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, 2020 and 2019

(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:

Report on the Financial Statements

We have audited the accompanying 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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the 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 New Jersey City University as of June 30, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 13 and the schedules of employer contributions, schedules of proportionate share of the net pension liability, and schedule of proportionate share of the total OPEB liability on pages 53 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

February 11, 2021

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, 2020 and 2019 and its results of operations for the fiscal years then ended, with fiscal year 2018 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 partnered 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 6,100 undergraduate and 1,800 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's tuition ranks among the best values in the New Jersey state university system. 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, 2020 and 2019, the University granted approximately $578,000 and $550,000, respectively, to students who qualified for this program.

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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.

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, 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 $0.9 million and $8.8 million in 2020 and 2019, respectively, in accordance with GASB 75.

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, 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 and the current portion of long-term debt, while noncurrent liabilities consist primarily of the noncurrent portion of long-term debt 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.

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 assets, restricted expendable and unrestricted. Net investment in capital assets reflects the University's equity in capital 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.

A condensed summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2020, 2019 and 2018 follows:

	2020	2019	2018
		(In millions)	
Assets:			
Cash and investments	$ 12.3	13.8	22.0
Receivables	11.8	16.0	18.5
Restricted deposits and student loans	10.2	14.0	22.0
Capital assets, net	238.6	246.3	247.5
Total assets	272.9	290.1	310.0
Deferred outflows of resources:			
Deferred amounts from pensions	15.6	23.1	30.8
Deferred amounts from debt refunding	5.6	6.0	6.3
Total deferred outflows	21.2	29.1	37.1
Liabilities:			
Current liabilities	32.1	26.8	26.7
Long-term debt, net of current portion	151.5	158.9	166.4
Net pension liability	131.2	138.4	150.8
Other noncurrent liabilities	15.9	13.0	13.1
Total liabilities	330.7	337.1	357.0
Deferred inflows of resources	30.8	30.0	21.5
Net position:			
Net investment in capital assets	86.0	89.4	86.1
Restricted expendable	5.4	5.2	5.2
Unrestricted	(158.8)	(142.5)	(122.6)
Total net position	$ (67.4)	(47.9)	(31.3)

(Continued)

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.

	2020	2019	2018
		(In millions)	
Unrestricted net position, excluding GASB 68	$ (12.4)	2.7	18.9

Statements of Net Position – Financial Highlights

As of June 30, 2020, the University's total assets decreased by $17.2 million to $272.9 million from $290.1 million as of June 30, 2019. This decrease is primarily attributable to a $7.7 million decrease in capital assets due to the sale of the College Street houses and depreciation expense exceeding capital expenditures, a $4.2 million decrease in receivables due to the repayment of outstanding receivables from the Foundation, a decrease of $3.6 million in restricted deposits due to the drawdown of funds, and a $1.5 million decrease in cash and investments primarily due to timing of payments to suppliers and receipt of payments from vendors.

As of June 30, 2019, the University's total assets decreased by $19.9 million to $290.1 million from $310.0 million as of June 30, 2018. This decrease is primarily attributable to an $8.2 million decrease in cash and investments primarily due to timing of salary payments and payments to suppliers, a decrease of $8.0 million in restricted deposits due to the drawdown of funds and a $2.5 million decrease in receivables.

The University follows GASB 68, which requires the University to record its proportionate share of the net pension liability and pension expense as determined by the State for the Public Employees' Retirement System (PERS) defined benefit plan. The changes in net pension liability adjusted for deferred outflows and inflows of resources result in pension expense. Prior to 2015, the University only recognized pension expense for PERS up to the amount contributed to the plan by the State as indicated within the fringe benefit rate provided by the State. Historically, the State has directly covered pension contributions on behalf of the University, and there are no plans to change that process.

With respect to TPAF, the State determined that TPAF met the 'special funding situation' included in GASB 68, and the State has recorded the University's proportionate share of the net pension liability and pension expense on its financial statements.

The University's deferred outflows of resources from pensions decreased by $7.5 million as of June 30, 2020 and $7.7 million as of June 30, 2019. The University's deferred inflows of resources from pensions increased by $0.9 million as of June 30, 2020 and $8.5 million as of June 30, 2019. These changes were primarily due to changes in GASB 68-related pension actuarial assumptions.

As of June 30, 2020, the University's total liabilities decreased by $6.4 million to $330.7 million from $337.1 million as of June 30, 2019. This decrease is primarily attributable to a reduction of $7.2 million related to the updated GASB 68 valuation of the net pension liability allocated to the University as a participant in the PERS and a decrease of $7.4 million in long-term debt as a result of scheduled debt service, which were partially offset by an increase in current liabilities of $5.3 million primarily related to unearned grant revenue of the Coronavirus Aid, Relief, and Economic Security (CARES) Act grants ($3.4 million) for both the student and institutional portion and the increase in other noncurrent liabilities of $2.9 million primarily related to the unearned capital reimbursement of West Campus Development Roadway from the city of Jersey City ($3.9 million).

As of June 30, 2019, the University's total liabilities decreased by $19.9 million to $337.1 million from $357.0 million as of June 30, 2018, which is primarily due to a reduction of $12.4 million related to the updated GASB 68 valuation of the net pension liability allocated to the University as a participant in the PERS and a decrease of $7.5 million in long-term debt as a result of scheduled debt service.

