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

REPORT ON FINANCIAL STATEMENTS AND SCHEDULES OF EXPENDITURES OF 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, 2022 AND 2021

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

TABLE OF CONTENTS

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

TABLE OF CONTENTS (continued)

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Kean University

Report on the Audit of the Financial Statements

Opinions

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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents. The financial statements of the University as of and for the year ended June 30, 2021 were audited by other auditors whose report dated May 6, 2022 expressed an unmodified opinion.

In our opinion, based on our audit 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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 11% of total assets, 23% of total net position and 2% of total operating revenues for the year ended June 30, 2022 and 12% of total assets, 26% of total net position and 2% of total operating revenues for the year ended June 30, 2021. 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinion

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

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Change in Accounting Policy

We draw attention to Note 23 in the notes to financial statements which disclose the effects of the University's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *"Leases"*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 Net 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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 March 30, 2023, 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 30, 2023

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, 2022 and 2021 and comparative amounts for the year ended June 30, 2020. 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.

New Accounting Standard

The University adopted GASB Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2021. This statement established a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and a right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Except for fiscal 2020 results of operations, the prior periods presented in the MD&A as well as the basic financial statements and notes have been restated for comparison purposes. The University as a lessor recognized a lease receivable of $0.7 million with an offsetting deferred inflow of $0.7 million as of June 30, 2022. The University as a lessee recognized a right-of-use assets, net of $1.9 million and $2.2 million and a lease payable of $1.9 million and $2.2 million as of June 30, 2022 and 2021, respectively.

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, 2022, 2021 and 2020:

(in thousands)

	June 30,		
	2022	2021	2020
		(as restated)	
Current assets	$ 207,878	$ 204,609	$ 147,188
Capital assets, net	556,960	569,778	573,958
Other noncurrent assets	2,392	3,588	5,216
Total Assets	767,230	777,975	726,362
Deferred Outflows of Resources	33,367	35,085	37,372
Current liabilities	42,594	43,047	36,144
Noncurrent liabilities	379,317	401,120	421,445
Total Liabilities	421,911	444,167	457,589
Deferred Inflows of Resources	70,205	78,330	81,017
Net Position:			
Net investment in capital assets	246,460	247,107	246,886
Restricted	30,185	26,509	23,460
Unrestricted (deficit)	31,836	16,947	(45,218)
Total Net Position	$ 308,481	$ 290,563	$ 225,128

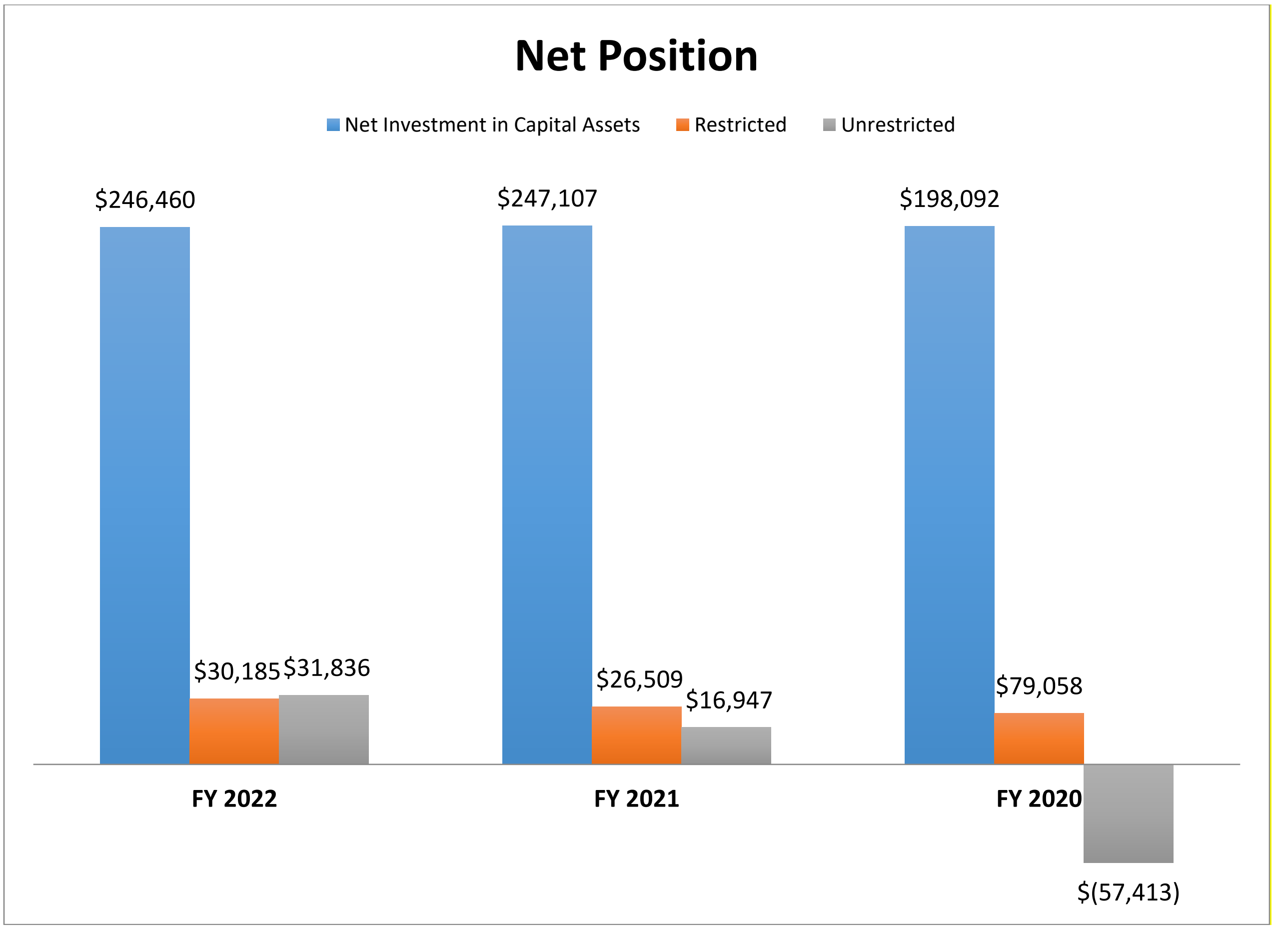
Kean University's net position *increased* approximately $17.9 million during fiscal 2022. Operating revenues of $130.7 million, plus net non-operating revenues and capital related revenues, net of interest expense of $173.4 million, *exceeded* operating expenses of $282.6 million and transfers to the Foundation of $3.6 million. State appropriations and State payment of fringe benefits totaling $96.7 million plus Federal and State Non-Operating Grants of $90.3 million *more than* offset the year's *operating loss* of $151.9 million and net interest expense, investment income, and other expenses of $13.7 million.

Net investment in capital assets *decreased* $0.6 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* $3.7 million which was mainly the result of an increase in the cash transferred to the Plant fund for upcoming projects as well as right of use assets accounted for under the new GASB 87 pronouncement.

In fiscal year 2021, net position increased approximately $65.4 million. 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.

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, capital assets, leases payable, and right-of-use assets net of accumulated depreciation and amortization. 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, 2022, 2021 and 2020.



