments totaling $1,200 will be paid out as follows:

Fiscal Year	Amount
2022	$ 800
2023	400
Total	$ 1,200

Effective July 1, 2023, the Foundation will operate independently, with no additional subsidies from the University, and be fully responsible for the cost of its operations.

KEAN UNIVERSITY
Schedule of the University's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability (asset) - State Group	0.4601692811%	0.4788429429%	0.5030546560%	0.5499250943%	0.5694857985%	0.5741010825%	0.6229794340%
University's proportionate share of the net pension liability (asset)	$ 102,268	$ 110,193	$ 119,246	$ 141,032	$ 167,376	$ 136,189	$ 125,388
University's covered payroll	$ 18,882	$ 18,981	$ 18,819	$ 20,436	$ 20,526	$ 23,254	$ 23,254
University's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	541.62%	580.54%	633.65%	690.10%	815.42%	585.66%	539.21%
Plan fiduciary net position as a percentage of the total pension liability - State Group	21.39%	22.03%	22.11%	21.18%	19.02%	24.96%	30.06%

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, the University presents information for those years for which information is available.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

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

KEAN UNIVERSITY
Schedule of University Contributions
Public Employees' Retirement System
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 5,270	$ 4,271	$ 3,876	$ 3,252	$ 2,588	$ 1,857	$ 886
Contributions in relation to the contractually required contribution	(5,270)	(4,271)	(3,876)	(3,252)	(2,588)	(1,857)	(886)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 18,072	$ 18,882	$ 18,981	$ 18,819	$ 20,436	$ 20,526	$ 23,254
Contributions as a percentage of covered payroll	29.16%	22.62%	20.42%	17.28%	12.66%	9.05%	3.81%

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

KEAN UNIVERSITY
Schedule of the University's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability (asset) - State Group	0.1834585660%	0.1973929503%	0.1953740267%	0.2266066008%	0.2510633291%	0.2810715320%	0.2803984261%
University's proportionate share of the net pension liability (asset)	$ 7,887	$ 8,294	$ 8,458	$ 9,961	$ 11,827	$ 12,068	$ 9,963
University's covered payroll	$ 920	$ 866	$ 945	$ 940	$ 1,024	$ 1,195	$ 1,195
University's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	857.28%	957.74%	895.03%	1059.68%	1154.98%	1009.87%	834.03%
Plan fiduciary net position as a percentage of the total pension liability - State Group	24.81%	26.06%	25.84%	25.99%	24.70%	29.07%	48.72%

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

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

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.85% as of June 30, 2019 to 7.00% as of June 30, 2020.

KEAN UNIVERSITY
Schedule of University Contributions
Police and Firemen's Retirement System
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30, 2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 897	$ 697	$ 636	$ 507	$ 443	$ 347	$ 392
Contributions in relation to the contractually required contribution	(897)	(697)	(636)	(507)	(443)	(347)	(392)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 803	$ 920	$ 866	$ 945	$ 940	$ 1,024	$ 1,195
Contributions as a percentage of covered payroll	111.71%	75.76%	73.44%	53.65%	47.13%	33.89%	32.82%

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

KEAN UNIVERSITY
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the University
Teacher's Pension and Annuity Fund
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30, 2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the University	0.0071136873%	0.0081832550%	0.0085063653%	0.0089503436%	0.0090329168%	0.0345727610%	0.0404391681%
University's proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the University	$ 4,684	$ 5,022	$ 5,412	$ 6,035	$ 7,106	$ 21,851	$ 21,613
Total proportionate share of the net pension liability (asset) associated with the University	$ 4,684	$ 5,022	$ 5,412	$ 6,035	$ 7,106	$ 21,851	$ 21,613
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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, the University presents information for those years for which information is available.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

KEAN UNIVERSITY
Schedule of Proportionate Share of the Total OPEB Liability*
and Note to Required Supplementary Information
State Health Benefit Retired Employees Fund
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30,			
	2021	2020	2019	2018
University's proportion of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
University's proportionate share of the total OPEB liability	$ -	$ -	$ -	$ -
State of New Jersey's proportionate share of the total OPEB liability	$ 254,371	$ 170,817	$ 230,516	$ 264,692
Total OPEB liability	$ 254,371	$ 170,817	$ 230,516	$ 264,692
University covered payroll	$ 64,844	$ 75,692	$ 79,199	$ 65,296
University's proportionate share of the Collective Total OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

Information provided for Required Supplementary Information will be provided for ten (10) years as the information becomes available in subsequent years.