The impact of GASB 68 on the University's financial statements has been a reduction to its unrestricted net position of $146.4 million, $145.3 million and $141.5 million as of June 30, 2020, 2019 and 2018, 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, 2020, 2019 and 2018:

		2020	2019	2018
			(In millions)	
Operating revenues:				
Student revenues, net	$	58.9	57.1	58.6
Grants and contracts		38.7	40.7	40.5
Other		3.3	3.6	2.8
Total operating revenues		100.9	101.4	101.9
Operating expenses		166.5	170.8	175.5
Operating loss		(65.6)	(69.4)	(73.6)
Nonoperating revenues (expenses):				
State appropriations		21.5	24.2	24.2
State paid fringe benefits		23.4	23.6	24.1
State paid OPEB benefits		0.9	8.8	13.3
Investment income		0.2	0.4	0.3
Interest expense		(6.4)	(6.4)	(6.1)
Gain (loss) on disposal of assets		1.2	(0.3)	—
Other nonoperating (expenses) income, net		5.3	(0.7)	0.2
Net nonoperating revenues		46.1	49.6	56.0
Capital grants		—	3.2	4.0
Decrease in net position		(19.5)	(16.6)	(13.6)
Net position as of beginning of year		(47.9)	(31.3)	(17.7)
Net position as of end of year	$	(67.4)	(47.9)	(31.3)

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.

		2020	2019	2018
			(In millions)	
Change in net position, excluding GASB 68	$	(18.3)	(12.8)	(6.4)

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 $58.9 million, $57.1 million and $58.6 million for the years ended June 30, 2020, 2019 and 2018, respectively. Tuition rates were increased by 3.00%, 2.50%, and 2.90% for the years ended June 30, 2020, 2019 and 2018, respectively, while enrollment declined slightly in each year due to softness in undergraduate enrollment and lower than expected transfer matriculation. The $1.8 million increase in net student revenues in 2020 was primarily due to a $2.9 million increase in gross tuition revenues due to the tuition rate increase, partially offset by $0.8 million increase in financial aid awards, primarily due to an increase of $2.6 million in institutional scholarships, which offset a decrease in the Federal Pell (Pell) and New Jersey Tuition Aid (TAG) Grants of $1.9 million in 2020.

Net student revenues decreased by $1.5 million in 2019, primarily due to lower enrollment and a $0.7 million increase in financial aid awards, primarily Pell and TAG grants which increased by $0.6 million in 2019.

Grants and contracts revenues decreased by $2.0 million in 2020, primarily due to the $1.9 million decrease in Pell and TAG grants. Pell and TAG grants increased by $0.6 million in 2019.

State appropriations decreased by $2.7 million in 2020 due to a reduction by the State as a result of the impact of the Novel Coronavirus Disease 2019 (COVID-19) pandemic on the State's finances which did not exist in 2019.

Other nonoperating (expenses) income, net improved by $6.0 million in 2020 due to the inclusion of $3.9 million of CARES Act grants for student financial assistance and $1.6 million of CARES Act grants for housing, food services and institution expenses.

Capital grants totaled $3.2 million in 2019 and were related to the Nursing Education Center project which was completed in 2020 and the Science Building renovation project which was completed in 2019.

Financial Highlights – Expenses

The following is a condensed summary of operating expenses, by natural classification, for the years ended June 30, 2020, 2019 and 2018.

		2020	2019	2018
			(In millions)	
Salaries	$	92.4	90.2	89.6
State paid fringe benefits		23.5	23.7	24.4
Pension expense		1.6	4.2	7.9
State paid OPEB benefits		0.9	8.8	13.3
Total salaries and benefits		118.4	126.9	135.2
Professional services		4.7	4.5	3.4
Student aid and bad debts		9.1	4.2	3.8
Utilities and maintenance		5.5	5.0	5.0
Real estate related		3.8	3.7	2.7
Other supplies and services		14.4	16.2	15.8
Depreciation		10.6	10.3	9.6
Total operating expenses	$	166.5	170.8	175.5

Total expenses, excluding pension and OPEB expenses, increased by $6.2 million in 2020 and $3.5 million in 2019, respectively.

Salaries increased slightly in 2020 and 2019 due to salary increases, partially offset by a decrease in the number of employees.

State paid fringe benefits reflect the overall fringe benefit rates negotiated by the State, which have decreased by approximately 7% in 2020 and 3% in 2019.

The increase in professional services costs in 2020 and 2019 is attributable to marketing efforts to attract students and monitor their academic progress.

Student aid and bad debt expenses increased by $4.9 million in 2020 due to utilization of $5.2 million of the CARES Act grants for student aid and increased by $0.4 million in 2019.

Real estate related expenses pertain to the Harborside lease and University Place activities. The increase in 2019 is due to payments of the annual increments in the contractual obligations of the Harborside lease for the School of Business.

Depreciation increased in 2020 and 2019 primarily as a result of the capitalization of the Nursing Education Center in 2020 and the new Science building in 2019.

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 years 2020 and 2019, the University incurred construction expenditures totaling $3.5 million and $9.7 million, respectively, reflecting the University's continued commitment to enhancing the main campus as well as developing the West Campus property. Fiscal year 2021 construction expenditures are expected to total $3.5 million.

As of June 30, 2020, 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 2021 with additional funding from the City of approximately $4.0 million.

The transformation and expansion of the Nursing facilities into a Nursing Education Center was completed in 2020 at a cost of $4.7 million, which was funded by revenue bonds, of which the University is responsible for one third.

The renovation of the Science Building project was completed in 2019 at a cost of $42 million, of which $32 million was funded by a State capital grant and $10 million by bond proceeds.

Moody's Investors Service has assigned a debt rating of Baa3 to the University's revenue bonds. Bonds that are rated Baa3 are judged to be medium grade obligations and are subject to moderate credit risk and as such may possess certain speculative characteristics. Fitch Ratings Services has assigned a debt rating of BBB- to the revenue bonds.

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, represented 29% of revenues in 2020. The reduction of $2.7 million in State appropriations in 2020 from the 2019 level and an increase in salaries and the absence of capital grant income in 2020 were the primary reasons for the decrease in net position being $2.9 million worse than 2019.

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.

(Continued)

With a price sensitive student base, the University has limited its annual tuition increase to 2.8% over the last three years and has seen a slight 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 impacted its fall 2020 retention of existing students and new transfer students.