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, 2022, 2021 and 2020 follows:

Total Revenues and Non-Operating Expenses

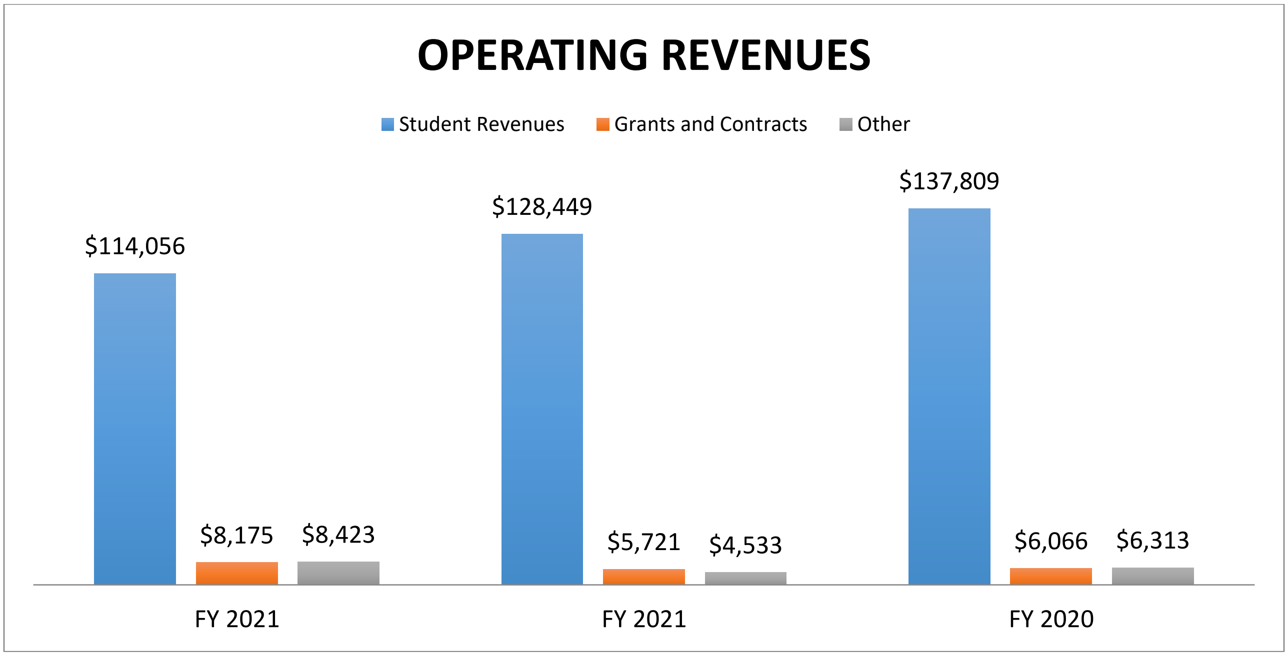
	Year Ended June 30,		
	2022	2021	2020
Operating revenues:			
Student revenues, net	$ 114,056	$ 128,449	$ 137,809
Grants and contracts	8,175	5,721	6,066
Other	8,423	4,533	6,313
Total Operating Revenues	130,654	138,703	150,188
Non-operating revenues (expenses) and capital revenues:			
State appropriation/paid fringe benefits	96,707	79,173	64,131
State appropriation - capital	85	74	679
Grants and contracts	90,343	92,842	57,679
Private gifts, investment income, interest expense and other, net	(13,652)	(11,315)	(8,903)
Total Non-operating revenues (expenses), and capital revenues	173,483	160,774	113,586
Total Revenues and Non-Operating Expenses	$ 304,137	$ 299,477	$ 263,774

Operating Revenues

Operating revenues are recognized by Kean University for providing goods and services directly to its customers (students). Operating revenues *decreased* $8.0 million in fiscal 2022 versus fiscal 2021. Net student revenues *decreased* $14.4 million, while federal and state grants and contracts *increased* $2.5 million. Other operating revenues *increased* $3.9 million.

In fiscal 2021, 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.

Following is a breakdown of operating revenues by category for the years ended June 30, 2022, 2021 and 2020:



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 $96.7 and $79.2 million in 2022 and 2021, respectively, for an in*crease* of $17.5 million.

Approximately $8.4 million of this increase was due to increased State appropriations mostly related to the outcomes based initiative. The remaining $9.1 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 decreased $2.0 million compared to 2021. The second is the State fringe benefit allocation, which also increased $11.1 million due to an 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 $2.4 million in addition to *decreases* in Grant and contract revenue and private gifts of $2.5 million. This was mostly due to funds received related to Federal HEERF grants winding down compared to the prior year.

In total, this resulted in non-operating and capital revenues increasing $12.6 million when comparing fiscal 2022 to fiscal 2021.

In fiscal 2020, 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 an 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.

Operating Expenses

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, 2022, operating expenses *increased* by approximately $48.2 million. One component of this was due to a decrease in the OPEB allocation charged to revenues and an offset to expenses of $2.0 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 $5.8 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 $5.1 million variance noted above was an *increase* of $11.1 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 $52.7 and $41.6 million in 2022 and 2021, 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 $44.8 million in operating expenses. This was primarily due to increases noted in the Scholarships ($13.8 million), Research ($4.2 million), Operations ($5.7 million), Student Services ($6.1 million), Instruction ($4.9 million), Institutional Support ($1.0 million), Auxiliary enterprises ($3.7 million), Public Service ($2.2 million), and Depreciation ($2.3 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. Research expenses increased as a result of the Universities initiative to achieve research status under the Carnegie Classification system. Increases in expenses for the remaining functional categories noted above were due to a "return to normal" in terms of campus operations. Fiscal 2021 noted decreases across many of the categories including utilities, household and security, student aides, professional services, and repairs and maintenance. These were all lower in the prior year due to limited occupancy and state mandated social distancing restrictions. Increases in Depreciation and Amortization were mostly due to the capitalization of new assets such as the New Faculty Housing complex as well as the recognition of a full year of expense for new assets capitalized in the prior year including Hynes Hall and Nancy Thompson Library improvement.

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 $52.8 million and $41.6 million in 2022 and 2021, 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.

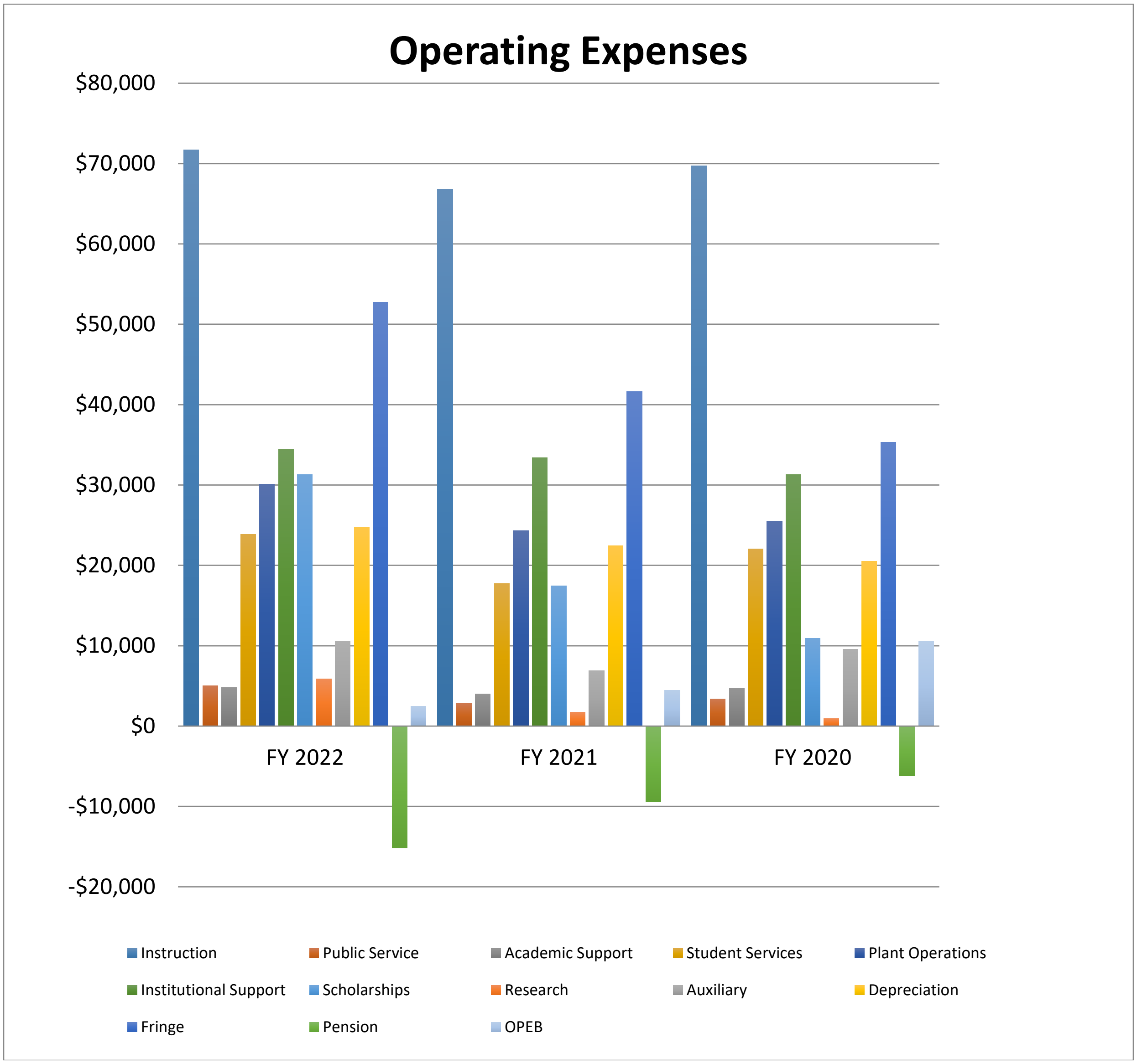
The following is a summary of operating expenses by category for the fiscal years ended June 30, 2022, 2021 and 2020:

Total Operating Expenses

(in thousands)

	Year Ended June 30,		
	2022	2021	2020
Operating expenses:			
Instruction	$ 71,688	$ 66,799	$ 69,703
Public service	5,025	2,827	3,399
Academic support	4,776	4,015	4,756
Student services	23,871	17,727	22,061
Operations and maintenance of plant	30,110	24,342	25,532
Institutional support	34,445	33,432	31,659
Scholarships and fellowships	31,292	17,481	10,915
Research	5,874	1,718	961
Auxiliary enterprises	10,611	6,890	9,575
Depreciation and amortization	24,783	22,440	20,521
Subtotal	$ 242,475	$ 197,671	$ 199,082
State Fringe Benefit allocation impact	$ 52,763	$ 41,620	$ 35,344
GASB 68 Pension Expense allocation impact	(15,151)	(9,385)	(6,142)
GASB 75 OPEB allocation impact	2,499	4,460	1,020
Total operating expenses	$ 282,586	$ 234,366	$ 229,304

The following chart provides a graphical breakdown of operating expenses by category for the fiscal years ended June 30, 2022, 2021 and 2020:



Capital Assets and Debt Administration

Capital Assets

Capital Asset, net (including construction-in-progress) *decreased* approximately $12.5 million in 2022 compared to 2021. This was primarily due to a decrease in new capital construction-in-progress spending of $13.5 million combined with $25.1 million of new capital assets placed into service partially described below. This overall capital asset increase of $11.6 million was offset by depreciation and amortization expense of $24.1 million resulting in the net decrease. The University had approximately $555.1 million invested in capital assets, net of accumulated depreciation and amortization of $292.4 million at June 30, 2022 as compared to approximately $567.6 million net of accumulated depreciation and amortization of $268.2 million at June 30, 2021. Depreciation and amortization charges totaled $24.1 and $22.4 million for the years ended June 30, 2022 and 2021, respectively.

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

	June 30,		
	2022	2021	2020
Construction-in-progress	$ 19,616	$ 33,067	$ 70,083
		(as restated)	
Land	9,123	9,123	9,123
Land improvements	11,947	9,707	10,928
Buildings and improvements	488,688	491,214	464,574
Right of use - Building	271	-	-
Equipment	20,598	19,082	13,562
Right of use - Equipment	1,567	2,166	-
Infrastructure	5,150	5,419	5,688
	537,344	536,711	503,875
	$ 556,960	$ 569,778	$ 573,958

Major capital additions during the 2022 fiscal year included (in thousands):

New Faculty Housing Complex	$ 14,254
Athletic Fields Renovations	3,398
E-Sports Arena	1,349
Various Campus Maintenance projects	2,327
Teaching and Visualization lap	548
Total (project to date spending)	$ 21,876

	In progress
Various Campus Maintenance projects	$ 1,428
3 Masters Square	827
Miron Court Renovations	701
Center for Academic Success	444
Elevator Modernization	432
Bruce Hall	362
Patton Ave	236
Other	185
Total (current year spending)	$ 4,615

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 $290.1 and $303.4 million in outstanding debt for the years ended June 30, 2022 and 2021, respectively. The outstanding debt is summarized below by the type of debt instrument.

Outstanding Debt, at Year-End (in thousands)

	June 30,		
	2022	2021 (as restated)	2020
Bonds	$ 279,165	$ 291,605	$ 297,880
Lease obligations-NJEFA	2,691	2,909	4,729
Lease obligations-Bld/Equip	1,890	2,194	-
Unamortized premium (discount), net	6,332	6,727	7,122
	$ 290,078	$ 303,435	$ 309,731

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 $300.1 million in FY 2022 (4.5% CAGR), state aid revenue (appropriations and revenue) only *increased* from $53.1 million in FY 2002 to $96.8 million in FY 2022 *(including Building our Future Bond Act Reimbursements)* (3.0% 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, 2022			June 30, 2021		
	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total	Business-Type Activities Kean University	Component Unit Kean University Foundation	Total
ASSETS				(as restated)		
CURRENT ASSETS:						
Cash and equivalents	$ 175,684	$ 2,364	$ 178,048	$ 175,419	$ 2,789	$ 178,208
Deposits held by Bond Trustees	11,127	-	11,127	10,741	-	10,741
Investments	762	82,830	83,592	1,302	89,008	90,310
Accounts receivable:						
Student accounts (less allowance for doubtful accounts of $12,916 in 2022 and $12,222 in 2021)	3,779	-	3,779	5,863	-	5,863
Student loans	641	-	641	795	-	795
Gifts and grants	8,213	-	8,213	4,966	-	4,966
Lease receivables	633	-	633	-	-	-
Due from State of New Jersey	4,941	-	4,941	3,500	-	3,500
Other receivables (less allowance for doubtful collections of $37 in 2022 and $112 in 2021)	2,098	8,046	10,144	2,011	8,814	10,825
Total Accounts Receivable	20,305	8,046	28,351	17,135	8,814	25,949
Prepaid expenses and other assets	-	72	72	12	75	87
Total Current Assets	207,878	93,312	301,190	204,609	100,686	305,295
NONCURRENT ASSETS:						
Investments	1,783	-	1,783	2,639	-	2,639
Student loans receivable	590	-	590	915	-	915
Land	9,123	-	9,123	9,123	-	9,123
Construction-in-progress	19,616	-	19,616	33,067	-	33,067
Capital assets (net of accumulated of $295,332 in 2022 and $270,511 in 2021)	528,221	1,315	529,536	527,588	1,373	528,961
Lease receivable	19	-	19	-	-	-
Other Non Current Assets	-	892	892	34	983	1,017
Total Noncurrent Assets	559,352	2,207	561,559	573,366	2,356	575,722
Total Assets	767,230	95,519	862,749	777,975	103,042	881,017
DEFERRED OUTFLOWS OF RESOURCES:						
Swap termination and loss on refinancing	21,462	-	21,462	23,103	-	23,103
Pension deferrals	11,905	-	11,905	11,982	-	11,982
Total Deferred Outflows of Resources	33,367	-	33,367	35,085	-	35,085
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	11,903	-	11,903	12,323	1	12,324
Accrued interest payable	4,298	-	4,298	4,459	-	4,459
Unearned revenue	7,831	-	7,831	8,474	-	8,474
Deposits and other	65	-	65	65	-	65
Compensated absences - current portion	4,245	-	4,245	4,488	-	4,488
Lease Payable	673	-	673	578	-	578
Other Current Liabilities	-	37	37	-	111	111
Long-term debt - current portion	13,579	-	13,579	12,659	-	12,659
Total Current Liabilities	42,594	37	42,631	43,047	112	43,159
NONCURRENT LIABILITIES:						
Compensated absences	743	-	743	704	-	704
U.S. Government grants refundable	55	-	55	64	-	64
Other Current Liabilities	-	1,208	1,208	-	1,432	1,432
Lease Payable	1,217	-	1,217	1,615	-	1,615
Long-term debt, less current portion	274,609	-	274,609	288,582	-	288,582
Net pension liability	102,693	-	102,693	110,155	-	110,155
Total Noncurrent Liabilities	379,317	1,208	380,525	401,120	1,432	402,552
Total Liabilities	421,911	1,245	423,156	444,167	1,544	445,711
DEFERRED INFLOWS OF RESOURCES:						
Pension deferrals	33,209	-	33,209	40,975	-	40,975
Deferred gain on refinancing	224	-	224	237	-	237
Deferred service concession arrangement	36,119	-	36,119	37,118	-	37,118
Deferred Inflow amount from Leases	653	-	653	-	-	-
Total Deferred Inflows of Resources	70,205	-	70,205	78,330	-	78,330
NET POSITION						
Net investment in capital assets	246,460	-	246,460	247,107	-	247,107
Restricted:						
Nonexpendable	-	87,146	87,146	-	97,750	97,750
Expendable:						
Capital projects	30,185	-	30,185	26,509	-	26,509
Unrestricted	31,836	7,128	38,964	16,947	3,748	20,695
Total Net Position	$ 308,481	$ 94,274	$ 402,755	$ 290,563	$ 101,498	$ 392,061