Note to Required Supplementary Information

For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title/Cluster Title	AL Number	FAIN or Other Grant Identifying Number	Current Year Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Student Financial Aid Cluster:			
Federal Direct Student Loan Program	84.268		$ 68,391,112
Nursing Faculty Loan Program	93.264		2,686
Teacher Education Assistance Program	84.379		269,439
Federal Supplemental Educational Opportunity Grants	84.007		798,833
Federal Work-Study Program	84.033		850,001
Federal Pell Grant Program	84.063		25,604,439
Total Student Financial Aid Cluster			95,916,510
TRIO Cluster:			
McNair Scholars	84.217A		300,240
Upward Bound	84.047A		417,979
Total TRIO Cluster			718,219
Expansion of Supplemental Instruction	84.031A	P031A190002	194,276
Educational Stabilization Fund:			
CARES Act - Higher Education Emergency Relief Funds (COVID-19):			
Institutional Portion	84.425F	P425F201144	1,929,908
Student Aid Portion	84.425E	P425E200963	1,898,200
Minority Service Institution	84.425L	P425L200557	983,132
Total CARES Act - Higher Education Emergency Relief Funds (COVID-19)			4,811,240
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (COVID-19):			
Higher Education Emergency Relief Fund (HEERF II) - Institutional Aid	84.425F	P425F201144	16,100,821
Higher Education Emergency Relief Fund (HEERF II) - Student Aid	84.425E	P425E200963	6,400,800
Minority Service Institution	84.425L	P425L200557	695,361
Higher Education Emergency Relief Fund (HEERF III) - Institutional Aid	84.425F	P425F201144	2,185,997
Total Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (COVID-19)			25,382,979
Total U.S. Department of Education			127,023,224
U.S. DEPARTMENT OF EDUCATION:			
Passed Through the NJ Office of the Secretary of Higher Education:			
Governor's Emergency Education Relief Fund (COVID-19)	84.425C	S425C200007	3,430,121
Total U.S. Department of Education Passed Through the NJ Office of the Secretary of Higher Education			3,430,121
Total Educational Stabilization Fund			33,624,340
U.S. DEPARTMENT OF TREASURY:			
Passed Through the NJ Department of Treasury:			
Coronavirus Relief Fund (CRF) (COVID-19)	21.019	STL0007, STL0228	13,844,062
U.S. DEPARTMENT OF EDUCATION:			
Passed through State of New Jersey:			
Career and Technical Student Organizations - DECA	84.048	V048A200030	144,261
Career and Technical Student Organizations - FBLA	84.048	V048A200030	98,010
English Language Acquisition Grant - Perth Amboy Adelante	84.365	S365A200030	3,694
Overseas Programs - Group Projects Abroad - Seminar Institutes	84.021	P021A21004	42,397
Total U.S. Department of Education Passed Through the State of New Jersey			288,362
SMALL BUSINESS ADMINISTRATION:			
Passed through Rutgers University:			
Small Business Development Centers	59.037	SBAHQ19B0034	245,230
Total Small Business Administration Passed through Rutgers University			245,230
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through NJ Department of Health and Senior Services:			
NJ Personal Responsibility Education Program (PREP)	93.092	1801NJPREP	182,551
Child Health and Human Development Extramural Research	93.865	R15HD102960	18,323
Total Passed through NJ Department of Health and Senior Services			200,874
Passed through Stockton University:			
Master Child Welfare	93.658	1702NJFOST	2,500
Total Passed through Stockton University			2,500
Total U.S. Department of Health and Human Services			203,374
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through State of New Jersey:			
Traffic Safety Program	20.600	69A37519300004020NJ0	384,910
Total U.S. Department of Transportation Passed Through the State of New Jersey			384,910
Research and Development Cluster:			
National Science Foundation:			
Building Capacity Grant	47.076	1928452	194,040
Passed through Rutgers University:			
LSAMP	47.076	1400780	12,100
Passed through University of Texas:			
NSF Alliance	47.070	HRD-1834620	74,115
School of Environmental Sustainability Science Grant	47.041		61,452
Total Research and Development Cluster			341,707
National Endowment for the Humanities Make History at Kean	45.162	AC25891518	13,823
Total expenditures of Federal awards			$ 145,774,813