In light of these financial challenges, the University plans to reduce its 2021 operating costs as part of a more rigid budgeting process in 2021 and expects to receive an increase of $5.2 million in appropriations from the State as well as $3.0 million from the Governor's Emergency Education Relief Fund and $9 million of CARES Act stimulus funds in 2021. These funds will be utilized to fund student aid, salaries and supplies.

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 refunds to housing students due to the pandemic shutdown. The resources made available were possible through the CARES Act. In 2020, the University committed $0.9 million of the CARES Act relief aid to WCH as a subsidy to cover the student housing refunds due to the pandemic.

A key strategy of the University is to create a more inviting, student friendly campus as part of its urban mission, as evidenced by the recent renovation and expansion of its Science building and the redesign of its nursing facilities. In addition, the University and the Foundation, in conjunction with the City through public private partnerships, 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.

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.

The University will continue to monitor and evaluate institutional operations to identify and implement efficiencies. The University also plans to refinance a portion of the revenue bonds in 2021.

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, 2020 and 2019

(In thousands)

Assets	**2020**	**2019**
Current assets:		
Cash and cash equivalents	$ 8,154	9,772
Investments	4,131	4,060
Receivables:		
Students, net of allowance of $6,838 and $6,584 in 2020 and 2019, respectively	3,755	3,031
Grants	1,196	950
State of New Jersey	2,213	1,438
Due from New Jersey City University Foundation and affiliate	1,951	7,418
Other	2,672	3,125
Total receivables	11,787	15,962
Restricted deposits held with bond trustees	8,512	9,341
Total current assets	32,584	39,135
Noncurrent assets:		
Restricted deposits held with bond trustees	1,393	4,200
Student loans, net of allowance of $849 and $866 in 2020 and 2019, respectively	340	455
Capital assets, net of accumulated depreciation of $154,868 and $146,206 in 2020 and 2019, respectively	238,620	246,344
Total noncurrent assets	240,353	250,999
Total assets	272,937	290,134
Deferred Outflows of Resources		
Deferred amounts from pensions	15,638	23,137
Deferred amounts from debt refunding	5,573	5,956
Total deferred outflows of resources	21,211	29,093
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses:		
Vendor	5,486	6,691
Payroll	2,779	2,052
Compensated absences, current portion	5,293	4,529
Accrued interest	3,074	3,161
Total accounts payable and accrued expenses	16,632	16,433
Unearned student tuition and fees	3,566	2,711
Unearned grant revenue	4,338	—
Long-term debt, current portion	7,587	7,684
Total current liabilities	32,123	26,828
Noncurrent liabilities:		
Unearned capital reimbursement	11,666	7,725
Other noncurrent liabilities	4,188	4,527
Unearned grant revenue	—	748
Long term debt, noncurrent portion, net	151,537	158,924
Net pension liability	131,190	138,407
Total noncurrent liabilities	298,581	310,331
Total liabilities	330,704	337,159
Deferred Inflows of Resources		
Deferred amounts from pensions	30,849	29,989
Net Position		
Net investment in capital assets	85,970	89,446
Restricted expendable:		
Debt service principal	5,080	4,900
Perkins loans	298	283
Unrestricted	(158,753)	(142,550)
Total net position	$ (67,405)	(47,921)

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, 2020 and 2019

(In thousands)

		2020	2019
Operating revenues:			
Student revenues:			
Tuition and fees	$	99,034	96,128
Auxiliary enterprises		3,591	3,856
Less scholarship allowances		(43,727)	(42,910)
Total student revenues, net		58,898	57,074
Federal grants		21,952	22,866
State grants		16,658	17,719
Private and other grants		85	170
Other operating revenues		3,307	3,586
Total operating revenues		100,900	101,415
Operating expenses:			
Instruction		65,233	64,977
Research and programs		60	18
Academic support		11,208	12,804
Student services		22,771	22,609
Institutional support		24,685	24,193
Operation and maintenance of plant		16,578	17,216
Student aid		7,520	2,440
Real estate-related activity		3,834	3,719
Auxiliary enterprises		3,175	3,633
Other postemployment health benefits		876	8,835
Depreciation		10,554	10,324
Total operating expenses		166,494	170,768
Operating loss		(65,594)	(69,353)
Nonoperating revenues (expenses):			
State appropriations		21,532	24,154
State paid fringe benefits		23,382	23,664
State paid other postemployment health benefits		876	8,835
Gifts to affiliates		(1,296)	(965)
Investment income		189	458
Interest expense		(6,421)	(6,442)
Gain (loss) on disposal of assets		1,203	(286)
Other nonoperating income, net		6,645	208
Net nonoperating revenues		46,110	49,626
Loss before other changes		(19,484)	(19,727)
Capital grants		—	3,172
Decrease in net position		(19,484)	(16,555)
Net position as of beginning of year		(47,921)	(31,366)
Net position as of end of year	$	(67,405)	(47,921)

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, 2020 and 2019

(In thousands)

