KPMG

NEW JERSEY CITY UNIVERSITY

(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis and
Required Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Trustees
New Jersey City University:

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Emphasis of Matter

As discussed in note 1(b)(iii) to the financial statements, in 2022, the University adopted Governmental Accounting Standards Boards (GASB) Statement No. 87, *Leases,* and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 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, 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 judgment, 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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedules of employer contributions, schedules of proportionate share of the net pension liability, and schedule of proportionate share of the total OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits 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.

KPMG LLP

Short Hills, New Jersey
April 6, 2023

Introduction

The following management's discussion and analysis (MD&A) provides an analytical overview of the financial position of New Jersey City University (the University or NJCU), a component unit of the State of New Jersey (the State), as of June 30, 2022 and 2021 and its results of operations for the fiscal years then ended, with fiscal year 2020 data presented for comparative purposes. Management has prepared this MD&A and the financial statements and related notes to the financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

University Overview

Since its opening in 1929, the University has been evolving as a place of higher education in the context of a dynamic, ethnically diverse urban environment. The mission of the University is ''to provide a diverse population with an excellent university education.'' Its vision is to become a nationally recognized leader in urban education. The University, as an urban institution, is committed to the improvement of the educational, intellectual, cultural, socio-economic, and physical environment of the surrounding urban region. Although the University's mission remains the same, its physical presence has changed dramatically. The size of the campus has expanded significantly; the number of buildings and facilities have increased from one structure to 23. The academic focus has expanded from normal school training to 47 undergraduate degree programs, 27 master's and post-master's level programs, and 3 doctoral programs offered in three colleges and the School of Business. Degree and certificate programs include those in Business (MBA, BS/MS Bridge Program in Accounting and Finance, Business Analytics and Data Science, Financial Technology), the Arts (MFA in Media Production), National Security Studies, Geoscience, Education, Nursing (accelerated second baccalaureate in nursing), and Women and Gender Studies. The University has over 40 partnerships with colleges and universities in 17 countries and has collaborated with four international institutions to develop four joint-degree programs. Coincident with building up its academic departments, the University has expanded its faculty, emphasized accreditation for its programs and created partnerships with local high schools.

Since 1929, the student body has grown and diversified from 330 New Jersey residents to over 5,800 undergraduate and 1,700 graduate students from across New Jersey, the United States, and countries around the world. The student body reflects the social and cultural diversity of the New Jersey/New York metropolitan area. Consistent with national demographics, women represent 59% of the undergraduate student body. The University has also set up program initiatives to maintain the affordability of its tuition in comparison with other universities within the State and across the nation. Ongoing efforts towards enhancing student support programs and offerings have been geared towards providing students with financial aid and scholarship awards for eligible students, strengthened internship opportunities and partnerships as well as expanded study abroad and career placement programs. The University has also instituted *NJCU Debt-Free Promise Program*, which aims to make a college education more accessible and affordable for New Jersey residents who are admitted to the University from high school, attend full time, and are from families with household incomes of $60,000 or less. For the fiscal years ended June 30, 2022 and 2021, the University granted approximately $743,000 and $505,000, respectively, to students who qualified for this program.

New Jersey City University Foundation (the Foundation) was established as a nonprofit corporation to provide an independent instrument to raise, control and distribute funds from donors other than the State, with its primary purpose to support the mission of the University. The Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code and is exempt from both federal and State taxes. Because the Foundation's resources have historically been used only for the benefit of the University, the Foundation is considered a component unit and is discretely presented in the University's financial statements.

During 2015, the Foundation created West Campus Housing, LLC (WCH), a limited liability corporation of which the Foundation is the sole member. The University entered into a 40-year ground lease agreement with WCH for land associated with two existing residence halls and land located at its west campus site. The agreement also provides that WCH be deemed to be the owner of the two existing residence halls for the term of the ground lease. In March 2015, WCH issued $50.6 million in revenue bonds through the New Jersey Economic Development Authority to finance the construction of a new residence hall and renovation of the existing housing facilities. WCH is solely responsible for repayment of the bonds. The University has no obligation to pay debt service on the financing.

The University's operating revenues have declined by 11% since 2019. In light of these financial results and in anticipation of a further decline in enrollment in 2023, the Board of Trustees declared a financial emergency in June 2022 which was deemed necessary to institute cost-containment and right-sizing plans to address the University's historical structural budget deficits and its impact on cash reserves and attain financial stability through a series of cost-cutting measures in accordance with collective bargaining obligations and University shared governance. The plan includes a hiring freeze, the elimination of positions, salary reductions and furloughs, a comprehensive enrollment and discounting plan, and a rightsizing of academic programs and structure of the University. The University has hired a real estate consulting firm to review and value its real estate assets for potential monetization. See Note 14 for further information regarding the Foundation and Note 15 for further information regarding the University Development Programs. Management has assessed the University's ability to continue to operate as a going concern for the period of 12-months from the date of the statement of net position, plus an additional 3-months, and has determined that it is probable that the University will be able to meet its obligations as they become due through at least September 30, 2023.

Financial Statements

The University's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These financial statements are prepared in accordance with GASB principles.

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35), establishes standards for external financial reporting for public colleges and universities requiring that financial statements be presented with the focus placed on the University as a whole. GASB Statement No. 61, *The Financial Reporting Entity, Omnibus an amendment of GASB Statements No. 14 and No. 34* (GASB 61), establishes criteria for assessing whether certain organizations should be reported as a component unit of the financial reporting entity and has resulted in the inclusion of the Foundation's consolidated financial statements in the University's financial statements. The Foundation's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) principles, rather than GASB.

The University follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* (GASB 68), which requires the total pension liability and pension expense of a defined benefit pension plan to be recorded on the financial statements of state and local governmental employers. Historically, the State provided the contributions to the plan while seeking reimbursement from the University for the University's non-State-authorized positions. The University recorded the fringe benefit revenue (100% of the State-authorized positions) and expense (100% of State-authorized positions plus non-State-authorized positions reimbursed to the State) in its financial statements.

With respect to the Teachers' Pension and Annuity Fund (TPAF), the State determined TPAF met the ''special funding situation'' included in GASB 68 and the State recorded the University's proportion of the net pension liability on its respective financial statements. With respect to the Public Employees' Retirement System (PERS), the State treats the University as a separate employer. Thus, for financial reporting purposes, the University records on its financial statements its proportion of the net pension liability and related deferred inflows and deferred outflows of resources and pension expense as determined by the State. However, the State has communicated to the Colleges that the GASB 68 pension liability ''allocations do not impact state laws or past funding arrangements that have been established annually in the State budget''. The State funds the contributions to the plans directly and the University records revenues related to that contribution through the annual fringe benefit appropriation.

The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) (GASB 75). This guidance establishes standards for the measurement, recognition and reporting of the OPEB plans. 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 by GASB 75. The State has recorded the University's proportion of the OPEB liability on its respective financial statements. The University has recognized OPEB expense and an off-setting State appropriation of approximately $2.2 million and $3.9 million in 2022 and 2021, respectively, in accordance with GASB 75.

In 2022, the University adopted GASB Statement No. 87, *Leases* (GASB 87). GASB 87 required lessees to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The adoption of GASB 87 resulted in the University recognizing a lease asset and corresponding lease liability of $21.6 million and $23.1 million, respectively, at July 1, 2020, and a restatement of certain amounts on the statement of revenues, expenses, and changes in net position (primarily real estate related activity, amortization, and interest expense) and cash flows for the year ended June 30, 2021.

In 2022, the University also adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. The adoption of GASB 94 resulted in the University recognizing a transferor receivable and corresponding deferred inflow of resources of $18.6 million and $17.7 million, respectively, at June 30, 2022 and June 30, 2021.

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Statements of Net Position

The Statement of Net Position presents the University's financial position at the end of the fiscal year. Assets, excluding capital assets, are generally carried at estimated fair value. Capital assets are carried at cost and are depreciated over their respective useful lives. Assets are classified as current and noncurrent. Current assets generally are those assets considered to be convertible to cash within one year. The University's current assets consist primarily of cash, short-term investments, including the State of New Jersey Cash Management Fund, restricted deposits held with bond trustees, and student, grants, and other receivables. The University's noncurrent assets consist primarily of capital assets, right-to-use leased assets, transferor receivable, the noncurrent portion of restricted deposits held with bond trustees and student loans. Net position is one indicator of the financial condition of the University, while the change in net position during the year is a measure of whether the overall condition has improved or worsened during the year.

Deferred outflows of resources are a consumption of net position by the University that is applicable to a future reporting period. The University's deferred outflows of resources consist of bond deferred refunding amounts and changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability.

Liabilities are also classified as current and noncurrent. Current liabilities are those liabilities due and anticipated to be paid within the upcoming fiscal year. The University's current liabilities consist primarily of accounts payable, accrued benefits, unearned grant revenue and the current portion of long-term debt and lease liability, while noncurrent liabilities consist primarily of the noncurrent portion of long-term debt and lease liability and the pension liability.

Deferred inflows of resources are an acquisition of net position by the University that is applicable to a future reporting period. The University's deferred inflows of resources are composed of changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability and the transferor receivable.

Net position is the residual interest in the University's assets after the liabilities are deducted. Net position is classified into three categories: net investment in capital and leased assets, restricted expendable and unrestricted. Net investment in capital and leased assets reflects the University's equity in capital and leased assets. Restricted expendable net position includes funds for debt service and government loans that are subject to externally imposed restrictions governing their use. Unrestricted net position is available to the University for general purposes and operational needs.

In 2022, the University adopted GASB 87, effective July 1, 2020. GASB 87 requires lessees to recognize a lease liability and an intangible right-to-use lease asset. The University also adopted GASB 94, effective July 1, 2020. GASB 94 requires the recognition of a transferor receivable and deferred inflow transferor. The 2020 amounts have been restated to reflect the adoption of these standards. A condensed summary of the

University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2022, 2021 and 2020 follows:

	2022	2021	2020 [1]
		(In millions)	
Assets:			
Cash and investments	$ 24.2	53.8	12.3
Receivables	13.0	9.4	11.8
Restricted deposits and student loans	7.8	7.4	10.2
Capital assets, net	228.0	233.7	238.6
Right-to-use leased assets, net	45.2	20.2	—
Transferor receivable	18.6	17.7	—
Total assets	336.8	342.2	272.9
Deferred outflows of resources:			
Deferred amounts from pensions	14.9	17.3	15.6
Deferred amounts from debt refunding	8.8	9.3	5.6
Total deferred outflows of resources	23.7	26.6	21.2
Liabilities:			
Current liabilities	40.8	57.3	32.1
Long-term debt, net of current portion	154.6	156.2	151.5
Net pension liability	119.3	129.7	131.2
Leased liability, net of current portion	45.9	21.0	—
Other noncurrent liabilities	14.6	15.4	15.9
Total liabilities	375.2	379.6	330.7
Deferred inflows of resources:			
Deferred amounts from pensions	29.6	32.6	30.8
Deferred amounts from transferor	18.6	17.7	—
Total deferred outflows of resources	48.2	50.3	30.8
Net position:			
Net investment in capital assets	79.0	81.3	86.0
Restricted expendable	4.4	4.4	5.4
Unrestricted	(146.3)	(146.8)	(158.8)
Total net position	$ (62.9)	(61.1)	(67.4)

[1] The 2020 amounts have not been restated for the adoption of GASB 87 and 94.

The University's net position has been significantly impacted by the accounting and reporting of pensions under GASB 68. The unrestricted net position, excluding amounts related to accounting for pensions in accordance with GASB 68, is relevant and is displayed because the University participates in the State's plans and does not have any influence over the plans.

		2022	2021	2020
			(In millions)	
Unrestricted net position, excluding GASB 68	$	(12.4)	(1.9)	(12.4)

Statements of Net Position – Financial Highlights

As of June 30, 2022, the University's total assets decreased by $5.4 million to $336.8 million from $342.2 million as of June 30, 2021. This decrease is primarily attributable to a decrease in cash and investments of $29.6 million due to the receipts of various Higher Education Emergency Relief Funds (HEERF) received in 2021 of approximately $39.7 million that did not exist in 2022 which was offset by the timing of vendor payments of approximately $10.0 million in excess of fiscal 2021. Capital assets also decreased by $5.7 million due to depreciation expense exceeding capital expenditures. This was partially offset by a $3.7 million increase in other receivables and $24.9 million in right-to-use leased assets (buildings) due to leases related to Fort Monmouth (Squire Hall) and the School of Business at the waterfront.