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2021

State of New Jersey Grantor/Program Title	Grant or Account Number	Grant Amount	Grant Period	Current Year Expenditures
Student Financial Assistance Cluster:				
N.J. Department of Treasury:				
New Jersey College Loans to Assist State Students	N/A	$ 834,674	07/01/20 - 06/30/21	$ 834,674
Tuition Aid Grant	20-100-074-2405-007	17,211,023	07/01/20 - 06/30/21	17,211,023
NJ Best Scholarship	N/A	9,250	07/01/20 - 06/30/21	9,250
New Jersey Stars II	20-100-074-2405-313	158,224	07/01/20 - 06/30/21	158,224
NJ Foster & Adopt Service	N/A	34,584	07/01/20 - 06/30/21	34,584
Governor's URB School	N/A	8,000	07/01/20 - 06/30/21	8,000
Governor's URB President Award	N/A	1,000	07/01/20 - 06/30/21	1,000
Law Enforcement Officer Memorial Scholarship	N/A	34,364	07/01/20 - 06/30/21	34,364
N.J. Department of State:				
Educational Opportunity Fund Undergraduate	200-100-074-2401-002	593,250	07/01/20 - 06/30/21	593,250
Educational Opportunity Fund Graduate	200-100-074-2401-002	13,525	07/01/20 - 06/30/21	13,525
Total Student Financial Assistance Cluster				18,897,894
N.J. Department of State:				
Educational Opportunity Fund Article IV - Academic Year	20-100-074-2401-002	690,539	07/01/20 - 06/30/21	690,539
Educational Opportunity Fund Article IV - Summer	20-100-074-2401-002	653,114	07/01/20 - 06/30/21	653,114
Educational Opportunity Fund Article IV - Winter	20-100-074-2401-002	28,940	07/01/20 - 06/30/21	28,940
				1,372,593
Interdepartmental Accounts:				
FICA State Colleges and University Reimbursement Program	20-100-094-9410-137	5,841,418	07/01/20 - 06/30/21	5,841,418
Fringe benefits paid by State of New Jersey	20-100-094-9410-137	35,780,701	07/01/20 - 06/30/21	35,780,701
N.J. Department of Commerce & Economic Development:				
Passed through Rutgers University:				
N.J. Small Business Development Center	17BAC000SBDC	44,000	07/01/20 - 06/30/21	44,000
N.J. Higher Education Capital Facilities:				
Fire Safety Training Program	20-100-022-8017-035	1,288,120	07/01/20 - 06/30/21	1,288,120
N.J. Department of State:				
State of New Jersey Appropriation	20-100-074-2455-001	33,092,000	07/01/20 - 06/30/21	33,092,000
NJ State Council on the Arts:				
Premier Stages	0625A050169	17,125	07/01/20 - 06/30/21	17,125
Passaic Board of Education:				
PASS Adelante	N/A	52,424	07/01/20 - 06/30/21	52,424
DACA and Undocumented Students Grant	N/A	64,500	07/01/20 - 06/30/21	64,500
Restorative Justice in Education Comp	N/A	2,127	07/01/20 - 06/30/21	2,127
Total expenditures of State Financial Assistance				$ 96,452,902

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

1. Significant Accounting Policies/Basis of Presentation:

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Kean University (the "University") and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the purposes of these schedules, Federal Awards and State Financial Assistance include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations and other non-cash assistance. Because these schedules present only a selected portion of the activities of the University, it is not intended to, and does not, present the financial position, changes in net position and other changes of the University in conformity with generally accepted accounting principles.

The accounting practice followed by the University in preparing the accompanying schedules is as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) 2 CFR Part 220, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Perkins Loan and Nursing Faculty Loan Programs:

The University administers the following Federal loan programs:

	AL #	Loans Extended for the Year Ended June 30, 2021	Outstanding Principal Balance at June 30, 2021
Perkins Loan Program	84.038	$ -	$ 977,872
Nursing Faculty Loan Program	93.264	$ 2,686	$ 727,086

Kean University is no longer participating in the Perkins Loan Program and did not have any related expenses incurred during the 2021 or 2020 fiscal years..

3. Other Loan Programs:

During the fiscal year ended June 30, 2021, the University processed the following amount of new loans under the Federal Direct Stafford Student Loan programs (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	AL #	Value of Loans
Stafford Loans (Direct):	84.268	
Subsidized		$ 20,457,017
Unsubsidized		41,084,395
		$ 61,541,412
Parent Loans for Undergraduate Students (PLUS)		$ 6,849,700

4. Indirect Costs:

The University did not elect to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

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

The Board of Trustees
Kean University

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 of Kean University (the "University"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated May 6, 2022. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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 financial statement amounts. 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
May 6, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Independent Auditors' Report

The Board of Trustees
Kean University

Report on Compliance for Each Major Federal and State Program

We have audited Kean University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the University's major federal and state programs for the year ended June 30, 2021. The University's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the University's compliance.

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908.782.7300

Opinion of Each Major Federal and State Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A m*aterial weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
May 6, 2022

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___Yes	_X_ No
• Significant deficiency(ies) identified?	___Yes	_X_ None reported
Noncompliance material to financial statements noted?	___Yes	_X_ No

Federal Awards and State Financial Assistance

Internal control over major federal and state programs:		
• Material weakness(es) identified?	___Yes	_X_ No
• Significant deficiency(ies) identified?	____Yes	_X_ None reported
Type of auditor's report issued on compliance for major federal and state programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or NJ OMB 15-08?	__Yes	_X_ No

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditors' Results

Identification of major programs:

Federal: AL Numbers	Name of Federal Programs or Cluster	
21.019	Coronavirus Relief Fund	U.S. Department of Education
	Education Stabilization Fund:	
84.425C	Governor's Emergency Education Relief (GEER) Fund	U.S. Department of Education
84.425L	Higher Education Emergency Relief Fund - Minority Serving Institutions (MSIs)	U.S. Department of Education
84.425F	Higher Education Emergency Relief Fund - Institutional	U.S. Department of Education
84.425E	Higher Education Emergency Relief Fund - Student Aid	U.S. Department of Education

State: Grant Number	Name of State Program or Cluster	
02-100-094-9500-1205	FICA State Colleges and University Reimbursement Program	New Jersey Department of Treasury
02-100-082-2155-025	Fringe Benefits paid by the State of New Jersey	New Jersey Department of Treasury

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000	Federal Awards
	$2,893,587	State Financial Assistance (3% of state awards expended, not including loan programs)
Auditee qualified as low-risk auditee?	_X_ Yes	__No

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

None to report.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) or New Jersey State OMB Circular 15-08.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2021

Not applicable – no prior year audit findings.