		2020	2019
Cash flows from operating activities:			
Student receipts	$	58,244	56,684
Grants and contracts		42,039	40,830
Payments for salaries and benefits		(92,719)	(92,590)
Payments to suppliers		(26,213)	(25,190)
Payments for utilities		(2,923)	(3,280)
Payments to students		(7,520)	(2,516)
Auxiliary enterprises		1,178	1,461
Other		7,199	7,627
Net cash used by operating activities		(20,715)	(16,974)
Cash flows from noncapital financing activities:			
State of New Jersey appropriations		21,532	24,154
Federal grants		5,523	—
Net cash provided by noncapital financing activities		27,055	24,154
Cash flows from capital financing activities:			
Capital grants and reimbursements		3,941	3,172
Purchase of capital assets		(3,961)	(10,910)
Principal paid on capital debt		(7,692)	(9,926)
Interest paid on capital debt		(5,852)	(6,053)
Proceeds from capital asset disposals		1,899	—
Decrease in deposits with trustees		3,637	7,903
Net cash used by capital financing activities		(8,028)	(15,814)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments		—	12,531
Interest on investments		70	251
Net cash provided by investing activities		70	12,782
Net (decrease) increase in cash and cash equivalents		(1,618)	4,148
Cash and cash equivalents as of beginning of year		9,772	5,624
Cash and cash equivalents as of end of year	$	8,154	9,772
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$	(65,594)	(69,353)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Provision for bad debts		1,541	1,745
Amortization and transfer expense		(921)	(2,175)
State paid fringe benefit expense		24,258	32,499
Depreciation expense		10,554	10,324
Changes in assets and liabilities:			
Receivables		3,930	1,691
Vendor accounts payable and accrued expenses		(921)	1,468
Other liabilities, current and noncurrent		851	(906)
Unearned student tuition and fees		855	264
Unearned grant revenue and capital reimbursement		3,590	3,731
Net pension liability and related deferrals		1,142	3,738
Net cash used by operating activities	$	(20,715)	(16,974)

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, 2020 and 2019

(In thousands)

Assets		**2020**	**2019**
Cash and cash equivalents	$	7,027	2,796
Other receivables		534	1,007
Prepaid expenses and other assets		—	112
Due from New Jersey City University		1,278	315
Contributions receivable, net		2,972	2,612
Investments		5,215	675
Restricted deposits held by bond trustees		6,985	11,926
Restricted investments		13,983	13,395
Capital assets, net		48,374	49,917
Total assets	$	86,368	82,755
Liabilities and Net Assets			
Liabilities:			
Accounts payable and other accrued expenses	$	187	315
Accrued interest		1,161	1,168
Due to New Jersey City University		1,951	7,418
Annuities payable		—	8
Long-term debt, net		49,842	50,599
Total liabilities		53,141	59,508
Net assets:			
Without donor restrictions:			
Foundation operating and board designated		5,934	362
West Campus Housing, LLC		5,873	5,914
Total without donor restrictions		11,807	6,276
With donor restrictions:			
Restricted for specified purpose or passage of time		17,113	12,780
Restricted in perpetuity – endowment		4,307	4,191
Total with donor restrictions		21,420	16,971
Total net assets		33,227	23,247
Total liabilities and net assets	$	86,368	82,755

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, 2020

(In thousands)

		Without donor restrictions	With donor restrictions	Total
Support and revenues:				
Support from public contributions	$	5,193	6,402	11,595
Development grants and contracts		—	722	722
Contributed services		1,295	—	1,295
Investment return, net		204	245	449
Student housing revenues		4,478	—	4,478
University operational revenue subsidy		864	—	864
Special events		47	—	47
Other income, net		—	—	—
Fair value adjustment of split interest agreements		—	(119)	(119)
Gift assessment		334	(334)	—
Net assets released from restrictions in satisfaction of program restrictions		2,467	(2,467)	—
Total support and revenues		14,882	4,449	19,331
Expenses:				
Program services		2,192	—	2,192
Student housing		2,151	—	2,151
Interest expense		2,268	—	2,268
Management and general		907	—	907
Special events		52	—	52
Fundraising		207	—	207
Depreciation and amortization		1,574	—	1,574
Total expenses		9,351	—	9,351
Change in net assets		5,531	4,449	9,980
Net assets as of beginning of year		6,276	16,971	23,247
Net assets as of end of year	$	11,807	21,420	33,227

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, 2019

(In thousands)

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Support from public contributions	$ 310	1,070	1,380
Development grants and contracts	—	768	768
Contributed services	965	—	965
Investment return, net	311	1,003	1,314
Student housing revenues	4,853	—	4,853
Special events	64	—	64
Other income, net	34	—	34
Fair value adjustment of split interest agreements	—	(69)	(69)
Gift assessment	81	(81)	—
Net assets released from restrictions in satisfaction of program restrictions	1,227	(1,227)	—
Total support and revenues	7,845	1,464	9,309
Expenses:			
Program services	1,084	—	1,084
Student housing	1,948	—	1,948
Interest expense	2,283	—	2,283
Management and general	900	—	900
Special events	91	—	91
Fundraising	136	—	136
Depreciation and amortization	1,547	—	1,547
Total expenses	7,989	—	7,989
Change in net assets	(144)	1,464	1,320
Net assets as of beginning of year	6,420	15,507	21,927
Net assets as of end of year	$ 6,276	16,971	23,247

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 Comprehensive Annual 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 three 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 6,100 undergraduate and 1,800 graduate students, who reflect the social and cultural diversity of the metropolitan area, 250 full time faculty and 650 staff.

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.

(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 May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of the accounting pronouncements not yet effective disclosed in note 1(b)(iv) reflect the postponed effective dates.

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (fiscal year 2021). The University is evaluating the impact of this new standard.

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 will require 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. GASB 87 will be effective for fiscal years beginning after December 15, 2020 (fiscal year 2022). The University is evaluating the impact of this new statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (fiscal year 2022). As a result of this Standard, the University will no longer capitalize interest related to debt-financed construction projects beginning in fiscal year 2022.

(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.

(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 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.

(Continued)

(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

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) 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.

(xii) 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’ Comprehensive Annual Financial Report, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

(xiii) 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.

(xiv) 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.

(xv) 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.

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

(xvi) 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 and capital grants.

(xvii) Income Taxes

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

(xviii) 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.