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, 2022			Year ended June 30, 2021		
	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	$ 154,295	$ -	$ 154,295	$ 172,970	$ -	$ 172,970
Auxiliary enterprises	13,415	-	13,415	5,709	-	5,709
Less: Scholarship allowances	(53,654)	-	(53,654)	(50,230)	-	(50,230)
Student revenues, net	114,056	-	114,056	128,449	-	128,449
Federal grants and contracts	3,408	-	3,408	2,568	-	2,568
State and local grants and contracts	4,767	-	4,767	3,153	-	3,153
Fundraising revenue	-	2,254	2,254	-	2,951	2,951
Other operating revenues	8,423	210	8,633	4,533	132	4,665
Total operating revenues	130,654	2,464	133,118	138,703	3,083	141,786
OPERATING EXPENSES:						
Instruction	94,113	-	94,113	88,303	-	88,303
Public service	5,749	-	5,749	3,052	-	3,052
Academic support	5,614	-	5,614	4,754	-	4,754
Student services	29,585	-	29,585	23,042	-	23,042
Operations and maintenance of plant	32,514	-	32,514	26,456	-	26,456
Institutional support	42,360	3,720	46,080	40,022	3,074	43,096
Scholarships and fellowships	31,291	-	31,291	17,481	-	17,481
Research	5,978	-	5,978	1,911	-	1,911
Auxiliary enterprises	10,599	-	10,599	6,905	-	6,905
Depreciation and amortization	24,783	57	24,840	22,440	57	22,497
Total operating expenses	282,586	3,777	286,363	234,366	3,131	237,497
OPERATING (LOSS)	(151,932)	(1,313)	(153,245)	(95,663)	(48)	(95,711)
NON-OPERATING REVENUES (EXPENSES):						
State of New Jersey appropriations - State	41,445	-	41,445	33,092	-	33,092
State of New Jersey paid fringe benefits - on behalf payments	55,262	-	55,262	46,081	-	46,081
Federal nonoperating grants and contracts	67,764	-	67,764	74,813	-	74,813
State and local nonoperating grants and contracts	22,579	-	22,579	18,029	-	18,029
Private gifts	808	-	808	702	-	702
Investment (loss) income	(1,839)	(9,517)	(11,356)	909	18,644	19,553
Interest expense	(12,621)	(51)	(12,672)	(12,926)	(96)	(13,022)
Other expense	-	24	24	-	2	2
Total net non-operating revenues (expenses)	173,398	(9,544)	163,854	160,700	18,550	179,250
STATE OF NEW JERSEY APPROPRIATIONS - CAPITAL	85	-	85	74	-	74
INCOME (LOSS) BEFORE TRANSFERS	21,551	(10,857)	10,694	65,111	18,502	83,613
TRANSFERS:						
Transfers to Kean University Foundation	(3,633)	3,633	-	324	(324)	-
INCREASE (DECREASE) IN NET POSITION	17,918	(7,224)	10,694	65,435	18,178	83,613
NET POSITION, BEGINNING OF YEAR	290,563	101,498	392,061	225,128	83,320	308,448
NET POSITION, END OF YEAR	$ 308,481	$ 94,274	$ 402,755	$ 290,563	$ 101,498	$ 392,061

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, 2022	Year Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student revenues	$ 116,868	$ 126,508
Government grants	60,181	47,733
Payments to suppliers	(156,976)	(116,699)
Payments for employee salaries and benefits	(116,398)	(104,388)
Other receipts	8,144	3,312
Net cash flows from operating activities	(88,181)	(43,534)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of New Jersey appropriations	40,089	33,167
Government grants	90,343	92,842
Direct lending receipts	60,890	68,391
Direct lending disbursements	(60,890)	(68,391)
Transfers (to)/from Component Unit	(3,633)	324
Private gifts	808	702
Net cash flows from noncapital financing activities	127,607	127,035
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(15,108)	(17,069)
Principal paid on long-term debt	(12,659)	(8,095)
Interest paid on long-term debt	(10,890)	(11,818)
Deposits held by Bond Trustees	(61)	(2,281)
Net cash flows from capital and related financing activities	(38,718)	(39,263)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investments	1,396	1,695
Net investment income and other	(1,839)	909
Net cash flows from investing activities	(443)	2,604
NET CHANGE IN CASH AND EQUIVALENTS	265	46,842
CASH AND EQUIVALENTS, BEGINNING OF YEAR	175,419	128,577
CASH AND EQUIVALENTS, END OF YEAR	$ 175,684	$ 175,419
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (151,932)	$ (95,663)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization expenses	24,783	22,440
State of New Jersey paid fringe benefits	55,262	46,081
State of New Jersey paid pension contributions	(15,151)	(9,385)
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,105)	(8,351)
Prepaid expenses and other assets	12	17
Accounts payable and accrued expenses	(420)	(796)
Unearned revenue	(643)	2,114
Other liabilities	1,217	-
Compensated absences	(204)	9
Net cash flows from operating activities	$ (88,181)	$ (43,534)

See accompanying notes to financial statements.

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

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 College of Business and Public Management; the College of Education; the College of Health Professions and Human Services; the College of Liberal Arts; the Dorothy and George Hennings College of Science, Mathematics and Technology; and the Michael Graves College; as well as through its online platform, Kean Online. 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. Assets acquired under lease agreements are classified as right of use assets and are recorded as capital assets.

Receivables **-** Student receivables consist of tuition and fees charged to current and former students. State of New Jersey receivables, grants and contracts receivables are amounts due from federal and state governments in connection with reimbursement of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources. Loan receivables consist of funds loaned to students under federal loan programs. Lease receivables consist of the present value of lease receipts expected during the lease term. Other receivables consist of employee receivables and a variety of billings ranging from clinical services, fee for service arrangements, and auxiliary enterprise contracts.