As of June 30, 2021, the University's total assets increased by $69.3 million to $342.2 million from $272.9 million as of June 30, 2020. This increase is primarily attributable to an increase in cash and investments of $41.5 million due to the various HEERF received that totaled approximately $39.7 million. This was offset by a decrease of $4.9 million in capital assets due to depreciation expense exceeding capital expenditures, a $2.6 million decrease in receivables due to the repayment of outstanding receivables from the State and vendors, and decrease of $2.8 million in restricted deposits due to the drawdown of funds and refinancing. In addition, the adoption of GASB 87 resulted in the recognition of $20.2 million of right-to-use leased assets and GASB 94 resulted in transferor receivable of $17.7 million.

The University's deferred outflows of resources from pensions decreased by $2.4 million as of June 30, 2022 compared to an increased by $1.7 million as of June 30, 2021. The University's deferred inflows of resources from pensions decreased by $3.0 million as of June 30, 2022 and $1.8 million as of June 30, 2021. These changes were primarily due to changes in GASB 68-related pension actuarial assumptions.

As of June 30, 2022, the University's total liabilities decreased by $4.4 million to $375.2 million from $379.6 million as of June 30, 2021. This decrease is primarily attributable to a decrease in unearned grant revenue of $14.7 million due to the utilization of HEERF funding received in 2021, a decrease of $10.4 million in net pension liability and a decrease of $2.6 million in vendor payables. This was offset by a $24.9 million increase in leased liabilities (buildings) due to leases related to Fort Monmouth (Squire Hall) and the School of Business at the waterfront.

As of June 30, 2021, the University's total liabilities increased by $48.9 million to $379.6 million from $330.7 million as of June 30, 2020. This increase is primarily attributable to an increase in unearned grant revenue of $24.3 million due to HEERF funding received at the end of the fiscal year and an increase of $6.2 million in vendor payables due to business operations and capital expenditures. In addition, the adoption of GASB 87 resulted in the recognition of $21.0 million of leased liabilities. These were offset by a decrease of $1.5 million in net pension liability and a $1.1 million decrease in long-term debt.

(Continued)

The impact of GASB 68 on the University's financial statements has been a reduction to its unrestricted net position of $134.0 million, $145.0 million and $146.4 million as of June 30, 2022, 2021 and 2020, respectively.

Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. The Statement of Revenues, Expenses, and Changes in Net Position is categorized into three sections: operating revenues, operating expenses, and net nonoperating revenues (expenses). The net difference between operating and nonoperating revenues and expenses and other changes in net position results in an increase or decrease in the University's net position. The change in net position indicates whether the overall financial condition of the University has improved or declined during the year.

Generally, operating revenues are earned in exchange for providing goods or services. Operating revenues of the University consist of net tuition and fees revenue, as well as Federal, State and local grant revenues. Operating expenses are primarily incurred to carry out the University's mission, goals and objectives, and costs related to the operation and maintenance of its facilities and auxiliary services. State appropriations, certain Federal grants and investment income are classified as nonoperating revenues. Nonoperating expenses consist of interest expense and gifts to the Foundation.

The following is a condensed summary of the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2022, 2021 and 2020:

		2022	2021	2020 [1]
			(In millions)	
Operating revenues:				
Student revenues, net	$	51.6	55.2	58.9
Grants and contracts		35.5	37.0	38.7
Other		4.0	2.9	3.3
Total operating revenues		91.1	95.1	100.9
Operating expenses		153.6	159.5	165.6
Operating loss		(62.5)	(64.4)	(64.7)
Nonoperating revenues (expenses):				
State appropriations		30.9	26.7	21.5
State paid fringe benefits		21.7	21.8	23.4
State paid OPEB benefits		2.2	3.9	0.9
Investment income		—	0.1	0.2
Interest expense		(6.2)	(6.0)	(6.4)
Interest expense on lease liability		(2.2)	(1.1)	—
(Loss) gain on disposal of assets		(0.2)	0.1	1.2
Stimulus funds		16.7	27.2	5.5
WCH, LLC operational subsidy		(2.2)	(2.5)	(0.9)
Other nonoperating income (expense), net		—	0.3	(0.2)
Net nonoperating revenues		60.7	70.5	45.2
Capital grants	$	—	0.2	—
(Decrease) increase in net position		(1.8)	6.3	(19.5)
Net position as of beginning of year		(61.1)	(67.4)	(47.9)
Net position as of end of year	$	(62.9)	(61.1)	(67.4)

[1] The 2020 amounts have not been restated for the adoption of GASB 87 and 94.

The University's net position has been significantly impacted by the accounting and reporting of pensions under GASB 68. The change in net position excluding amounts related to accounting for pensions in accordance with GASB 68 is relevant and is displayed because the University participates in the State's plans and does not have any influence over the plans.

		2022	2021	2020
			(In millions)	
Change in net position, excluding GASB 68	$	(12.7)	4.8	(18.3)

(Continued)

The impact of GASB 68 on the change in net position was a (credit) / expense of ($10.9 million), ($1.5 million) and $1.2 million in 2022, 2021, and 2020, respectively.

Financial Highlights – Revenues

The University derives its revenue from a variety of sources. Net student revenues, State appropriations and grants and contracts are the primary sources of funding for the University's academic programs. Student revenues totaled $51.6 million, $55.2 million and $58.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. Tuition rates were increased by 2.5%, 3.5%, and 3.0% for the years ended June 30, 2022, 2021 and 2020, respectively, while enrollment declined in each year due to softness in undergraduate enrollment and lower than expected transfer matriculation. This was partially offset by a $1.2 million increase in auxiliary revenues in 2022, primarily student meals and parking, due to the end of the pandemic social distancing and closure protocols in fiscal year 2022.

The $3.6 million decrease in net student revenues in 2021 was due to a $1.4 million decrease in gross tuition revenues from the A. Harry Moore program, $1.1 million decrease in student meals due to the reduction in housing students from the Novel Coronavirus Disease 2019 (COVID-19) pandemic, $0.5 million decrease in nursing, $0.5 million decrease in parking revenues and $0.4 million decrease in undergraduate net tuition and fees.

As a result of the adverse financial impact of COVID-19, the University has received federal and state funding (Stimulus funds) from several acts that were signed into law by the President. In fiscal year 2020, the University received an allocation of $8.3 million from the HEERF established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and $0.6 million in Minority Serving Institution (MSI) aid. In fiscal year 2020, the University spent $5.5 million of the funds through a combination of $3.9 million in student refunds, $0.9 million in refunds for housing $0.4 million in refunds for meals, and $0.3 million in institutional expenses.

In fiscal year 2021, the University utilized $1.5 million in institutional expenses, $1.6 million in housing subsidies, and $0.3 million in student refunds of the 2021 CARES Act funding. In fiscal year 2021, the University received $14.2 million in HEERF II funding through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and $0.9 million in additional MSI Aid. The University utilized $7.9 million for lost revenues in fiscal year 2021, $3.3 million for student refunds, and $0.9 million for housing subsidies. The University also received $3.0 million in Governor's Emergency Education Relief Fund (GEERF) and utilized the entire balance towards University scholarships. The University also received $6.9 million and $1.8 million in Coronavirus Relief Fund (CRF) I and II, respectively, which were utilized to cover salary expenses of $8.2 million and institutional COVID related expenses of $0.5 million. The University also received $24.6 million through the American Rescue Plan (ARP) HEERF III in fiscal year 2021, which was deferred as of June 30, 2021.

In fiscal year 2022, the University utilized the $3.0 million balance of the CRSSA funds for $2.1 million of institutional expenses and $0.9 million for student refunds. The University also utilized $12.3 million of the ARP funds in 2022, $6.1 million for student refunds, $0.9 million for housing subsidies and $5.3 million for institutional expenses in 2022, with the balance of $12.3 million deferred as of June 30, 2022. The University also received $1.5 million in additional MSI funding through the CRSSA and $0.5 million through the ARP in HEERF III funds. The University utilized $1.3 million for housing subsidies, $0.1 million for student refunds and $0.1 million for institutional expenses, with the balance of $0.5 million deferred as of June 30, 2022.

Grants and contracts revenues decreased by $1.5 million in 2022, primarily due to a $2.1 million decrease in Pell and TAG grants. Pell and TAG grants also decreased by $1.5 million in 2020.

State appropriations increased by $4.2 million in 2022 primarily due to a $2.2 million increase in outcome based appropriations and a $2.0 million increase in the Fort Monmouth appropriation. State appropriations increased by $5.2 million in 2021 primarily due to a $4.0 million restoration of appropriations which were reduced in 2020 by the State as a result of the impact of the COVID-19 pandemic on the State's finances and a $1.0 million increase in the Fort Monmouth appropriation.

Stimulus funds decreased by $10.5 million in 2022 due to a lower utilization of the CRF and HEERF II funds received in 2021.Stimulus funds increased by $21.7 million in 2021 from an increase in the utilization of CRF and HEERF II funds received in 2021.

Financial Highlights – Expenses

The following is a condensed summary of operating expenses, by natural classification, for the years ended June 30, 2022, 2021 and 2020.

		2022	2021	2020
			(In millions)	
Salaries	$	87.2	83.3	92.4
State paid fringe benefits		23.2	22.8	23.5
Pension expense		(10.8)	(1.0)	1.6
State paid OPEB benefits		2.2	3.9	0.9
Total salaries and benefits		101.8	109.0	118.4
Professional services		3.8	3.4	4.7
Student aid		9.5	10.0	7.5
Utilities and maintenance		5.9	7.4	5.5
Real estate related		1.2	1.2	3.8
Other supplies and services		19.1	16.5	15.1
Depreciation		10.5	10.6	10.6
Amortization on leased assets		1.8	1.4	—
Total operating expenses	$	153.6	159.5	165.6

Total expenses, excluding pension, OPEB and amortization on right-to-use leased assets expenses, decreased by $5.2 million in 2022 and increased by $7.9 million in 2021.

Salaries increased in 2022 due to a mandatory furlough program in 2021 that decreased costs by $3.7 million that did not exist for 2022. Salaries decreased in 2021 due to the furlough program and a decrease in the number of employees.

Professional services costs increased in 2022 due to greater marketing efforts and decreased in 2021 due to lower marketing efforts as a result of COVID-19.

Student aid expenses increased by $0.5 million in 2022 and $1.9 million in 2021 due to utilization of the CARES Act grants for student aid of $7.2 million in 2022 and $6.6 million in 2021.

Utilities and maintenance costs decreased in 2022 due to a write-off in construction in progress for the West Campus Infrastructure of $2.3 million in architecture designs that had not materialized and this was offset by an increase in emergency repairs of $0.4 million.

Real estate related expenses pertain to the Harborside and Fort Monmouth leases and University Place activities and contractual obligations. Due to the implementation of GASB 87, the University recognized amortization on leased assets (right-to-use), which included the Harborside and Fort Monmouth building leases in 2022 and 2021. The increase in 2022 is due to the Fort Monmouth lease, which began in 2022.

There continues to be a significant uncertainty around the duration of business disruptions related to COVID-19 as well as its impact on the U.S. and international economies. As such, the University is unable to determine if it will have a material impact to its financial statements in the future. Although the University cannot predict the long-term impact of the public health crisis, the University may need to take significant actions to offset any adverse financial effects of the COVID-19 public health crisis. The health and safety of its community members remains a paramount concern to the University.

Capital Projects

A key component of the University's Transforming Lives – Strategic Plan 2013 – 2019 (the Plan) was to enhance the environment for teaching, learning, living and working by creating a state-of-the-art academic campus. This Plan guided the University's strategic allocation of existing resources to academic and residential buildings, infrastructure improvements and technological endeavors. Initiatives undertaken are geared towards enhancing student experience, enriching the surrounding neighborhood and addressing the State's workforce and economic development goals and priorities.

In fiscal year 2022, the University incurred construction expenditures totaling $5.1 million reflecting the University's continued commitment to enhancing the main campus, as well as the Harborside and Fort Monmouth locations. In fiscal year 2021, the University incurred construction expenditures totaling $5.7 million, which included $2.2 million for the Fort Monmouth property and $1.3 million related to COVID-19 safety measures and remote learning.

As of June 30, 2022, a significant project under construction is the West Campus infrastructure and roadway project which improves the connection of the main campus to the West Campus and is expected to be completed at a cost of $16.0 million as part of the University Place development. The University has received $11.7 million from the City of Jersey City (City) as unearned capital reimbursement pursuant to an Infrastructure Agreement with the City. The project is expected to be completed by 2023 with additional funding from the City of approximately $4.3 million. The University is currently in negotiations with the City to receive reimbursement sooner and finalize the transfer conditions of the roadway.

Moody's Investors Service has assigned a debt rating of Ba1 to the University's revenue bonds. Bonds that are rated Ba1 are considered speculative and are subject to high credit risk. Fitch Ratings Services has assigned a debt rating of BB+ to the revenue bonds.