(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, 2020 and 2019 was approximately $8.2 million and $9.8 million, respectively, while the amount on deposit with banks was approximately $9.1 million and $10.9 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, 2020 and 2019 were partially insured by Federal Depository Insurance in the amount of $250,000. Bank balances in excess of insured amounts of $8.9 million in 2020 and $10.7 million in 2019 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, 2020 and 2019 was $78,000 and $76,000, respectively. The NJCMF is unrated and the majority of its investments as of June 30, 2020 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, 2020 and 2019:

		2020	2019
		(In thousands)	
Money market fund	$	4,131	4,060

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019 had maturities of less than one year and were inclusive of 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, 2020 and 2019:

		2020	2019
		(In thousands)	
Construction funds	$	1,740	5,480
Debt service-principal and interest		8,165	8,061
Total restricted deposits		9,905	13,541
Less-current portion		(8,512)	(9,341)
Noncurrent portion	$	1,393	4,200

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, all deposits held with bond trustees had maturities of less than one year.

(Continued)

(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 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 methodologies used for instruments 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.

U.S. Treasury notes and government securities – The fair value of U.S. Treasury notes and government securities are based on quoted prices in an active market that is available but not readily accessible for the equivalent units of government securities held, given the large blocks of similar units of government securities available in secondary markets through brokerages and banks.

All of the University’s cash, investments and restricted deposits held by trustees as of June 30, 2020 and 2019 were categorized as Level 1.

(5) Capital Assets

The detail of capital assets activity for the years ended June 30, 2020 and 2019 follows:

	June 30, 2019	Additions	Capitalization/ Retirements	June 30, 2020
		(In thousands)		
Depreciable assets:				
Land improvements	$ 14,049	401	—	14,450
Buildings and building improvements	271,552	5,769	(1,336)	275,985
Equipment and other assets	61,659	2,108	(1,078)	62,689
	347,260	8,278	(2,414)	353,124
Less accumulated depreciation:				
Land improvements	(2,829)	(916)	—	(3,745)
Buildings and building improvements	(91,470)	(7,099)	820	(97,749)
Equipment and other assets	(51,907)	(2,539)	1,072	(53,374)
	(146,206)	(10,554)	1,892	(154,868)
Total depreciable assets	201,054	(2,276)	(522)	198,256
Nondepreciable assets:				
Land	31,538	88	(195)	31,431
Construction in progress	13,752	3,012	(7,831)	8,933
Capital assets, net	$ 246,344	824	(8,548)	238,620

		June 30, 2018	Additions	Capitalization/ Retirements	June 30, 2019
			(In thousands)		
Depreciable assets:					
Land improvements	$	14,015	34	—	14,049
Buildings and building improvements		228,913	42,887	(248)	271,552
Equipment and other assets		60,700	2,132	(1,173)	61,659
		303,628	45,053	(1,421)	347,260
Less accumulated depreciation:					
Land improvements		(1,923)	(906)	—	(2,829)
Buildings and building improvements		(84,980)	(6,544)	54	(91,470)
Equipment and other assets		(49,912)	(2,874)	879	(51,907)
		(136,815)	(10,324)	933	(146,206)
Total depreciable assets		166,813	34,729	(488)	201,054
Nondepreciable assets:					
Land		31,538	—	—	31,538
Construction in progress		49,132	8,517	(43,897)	13,752
Capital assets, net	$	247,483	43,246	(44,385)	246,344

The major project included in construction in progress as of June 30, 2020 is the Infrastructure expansion. The costs to complete this project are estimated at $4.0 million. The University has received $11.7 million as unearned capital reimbursement from the City of Jersey City (City) for the infrastructure project, and expects to receive approximately $4.0 million in 2021.

During 2020, the University did not have capitalized interest income or expense. During 2019, the University capitalized interest income of approximately $55 thousand and interest expense of approximately $217 thousand, which are included in construction in progress in the accompanying statements of net position.

(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, 2020 and 2019:

	Interest rate		2020	2019
			(In thousands)	
NJEFA Revenue Bonds:				
Series 2007 F, due July 1, 2032	3.00–5.00%	$	12,910	13,765
Series 2008 F, due July 1, 2036	6.85 %		6,175	6,175
Series 2010 F, due July 1, 2028	2.00–4.00%		13,015	14,975
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%		49,990	52,075
Total NJEFA Revenue bonds payable			135,740	140,640
Other long-term debt:				
NJEFA Capital Improvement Fund:				
Series 2000 B	4.13–5.75%		453	891
Series 2016 B	3.00–5.50%		1,554	1,611
NJEFA Equipment Leasing Fund:				
Series 2014 A	1.89 %		110	161
New Jersey Environmental Infrastructure:				
Trust Loan 2005 A	4.00–5.00%		320	365
Fund Loan 2005 A, net of imputed interest of $106 and $141, respectively	— %		573	648
Trust Loan 2013 A	3.00–5.00%		2,660	2,815
Fund Loan 2013 A	— %		7,164	7,730
Capital lease obligations	3.00–7.00%		715	1,304
Total other long-term debt			13,549	15,525
Unamortized bond premiums			9,835	10,443
Total long-term debt			159,124	166,608
Less-current portion			(7,587)	(7,684)
Noncurrent portion		$	151,537	158,924

In December 2016, the University was issued $5,222,725 Series 2016B Revenue Refunding Bonds through the NJEFA Higher Education Capital Improvement Fund to finance the Nursing Education Center. The University is responsible for repayment of one third of the grant award.

(a) Capital Leases

The University has entered into various capital lease purchase agreements for equipment which are principally for the duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The fiscal year 2020 and 2019 payments for these capitalized lease obligations were approximately $0.8 million and $1.1 million, respectively.