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

	Useful Lives
Land and Building improvements	15
Buildings	40
Right of use building	4
Equipment	5-7
Right of use equipment	5
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.

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

***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.

***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, 2019.

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

***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 assets 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University has four items that qualify for reporting in this category, including deferred gain on the refinancing of debt, deferred amounts related to pensions, deferred inflow amounts from leases and deferred service concession arrangement. Deferred inflows from leases relate to lease receivables and amounts deferred and amortized to lease revenue in a systematic and rational manner over the terms of the lease.

***Leases* -** The University is a lessor for noncancellable leases of buildings. The University recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments to lessor accounting:

Discount Rate		The University uses the lessee's estimated borrowing rate as the discount rate to discount the expected lease receipts to present value. The estimated borrowing rate is determined by assessing the credit worthiness of the lessee based on their Moody's rating on public debt. A credit spread is determined based on such rating along with comparables, market factors and other factors starting with the U.S. Treasury rate. For lessees without a Moody's rating, a non-investment grade (Ba1/Ba2) is used to develop the credit spread.
Lease Term		The lease term includes the non-cancellable period of the lease.
Lease Payments		Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee and any payment renewal option that the University is reasonably certain to exercise.

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

The University is a lessee for noncancellable leases of buildings and equipment. The University recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. At commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements to lessee accounting include:

Discount Rate		The University uses the lessor's implicit interest rate as the discount rate to discount the expected lease payments to the present value. When the interest rate is not provided, the University uses its estimated incremental borrowing rate as the discount rate for leases.
Lease Term		The lease term includes the non-cancellable period of the lease.
Lease Payments		Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the University is reasonably certain to exercise.

Operating leases with a term of 12 months or less are not recorded on the Statement of Net Position and are expensed. Right-of-use-assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the right-of-use asset and is included in depreciation and amortization expense in the Statement of Revenues, Expenses, and Changes in Net Position. The interest expense related to leases is recognized using the effective interest method based on the discount rate determined at lease commencement and is included within interest on indebtedness in the Statement of Revenues, Expenses and Changes in Net Position.

The University monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources where the University is a lessor and lease assets and liability where the University is a lessee if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability.

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

***Recently Issued Accounting Pronouncements* -** In June 2017, GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2021. This statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. The University adopted GASB Statement No. 87 effective July 1, 2021.

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.

The GASB issued Statement No. 99, *Omnibus* 2022 in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. 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. 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. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements

(dollars in thousands)

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

Reclassification **-** Certain prior year amounts related to the GASB 87 adoption and other amounts have been reclassified to conform with the current year presentation.

Subsequent Events **-** Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 30, 2023, 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 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, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 158,174	$ 157,945
State of NJ Cash Management Fund	17,510	17,474
Total Cash and Equivalents	$ 175,684	$ 175,419

As of June 30, 2022 and 2021, the University’s cash and equivalents book balance (excluding State of New Jersey Cash Management Fund) was $158,174 and $157,945, respectively; the actual amount of cash on deposit in the University’s bank accounts was $161,725 and $161,990, respectively. Of these bank balances, $161,725 at June 30, 2022, and $161,990 at June 30, 2021, 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, 2022 and 2021 was $19,567and $26,299, 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.

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

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, 2022 and 2021 was $17,510 and $17,474, 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 $11,127 and $10,741 at June 30, 2022 and 2021, 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, 2022 and 2021, of $2,545 and $3,941, 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, 2022 and 2021, of $82,830 and $89,008, 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, 2022 and 2021:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Kean University				
US Treasury Securities	$ -	$ 762	$ -	$ 762
Fixed Income Securities	1,783	-	-	1,783
Total Kean University	1,783	762	-	2,545
Kean University Foundation				
Mutual Funds	67,644	-	-	67,644
Commodity Trust Fund	2,536	-	-	2,536
Investments Measured at Net Asset Value (a)				12,650
Total Kean University Foundation	70,180	-	-	82,830
Total Assets at Fair Value	$ 71,963	$ 762	$ -	$ 85,375

	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

(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, 2022, 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	$ 762	$ 762	$ -	
Fixed Income Securities	AAA	1,783	248	1,535	
Kean University Foundation					
Mutual Funds		67,644	67,644		
Commodity Trust Fund		2,536	2,536		
Total		$ 72,725	$ 71,190	$ 1,535	$ -
Investments Measured at Net Asset Value (a)		12,650			
		$ 85,375			

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			

(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,	
	2022	2021
Construction fund	$ 769	$ 843
Debt service fund for principal and interest	10,358	9,898
	11,127	10,741
Less: Current Portion	11,127	10,741
Non-current Deposits Held by Trustees	$ -	$ -

(dollars in thousands)

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

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,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and equivalents	$ 11,127	$ 11,127	$ 10,741	$ 10,741

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, 2022 and 2021, 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, 2022 and 2021, no deposits held with bond trustees had maturities greater than one year.

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

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, 2022 and 2021, capital assets and accumulated depreciation activity was as follows:

	Year Ended June 30, 2022			
	Beginning of Year (as restated)	Additions	Retirements	End of Year
Nondepreciable assets:				
Construction-in-progress	$ 33,067	$ (13,451)	$ -	$ 19,616
Land	9,123	-	-	9,123
	42,190	(13,451)	-	28,739
Depreciable/Amortizable assets:				
Land improvements	41,243	3,977	-	45,220
Buildings and improvements	702,200	16,560	-	718,760
Right of use - Buildings	-	315	-	315
Equipment	42,584	4,564	(21)	47,127
Right of use - Equipment	2,166	-	-	2,166
Infrastructure	10,755	1	-	10,756
	798,948	25,417	(21)	824,344
Less:Accumulated depreciation/amortization				
Land improvements	31,536	1,737	-	33,273
Buildings and improvements	209,623	19,134	-	228,757
Right of use - Buildings	-	44	-	44
Equipment	23,491	3,038	-	26,529
Right of use - Equipment	-	599	-	599
Infrastructure	5,337	269	-	5,606
	269,987	24,821	-	294,808
Capital Assets, Net	$ 571,151	$ (12,855)	$ (21)	$ 558,275
Kean University				556,960
Kean University Foundation				1,315
				$ 558,275

(dollars in thousands)

Note 3 - Capital Assets (continued):

	Year Ended June 30, 2021			
	Beginning of Year	Additions	Retirements	End of Year (as restated)
Nondepreciable assets:				
Construction-in-progress	$ 70,083	$ (37,016)	$ -	$ 33,067
Land	9,123	-	-	9,123
	79,206	(37,016)	-	42,190
Depreciable/amortizable assets:				
Land improvements	40,766	477	-	41,243
Buildings and improvements	657,336	44,864	-	702,200
Equipment	34,839	7,769	(24)	42,584
Rights of Use Equipment	-	2,166	-	2,166
Infrastructure	10,755	-	-	10,755
	743,696	55,276	(24)	798,948
Less				
Accumulated depreciation/amortization				
Land improvements	29,838	1,698	-	31,536
Buildings and improvements	191,343	18,280	-	209,623
Equipment	21,254	2,261	(24)	23,491
Infrastructure	5,068	269	-	5,337
	247,503	22,508	(24)	269,987
Capital Assets, Net	$ 575,399	$ (4,248)	$ -	$ 571,151
Kean University				$ 569,778
Kean University Foundation				1,373
				$ 571,151

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $24,783 and $22,508, respectively. Commitments outstanding on construction projects amounted to approximately $6,875 and $7,577 as of June 30, 2022 and 2021, 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 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 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, 2022 and 2021:

	June 30, 2022				
	Beginning of Year (as restated)	Additions	Reductions	End of Year	Amount Due Within One Year
Bonds payable and other debt - gross	$ 294,514	$ -	$ (12,658)	$ 281,856	$ 13,579
Leases Payable	$ 2,194	315	(619)	1,890	$ 673
Unamortized premium	6,727	-	(395)	6,332	
Total bonds payable and other debt - net	$ 303,435	$ 315	$ (13,672)	$ 290,078	