(Continued)

Economic Outlook

The University remains very dependent on the State for operating and fringe benefit support, as State appropriations, excluding amounts related to State paid OPEB expenses and stimulus funds, represented 36% of revenues in 2022, 33% of revenues in 2021, and 30% of revenues in 2020. The increase of $4.2 million in State appropriations in 2022 from 2021 was due to an increase of $2.0 million for Fort Monmouth and $2.2 million in outcome based appropriations.

The impact on the University's financial results from absorbing pension costs from the State as well as salary increases has been challenging, along with declining enrollment. In addition, the State's high debt load and unfunded liabilities related to the public pension system may limit the State's budgetary flexibility in the future.

With a price sensitive student base, the University has limited its annual tuition increase within a 2.5% – 3.5% range over the last three years and has seen a decline in enrollment each year. The University maintains a solid position in its local market and is affordably priced relative to its peers. Due to the COVID-19 pandemic, the University instituted a hybrid delivery method that has been in effect since March 2020. The pandemic has also created challenging economic conditions that have adversely affected its Fall 2022 retention of existing students and new transfer students.

The University's operating revenues have declined by 11% since 2019. In light of these financial results and in anticipation of a further decline in enrollment in 2023, the Board of Trustees declared a financial emergency in June 2022 which was deemed necessary to institute cost-containment and right-sizing plans to address the University's historical structural budget deficits and its impact on cash reserves and attain financial stability through a series of cost-cutting measures in accordance with collective bargaining obligations and University shared governance. The plan includes a hiring freeze, the elimination of positions, salary reductions and furloughs, a comprehensive enrollment and discounting plan, and a rightsizing of academic programs and structure of the University. The University has hired a real estate consulting firm to review and value its real estate assets for potential monetization. See Note 14 for further information regarding the Foundation and Note 15 for further information regarding the University Development Programs. Management has assessed the University's ability to continue to operate as a going concern for the period of 12-months from the date of the statement of net position, plus an additional 3-months, and has determined that it is probable that the University will be able to meet its obligations as they become due through at least September 30, 2023.

The proposed fiscal year 2023 budget includes approximately $10 million in cost containment measures that have been identified within 60 days of the 90-day interim budget. The proposed fiscal year 2023 budget highlights are noted:

- Immediate cost containment measures are being implemented that will generate approximately $10 million in FY 2023 savings.
- Additional cost containment measures implemented include pay-cuts to upper management, furloughs, and reductions to supplemental instruction costs (i.e., adjunct budgets).
- Operating budgets (non-personnel) are being reduced to approach base levels, generating approximately $1.73 million of the $10 million in savings identified to date.
- Realigning programs, resources and focus on the community of Jersey City and Hudson County.
- Determine the appropriate level of enrollment that the university can exceptionally serve.

- Continue administrative and academic program right sizing.

During these challenging and unprecedented times caused by the COVID-19 pandemic, the entire University community is committed to addressing the needs of all students, inclusive of those in student housing. As a result, the University decided to assist WCH LLC by providing subsidies of $2.2 million and $2.5 million in 2022 and 2021, respectively.

A key strategy of the University is to create a more inviting, student friendly campus as part of its urban mission. The University is the educational anchor institution in Jersey City, New Jersey. In addition, the University and the Foundation, in conjunction with the City through public private partnerships (P3), is developing University Place (UP), a master mixed-use redevelopment plan that is designed to transform its 22-acre west campus into a university urban village. UP already includes a student residence hall and several apartment buildings, with plans for a performing arts center, restaurants and parking. However, due to deteriorating operating results and cash flow constraints of the University, the UP has been placed on hold until a strategic real estate analysis is completed by CBRE. CBRE is a global real estate firm that has been engaged by the University to review the institution’s real estate holdings and make recommendations to the Board of Trustees and the senior leadership team. The term of the engagement is approximately 12 months, with the option to renew for an additional 6 months.

Another strategy involves the expansion of the University’s satellite campus and academic programs as the cornerstone educational partner in the redevelopment of the Fort Monmouth property in Monmouth County by offering degree-completion programs and building on existing partnerships with area community colleges, including Brookdale Community College and Ocean County College.

The University will continue to monitor and evaluate institutional operations to identify and implement efficiencies.

Additional information regarding State budget issues and the State’s financial condition may be found on the State’s Treasury department website (www.nj.gov/treasury/omb).

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Net Position

Business-Type Activities – University Only

June 30, 2022 and 2021

(In thousands)

Assets	**2022**	**2021**
Current assets:		
Cash and cash equivalents	21,606	51,118
Investments	2,634	2,632
Receivables:		
Students, net of allowance of $8,574 and $7,585 in 2022 and 2021, respectively	4,794	4,456
Grants	1,150	1,624
State of New Jersey	2,036	1,202
Due from New Jersey City University Foundation and affiliate	914	792
Other	4,108	1,328
Total receivables	13,002	9,402
Restricted deposits held with bond trustees	2,469	2,269
Total current assets	39,711	65,421
Noncurrent assets:		
Restricted deposits held with bond trustees	5,112	4,890
Student loans, net of allowance of $784 and $776 in 2022 and 2021, respectively	177	262
Capital assets, net of accumulated depreciation of $169,375 and $165,318 in 2022 and 2021, respectively	228,025	233,704
Right-to-use leased assets, net of accumulated amortization of $3,604 and $1,526 in 2022 and 2021, respectively (Note 18)	45,151	20,197
Transferor receivable, non current (Note 15)	18,590	17,685
Total noncurrent assets	297,055	276,738
Total assets	336,766	342,159
Deferred Outflows of Resources		
Deferred amounts from pensions	14,865	17,303
Deferred amounts from debt refunding	8,803	9,336
Total deferred outflows of resources	23,668	26,639
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses:		
Vendor	9,075	11,654
Payroll	3,529	3,078
Compensated absences, current portion	5,029	5,814
Accrued interest	3,890	2,725
Total accounts payable and accrued expenses	21,523	23,271
Unearned student tuition and fees	2,358	2,492
Unearned grant revenue	13,866	28,588
Long-term debt, current portion	1,667	1,872
Long-term lease liabilities, current portion	1,378	1,100
Total current liabilities	40,792	57,323
Noncurrent liabilities:		
Unearned capital reimbursement	11,666	11,666
Other noncurrent liabilities	2,965	3,835
Long-term debt, noncurrent portion, net	154,574	156,185
Long-term lease liabilities, noncurrent portion, net	45,878	21,002
Net pension liability	119,341	129,669
Total noncurrent liabilities	334,424	322,357
Total liabilities	375,216	379,680
Deferred Inflows of Resources		
Deferred amounts from pensions	29,573	32,586
Deferred amounts from transferor receivable	18,590	17,685
Total deferred inflows of resources	48,163	50,271
Net Position		
Net investment in capital assets	79,020	81,262
Restricted expendable:		
Debt service reserve	4,111	4,119
Perkins loans	330	327
Unrestricted	(146,406)	(146,861)
Total net position	$ (62,945)	(61,153)

See accompanying notes to basic financial statements.

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – University Only

Years ended June 30, 2022 and 2021

(In thousands)

		2022	2021
Operating revenues:			
Student revenues:			
Tuition and fees	$	92,545	96,878
Auxiliary enterprises		2,927	1,703
Less scholarship allowances		(43,828)	(43,422)
Total student revenues, net		51,644	55,159
Federal grants		18,912	21,386
State grants		16,231	15,503
Private and other grants		346	78
Other operating revenues		3,974	2,971
Total operating revenues		91,107	95,097
Operating expenses:			
Instruction		59,455	59,196
Research and programs		31	37
Academic support		7,871	7,935
Student services		22,325	20,529
Institutional support		23,665	24,503
Operation and maintenance of plant		12,542	18,484
Student aid		9,467	10,043
Real estate-related activity		1,063	1,012
Auxiliary enterprises		2,487	1,774
Other postemployment health benefits		2,181	3,942
Amortization on leased assets		2,076	1,526
Depreciation		10,529	10,559
Total operating expenses		153,692	159,540
Operating loss		(62,585)	(64,443)
Nonoperating revenues (expenses):			
State appropriations		30,924	26,692
State paid fringe benefits		21,735	21,835
State paid other postemployment health benefits		2,181	3,942
Gifts to affiliates		(1,183)	(892)
Investment income		41	39
Interest expense		(6,246)	(5,972)
Interest expense on right-to-use leased assets		(2,178)	(1,134)
(Loss) gain on disposal of assets		(203)	75
Stimulus funds		16,747	27,187
WCH, LLC operational subsidy		(2,159)	(2,473)
Other nonoperating income, net		1,134	1,195
Net nonoperating revenues		60,793	70,494
(Loss) gain before other changes		(1,792)	6,051
Capital grants		—	225
(Decrease) increase in net position		(1,792)	6,276
Net position as of beginning of year, as restated		(61,153)	(67,429)
Net position as of end of year	$	(62,945)	(61,153)

See accompanying notes to basic financial statements.

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

Business-Type Activities – University Only

Years ended June 30, 2022 and 2021

(In thousands)

		2022	2021
Cash flows from operating activities:			
Student receipts	$	46,507	54,325
Grants and contracts		35,947	33,118
Payments for salaries and benefits		(90,409)	(84,034)
Payments to suppliers		(29,696)	(26,587)
Payments for utilities		(2,956)	(2,613)
Payments to students		(9,667)	(10,244)
Auxiliary enterprises		836	440
Other		3,598	4,561
Net cash used by operating activities		(45,840)	(31,034)
Cash flows from noncapital financing activities:			
State of New Jersey appropriations		30,056	26,692
Stimulus funds		1,842	54,858
Net cash provided by noncapital financing activities		31,898	81,550
Cash flows from capital financing activities:			
Proceeds from capital debt		—	44,983
Capital grants and reimbursements		—	225
Purchase of capital assets		(8,299)	(1,657)
Debt defeasance		—	(38,480)
Principal paid on capital debt		(1,810)	(7,124)
Interest paid on capital debt		(5,041)	(9,748)
(Decrease) increase in deposits with trustees		(422)	2,746
Net cash used by capital financing activities		(15,572)	(9,055)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments		—	1,498
Interest on investments		2	5
Net cash provided by investing activities		2	1,503
Net (decrease) increase in cash and cash equivalents		(29,512)	42,964
Cash and cash equivalents as of beginning of year		51,118	8,154
Cash and cash equivalents as of end of year	$	21,606	51,118
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$	(62,585)	(64,443)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Provision for bad debts		2,633	2,074
Amortization and transfer expense		(3,142)	(2,257)
State paid fringe benefit expense		21,735	21,835
Depreciation expense		10,529	10,559
Changes in assets and liabilities:			
Receivables		(4,760)	1,944
Vendor accounts payable and accrued expenses		743	1,479
Other liabilities, current and noncurrent		(463)	369
Unearned student tuition and fees		87	415
Unearned grant revenue and capital reimbursement		357	(1,952)
Net pension liability and related deferrals		(10,903)	(1,449)
Adoption of GASB 87		(71)	392
Net cash used by operating activities	$	(45,840)	(31,034)

See accompanying notes to basic financial statements.

NEW JERSEY CITY UNIVERSITY FOUNDATION, INC.
AND AFFILIATE
(A Component Unit of New Jersey City University)

Consolidated Statements of Financial Position

June 30, 2022 and 2021

(In thousands)

Assets		2022	2021
Cash and cash equivalents	$	5,307	6,065
Due from New Jersey City University and other receivables		2,853	2,552
Contributions receivable, net		3,401	4,060
Investments		4,645	5,395
Restricted deposits held by bond trustees		7,852	6,771
Restricted investments		15,315	17,158
Capital assets, net		45,295	46,834
Total assets	$	84,668	88,835
Liabilities and Net Assets			
Liabilities:			
Accounts payable and other accrued expenses	$	340	126
Donor refund payable		5,000	--
Accrued interest		1,137	1,150
Due to New Jersey City University		914	792
Long-term debt, net		47,993	48,965
Total liabilities		55,384	51,033
Net assets:			
Without donor restrictions:			
Foundation operating and board designated		(43)	6,077
West Campus Housing, LLC		6,150	5,989
Total without donor restrictions		6,107	12,066
With donor restrictions:			
Restricted for specified purpose or passage of time		18,523	21,293
Restricted in perpetuity – endowment		4,654	4,443
Total with donor restrictions		23,177	25,736
Total net assets		29,284	37,802
Total liabilities and net assets	$	84,668	88,835

See accompanying notes to basic financial statements.