(b) 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, 2020:

		Principal	Interest	Total
			(In thousands)	
Year ending June 30:				
2021	$	6,979	6,252	13,231
2022		6,466	6,035	12,501
2023		6,486	5,799	12,285
2024		5,371	5,585	10,956
2025		5,562	5,361	10,923
2026–2030		31,048	23,688	54,736
2031–2035		39,300	16,824	56,124
2036–2040		26,030	8,237	34,267
2041–2045		22,047	3,199	25,246
Total	$	149,289	80,980	230,269

(7) Noncurrent Liabilities

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2020 and 2019:

		June 30, 2019	Additions	Reductions	June 30, 2020	Current portion
				(In thousands)		
Unearned capital reimbursement	$	7,725	3,941	—	11,666	—
Other noncurrent liabilities		9,056	1,246	(524)	9,778	5,590
Long-term debt		166,608	252	(7,736)	159,124	7,587
Total noncurrent liabilities	$	183,389	5,439	(8,260)	180,568	13,177

		June 30, 2018	Additions	Reductions	June 30, 2019	Current portion
				(In thousands)		
Unearned capital reimbursement	$	4,040	3,685	—	7,725	—
Other noncurrent liabilities		9,606	649	(1,199)	9,056	4,529
Long-term debt		174,200	2,334	(9,926)	166,608	7,684
Total noncurrent liabilities	$	187,846	6,668	(11,125)	183,389	12,213

(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 2020 and 2019, 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 7.50% of their annual covered salary for the years ended June 30, 2020 and 2019. 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, 2020 and 2019 were $5.4 million and $4.6 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 $131.2 million and $138.4 million as of June 30, 2020 and June 30, 2019, respectively for its proportionate share of the PERS net pension liability. The PERS net pension liability reported at June 30, 2020 was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The PERS net pension liability reported at June 30, 2019 was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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 2019 and 2018 and was 0.570% and 0.584%, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2019 and 2018 was 0.319% in both years.

For the years ended June 30, 2020 and 2019, pension expense of $7.0 million and $8.6 million related to PERS, respectively, and $0.5 million in each year related to TPAF, were recognized within the functional classifications in the statements of revenues, expenses and changes in net position.

As of June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS pension plan from the following sources (in thousands):

		2020		2019	
		PERS Deferred outflows of resources	**PERS Deferred inflows of resources**	**PERS Deferred outflows of resources**	**PERS Deferred inflows of resources**
Changes in assumptions	$	7,284	26,310	13,524	27,857
Differences between expected and actual experience		1,355	940	2,409	1,155
Net difference between projected and actual earnings on pension plan investments		127	—	391	—
Changes in proportion		1,502	3,599	2,214	977
University contributions paid subsequent to the measurement date		5,370	—	4,599	—
Total	$	15,638	30,849	23,137	29,989

The $5,370 and $4,599 reported as deferred outflows of resources related to PERS pensions at June 30, 2020 and 2019, 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, 2020 will be recognized in pension expense as follows (in thousands):

Year ending June 30:		
2021	$	(2,552)
2022		(7,344)
2023		(6,986)
2024		(3,355)
2025		(344)
Total	$	(20,581)

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, 2019 and 2018. The 2020 and 2019 TPAF net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively, which was rolled forward to June 30, 2019 and 2018, respectively. The University's proportionate share of the TPAF net pension liability recorded by the State for the fiscal years 2019 and 2018 was $7.8 million and $8.5 million, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2019 and 2018 was 0.013%. The TPAF net pension expense attributable to the University was $0.5 million for the years ended June 30, 2020 and June 30, 2019, 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, 2020 was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The significant actuarial assumptions used to measure the total pension liability 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

The University's net pension liability for PERS as of June 30, 2019 was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The significant actuarial assumptions used to measure the total pension liability were as follows:

Actuarial methods and assumptions

	PERS	TPAF
Inflation rate	2.25 %	2.25 %
Salary increases:		
Through 2026	1.65%–4.15% based on age	1.55%–4.55%
Thereafter	2.65%–5.15% based on age	2.00%–5.45%
Investment rate of return	7.00 %	7.00 %
Experience study dates	7/1/2011–6/30/2014	7/1/2012–6/30/2015

For the July 1, 2018 actuarial valuation date, 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-2019.

For the July 1, 2017 actuarial valuation, pre-retirement mortality rates for PERS were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service requirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified 2014 projection scale. Disability retirements rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2019 measurement date, 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-2019.

For the June 30, 2018 measurement date, TPAF pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

(i) Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments (7.00% at June 30, 2020 and 2019) 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, 2019 and 2018 measurement dates are summarized in the following tables:

2019 and 2018
Target asset allocation and long-term expected rate of return

	2019 PERS & TPAF		2018 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	4.67	5.00	5.51
Cash Equivalents	5.00	2.00	5.50	1.00
U.S. Treasuries	5.00	2.68	3.00	1.87

2019 and 2018
Target asset allocation and long-term expected rate of return (continued)

	2019 PERS & TPAF		2018 PERS & TPAF	
Asset class	**Target allocation**	**Long-term expected real rate of return**	**Target allocation**	**Long-term expected real rate of return**
Investment Grade Credit	10.00	4.25	10.00	3.78
Public High Yield	N/A	N/A	2.50	6.82
High Yield	2.00	5.37	N/A	N/A
Private Credit	6.00	7.92	N/A	N/A
Real Assets	2.50	9.31	N/A	N/A
Real Estate	7.50	8.33	N/A	N/A
Global Diversified Credit	N/A	N/A	5.00	7.10
Credit Oriented Hedge Funds	N/A	N/A	1.00	6.60
Debt Related Private Equity	N/A	N/A	2.00	10.63
Debt Related Real Estate	N/A	N/A	1.00	6.61
Private Real Estate	N/A	N/A	2.50	11.83
Equity Related Real Estate	N/A	N/A	6.25	9.23
U.S. Equity	28.00	8.26	30.00	8.19
Non-U.S. Developed Markets Equity	12.50	9.00	11.50	9.00
Emerging Markets Equity	6.50	11.37	6.50	11.64
Private Equity	12.00	10.85	N/A	N/A
Buyouts/Venture Capital	N/A	N/A	8.25	13.08

(ii) Discount Rate

The discount rate used to measure the PERS total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. The discount rate used to measure the TPAF total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, 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, 2019 and 2018, respectively, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, 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 fiscal year 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 contributions rates and that contributions from employers will be made based on 70% 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 projected future benefit payments of current plan members through 2057 for PERS and 2054 for TPAF. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 for PERS and 2054 for TPAF and the municipal bond rate was applied to project benefit payments after that date in determining the total pension liability.