	June 30, 2021				
	Beginning of Year	Additions	Reductions	End of Year (as restated)	Amount Due Within One Year
Bonds payable and other debt - gross	$ 302,609	$ -	$ (8,095)	$ 294,514	$ 12,659
Leases Payable	-	2,194	-	2,194	$ 578
Unamortized premium	7,122	-	(395)	6,727	
Total bonds payable and other debt - net	$ 309,731	$ 2,194	$ (8,490)	$ 303,435	

(dollars in thousands)

Note 4 - Noncurrent Liabilities (continued)

The following principal payments due were outstanding at June 30, 2022 and 2021:

		June 30,	
	Interest Rates	2022	2021
New Jersey Educational Facilities			(as restated)
Authority Revenue Bonds:			
Series 2015 H, due 2018 to 2040	1.00%-5.00%	$ 91,145	$ 94,335
Series 2017 C, due 2020 to 2032	2.25%-3.79%	172,365	181,615
Series 2017 D, due 2022 to 2039	4.00%-5.00%	15,655	15,655
		279,165	291,605
Other debt:			
Higher Education Capital Improvement Fund:			
Series 2014 A, due serially to 2024	3.50%-5.00%	1,769	1,875
Series 2016 A, due serially to 2034	1.69%-3.36%	36	50
Series 2016 B, due serially to 2037	3.00%-5.50%	821	858
Higher Education Master Equipment Lease:			
2014 A, due serially to 2023	5.00%	65	126
		2,691	2,909
Total principal		281,856	294,514
Additional amounts representing:			
Net premiums/discounts		6,332	6,727
Leases Payable		1,890	2,193
Total long-term debt		290,078	303,434
Less: Non-current portion		274,609	288,582
Long-term debt - current portion		$ 13,579	$ 12,659
Leases Payable - current portion		$ 673	$ 578

(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, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	$ 13,579	$ 10,554	$ 24,133
2024	14,320	10,066	24,386
2025	14,976	9,530	24,506
2026	15,674	8,954	24,628
2027	16,422	8,339	24,761
2028-2032	91,066	31,670	122,736
2033-2037	91,989	13,379	105,368
2038-2041	23,830	1,044	24,874
Total	$ 281,856	$ 93,536	$ 375,392

Note 5 - Accounts Payable and Accrued Expenses:

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

	June 30,	
	2022	2021
Salaries and fringe benefits	$ 25	$ 11
Accounts payable - construction related	917	1,606
Accounts payable - other	10,961	10,707
Total	$ 11,903	$ 12,324

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

NOTES TO FINANCIAL STATEMENTS
(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, 2022 was as follows:

	June 30, 2021	Additions	Reductions	June 30, 2021	Current Portion
Compensated absences	$ 5,192	$ 596	$ 800	$ 4,988	$ 4,245
U.S. Government grants refundable	65	-	10	55	-
Annuity Payable	654	-	62	592	37
Gear Up Scholarship Fund	735	-	82	653	-
Paycheck Protection Program Loan	154	-	154	-	-
Net pension liability	110,155	-	7,462	102,693	-
	$ 116,955	$ 596	$ 8,570	$ 108,981	$ 4,282

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	-	1	65	-
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	$ 8,848	$ 116,955	$ 4,599

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 $55,262 and $46,081 in 2022 and 2021, 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 Retirement System (PERS) - 2022

At June 30, 2022, the University reported a liability of $94,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the University's proportion was 0.4368793953 percent, which was a decrease of 0.0232898858 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized full accrual pension credit of $6,189 in the financial statements. At June 30, 2022, 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	$ 192	$ 13,393
Difference between expected and actual experience	2,297	326
Net difference between projected and actual earnings on pension plan investments	-	2,972
Changes in proportion and differences between University contributions and proportionate share of contributions	-	14,386
University contributions subsequent to the measurement date	7,544	-
	$ 10,033	$ 31,077

(dollars in thousands)

Note 8 - Retirement Plans (continued):

$7,544 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:	
2023	$ (13,108)
2024	(8,738)
2025	(4,344)
2026	(2,280)
2027	(118)
	$ (28,588)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2020 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%

(dollars in thousands)

Note 8 - Retirement Plans (continued):

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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	8.00%	9.15%
Real estate	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% 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, 2021 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 (7.00% 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	$ 108,454	$ 94,495	$ 82,684

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, 2021 are as follows:

Collective deferred outflows of resources	$ 1,008,893
Collective deferred inflows of resources	4,259,559
Collective net pension liability	21,629,498
University's proportion	0.4368793953%

Collective pension expense for the State Group for the measurement period ended June 30, 2021 is $46,255.

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, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.13, 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 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 non-employer 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.

Police and Firemen's Retirement System (PFRS) - 2022

At June 30, 2022, the University reported a liability of $8,198 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the University's

(dollars in thousands)

Note 8 - Retirement Plans (continued):

proportion was 0.2017053534 percent, which was an increase of 0.0182467874 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized full accrual pension credit of $237 in the financial statements. At June 30, 2022, 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	$ 11	$ 651
Difference between expected and actual experience	-	296
Net difference between projected and actual earnings on pension plan investments	-	213
Changes in proportion and differences between University contributions and proportionate share of contributions	777	972
University contributions subsequent to the measurement date	1,084	-
	$ 1,872	$ 2,132

$1,084 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:	
2023	$ (728)
2024	(405)
2025	(181)
2026	(130)
2027	85
2028	15
	$ (1,344)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2020 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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-US developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	8.00%	9.15%
Real estate	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% 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, 2021 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	$ 9,596	$ 8,198	$ 7,035

(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	$	36,199
Collective deferred inflows of resources		605,392
Collective net pension liability		4,064,572
University's proportion		0.2017053534%

Collective pension expense for the State Group for the measurement period ended June 30, 2021 is $133,596.

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, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 6.17, 5.90, 5.92, 5.73, 5.59, 5.58 and 5.53 years, respectively.

<u>Police and Firemen's Retirement System (PFRS) – 2021</u>

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

(dollars in thousands)

Note 8 - Retirement Plans (continued):

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 asset class included in PFRS's target asset allocation as of June 30, 2020 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
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 non-employer 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.

<u>*Teachers Pension and Annuity Fund (TPAF) - 2022 – Special Funding Situation*</u>

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 non-employer 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 non-employer 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, 2022 was $3,052. The University's proportionate share was $0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State's proportionate share of the TPAF net pension liability associated with the University was 0.0063483435 percent, which was a decrease of 0.0007653438 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized on-behalf pension expense and revenue in the financial statements of $72 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2020 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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-US developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	8.00%	9.15%
Real estate	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and the contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumption, 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 I determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

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, 2021 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 (6.40 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	$ 3,611	$ 3,051	$ 2,582

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, 2020 are as follows:

Collective deferred outflows of resources	$ 17,302
Collective deferred inflows of resources	188,467
Collective net pension liability	90,803
University's proportion	0.0063483435%

Collective pension credit for the plan for the measurement period ended June 30, 2021 is $25,269.

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, 2021, 2020, 2019, 2018, 2017, and 2016 is 7.93, 7.99, 8.04, 8.29, 8.3, and 8.3 years, respectively.

Teachers Pension 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 non-employer 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 non-employer 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:

(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-2020.

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:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

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 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 (6.40 percent) than the current rate:

(dollars in thousands)

Note 8 - Retirement Plans (continued):

	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.

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.