NEW JERSEY CITY UNIVERSITY FOUNDATION, INC.
AND AFFILIATE
(A Component Unit of New Jersey City University)

Consolidated Statement of Activities

Year ended June 30, 2022

(In thousands)

		Without donor restrictions	With donor restrictions	Total
Support and revenues:				
Support from public contributions	$	181	1,664	1,845
Development grants and contracts		—	134	134
Contributed services		1,183	—	1,183
Donor refund		(5,000)	---	(5,000)
Investment return, net		(590)	(2,001)	(2,591)
Student housing revenues		3,421	—	3,421
University operational revenue subsidy		2,159	—	2,159
Special events		19	19	38
Other income, net		3	3	6
Fair value adjustment of split interest agreements		—	(262)	(262)
Gift assessment		110	(110)	—
Net assets released from restrictions in satisfaction of program restrictions		2,006	(2,006)	—
Total support and revenues		3,492	(2,559)	933
Expenses:				
Program services		2,581	—	2,581
Student housing		1,898	—	1,898
Interest expense		2,222	—	2,222
Management and general		929	—	929
Special events		45	—	45
Fundraising		205	—	205
Depreciation and amortization		1,571	—	1,571
Total expenses		9,451	—	9,451
Change in net assets		(5,959)	(2,559)	(8,518)
Net assets as of beginning of year		12,066	25,736	37,802
Net assets as of end of year	$	6,107	23,177	29,284

See accompanying notes to basic financial statements.

NEW JERSEY CITY UNIVERSITY FOUNDATION, INC.
AND AFFILIATE
(A Component Unit of New Jersey City University)

Consolidated Statement of Activities

Year ended June 30, 2021

(In thousands)

		Without donor restrictions	With donor restrictions	Total
Support and revenues:				
Support from public contributions	$	141	2,221	2,362
Development grants and contracts		—	261	261
Contributed services		892	—	892
Investment return, net		290	2,783	3,073
Student housing revenues		2,858	—	2,858
University operational revenue subsidy		2,473	—	2,473
Special events		—	29	29
Other income, net		1	2	3
Fair value adjustment of split interest agreements		—	252	252
Gift assessment		138	(138)	—
Net assets released from restrictions in satisfaction of program restrictions		1,094	(1,094)	—
Total support and revenues		7,887	4,316	12,203
Expenses:				
Program services		1,112	—	1,112
Student housing		1,682	—	1,682
Interest expense		2,248	—	2,248
Management and general		871	—	871
Special events		50	—	50
Fundraising		94	—	94
Depreciation and amortization		1,571	—	1,571
Total expenses		7,628	—	7,628
Change in net assets		259	4,316	4,575
Net assets as of beginning of year		11,807	21,420	33,227
Net assets as of end of year	$	12,066	25,736	37,802

See accompanying notes to basic financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

New Jersey City University (the University or NJCU) is a public institution of higher education in the State of New Jersey (the State) and an instrumentality of the State with a high degree of autonomy. The University is considered a component unit of the State for financial reporting purposes and its financial statements are included in the State's Annual Comprehensive Financial Report.

Opened in 1929 and granted university status in 1998, NJCU is dedicated to urban programs designed to meet the economic, social and educational needs of the surrounding urban region and beyond. The urban mission is unique among the State's colleges and universities and NJCU has embarked on a plan designed to make it the premier Cooperative Education University in the State. The University offers 47 undergraduate, 27 master and post-master and 3 doctoral programs, which are housed in four colleges and schools on a 52-acre campus and a Harborside waterfront location in Jersey City. NJCU has approximately 5,800 undergraduate and 1,700 graduate students, who reflect the social and cultural diversity of the metropolitan area.

New Jersey City University Foundation (the Foundation) is a separate tax-exempt corporation, which serves primarily as a fundraising entity to supplement the resources available to the University in support of its mission. The Foundation is reported as a discretely presented unit in the University's financial report. See note 14 for further details about the Foundation's activities.

During 2015, the Foundation created West Campus Housing, LLC (WCH), a limited liability corporation of which the Foundation is the sole member. The University entered into a 40-year ground lease agreement with WCH for land associated with two existing residence halls and land located at its west campus site. The agreement also provides that WCH be deemed to be the owner of the two existing residence halls for the term of the ground lease.

In August 2019, the Foundation established WCPAC LLC, a New Jersey nonprofit corporation, whose sole member is the Foundation. WCPAC LLC was established to be the holding corporation that would facilitate the Performing Arts Center transaction. WCPAC LLC had no activity for the years ended June 30, 2022 and 2021.

Liquidity and Capital Resources

The University's operating revenues have declined by 11% since 2019. In light of these financial results and in anticipation of a further decline in enrollment in 2023, the Board of Trustees declared a financial emergency in June 2022 which was deemed necessary to institute cost-containment and right-sizing plans to address the University's historical structural budget deficits and its impact on cash reserves and attain financial stability through a series of cost-cutting measures in accordance with collective bargaining obligations and University shared governance. The plan includes a hiring freeze, the elimination of positions, salary reductions and furloughs, a comprehensive enrollment and discounting plan, and a rightsizing of academic programs and structure of the University. The University has hired a real estate consulting firm to review and value its real estate assets for potential monetization. See Note 14 for further information regarding the Foundation and Note 15 for further information regarding the University Development Programs. Management has assessed the University's ability to continue to operate as a going concern for the period of 12-months from the date of the statement of net position, plus an additional 3-months, and has determined that it is probable that the University will be able to meet its obligations as they become due through at least September 30, 2023.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of the University conform to generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34) established state and local government financial reporting requirements and set forth the format and contents of the basic financial statements, certain related notes to the financial statements, and required supplementary information including management's discussion and analysis. GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35) established standards for external financial reporting for public colleges and universities and requires resources be classified for accounting and reporting purposes into the following net position categories.

- *Net investment in capital assets*: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt used to finance the acquisition, construction, or improvement of those assets.
- *Restricted – expendable*: Assets whose use by the University is subject to externally imposed stipulations as specified by creditors, grantors or the State that can be fulfilled by actions of the University pursuant to the stipulations, including Perkins loans and restricted deposits held with bond trustees.
- *Unrestricted*: Net position not subject to externally imposed stipulations that may be designated for specific purposes by action of management or the board of trustees. Substantially all unrestricted net position is designated for academic programs, initiatives, and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

(ii) Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The University reports as a business-type activity, as defined by GASB 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Foundation reports under the codified standards of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB standards. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. Complete financial statements for the

Foundation can be obtained from the Controller's Office at 2039 Kennedy Boulevard, Jersey City, New Jersey 07305.

(iii) Adoption of Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 increases the usefulness of governmental financial statements by requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the lease contract's payment provisions. GASB 87 requires lessees to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. In 2022, the University adopted GASB 87, effective July 1, 2020. The adoption of GASB 87 resulted in the University recognizing a lease asset and corresponding lease liability of $21.6 million and $23.1 million, respectively, at July 1, 2020, and a restatement of certain amounts on the statement of revenues, expenses, and changes in net position (primarily real estate related activity, amortization, and interest expense) and cash flows for the year ended June 30, 2021. The adoption of GASB 87 also resulted in the University recognizing a restatement of certain amounts on the statement of cash flows for the year ended June 30, 2021.

In 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. In 2022, the University early adopted GASB 94, effective July 1, 2020. The adoption of GASB 94 also resulted in the University recognizing a transferor receivable and corresponding deferred transferor inflow of $16.9 million at July 1, 2020.

(iv) Accounting Pronouncements Applicable to the University, Issued but Not Yet Effective

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 (fiscal year 2023). The University is evaluating the impact of this new statement.

(v) Use of Estimates

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

(Continued)

(vi) Cash and Cash Equivalents

The University classifies resources that are in short-term, highly liquid investments and are readily convertible to known amounts of cash as cash equivalents. These funds mature in three months or less. The University maintains portions of its cash in two funds, a money market account, which permits the overnight sweep of available cash balances directly into a short-term investment, and the State of New Jersey Cash Management Fund wherein amounts also contributed by other state entities are combined into a large-scale investment program. Both are interest bearing accounts from which the funds are available upon demand.

(vii) Investments

All investments are reported at fair value based upon quoted or published market prices. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Changes in fair value, including realized and unrealized gains and losses, are reported as unrealized and realized gains (losses) on investments.

(viii) Other receivables

Other receivables include amounts due from the State for appropriations and reimbursement of fringe costs and amounts due from the Foundation and other affiliates for services rendered.

(ix) Restricted Deposits Held with Bond Trustees

Restricted deposits held with bond trustees are reported at fair value, based on quoted market prices and consist of money market accounts, U.S. Treasury notes and government securities. Restricted deposits are externally restricted to maintain sinking or reserve funds or to purchase or construct capital assets.

(x) Capital Assets (excluding intangible right-to-use lease assets)

Capital assets are carried at historical cost or if the asset is donated, at acquisition value on the date the asset was donated. The costs for replacements are capitalized and the replaced items are retired. Gains or losses resulting from disposal of capital assets are included in nonoperating revenues (expenses). Depreciation is calculated on the straight-line basis over the following estimated useful lives:

Land improvements	10 years
Buildings and building improvements	25 to 50 years
Equipment and other assets	5 to 15 years

The University does not capitalize equipment with a cost less than $1,000.

(xi) Leases

For leases with a maximum possible term of 12 months or less, the University recognizes the expense based on the provision of the lease contract.

(Continued)

For all other leases, the University recognizes a lease liability and an intangible right-to-use lease asset, respectively.

At lease commencement, 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, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments include how the University determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

Right-to-use lease assets are reported under capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Lease receivables are reported under assets and deferred inflows from leases are reported in liabilities.

(xii) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources refer to the consumption of net position by the University that is applicable to a future reporting period. Deferred inflows of resources refer to the acquisition of net position by the University that is applicable to a future reporting period. Deferred outflows of resources increase the University's net position, similar to assets, while deferred inflows of resources decrease the University's net position, similar to liabilities. The University's deferred outflows of resources represent unamortized amounts from debt refunding and amounts related to changes in the net pension liability. The University's deferred inflows of resources represent amounts related to changes in the net pension liability and the transferor receivable.

(xiii) Transferor Receivable and Deferred Inflows

At the time the asset is placed into service, the University initially measures the transferor receivable at the present value of payments expected to be made during the contract term. Subsequently, the transferor receivable is reduced by the principal portion of payments made.

Key estimates and judgments include how the University determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) contract term, and (3) contract payments.

Transferor receivables are reported under assets and deferred inflows of resources in the statement of net position.

(Continued)

(xiv) Net Pension Liability and Related Pension Amounts

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 the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF), and additions to/deductions from PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by PERS and TPAF. For this 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. For additional information about PERS and TPAF, please refer to the plans' Annual Reports, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

(xv) Other Post Employment Health Benefits

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan). The Plan is a single employer defined 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 plan for standalone reporting purposes. For purposes of determining the cost of the University's retirees' other post-employment health benefits and related state funding, information has been provided by the State.

(xvi) Net Position

The difference between the University's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, is referred to as the net position in the financial statements of the University. Net position reported as restricted refers to amounts restricted for the payment of future debt service obligations and Federal Perkins Loan Program loans due back to the United States Department of Education. Net position reported as unrestricted refers to the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or the aforementioned restricted components of the University's net position.

(xvii) Revenue Recognition

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarships applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred. Student tuition and fees and deposits collected in advance of the school year are recorded as unearned student tuition and fees in the accompanying statements of net position.

Grant revenues are comprised primarily of funds received from Federal and State sources and are recognized when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants for which eligibility requirements have not been met under the terms of the agreements are included in unearned grant revenue in the accompanying statements of net position.

(Continued)

Revenues from State appropriations are recognized in the fiscal year during which the State appropriates the funds to the University.

(xviii) Classification of Revenue

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 the payment received for services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, and (3) most Federal and State grants. Nonoperating revenues and expenses include activities that primarily have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as appropriations from the State, investment income, interest expense, stimulus funds (see (xx) below) and capital grants.

(xix) Income Taxes

The University is exempt from Federal income taxes under Internal Revenue Code Section 115.

(xx) Financial Dependency

Appropriations from the State are the University's largest source of nonoperating revenues. The University is economically dependent on these appropriations to carry on its operations.

(xxi) Stimulus Funds

As a result of the adverse financial impact of COVID-19, the University has received federal and state funding (Stimulus funds) from several acts that were signed into law by the President. In 2020, the University received funds under the Higher Education Emergency Relief Fund (HEERF) made available under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which included a portion designated for Minority and Hispanic Serving Institutions (MSI). In 2021, the University received funds under the Governor Emergency Education Relief Funds (GEERF) and Coronavirus Relief Funds (CRF) made available under the CARES Act. In 2021, the University also received funds under The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA), which included HEERF II and an MSI portion, and the American Rescue Plan Act of 2021 (ARP), which included HEERF III. In fiscal year 2022, the University utilized the $3.0 million balance of the CRSSA funds for $2.1 million of institutional expenses and $0.9 million for student refunds. The University also utilized $12.3 million of the ARP funds in 2022 - $6.1 million for student refunds, $0.9 million for housing subsidies and $5.3 million for institutional expenses in 2022. The University also received $1.5 million in additional MSI funding through the CRSSA and $0.5 million through the ARP in HEERF III funds. The University utilized $1.3 million for housing subsidies, $0.1 million for student refunds and $0.1 million for institutional expenses (see note 17).