For fiscal year 2019, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046 for PERS and 2040 for TPAF. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2046 for PERS and 2040 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, 2020 and 2019 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, 2020:			
PERS (5.28%, 6.28%, 7.28%)	$ 150,934	131,190	114,599
TPAF (4.60%, 5.60%, 6.60%)	9,227	7,824	6,661
June 30, 2019:			
PERS (4.66%, 5.66%, 6.66%)	$ 160,062	138,407	120,266
TPAF (3.86%, 4.86%, 5.86%)	10,020	8,477	7,198

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, 2020 and 2019, the ABP received employer and employee contributions that approximated the following from the University:

	2020	2019
	(In thousands)	
Employer contribution	$ 4,335	4,233
Employee contribution	2,709	2,646
Basis for contribution:		
Participating employee salaries	54,190	52,912

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, 2020 and June 30, 2019, the State recorded a liability of $146.8 million and $192.7 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, 2020, the University's share was 2.67% and 0.81% of the special funding situation and of the Plan, respectively. As of June 30, 2019, the University's share was 2.70% and 0.082% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of $0.9 million and $8.8 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 $0.9 million and $8.8 million related appropriations for the years ended June 30, 2020 and 2019, respectively.

(Continued)

(c) Actuarial Assumptions

The State's liability associated with the University as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019. The State's liability associated with the University as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date of June 30, 2018. Other actuarial assumptions used in this illustration to measure the OPEB liability as of June 30, 2020 and 2019 were as follows:

	2020	**2019**
Inflation rate	2.50 %	2.50 %
Discount rate	3.50	3.87
Salary increases:		
Through 2026	1.55%-15.25%	1.55%-8.98%
Thereafter	1.55%-7.00%	2.00%-9.98%

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, 2018 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

For the June 30, 2017 actuarial valuation, preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2016 Headcount –Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2018 valuation was based on the results of actuarial experience studies of the State's defined benefit plans, including PERS (July 1, 2014 through June 30, 2018), ABP (using the experience of the TPAF-July 1, 2015 through June 30, 2018) and PFRS (July 1, 2013 through June 30, 2018).

(Continued)

Certain actuarial assumptions used in the June 30, 2017 valuation was based on the results of actuarial experience studies of the State's defined benefit plans, including PERS (July 1, 2011 through June 30, 2014), ABP (using the experience of the TPAF-July 1, 2012 through June 30, 2015) and PFRS (July 1, 2010 through June 30, 2013).

Health Care Trend Assumptions – For pre-Medicare medical benefits, the trend rate is initially is 5.7% and 5.8% for the June 30, 2018 and 2017 valuations, respectively, and decreases to a 4.5% and 5.0% long-term trend rate after eight years, respectively. For prescription drug benefits, the initial trend rate is 7.5% and 8.0% for the June 30, 2018 and 2017 valuations, respectively, decreasing to a 4.5% and 5.0% long-term trend rate after eight and seven years, respectively. For post-65 medical benefits, the actually fully-insured Medicare Advantage trend rate for fiscal year are reflected. The Medicare Advantage trend rate is 4.5% for the June 30, 2017 valuation and will continue in all future years. For the Medicare Part B reimbursement, the trend rate is 5.0% for the June 30, 2018 and 2017 valuations.

(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.

In December 2014, the University entered into a 20-year lease agreement in a building located at 147 Harborside Financial Center, Jersey City, NJ to house the University's School of Business. Rental expenses began in September 2015 and were approximately $2.2 million for the years ended June 30, 2020 and 2019. Future minimum annual rental commitments approximate the following (in thousands):

Year ending June 30:		
2021	$	1,936
2022		1,982
2023		2,029
2024		2,077
2025		2,125
Thereafter		24,600
Total	$	34,749

(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, 2020 and 2019, such payments amounted to approximately $23.4 million and $23.7 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 $6.7 million and $5.8 million as of June 30, 2020 and 2019, 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 nonfaculty employees was $4.0 million and $3.3 million as of June 30, 2020 and 2019, 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 $1.3 million and $1.2 million as of June 30, 2020 and 2019, respectively.

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 $1.4 million and $1.3 million as of June 30, 2020 and 2019, respectively, and is included in noncurrent liabilities in the accompanying statements of net position. The University paid $0.1 million and $0.2 million in sick-leave payments for employees who retired during the years ended June 30, 2020 and 2019, respectively.

(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

(Continued)

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, 2020 and 2019.

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 was in compliance with the DSCR requirements provided under the Continuing Disclosure Agreement Section 4.12. The DSCR did fall below 1.20 at June 30, 2020 and 2019, however, in accordance with Section 6.2, WCH did engage a housing consultant to review the methods of operations and make recommendations that will help WCH achieve a DSCR of at least 1.20 to 1.00 for subsequent annual periods. WCH has begun implementing the housing consultant recommended operating and fiscal improvements to enhance financial results. WCH has been working in good faith with the housing consultant, therefore, in accordance with the Loan Agreement WCH is not in default.

The University acts as WCH's agent by collecting student housing fees and related charges under the student housing agreements, which totaled $5.3 million in 2020 and $4.9 million in 2019, and depositing them with the bond trustee pursuant to the bond documents for payment of debt service and operating expenses. The University also provides administrative, resident life, security and other 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 $0.8 million and $0.9 million during the years ended June 30, 2020 and 2019. In addition, the University contributed $0.5 million in contributed services to WCH in 2020 and $0.4 million in 2019. In fiscal year 2020, the University committed $863,903 of the CARES Act relief aid to WCH LLC as a subsidy to cover the student housing refunds due to the pandemic.