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, 2022 and 2021, ABP received employer and employee contributions that approximated the following from the University:

	2022	2021
Employer contributions	$ 6,167	$ 5,310
Employee contributions	$ 7,756	$ 7,041
Basis for contributions:		
Participating employee salaries	$ 77,090	$ 66,374

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) – 2022 – 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, 2022, the State recorded a liability of $214,722, 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 1,257 plan members. The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2022, the State's proportionate share was 3.203854% of the total collective OPEB liability under the Plan.

For the year ended June 30, 2022, the University recognized OPEB expense of $2,499. 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 $2,499.

Actuarial assumptions and other inputs

The State's total OPEB liability associated with the University at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. 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	2.16%		
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	2.75 - 5.65% based on years of service	3.00 - 7.00% based on years of service	Not applicable

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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, 2020 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) – 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.

(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, 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	Through 2026	All future years
	1.55 - 3.05% 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 - 4.25% 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.

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-2020. 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-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%.

Note 10 - Compensated Absences:

The University has recorded a liability for compensated absences in the amount of $4,988 and $5,192 as of June 30, 2022 and 2021, 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 $179 and $142 in sick leave payments for employees who retired during the years ended June 30, 2022 and 2021, 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, 2022, 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 2022 as part of the commission's review cycle. The next evaluation visit is scheduled for 2029-2030. Refer to the MSCHE website for additional information: https://www.msche.org/institution/0226/.

Note 14 - Unrestricted Net Position:

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,	
	2022	2021 (as restated)
Operating reserve - University	$ 63,303	$ 91,708
Operating reserve - Foundation	7,128	3,748
State pension allocation	(123,997)	(139,147)
Academic and other programs	26,804	20,442
Curriculum Devel. / Pres. Initiatives	8,063	3,872
Capital - renewal and replacement	20,411	11,180
Capital project reserve	19,000	19,000
Student loan program	2,444	2,728
Quasi Endowment	12,294	5,567
Operating programs	3,514	1,563
	$ 38,964	$ 20,661

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 2022 and 2021 was $240 and $240, 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 Associate Provost will serve part time as interim CEO of ILSE until such time as additional funds are raised and a permanent CEO and a full management team can be recruited. University staff, under the direction of the Associate Provost, will also provide administrative and operational support to ILSE on a part-time basis.

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, 2022 and 2021 was $1,497 and $1,497, respectively. As of June 30, 2022 and 2021, the deferred inflow of resources on the concession arrangement was $36,119 and $37,118, respectively, in the Statements of Net Position. As of June 30, 2022 and 2021, the University has reported a deferred outflow of resources in the amount of $999 and $999, 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, 2022, the University provided $3,500 to the Foundation representing the fourth of five annual payments. The remaining gross payment of $400 will be paid out in fiscal year 2023.

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.

Note 21 – Leases Receivable:

The University reported leases receivable and related deferred inflows of resources of $0.7 million and $0.7 million, respectively, at June 30, 2022. In 2022, the University reported lease revenue of $457.4 thousand and interest revenue of $18.3 thousand. The University's leases are related to the Faculty/Staff housing complexes located at Thomas Court, Union NJ and Surrey Road, Hillside NJ. The lease agreements are all one year terms with an option to renew for an additional one year term at the exclusive discretion of the University.

Note 22 – Leases Payable:

The University reported leases payable of $1.9 million and $2.2 million, as of June 30, 2022, 2021 for right-of-use equipment and building respectively. The University's leases are related to various printing and copying equipment as well as a building located in Trenton, NJ.

The following is a schedule of future minimum payments on the University's leases payable as of June 30, 2022 (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2023	$ 673	$ 58	$ 731
2024	703	33	736
2025	451	11	462
2026	63	-	63
Total	$ 1,890	$ 102	$ 1,992

Note 23 – Change in Accounting Policy:

In fiscal year 2022, the University adopted GASB Statement No. 87 *Leases* with retroactive application and reclassified certain amounts. As a result, the University restated $2.2 million in right of use assets with an offsetting lease liability of $2.2 million as of June 30, 2021 and net position by $34,000.

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,							
	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability (asset) - State Group	0.4368793953%	0.4601692811%	0.4788429429%	0.5030546560%	0.5499250943%	0.5694857985%	0.5741010825%	0.6229794340%
University's proportionate share of the net pension liability (asset)	$ 94,495	$ 102,268	$ 110,193	$ 119,246	$ 141,032	$ 167,376	$ 136,189	$ 125,388
University's covered payroll	$ 18,072	$ 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	522.88%	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	25.29%	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

There were none.

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

Last Ten Fiscal Years*

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 7,544	$ 5,270	$ 4,271	$ 3,876	$ 3,252	$ 2,588	$ 1,857	$ 886
Contributions in relation to the contractually required contribution	(7,544)	(5,270)	(4,271)	(3,876)	(3,252)	(2,588)	(1,857)	(886)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 19,724	$ 18,072	$ 18,882	$ 18,981	$ 18,819	$ 20,436	$ 20,526	$ 23,254
Contributions as a percentage of covered payroll	38.25%	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 Firemens' Retirement System
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30, 2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability (asset) - State Group	0.2017053534%	0.1834585660%	0.1973929503%	0.1953740267%	0.2266066008%	0.2510633291%	0.2810715320%	0.2803984261%
University's proportionate share of the net pension liability (asset)	$ 8,198	$ 7,887	$ 8,294	$ 8,458	$ 9,961	$ 11,827	$ 12,068	$ 9,963
University's covered payroll	$ 803	$ 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	1020.92%	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	29.72%	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

There were none.

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

Last Ten Fiscal Years*

	Year Ended June 30, 2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,084	$ 897	$ 697	$ 636	$ 507	$ 443	$ 347	$ 392
Contributions in relation to the contractually required contribution	(1,084)	(897)	(697)	(636)	(507)	(443)	(347)	(392)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 909	$ 803	$ 920	$ 866	$ 945	$ 940	$ 1,024	$ 1,195
Contributions as a percentage of covered payroll	119.25%	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
Teachers' Pension and Annuity Fund
Required Supplementary Information
(dollars in thousands)

Last Ten Fiscal Years*

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the University	0.0063483435%	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	$ 3,052	$ 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	$ 3,052	$ 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	0.355200137	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 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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, 2022	2021	2020	2019	2018
University's proportion of the total OPEB liability	0.00%	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	$ 214,722	$ 254,371	$ 170,816	$ 230,515	$ 264,692
Total OPEB liability	$ 214,722	$ 254,371	$ 170,816	$ 230,515	$ 264,692
University covered payroll	$ 67,757	$ 68,844	$ 76,755	$ 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%	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, 2022