(2) Cash and Cash Equivalents and Investments

The University's cash and cash equivalents and investments are subject to various risks. Among these risks are custodial credit risk, concentration of credit risk, credit risk and interest rate risk which, in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are discussed below.

(a) Cash and Cash Equivalents

The carrying amount of cash and cash equivalents as of June 30, 2022 and 2021 was approximately $21.6 million and $51.1 million, respectively, while the amount on deposit with banks was approximately $23.2 million and $52.4 million, respectively.

Custodial credit risk associated with the University's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the University's name. The University's bank deposits as of June 30, 2022 and 2021 were partially insured by Federal Depository Insurance in the amount of $250,000. Bank balances in excess of insured amounts of $22.9 million in 2022 and $52.2 million in 2021 are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

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 carrying amount and fair value of amounts invested in this program by the University as of June 30, 2022 and 2021 was approximately $78,000 in both years. The NJCMF is unrated and the majority of its investments as of June 30, 2022 mature in one year or less.

State statutes and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and 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 criteria as minimum capital, dividend paying history, credit history, and other evaluation factors.

(b) Investments

Investments consist of the following as of June 30, 2022 and 2021:

		2022	**2021**
		(In thousands)	
Money market fund	$	2,634	2,632

The University's investment securities 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. The investment risk is that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the sale of the investment or collateral securities that are in the possession of the outside party. As of June 30, 2022 and 2021, the University's investments are insured, registered, or held by the University's investment custodian in the University's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's). As of June 30, 2022 and 2021, the University's investment quality ratings as rated by Moody's were Aaa.

Concentration of credit risk is the risk associated with the amount of investments the University has with any one issuer that exceed 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The University's investment policy provides limitations pertaining to the diversification to avoid undue risk of large losses over long time periods of the investment portfolio. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 10% of total portfolio assets. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard and Poor's BBB or Moody's Baa or higher). The University was not subject to concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy provides limitations in the maturities of the various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations. Portfolio holdings will be sufficiently liquid to ensure that 5% of the portfolio can be sold on a day's notice with no material impact on fair value. The final maturity of each security within the portfolio will not exceed five years for intermediate investments and thirty years for long-term investments. All of the University's investments at June 30, 2022 and 2021 had maturities of less than one year and were money market funds.

(Continued)

(3) Restricted Deposits Held with Bond Trustees

Restricted deposits held with bond trustees include funds that are restricted under the terms of various long-term debt agreements. Restricted deposits held with bond trustees are carried in the financial statements at fair value and consist of money market funds and government securities. They include the following as of June 30, 2022 and 2021:

		2022	2021
		(In thousands)	
Construction funds	$	27	771
Debt service funds		7,554	6,388
Total restricted deposits		7,581	7,159
Less-current portion		(2,469)	(2,269)
Noncurrent portion	$	5,112	4,890

The University's investment securities 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 were either insured, registered, or held by the University's investment custodian in the University's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's. As of June 30, 2022 and 2021, the University's investment quality ratings as rated by Moody's for the U.S. Treasury notes and government securities were AAA and the money market funds are not rated.

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, all deposits held with bond trustees had maturities of less than one year.

(4) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets available at the measurement date;
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodology used for the University's investments measured at fair value:

> Money market funds – the fair value of these investments at measurement date is based on the net asset value of this open-end fund which invests in a broad range of U.S. dollar-denominated money market instruments, including government, bank, and commercial obligations and repurchase agreements.

All of the University's cash equivalents, investments and restricted deposits held by trustees as of June 30, 2022 and 2021 were categorized as Level 1.

(Continued)

(5) Capital Assets

The detail of capital assets activity for the years ended June 30, 2022 and 2021 follows:

		June 30, 2021	Additions	Capitalization/ Retirements		June 30, 2022
			(In thousands)			
Depreciable assets:						
Land improvements	$	14,450	—	—		14,450
Buildings and building improvements		277,465	2,097	(1,015)		278,547
Equipment and other assets		64,428	3,259	(5,667)		62,020
		356,343	5,356	(6,682)		355,017
Less accumulated depreciation:						
Land improvements		(4,691)	(946)	—		(5,637)
Buildings and building improvements		(104,969)	(7,112)	901		(111,180)
Equipment and other assets		(55,658)	(2,471)	5,571		(52,558)
		(165,318)	(10,529)	6,472		(169,375)
Total depreciable assets		191,025	(5,173)	(210)		185,642
Nondepreciable assets:						
Land		31,431	—	—		31,431
Construction in progress		11,248	3,196	(3,492)		10,952
Capital assets, net, excl leased assets	$	233,704	(1,977)	(3,702)		228,025
Right-to-use leased assets, net (note 18)						45,151
					$	273,176

	June 30, 2020	Additions	Capitalization/ Retirements	June 30, 2021
		(In thousands)		
Depreciable assets:				
Land improvements	$ 14,450	—	—	14,450
Buildings and building improvements	275,985	1,480	—	277,465
Equipment and other assets	62,689	1,855	(116)	64,428
	353,124	3,335	(116)	356,343
Less accumulated depreciation:				
Land improvements	(3,745)	(946)	—	(4,691)
Buildings and building improvements	(97,749)	(7,220)	—	(104,969)
Equipment and other assets	(53,374)	(2,393)	109	(55,658)
	(154,868)	(10,559)	109	(165,318)
Total depreciable assets	198,256	(7,224)	(7)	191,025
Nondepreciable assets:				
Land	31,431	—	—	31,431
Construction in progress	8,933	6,991	(4,676)	11,248
Capital assets, net, excl leased assets	$ 238,620	(233)	(4,683)	233,704
Right-to-use leased assets, net (note 18)				20,197
				$ 253,901

The major projects included in construction in progress as of June 30, 2022 are the infrastructure expansion and the budget software project. The costs to complete the infrastructure project are estimated at $4.3 million. The University has received $11.7 million as unearned capital reimbursement from the City of Jersey City (the City) for the infrastructure project, and expects to receive approximately $4.3 million in the future.

(6) Long-Term Debt

The University has financed capital assets through various revenue bonds issued by the New Jersey Educational Facilities Authority (NJEFA).

The following obligations to the NJEFA were outstanding as of June 30, 2022 and 2021:

	Interest rate	2022	2021
		(In thousands)	
NJEFA Revenue Bonds:			
Series 2007 F, due July 1, 2032	3.00–5.00%	$ 2,645	2,645
Series 2010 G, due July 1, 2040	6.19 %	18,310	18,310
Series 2015 A, due July 1, 2045	2.75–5.25%	35,340	35,340
Series 2016 D, due July 1, 2035	3.00–5.00%	35,885	35,885
Series 2021 A, due July 1, 2036	4.00–5.00%	5,640	5,640
Series 2021 B, due July 1, 2051	4.33–4.43%	38,545	38,545
Total NJEFA Revenue bonds payable		136,365	136,365
Other long-term debt:			
NJEFA Capital Improvement Fund:			
Series 2016 B	3.00–5.50%	1,430	1,493
NJEFA Equipment Leasing Fund:			
Series 2014 A	1.89 %	—	56
New Jersey Environmental Infrastructure:			
Trust Loan 2005 A	4.00–5.00%	220	270
Fund Loan 2005 A, net of imputed interest of $51 and $76, respectively	— %	401	488
Trust Loan 2013 A	3.00–5.00%	2,330	2,500
Fund Loan 2013 A	— %	6,033	6,599
Other short-term obligations	3.00–7.00%	63	269
Total other long-term debt		10,477	11,675
Unamortized bond premiums		9,399	10,017
Total long-term debt		156,241	158,057
Less-current portion		(1,667)	(1,872)
Noncurrent portion		$ 154,574	156,185

In April 2021, the University issued approximately $5.6 million Series 2021A and $38.5 million Series 2021B Revenue Refunding Bonds (the Bonds) through the NJEFA to finance the advance refunding of NJEFA's Revenue Bonds, New Jersey City University Issues, Series 2008F and Series 2010F Bonds in their entirety, Series 2007F and 2016D Bonds in partial, to fund a debt service reserve fund for the Bonds and to pay interest on the July 1, 2021 balance of 2016D Bonds and the costs of issuance of the Bonds.

The difference in cash flows between the old and the new debt was $0.4 million. The deferred loss on refunding of $4.2 million was capitalized and recorded in deferred outflows of resources in the accompanying statements of net position.

The Bonds and the remaining balance of all other NJEFA Revenue Bonds are secured by a pledge of, lien on and security interest in and to the tuition and fees granted by the University pursuant to the terms of the Security Agreement (Agreement) for the Bonds.

The payments of principal and interest on the Bonds have been guaranteed under an insurance policy issued by Assured Guaranty Municipal Corp. (Assured).

As long as the Bonds are outstanding, the Agreement prohibits any additional parity or subordinate pledge of and/or security interest in the tuition and fees unless a certain debt service coverage ratio is maintained. However, a subordinated lien on tuition and fees for indebtedness related to the Performing Arts Center Project (PAC Project), as described in note 15, may be provided, subject to approval by Assured.

The Agreement provides that the University is not allowed to incur any new long-term debt, other than the PAC Project indebtedness, without achieving a certain debt service coverage ratio and requires the University to maintain a certain level of days' cash on hand beginning in 2023.

(a) Future Minimum Payments

The following is a schedule of future minimum principal and interest payments on the University's long-term debt obligations as of June 30, 2022:

		Principal	Interest	Total
			(In thousands)	
Year ending June 30:				
2023	$	1,007	6,373	7,380
2024		1,004	6,360	7,364
2025		992	6,345	7,337
2026		3,754	6,445	10,199
2027		4,545	6,297	10,842
2028–2032		30,969	28,096	59,065
2033–2037		36,724	20,674	57,398
2038–2042		20,365	13,957	34,322
2043–2047		24,000	8,665	32,665
2048–2051		23,482	2,656	26,138
Total	$	146,842	105,868	252,710

(7) Noncurrent Liabilities

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2022 and 2021:

		June 30, 2021	Additions	Reductions	June 30, 2022	Current portion
				(In thousands)		
Unearned capital reimbursement	$	11,666	—	—	11,666	—
Other noncurrent liabilities		9,990	41	(1,377)	8,654	5,688
Lease liabilities (note 18)		22,102	26,430	(1,276)	47,256	1,295
Long-term debt		158,057	—	(1,816)	156,241	1,667
Total noncurrent liabilities	$	201,815	26,471	(4,469)	223,817	8,650

		June 30, 2020	Additions	Reductions	June 30, 2021	Current portion
				(In thousands)		
Unearned capital reimbursement	$	11,666	—	—	11,666	—
Other noncurrent liabilities		9,778	1,178	(966)	9,990	6,155
Lease liabilities (note 18)		—	22,102	—	22,102	1,100
Long-term debt		159,124	44,983	(46,050)	158,057	1,872
Total noncurrent liabilities	$	180,568	68,263	(47,016)	201,815	9,127

(8) Retirement Plans

(a) Introduction

The University participates in the State of New Jersey Public Employees’ Retirement System (PERS) and the Teachers’ Pension and Annuity Fund (TPAF). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by the State of New Jersey, Division of Pensions and Benefits and fall within the scope of GASB 68 which requires participating employers to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense in their financial statements, unless the plan meets the GASB 68 special funding situation. Under GASB 68, the University has recorded its proportionate share of the PERS plan in its financial statements. With respect to TPAF, the State has determined that it meets the special funding situation of GASB 68 and therefore the University’s proportionate share of the net pension liability is recorded by the State and not the University.

The State issues publicly available financial reports that include financial statements, required supplementary information, and detailed information about the PERS and TPAF plans’ fiduciary net position. The reports may be obtained by visiting www.state.nj.us/treasury /pensions/annual-reports.shtml or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The University also participates in two defined contribution retirement plans, the Alternative Benefit Program (ABP) and the Defined Contribution Retirement Program (DCRP). Under these plans, participants make annual contributions, and the State, in accordance with annual appropriations, makes employer contributions on behalf of the University. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included within the State fringe benefit appropriations in the accompanying financial statements.