During the years ended June 30, 2020 and 2019, the Foundation distributed $1.9 million and $0.8 million during the years ended June 30, 2020 and 2019 in the form of scholarships and program support, including $0.7 million for the international program and $0.5 million for the School of Business virtual classroom in 2020. The University contributed $0.8 million and $0.6 million in contributed services to the Foundation during the years ended June 30, 2020 and 2019, respectively. The University recognized expenses procured and disbursed for the Foundation totaling $0.2 million and $0.3 million in 2020 and 2019, respectively.

(Continued)

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:

		2020	2019
		(In thousands)	
Scholarships	$	7,065	6,253
Student and other activities		10,048	6,527
Donor restricted endowment in perpetuity		4,307	4,191
Total net assets with donor restrictions	$	21,420	16,971

(15) University Development Programs

(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 total prepaid rent of $2.2 million and $2.4 million is included in other long term liabilities on the statement of net position as of June 30, 2020 and 2019, respectively. Of the total prepaid rent, $0.4 million is recorded as ground lease rent receivables as of June 30, 2020 and 2019. 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.

(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 2020 and 2019, the University incurred expenses of $0.7 million in monthly retainer fees, pertaining to real estate consulting and project management services related to UP.

(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.

(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 is expected to be completed by August 2021.

(v) Performing Arts Center

In July 2019, the Board of Trustees approved the development of the Center for Music, Dance and Theater and the Caroline and Frank Guarini Sr. Performing Arts Center (PAC), which will include, classrooms, restaurants, an apartment complex and parking. The University, the Foundation and developers have entered into agreements relating to the construction of the PAC at a cost of approximately $40 million.

Upon completion of the PAC, the Foundation expects to apply certain available funds earmarked for the PAC and to borrow funds in order to purchase the PAC from the developer. The University has entered into an agreement with the Foundation to lease the PAC from the Foundation at an annual amount sufficient to satisfy the Foundation's loan payments.

(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 2021 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.

(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. Programs on the Fort Monmouth campus are currently scheduled to begin in the summer of 2021. The financing agreement between KKF and its lender has been completed.

(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 and the University issued refunds to student of $3.9 million and a combination of refunds and waivers for housing and food services of $0.9 million and $0.4 million, respectively. 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 and has provided an operating subsidy to WCH equal to the $0.9 million of student housing refunds.

The United State Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The University received $8.9 million of CARES Act grants in May 2020, which were utilized to fund the student refunds and waivers described above and $0.3 million of institution expenses for COVID-19 related equipment and supplies. The balance of $3.4 million of CARES Act grants is included in unearned grant revenue in the statement of net position at June 30, 2020.

(18) Subsequent Events

The University has evaluated events and transactions subsequent to June 30, 2020 and through February 11, 2021, 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, 2020 and 2019

(In thousands)

Public Employees' Retirement System

		2020	2019	2018	2017	2016	2015
Contractually required contributions	$	5,370	4,599	3,769	2,780	2,218	1,295
Contributions in relation to the contractually required contributions		5,370	4,599	3,769	2,780	2,218	1,295
Contribution deficiency (excess)	$	—	—	—	—	—	—
University employee covered-payroll (University year end)	$	24,249	24,447	23,781	25,182	24,987	25,432
Contributions as a percentage of employee covered payroll		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, 2020 and 2019
(In thousands)

Public Employees' Retirement System

		2020	2019	2018	2017	2016	2015
University proportion of the net pension liability – State Group		0.570 %	0.584 %	0.588 %	0.576 %	0.574 %	0.574 %
University proportion of the net pension liability – Total Plan		0.319	0.319	0.308	0.287	0.295	0.294
University proportionate share of the net pension liability	$	131,190	138,407	150,813	169,296	136,182	114,911
University employee covered-payroll (measurement date)		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-payroll		536.6 %	582.0 %	598.9 %	677.5 %	535.5 %	439.1 %
Plan fiduciary net position as a percentage of the total pension liability		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, 2019 measurement date (actuarial valuation as of July 1, 2018).
Changes in assumptions – The following lists the significant changes in assumptions for PERS between the July 1, 2018 valuation and the July 1, 2013 valuation:

	2018	2017	2016	2015	2014	2013
Experience study period	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 %	2.25 %	2.25 %	3.08 %	3.04 %	3.01 %
Projected salary increases, 2017–2026 (based on age)	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%	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 %	7.65 %	7.90 %	7.90 %
Discount rate	6.28	5.66	5.00	3.98	4.90	5.39
Mortality table	Pub-2010	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000

Teachers' Pension and Annuity Fund

		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		7,824	8,477	9,531	11,231	39,065	38,968
Total net pension liability		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-payroll		— %	— %	— %	— %	— %	— %
Plan fiduciary net position as a percentage of the total pension liability		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, 2019 measurement date (actuarial valuation as of July 1, 2018).
Changes in assumptions – The following lists the significant changes in assumptions for TPAF between the July 1, 2018 valuation and the July 1, 2013 valuation:

	2018	2017	2016	2015	2014	2013
Experience study period	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 %	2.25 %	2.25 %	2.50 %	2.50 %	2.50 %
Projected salary increases, 2017–2026	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%-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 %	7.65 %	7.90 %	7.90 %
Discount rate	5.60	4.86	4.25	3.22	4.13	4.68
Mortality table	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, 2020 and 2019

(In thousands)

State Health Benefit State Retired Employees Plan

		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		146,809	192,695	225,294
Total proportionate share of the collective OPEB liability	$	146,809	192,695	225,294
University's covered-employee payroll (for the year ended as of the measurement date)	$	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.*

See accompanying independent auditors' report.