Federal Grantor/Program Title/Cluster Title	Federal AL Number	FAIN or Other Grant Identifying Number	Current Year Expenditures	Amounts Provided to Subgrantees
U.S. DEPARTMENT OF EDUCATION:				
Student Financial Aid Cluster:				
Federal Direct Student Loan Program	84.268	P268K210270	$ 60,889,545	
Teacher Education Assistance Program	84.379	P379T210270	180,059	
Federal Supplemental Educational Opportunity Grants	84.007	P007A212574	879,064	
Federal Work-Study Program	84.033	P033A212574	784,109	
Federal Pell Grant Program	84.063	P063P210270	24,116,584	
Total Student Financial Aid Cluster			86,849,361	
TRIO Cluster:				
McNair Scholars	84.217A	P217A0003	245,758	
Upward Bound	84.047A	P047A0183	325,574	
Total TRIO Cluster			571,332	
Expansion of Supplemental Instruction	84.031A	P031A0002	197,152	
Center for Veterans Success	84.116G	P116G20045	134,411	
Education Stabilization Fund:				
CARES Act - Higher Education Emergency Relief Funds (COVID-19):				
Institutional Portion	84.425F	P425F211144	19,977,423	
Student Aid Portion	84.425E	P425E210963	20,327,002	
Minority Service Institution	84.425L	P425L210557	1,460,549	
Total CARES Act - Higher Education Emergency Relief Funds (COVID-19)			41,764,974	
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (COVID-19):				
Higher Education Emergency Relief Fund (HEERF II) - Institutional Aid	84.425F	P425F211144	757,184	
Higher Education Emergency Relief Fund (HEERF II) - Student Aid	84.425E	P425E210963	52,200	
Total Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (COVID-19)			809,384	
Total Education Stabilization Fund			42,574,358	
Office of Postsecondary Education:				
Fulbright-Hays Group Projects Abroad Program	84.021A	P021A210004	61,825	
Seminar Intitues	84.021	P021A210004	26,154	
			87,979	
Total U.S. Department of Education			130,414,593	
U.S. DEPARTMENT OF EDUCATION:				
Passed through State of New Jersey:				
Career and Technical Student Organizations - DECA	84.048	V048A210030	149,215	
Career and Technical Student Organizations - FBLA	84.048	V048A210030	165,628	
English Language Acquisition Grant - Perth Amboy Adelante	84.365	S365A210030	67,674	
Total U.S. Department of Education Passed Through the State of New Jersey			382,517	
SMALL BUSINESS ADMINISTRATION:				
Passed through Rutgers University:				
Small Business Development Centers	59.037	SBAHQ21B0034	75,764	
Cares Act 2021 (COVID-19)	59.037	SBAHQ21C0073	52,768	
Total Small Business Administration Passed through Rutgers University			128,532	
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	29,082	
Child Health and Human Development	93.865	R15HD102960	81,408	
Total U.S. Department of Health and Human Services			110,490	
U.S. DEPARTMENT OF TRANSPORTATION:				
Passed through State of New Jersey:				
Traffic Safety Program	20.600	69A37519300004020NJ0	422,483	
Total U.S. Department of Transportation Passed Through the State of New Jersey			422,483	
Passed through The Economic Development Authority:				
Kean Ctr Bus/Workforce	11.303	ED21PHI3030010	55,370	
Total U.S. Department of Transportation Passed Through the Economic Development Authority			55,370	
U.S. DEPARTMENT OF DEFENSE:				
Starlink Student Programs	12.901	H982301510127	101,847	
Research and Development Cluster:				
NATIONAL SCIENCE FOUNDATION:				
Building Capacity Grant	47.076	1928452	171,966	
Passed through Rutgers University:				
LSAMP	47.076	1400780	68,931	
Passed through University of Texas:				
NSF Alliance	47.070	HRD-1834620	42,199	
NSF Assignment	47.070	OAC-2208802	70,199	
Embedding Equitable Design	47.070	Not Available	19,154	
School of Environmental Sustainability Science Grant	47.041	Not Available	23,655	
Total Research and Development Cluster			396,104	
National Endowment for the Humanities Make History at Kean	45.162	AC25891518	34,924	
Total expenditures of Federal awards			$ 132,046,860	$ -

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

YEAR ENDED JUNE 30, 2022

State of New Jersey Grantor/Program Title	Grant or Account Number	Grant Period	Current Year Expenditures
Student Financial Assistance Cluster:			
N.J. Department of Treasury:			
New Jersey College Loans to Assist State Students	N/A	07/01/21 - 06/30/22	$ 880,652
Tuition Aid Grant	100-074-2405-007	07/01/21 - 06/30/22	21,582,774
NJ Best Scholarship	N/A	07/01/21 - 06/30/22	48,500
New Jersey Stars II	100-074-2405-313	07/01/21 - 06/30/22	167,688
NJ Foster & Adopt Service	N/A	07/01/21 - 06/30/22	47,696
Governor's URB School	N/A	07/01/21 - 06/30/22	4,000
Law Enforcement Officer Memorial Scholarship	N/A	07/01/21 - 06/30/22	34,710
N.J. Department of State:			
Educational Opportunity Fund Undergraduate	200-100-074-2401-002	07/01/21 - 06/30/22	719,856
Educational Opportunity Fund Graduate	200-100-074-2401-002	07/01/21 - 06/30/22	21,675
Total Student Financial Assistance Cluster			23,507,551
N.J. Department of State:			
Educational Opportunity Fund Article IV - Academic Year	100-074-2401-002	07/01/21 - 06/30/22	814,519
Educational Opportunity Fund Article IV - Summer	100-074-2401-002	07/01/21 - 06/30/22	565,768
Educational Opportunity Fund Article IV - Winter	100-074-2401-002	07/01/21 - 06/30/22	36,016
			1,416,303
Interdepartmental Accounts:			
FICA State Colleges and University Reimbursement Program	100-094-9410-137	07/01/21 - 06/30/22	6,397,959
Fringe benefits paid by State of New Jersey	100-094-9410-137	07/01/21 - 06/30/22	46,364,638
N.J. Department of Commerce & Economic Development:			
Passed through Rutgers University:			
N.J. Small Business Development Center	17BAC000SBDC	07/01/21 - 06/30/22	48,433
N.J. Higher Education Capital Facilities:			
Fire Safety Training Program	100-022-8017-035	07/01/21 - 06/30/22	1,548,687
N.J. Office of the Secretary of Higher Education			
Hunger Free Campus	N/A	07/01/21 - 06/30/22	56,200
OSHE OMIC to College and Student Success	GEERF 11 OMIC	07/01/21 - 06/30/22	347,981
NJEEDS Delaware Cost Study	N/A	07/01/21 - 06/30/22	2,500
N.J. Department of State:			
State of New Jersey Appropriation	100-074-2455-001	07/01/21 - 06/30/22	41,445,000
NJ State Council on the Arts:			
Premier Stages	0625A050169	07/01/21 - 06/30/22	39,498
Passaic Board of Education:			
PASS Adelante	N/A	07/01/21 - 06/30/22	65,034
DACA and Undocumented Students Grant	N/A	07/01/21 - 06/30/22	42,000
Restorative Justice in Education Comp	N/A	07/01/21 - 06/30/22	342,027
Computer Science Learning	21E000179	07/01/21 - 06/30/22	121,817
NJ Economic Development Authority			
Maternal Child Health Center	00087123	07/01/21 - 06/30/22	29,847
NJ Family Development			
NJ ARP Stabiliization Grant	NJARP-FR-000986	07/01/21 - 06/30/22	18,381
UBAN Focus Policy	N/A	07/01/21 - 06/30/22	326,721
NJDEP Food Waste Recycling and Compost	N/A	07/01/21 - 06/30/22	58,424
Total expenditures of State Financial Assistance			$ 122,179,001

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

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

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, 2022	Outstanding Principal Balance at June 30, 2022
Perkins Loan Program	84.038	$ -	$ 585,924
Nursing Faculty Loan Program	93.264	$ -	$ 640,455

Kean University is no longer participating in the Perkins Loan Program and did not have any related expenses incurred during the 2022 or 2021 fiscal years.

3. Other Loan Programs:

During the fiscal year ended June 30, 2022, 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		$ 17,006,907
Unsubsidized		36,419,224
		$ 53,426,131
Parent Loans for Undergraduate Students (PLUS)		$ 7,463,414

4. Indirect Costs:

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

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 30, 2023. The financial statements of the Kean University Foundation, Inc. and subsidiaries were not audited in accordance with *Government Auditing Standards*.

Report on 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 30, 2023

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

Opinion on 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, 2022. 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.

In our opinion, the University complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards"*), the audit requirements of *Title 2 U.S. Code of Federal Regulations 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *material 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 30, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results

Identification of major programs:

Federal: AL Numbers	Name of Federal Programs or Cluster	
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	
02-100-074-2455-001	SONJ Appropriations	New Jersey Department of Treasury

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000	Federal Awards
	$3,000,000	State Financial Assistance

Auditee qualified as low-risk auditee? _X_ Yes ___No

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, 2022

Not applicable – no prior year audit findings.