(b) Plan Descriptions

(i) Public Employees' Retirement System (PERS)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

(ii) Teachers' Pension and Annuity Fund (TPAF)

The vesting and benefit provisions for TPAF are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

(iii) Defined Contribution Plans

The ABP pension plan is a defined contribution program administered by the State of New Jersey, Division of Pensions and Benefits. ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

The DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial, provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees otherwise eligible to enroll in the PERS or TPAF plans after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment, but who earn a salary of at least $5,000 annually, are eligible to participate in the program. Participation in this plan is insignificant.

(c) Contributions

The contribution policy for PERS and TPAF is set by N.J.S.A. 43:15A and N.J.S.A 18A:66, respectively, and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State makes employer contributions on behalf of the University. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal years 2022 and 2021, the State's pension contribution was less than the actuarial determined amount.

For permanent employees, PERS enrollment begins after the employees complete their probationary period, which is normally four months. All temporary employees must be enrolled after one year of continuous employment. PERS members were required to contribute 7.5% of their annual covered salary for the years ended June 30, 2022 and 2021. The State contributes the remaining amounts necessary to pay benefits when due. The contribution requirements of the plan members and the University are established and may be amended by the State. The University's contributions to the PERS plan (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2022 and 2021 were $9.3 million and $6.6 million, respectively.

Certain faculty members of the University participate in the TPAF. Under the special funding situation, the State is legally responsible for 100% of the employer contributions. TPAF covered employees are required by State statute to contribute a certain percentage of their salaries to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the required contributions are made on the University's behalf by the State annually at an actuarially determined rate. The University no longer enrolls new employees into the TPAF plan.

(d) Pension Amounts

In accordance with GASB 68, the University reported a liability of $119.3 million and $129.7 million as of June 30, 2022 and June 30, 2021, respectively for its proportionate share of the PERS net pension liability. The PERS net pension liability reported at June 30, 2022 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 PERS net pension liability reported at June 30, 2021 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 University's proportionate share of the respective net pension liabilities was based on actual contributions to PERS on behalf of the University relative to the total contributions of participating state-group employers for the plan for the fiscal years 2021 and 2020 and was 0.552% and 0.583%, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2021 and 2020 was 0.355% and 0.335%, respectively.

For the years ended June 30, 2022 and 2021, pension benefit and expense of ($1.0) million and $5.7 million related to PERS, respectively, was recognized within the functional classifications in the statements of revenues, expenses and changes in net position.

As of June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS pension plan from the following sources (in thousands):

	2022		2021	
	PERS Deferred outflows of resources	**PERS Deferred inflows of resources**	**PERS Deferred outflows of resources**	**PERS Deferred inflows of resources**
Changes in assumptions	$ 243	16,914	2,163	29,195
Differences between expected and actual experience	2,901	412	3,409	699
Net difference between projected and actual earnings on pension plan investments	—	3,754	1,472	—
Changes in proportion	2,403	8,493	3,652	2,692
University contributions paid subsequent to the measurement date	9,318	—	6,607	—
Total	$ 14,865	29,573	17,303	32,586

The $9,318 and $6,607 reported as deferred outflows of resources related to PERS pensions at June 30, 2022 and 2021, respectively, resulting from University contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions as of June 30, 2022 will be recognized in pension expense as follows (in thousands):

Year ending June 30:	
2023	$ (11,416)
2024	(7,188)
2025	(3,682)
2026	(1,781)
2027	41
Total	$ (24,026)

The University’s proportion of the TPAF net pension liability was based on the ratio of the State’s contributions made on behalf of the University towards the actuarially determined contribution amount to total contributions to the TPAF plan, as adjusted by locations who participated in the State’s early retirement incentives, for the years ended June 30, 2021 and 2020. The 2022 and 2021 TPAF net pension liability was measured as of June 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019, respectively, which was rolled forward to June 30, 2021 and 2020, respectively. The University's proportionate share of the TPAF net pension liability for fiscal year 2021 and 2020 was recorded by the State for the fiscal years 2021 and 2020 was $5.0 million and $7.7 million, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2021 and 2020 was 0.010% and 0.012%, respectively. The TPAF net pension expense attributable to the University was $0.1 million and $0.5 million for the years ended June 30, 2022 and June 30, 2021, respectively, and has been recorded as an operating expense by functional classification and related revenue in the statements of revenues, expenses and changes in net position.

(e) *Defined Benefit Plan Assumptions*

The University's net pension liability for PERS as of June 30, 2022 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 University's net pension liability for PERS as of June 30, 2021 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 significant actuarial assumptions used to measure the total pension liability for both years were as follows:

Actuarial methods and assumptions

	PERS	TPAF
Inflation rate:		
Price	2.75 %	2.75 %
Wage	3.25	3.25
Salary increases:		
Through 2026	2.00% – 6.00% based on years of service	1.55% – 4.45% based on years of service
Thereafter	3.00% – 7.00% based on years of service	2.75% – 5.65% based on years of service
Investment rate of return	7.00 %	7.00 %
Experience study dates	7/1/2014 – 6/30/2018	7/1/2015 – 6/30/2018

For the July 1, 2020 and July 1, 2019 actuarial valuation dates, pre-retirement mortality rates for PERS were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021 and MP-2020, respectively.

For the June 30, 2021 and June 30, 2020 measurement dates, TPAF 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 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 year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021 and MP-2020, respectively.

(i) Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments (7.00% at June 30, 2021 and 2020) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2021 and 2020 measurement dates are summarized in the following tables:

2021 and 2020
Target asset allocation and long-term expected rate of return

	2021 PERS & TPAF		2020 PERS & TPAF	
Asset class	**Target allocation**	**Long-term expected real rate of return**	**Target allocation**	**Long-term expected real rate of return**
Risk Mitigation Strategies	3.00	3.35	3.00	3.40
Cash Equivalents	4.00	0.50	4.00	0.50
U.S. Treasuries	5.00	0.95	5.00	1.94
Investment Grade Credit	8.00	1.68	8.00	2.67
High Yield	2.00	3.75	2.00	5.95
Private Credit	8.00	7.60	8.00	7.59
Real Assets	3.00	7.40	3.00	9.73
Real Estate	8.00	9.15	8.00	9.56
U.S. Equity	27.00	8.09	27.00	7.71
Non-U.S. Developed Markets Equity	13.50	8.71	13.50	8.57
Emerging Markets Equity	5.50	10.96	5.50	10.23
Private Equity	13.00	11.30	13.00	11.42

(ii) Discount Rate

The discount rate used to measure the PERS total pension liability was 7.00% as of June 30, 2021 and 2020. The discount rate used to measure the TPAF total pension liability was 7.00% and 5.40% as of June 30, 2021 and 2020, respectively. These discount rates for PERS and TPAF are single blended discount rates and are based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2021 and 2020, respectively. The discount rate for TPAF as of June 30, 2020 was based upon a municipal bond rate of 2.21%. The municipal bond rates are 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.

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

For 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 will be made based on 78% of the actuarially determined contribution for the State. 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 for PERS and through 2062 for TPAF. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments for PERS and throughout 2062 for TPAF and the municipal bond rate was applied to project benefit payments after that date in determining the total pension liability.

(iii) Sensitivity to the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 calculated using the discount rate as disclosed above for each plan as well as the University's proportionate share of the collective net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Sensitivity of the net pension liability

		1% decrease in discount rate	At current discount rate	1% increase in discount rate
			(In thousands)	
June 30, 2022:				
PERS (6.00%, 7.00%, 8.00%)	$	136,970	119,341	104,425
TPAF (6.00%, 7.00%, 8.00%)		5,864	4,956	4,193
June 30, 2021:				
PERS (6.00%, 7.00%, 8.00%)	$	147,930	129,669	114,221
TPAF (4.40%, 5.40%, 6.40%)		9,095	7,743	6,620

The TPAF net pension liability shown above represents the State's proportionate share of the net pension liability attributable to the University. It is not included in the net pension liability on the statement of net position because it meets the special funding situation criteria.

(f) Alternate Benefit Program (ABP)

The ABP pension plan is a defined contribution retirement program administered by the State of New Jersey Division of Pensions and Benefits. The plan allows enrollees to make contributions to the following carriers: Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA/CREF), AXA Financial, VALIC, MassMutual Retirement Services, MetLife, VOYA Financial Services and Prudential.

Employees enrolled in ABP are faculty members, administrators, and managers of the University. Enrollment begins the first date of hire for all permanent employees. Temporary employees are enrolled after one year of continuous temporary employment. The ABP provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. The

University assumes no liability for ABP members other than payment of contributions. The ABP also provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility, as well as contributory and noncontributory requirements, is established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating University employees are required to contribute 5% of their base annual salary and may contribute, on a pretax basis, an additional voluntary contribution up to the maximum Federal statutory limit. Employer contributions for the ABP are 8%. During the years ended June 30, 2022 and 2021, the ABP received employer and employee contributions that approximated the following from the University:

		2022	2021
		(In thousands)	
Employer contribution	$	4,256	4,194
Employee contribution		2,663	2,621
Basis for contribution:			
Participating employee salaries		53,206	52,422

Employer contributions to the ABP are paid by the State and are reflected in the accompanying financial statements as appropriations revenue and operating expenses.

(9) Postemployment Benefits Other Than Pensions

(a) Introduction and Description

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan). The Plan is a single-employer defined 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 plan for standalone reporting purposes. In accordance with N.J.S.A. 52:14-17.32, 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 PERS, TPAF, the 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 by GASB 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 30, 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 as per GASB 75.

(b) OPEB Liability and Expense

As of June 30, 2022 and June 30, 2021, the State recorded a liability of $190.0 million and $224.9 million, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members to the total members of the Plan. As of June 30, 2022, the University's share was 2.80% and 0.76% of the special funding situation and of the Plan, respectively. As of June 30, 2021, the University's share was 2.81% and 0.79% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2022 and 2021, the University recognized OPEB expense of $2.2 million and $3.9 million, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University also recognized revenue related to the support provided by the State of $2.2 million and $3.9 million related appropriations for the years ended June 30, 2022 and 2021, respectively.

(c) Actuarial Assumptions

The State's liability associated with the University as of 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 State's liability associated with the University as of 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. Other actuarial assumptions used in this illustration to measure the OPEB liability as of June 30, 2022 and 2021 were as follows:

	2022	2021
Inflation rate	2.50 %	2.50 %
Discount rate	2.16	2.21
Salary increases:		
Through 2026	1.55%-15.25%	1.55%-15.25%
Thereafter	2.75%-7.00%	2.75%-7.00%

The discount rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general municipal bonds with an average rating of AA/aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on age or years of service.

For the June 30, 2020 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.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-2021. Future disability mortality was based on the Pub-2010 “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

For the June 30, 2019 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) 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) and “Teachers” (TPAF/ABP) 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 both the June 30, 2020 and 2019 valuations were based on the results of actuarial experience studies of the State’s defined benefit plans, including PERS (July 1, 2014 through June 30, 2018) and ABP (using the experience of the TPAF-July 1, 2015 through June 30, 2018).

Health Care Trend Assumptions – The June 30, 2020 valuations initially used a trend rate of 5.65% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.79% in fiscal year 2024, increasing to 13.79% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 5.98% in fiscal year 2024, increasing to 15.49% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

The June 30, 2019 valuations initially used a trend rate of 5.6% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

(10) Commitments and Contingent Liabilities

The University is a party to various legal actions arising in the ordinary course of business. While it is not possible at this time to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the University's financial position.

(11) State of New Jersey Fringe Benefit Appropriations

The State, through separate appropriations, pays certain fringe benefits, primarily health benefits, a matching portion for the pension contributions of current employees and FICA taxes. For the years ended June 30, 2022 and 2021, such payments amounted to approximately $21.7 million and $21.8 million, respectively, and are included in appropriations revenue and operating expenses by function in the accompanying financial statements.

(12) Compensated Absences

The University recorded a liability for compensated absences in the amount of $6.2 million and $7.1 million as of June 30, 2022 and 2021, respectively, which included unused vacation, paid leave bank days and accrued compensation days, as well as an estimated vested amount for accrued sick leave.

The liability for accrued vacation time for non-faculty employees was $3.7 million and $4.4 million as of June 30, 2022 and 2021, respectively. Employees may also accrue up to four complimentary days per year on days worked that fall on school holidays that are nonpublic holidays.

The liability for paid leave bank days and accrued compensation days totaled $1.4 million as of June 30, 2022 and 2021.

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 $15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick-leave balances. The liability for sick leave balances was $1.1 million and $1.3 million as of June 30, 2022 and 2021, respectively, and is included in noncurrent liabilities in the accompanying statements of net position. The University paid $0.2 million in sick-leave payments for employees who retired during the years ended June 30, 2022 and 2021.

(13) Student Financial Assistance Programs

The University's students receive support from Federal and State student financial assistance programs.

The University's compliance with the requirements of the Federal student financial assistance programs authorized by Title IV of the U.S. Higher Education Act of 1965, as amended (Title IV Programs), is subject to annual audit by an independent auditor. Such compliance audits are subject to review by U.S. Department of Education. Management is of the opinion that a liability, if any, resulting from compliance audits would not have a material adverse effect on the University's financial position.

(14) Discretely Presented Component Unit – New Jersey City University Foundation, Inc. and Affiliate

The Foundation is a separate tax-exempt corporation, which serves primarily as a fund-raising entity to supplement the resources available to the University in support of its programs. Since the resources and assets of the Foundation are used exclusively for the benefit of the University, it meets the criteria to be discretely reported as a component unit in the University's financial statements.

During 2015, the Foundation created West Campus Housing, LLC (WCH), a limited liability corporation of which the Foundation is the sole member. The University entered into a ground lease agreement with WCH for land associated with two existing student residence halls and land located at its west campus site. The term of the ground lease is 40 years with no right to renew or extension option. The base annual rent is equal to the surplus cash flow generated by the operation of the student housing facilities and is paid annually upon WCH's certification that the annual debt service ratio has been met. The agreement also provides that WCH be deemed to be the owner of the two existing residence halls for the term of the ground lease. Therefore, the net book value of $8.9 million related to the building and building improvements of the halls was transferred to WCH in 2016. Upon termination of the ground lease and full repayment of the related debt, all rights, title and interest in the West Campus Housing Facility shall revert to the University. There were no rental payments for the years ended June 30, 2022 and 2021.

In connection with the ground lease agreement, in March 2015 WCH issued $50.6 million in revenue bonds through the New Jersey Economic Development Authority (NJEDA) to finance the construction of a new residence hall and renovation of the existing housing facilities. A 425-bed residence hall opened in July 2016 on the west campus, while improvements to the existing housing facilities were completed in 2017. WCH is solely responsible for repayment of the bonds. The University has no obligation to pay debt service on the financing.

In connection with the NJEDA bonds, WCH is subject to certain restrictive covenants, including provisions relating to certain debt ratios. The Debt Service Coverage Ratio (DSCR) requirement under Section 4.12 of the Trust Indenture is not less than 1.00 to 1.00. If the DSCR falls below 1.00 to 1.00, the DSCR must equal or exceed 1.00 to 1.00 by the end of the next succeeding Annual Period or failure to do so will constitute an Event of Default. In addition, per Section 6.2 of the Loan Agreement, if the DSCR falls below 1.20 to 1.00, WCH is to hire a Rate Covenant Consultant and make any recommendations as the Rate Covenant Consultant believes appropriate to enable WCH to achieve the DSCR of at least 1.20 to 1.00 for the subsequent Annual Period. WCH is in compliance with the DSCR requirements provided under the Continuing Disclosure Agreement Section 4.12 and Section 6.2 of the Loan Agreement in fiscal 2022.

The University acts as WCH's agent by collecting student housing fees and related charges under the student housing agreements, which totaled $3.4 million in 2022 and $2.9 million in 2021, and depositing them with the bond trustee pursuant to the bond documents for payment of debt service and operating expenses. The University also provides certain administrative, resident life, security and other maintenance services to WCH's student housing facilities and pays for student housing utility costs, which are to be reimbursed by WCH as operating expenses. These costs totaled $1.1 million and $0.7 million during the years ended June 30, 2022 and 2021. In addition, the University contributed $0.3 million in contributed services to WCH in 2022 and 2021. The University has provided an operating subsidy to the Foundation for fiscal year 2022 of $2.2 million. This subsidy was funded through the University receipt of funding under the ARP Act Minority Serving Institution ($1.2 million) and the ARP Act Higher Education Emergency Relief Fund (HEERF) ($0.9 million). The University had provided an operating subsidy to the Foundation equal to the amount of lost revenues for fiscal year 2021 of $2.5 million. This subsidy was funded through the University receipt of funding under the CARES Act ($1.0 million), CARES Act Minority Serving Institution

(Continued)

($0.6 million) and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) ($0.9 million).

During the years ended June 30, 2022 and 2021, the Foundation distributed $1.3 million and $0.9 million during the years ended June 30, 2022 and 2021 in the form of scholarships and program support, including $237,000 for the international program. The University contributed $0.9 million and $0.6 million in contributed services to the Foundation during the years ended June 30, 2022 and 2021, respectively. The University recognized expenses procured and disbursed for the Foundation totaling $0.1 million and $0.1 million in 2022 and 2021, respectively.

The Foundation records its net assets in accordance with FASB ASC Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements* (ASC 958-205). ASC 958-205 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act.

The Foundation's net assets with donor restrictions are subject to purpose restrictions for scholarships and awards. Net assets with donor restrictions are designated for the following purposes:

		2022	2021
		(In thousands)	
Scholarships	$	7,705	8,841
Student and other activities		10,818	12,452
Donor restricted endowment in perpetuity		4,654	4,443
Total net assets with donor restrictions	$	23,177	25,736

(15) University Development Programs and Public-Private Partnerships

(a) University Place

The University is working to enhance the environment for teaching, learning, living and working. Developed in conjunction with the City as part of its Redevelopment Plan, University Place (UP) is a master mixed-use redevelopment plan with seven components that is designed to transform the University's 22-acre west campus neighborhood into a university urban village that will include residential units, a performing arts center, restaurants and parking. The plan was developed under the 2009 Economic Stimulus Act and in partnership with several private developers and the City.

In July 2015, the University submitted three Public Private Partnership applications to the NJEDA for the development of UP which also included development agreements and ground leases that were executed by the University with CRT Holdings, LLC (Crossroads Companies), HC West Campus I LLC and HC West Campus II LLC (collectively, Claremont) and KKF University Enterprises, LLC. (KKF). The UP development plan includes the 425-bed WCH student housing facility (the first component previously discussed), a performing arts center and academic building, another 600 units of residential housing, 120,000 square feet of retail space and various surface and parking facilities to accommodate 1,300 vehicles. Simultaneously, the University sold general obligation bonds to finance and develop the Phase I of an infrastructure project, which consisted of streets, landscape, streetscape, water management systems and utilities and was completed in 2019. The University is now partnering with the City to develop Phase II of the UP roads and infrastructure.

(i) Pre-Payment of Ground Lease Income

Pursuant to the executed agreements mentioned above, each developer was required to remit prepaid ground lease rent payments to the University for the development of UP, excluding the student housing facility and the University-developed infrastructure. These prepayments were calculated at 1% of the projected development cost of $238 million.

The University's transferor receivable is measured at the present value of lease payments expected to be received from each developer. Since the various commercial real estate components of UP will not be completed until fiscal year 2023, the amounts received will effectively reduce the rents owed to the University from the various developers. The variability of prepaid rents is commensurate to the various development milestones achieved by each developer, which includes approvals from the City, County and the State.

The deferred inflow of resources is recorded for the transferor receivable at the time the asset is placed into service and amortized over the term of the contract.

(ii) Development Fee

In 2014, the University engaged Strategic Development Group (SDG), a real estate development firm, to advise the University and the Board of Trustees on various development matters related to the School of Business and UP. A former member of the Foundation's Board of Directors is also the key officer of SDG and its affiliate real estate project management company, which are both, involved in the development of University Place. In fiscal years 2022 and 2021, the University incurred expenses of $0.4 million and $0.7 million, respectively, in monthly retainer fees, pertaining to real estate consulting and project management services related to UP. Due to the deteriorating operating results and cash flow constraints of the University, the UP has been placed on hold. Therefore, the University terminated its agreement with SDG effective October 2022.

(iii) Rivet Apartment Project

In August 2018, Rivet, a 163-unit apartment and retail project developed by Claremont and the Hampshire Companies, was completed as the second component of UP. Rivet 1 has a transferor receivable of $4.7 million and 552 payments at a rate of 5% as of June 30, 2022. Rivet 1 has a transferor receivable of $4.5 million and 564 payments at a rate of 5% as of June 30, 2021. Rivet 2 has a transferor receivable of $6.6 million and 586 payments at a rate of 5% as of June 30, 2022. Rivet 2 has a transferor receivable of $6.3 million and 598 payments at a rate of 5% as of June 30, 2022.

(iv) City Line Apartment Projects

In October 2019, City Line West, a 149-unit apartment project developed by KKF was completed as the third component of UP. City Line East has a transferor receivable of $3.8 million and 586 payments at a rate of 5% as of June 30, 2022. City Line East has a transferor receivable of $3.7 million and 598 payments at a rate of 5% as of June 30, 2021. City Line West has a transferor receivable of $3.4 million and 568 payments at a rate of 5% as of June 30, 2022. City Line West has a transferor receivable of $3.3 million and 580 payments at a rate of 5% as of June 30, 2021.

(v) Performing Arts Center

In July 2019, the Board of Trustees approved the development of the Center for Music, Dance and Theater (CMDT) and the Caroline and Frank Guarini Sr. Performing Arts Center (PAC). The PAC consists of the proposed construction of three projects comprising: (i) the PAC; (ii) the CMDT; and (iii) three restaurants, to be known as Restaurant Row. The three projects will be constructed on land located on the University's West Campus, also known as University Place. at an estimated cost of between $54 – $60 million, exclusive of capitalized interest, reserves and issuance expenses.

Upon completion of the PAC projects, the Foundation expects to apply certain available monies earmarked for the PAC projects and borrow, or cause a newly created special purpose entity, to borrow, certain funds (the "PAC Loan") expected to be between $47 and $50 million for the purpose of acquiring certain portions of the PAC projects that are expected to be financed by the developer.

The University had entered into a Facility Lease dated as of August 1, 2019 between WCPAC LLC, a New Jersey nonprofit corporation whose sole member is the Foundation, as landlord, and the University, as tenant, as the same may be amended from time to time, under which the University shall be required to make lease payments to WCPAC LLC in respect of its use and occupancy of the PAC and CMDT portions of the PAC projects, which lease payments will not commence until project completion and receipt of a certificate of occupancy, and will be in an amount sufficient to satisfy the PAC's Loan repayment obligations. This Facility Lease may be amended to reflect the ultimate financing structure of the related PAC projects.

However, due to the deteriorating operating results and cash flow constraints of the University, the UP has been placed on hold until a strategic real estate analysis is completed by CBRE. CBRE is a global real estate firm that has been engaged by the University to review the University's real estate holdings and make recommendations to the Board of Trustees and senior leadership team. The term of the engagement is approximately 12 months, with an option to renew for an additional 6 months.

(vi) Roadway Phase II

The West Campus infrastructure and roadway project (the roadway project), which improves the connection of the main campus to the West Campus, is expected to be completed at a cost of $16.0 million as part of the UP development. The University has received $11.7 million from the City as unearned capital reimbursement pursuant to an Infrastructure Agreement with the City. The project is expected to be completed in 2023 with additional funding from the City of approximately $4.3 million.

The Infrastructure Agreement with the City is considered a voluntary nonexchange transaction. There is a contingency in the Infrastructure Agreement in which the City will determine ownership of the roadway once the project is completed. Accordingly, funds received from the City under this agreement have been reported as unearned. The University is currently under negotiations to finalize the terms of the transfer with the City.

(b) Fort Monmouth Satellite Campus

Agreements have been reached between the State agency that is redeveloping the Fort Monmouth property in Monmouth County and KKF, which call for KKF to purchase, renovate and then lease it to the University as a satellite campus for nursing, business and other programs for juniors and seniors who have completed two years at Brookdale Community College (Brookdale) and other area community colleges. The University currently offers programs to Brookdale students at its Higher Education Center in Wall, New Jersey pursuant to an affiliation agreement. Space leased by the University from Brookdale has reached capacity. In an effort to meet growing demand for these programs offered by a four-year public institution in Monmouth County, the University has entered into a 40-year lease agreement effective July 2021 with KKF. The newly renovated building on the former site of Fort Monmouth for use as a satellite campus for juniors and seniors who have completed two years at Brookdale and other community colleges. Programs on the Fort Monmouth campus began in the Fall of 2021. The financing agreement between KKF and its lender has been completed. Annual lease payments are approximately $1.6 million for the first five years and approximately $1.8 million thereafter.

(16) Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to students, faculty and staff; and natural disasters. The University purchased and funds property and casualty insurances through a joint insurance program with the nine State Public Colleges and Universities. The University's risk management program involves insurance for all property risk in the joint insurance program and all liability risk and employee benefit exposures are self-funded programs maintained and administered by the State (including tort liability, auto liability, trustees and officers' liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement.

Buildings, plants, and equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed $100,000 per occurrence with a per occurrence limit of $1.5 billion. Employee theft coverage provides for the actual loss in excess of $75,000 with a per occurrence loss limit of $5.0 million. The University also maintains a Fine Arts Insurance Policy that insures all permanent fine arts on campus, as well as temporary loan exhibitions that take place in the University art galleries to the extent that losses exceed $1,000 for each separate occurrence of loss or damage or $2,500 for outdoor sculptures with a per occurrence limit of $500,000.

As an instrumentality of the State, the liability of the University is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1-1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13-1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State or against its employees for which the State is obligated to indemnify against tort claims, which arise out of the performance of their duties. All insurance policies are renewed on an annual basis. All of the State self-funded programs are statutory with an annual appropriation provided by the legislature. There has been no decrease in insurance coverage during the current year.

(17) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their organizations.

In connection with this event, the University's students, faculty and staff were transitioned to remote operations. In addition, the University received an allocation of $8.3 million from HEERF in fiscal year 2020 and $0.6 million in MSI aid. Refunds and waivers are included in student aid expense in the statements of revenues, expenses and changes in net position. Although the student housing facilities are operated by WCH, they are intended to be part of the integrated University campus. Students are part of the total University experience through contracting with the University, inclusive of selecting a dormitory. Therefore, the University has determined that it is financially responsible for the student housing refunds related to the pandemic due to the implicit contract between the University and the student. In fiscal year 2020, the University spent $5.5 million of the funds through a combination of $3.9 million in student refunds, $0.9 million in refunds for housing $0.4 million in refunds for meals, and $0.3 million in institutional expenses. In fiscal year 2021, the University utilized $1.5 million in institutional expenses, $1.6 million in housing subsidies, and $0.3 million in student refunds.

In fiscal year 2021, the University received $14.2 million in HEERF II funding through the CRSSA and $0.9 million in additional MSI Aid. The University utilized $7.9 million for lost revenues in fiscal year 2021, $3.3 million for student refunds, and $0.9 million for housing subsidies. In fiscal year 2022, the University utilized $2.1 million for institutional expenses and $0.9 million for student refunds. The University also received $3.0 million in GEERF funds and utilized the entire balance towards University scholarships. The University also received $6.9 million and $1.8 million in CRF I and II funds, respectively. The funds were utilized to cover salary expenses of $8.2 million and institutional COVID related expenses of $0.5 million. The University also received $24.6 million through the ARP in HEERF III funds in fiscal year 2021. In fiscal year 2022, the University utilized $6.1 million for student refunds, $0.9 million for housing subsidies and $5.3 million for institutional expenses. The balance of $12.3 million was deferred and included in unearned grant revenue in the statement of net position at June 30, 2022.

In fiscal year 2022, the University received $1.5 million in additional MSI aid funding through the CRSSA and $0.5 million through the ARP in HEERF III funds. The University utilized $1.3 million for housing subsidies, $0.1 million for student refunds and $0.1 million for institutional expenses, with the balance of $0.5 million included in unearned grant revenue in the statement of net position at June 30, 2022.

(18) Leases

As discussed in note 1(b)xi, the University is a lessee for various noncancellable leases for non-financial assets such as buildings. A summary of lease asset activity during the years ended June 30, 2022 and 2021 is as follows:

		June 30, 2021	Additions	Retirements	June 30, 2022
			(In thousands)		
Lease Assets:					
Buildings and building improvements	$	21,723	27,032	—	48,755
		21,723	27,032	—	48,755
Less accumulated amortization:					
Buildings and building improvements		(1,526)	(2,078)	—	(3,604)
		(1,526)	(2,078)	—	(3,604)
Total acculumated amortization		20,197	24,954	—	45,151
Total lease assets, net	$	20,197	24,954	—	45,151

		June 30, 2020	Additions	Retirements	June 30, 2021
			(In thousands)		
Lease Assets:					
Buildings and building improvements	$	—	21,723	—	21,723
		—	21,723	—	21,723
Less accumulated amortization:					
Buildings and building improvements		—	(1,526)	—	(1,526)
		—	(1,526)	—	(1,526)
Total acculumated amortization		—	20,197	—	20,197
Total lease assets, net	$	—	20,197	—	20,197

In December 2014, the University entered into a 20-year lease agreement in a building located at 147 Harborside Financial Center, Jersey City, New Jersey to house the University's School of Business. In April 2021, the University entered into an amendment to the lease agreement for additional space. Rental expense for the additional space of $0.7 million annually begins in October 2022. The discount rate used was 5.0%.

In 2022, the University also entered into a 40-year lease for a renovated building at a satellite campus on the former site of Fort Monmouth effective July 2021, with annual lease payments of approximately $1.5 million for the first five years and approximately $1.8 million thereafter. The discount rate used was 5.0%.

The right-to-use the leased assets (buildings) were $45.2 million as of June 30, 2022 and $20.2 million as of June 30, 2021. These amounts were net of amortization of $3.6 million and $1.5 million, respectively.

Lease Liabilities

A summary of changes in the total lease liabilities during the years ended June 30, 2022 and 2021 is as follows:

		June 30, 2021	Additions	Remeasurements	Reductions	June 30, 2022	Current Portion
				(In thousands)			
Lease liabilities	$	22,102	26,431	(69)	(1,208)	47,256	1,378
Total	$	22,102	26,431	(69)	(1,208)	47,256	1,378

		June 30, 2020	Additions	Remeasurements	Reductions	June 30, 2021	Current Portion
				(In thousands)			
Lease liabilities	$	—	23,149	—	(1,047)	22,102	1,100
Total	$	—	23,149	—	(1,047)	22,102	1,100

Future annual lease payments are as follows:

		Principal	Interest	Total
			(In thousands)	
Year ending June 30:				
2023	$	1,378	2,331	3,709
2024		1,449	2,261	3,710
2025		1,523	2,187	3,710
2026		1,601	2,109	3,710
2027		1,683	2,027	3,710
2028–2032		9,797	8,752	18,549
2033–2037		8,396	6,156	14,552
2038–2042		2,595	5,051	7,646
2043–2047		3,331	4,316	7,647
2048–2052		4,275	3,372	7,647
2053–2057		5,486	2,161	7,647
2058–2062		5,742	631	6,373
Total	$	47,256	41,354	88,610

(19) Subsequent Events

The University has evaluated events and transactions subsequent to June 30, 2022 and through April 6, 2023, the date on which the financial statements were issued. There are no significant subsequent events which would require recognition or disclosure in the accompanying financial statements.

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

June 30, 2022 and 2021

(In thousands)

Public Employees' Retirement System

		2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$	9,318	6,607	5,370	4,599	3,769	2,780	2,218	1,295
Contributions in relation to the contractually required contributions		9,318	6,607	5,370	4,599	3,769	2,780	2,218	1,295
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
University employee covered-payroll (University year end)	$	22,561	23,371	24,249	24,447	23,781	25,182	24,987	25,432
Contributions as a percentage of employee covered payroll		41.30 %	28.27 %	22.15 %	18.81 %	15.85 %	11.04 %	8.88 %	5.09 %

Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available.

See accompanying independent auditors' report.

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

June 30, 2022 and 2021

(In thousands)

Public Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
University proportion of the net pension liability – State Group	0.552 %	0.583 %	0.570 %	0.584 %	0.588 %	0.576 %	0.574 %	0.574 %
University proportion of the net pension liability – Total Plan	0.355	0.335	0.319	0.319	0.308	0.287	0.295	0.295
University proportionate share of the net pension liability	$ 119,342	129,669	131,190	138,407	150,813	169,296	136,182	114,911
University employee covered-payroll (measurement date)	22,561	23,371	24,447	23,781	25,182	24,987	25,432	26,170
University proportionate share of the net pension liability as a percentage of the employee covered-payrol	529.0 %	554.8 %	536.6 %	582.0 %	598.9 %	677.5 %	535.5 %	439.1 %
Plan fiduciary net position as a percentage of the total pension liability	51.52%	42.90 %	42.04 %	40.45 %	36.78 %	31.20 %	38.21 %	42.74 %

Notes

Changes in benefit terms – There were no significant changes in PERS benefits for the June 30, 2021 measurement date (actuarial valuation as of July 1, 2020).
Changes in assumptions – The following lists the significant changes in assumptions for PERS between the July 1, 2020 valuation and the July 1, 2013 valuation:

	2020	2019	2018	2017	2016	2015	2014	2013
Experience study period	7/1/2014–6/30/2018	7/1/2014–6/30/2018	7/1/2014–6/30/2018	7/1/2011–6/30/2014	7/1/2011–6/30/2014	7/1/2011–6/30/2014	7/1/2008–6/30/2011	7/1/2008–6/30/2011
Inflation rate	2.75 %	2.75 %	2.75 %	2.25 %	2.25 %	3.08 %	3.04 %	3.01 %
Projected salary increases, 2017–2026 (based on age)	2.00%–6.00%	2.00%–6.00%	2.00%–6.00%	1.65%–4.15%	1.65%–4.15%	1.65%–4.15%	2.15%–4.40%	2.15%–4.40%
Projected salary increases, thereafter (based on age)	3.00%–7.00%	3.00%–7.00%	3.00%–7.00%	2.65%–5.15%	2.65%–5.15%	2.65%–5.15%	3.15%–5.40%	3.15%–5.40%
Investment rate of return	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %	7.65 %	7.90 %	7.90 %
Discount rate	7.00	7.00	6.28	5.66	5.00	3.98	4.90	5.39
Mortality table	Pub-2010	Pub-2010	Pub-2010	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000

Teachers' Pension and Annuity Fund

	2022	2021	2020	2019	2018	2017	2016	2015
University proportion of the net pension liability	— %	— %	— %	— %	— %	— %	— %	— %
University proportionate share of the net pension liability	$ —	—	—	—	—	—	—	—
State's proportionate share of the net pension liability	4,956	7,743	7,824	8,477	9,531	11,231	39,065	38,968
Total net pension liability	4,956	7,743	7,824	8,477	9,531	11,231	39,065	38,968
University employee covered-payroll	—	—	—	—	56	129	123	122
University proportionate share of the net pension liability as a percentage of the employee covered-payrol	— %	— %	— %	— %	— %	— %	— %	— %
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60 %	26.95 %	26.40 %	25.41 %	22.33 %	28.71 %	33.64 %

Notes

Changes in benefit terms – There were no significant changes in TPAF benefits for the June 30, 2021 measurement date (actuarial valuation as of July 1, 2020).
Changes in assumptions – The following lists the significant changes in assumptions for the TPAF between the July 1, 2020 valuation and the July 1, 2013 valuation:

	2020	2019	2018	2017	2016	2015	2014	2013
Experience study period	7/1/2015–6/30/2018	7/1/2015–6/30/2018	7/1/2015–6/30/2018	7/1/2012–6/30/2015	7/1/2012–6/30/2015	7/1/2012–6/30/2015	7/1/2009–6/30/2012	7/1/2009–6/30/2012
Inflation rate	2.75 %	2.75 %	2.75 %	2.25 %	2.25 %	2.50 %	2.50 %	2.50 %
Projected salary increases, 2017–2026	1.55%–3.05%	1.55%–4.55%	1.55%–4.55%	1.55%–4.55%	Varies based on experience	Varies based on experience	Varies based on experience	Varies based on experience
Projected salary increases, thereafter	2.75%-4.25%	2.75%-5.65%	2.75%-5.65%	2.00%–5.45%	Varies based on experience	Varies based on experience	Varies based on experience	Varies based on experience
Investment rate of return	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %	7.65 %	7.90 %	7.90 %
Discount rate	7.00	5.40	5.60	4.86	4.25	3.22	4.13	4.68
Mortality table	Pub-2010	Pub-2010	Pub-2010	RP-2006	RP-2006	RP-2006	RP-2000	RP-2000

Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available.

See accompanying independent auditors' report.

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

June 30, 2022 and 2021

(In thousands)

State Health Benefit State Retired Employees Plan

		2022	2021	2020	2019	2018
University's proportion of the collective total OPEB liability		— %	— %	— %	— %	— %
University's proportionate share of the collective OPEB liability	$	—	—	—	—	—
State's proportionate share of the collective OPEB liability associated with the University		190,009	224,873	146,809	192,695	225,294
Total proportionate share of the collective OPEB liability	$	190,009	224,873	146,809	192,695	225,294
University's covered-employee payroll (for the year ended as of the measurement date)	$	70,628	71,721	71,465	68,523	57,576
University's proportionate share of the collective OPEB liability as a percentage of the employee covered-payroll		— %	— %	— %	— %	— %

Notes:

1. Information provided for Required Supplementary Information will be provided for ten years as the information becomes available.
2. 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.*

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.
For 2022, the discount rate changed from 2.21% to 2.16%. The mortality tables utilized Pub-2010 and scale MP-2021.
For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.
For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.
For 2019, the discount rate changed to 3.87% from 3.58%

See accompanying independent auditors' report.