



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

Basic Financial Statements, Management's Discussion  
and Analysis, Required Supplementary Information and Schedules of  
Expenditures of Federal and State of New Jersey Awards

June 30, 2021

(With Independent Auditors' Reports Thereon)

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

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## 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2021 and 2020, 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 52 through 54, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

Short Hills, New Jersey  
April 29, 2022

**NEW JERSEY CITY UNIVERSITY**  
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Management's Discussion and Analysis (Unaudited)  
June 30, 2021 and 2020

**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, 2021 and 2020 and its results of operations for the fiscal years then ended, with fiscal year 2019 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 5,800 undergraduate and 1,700 graduate students from across New Jersey, the United States, and countries around the world. The student body reflects the social and cultural diversity of the New Jersey/New York metropolitan area. Consistent with national demographics, women represent 59% of the undergraduate student body. The University has also set up program initiatives to maintain the affordability of its tuition in comparison with other universities within the State and across the nation. Ongoing efforts towards enhancing student support programs and offerings have been geared towards providing students with financial aid and scholarship awards for eligible students, strengthened internship opportunities and partnerships as well as expanded study abroad and career placement programs. The University'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, 2021 and 2020, the University granted approximately \$505,000 and \$578,000, 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* (GASB 61), establishes criteria for assessing whether certain organizations should be reported as a component unit of the financial reporting entity and has resulted in the inclusion of the Foundation's consolidated financial statements in the University's financial statements. The Foundation's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) principles, rather than GASB.

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

With respect to the Teachers' Pension and Annuity Fund (TPAF), the State determined TPAF met the "special funding situation" included in GASB 68 and the State recorded the University's proportion of the net pension liability on its respective financial statements. With respect to the Public Employees' Retirement System (PERS), the State treats the University as a separate employer. Thus, for financial reporting purposes, the University records on its financial statements its proportion of the net pension liability and related deferred inflows and deferred outflows of resources and pension expense as determined by the State. However, the

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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 \$3.9 million and \$0.9 million in 2021 and 2020, 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, unearned grant revenue 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.



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A condensed summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2021, 2020 and 2019 follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
<b>Assets:</b>			
Cash and investments	\$ 53.8	12.3	13.8
Receivables	9.4	11.8	16.0
Restricted deposits and student loans	7.4	10.2	14.0
Capital assets, net	<u>233.7</u>	<u>238.6</u>	<u>246.3</u>
Total assets	<u>304.3</u>	<u>272.9</u>	<u>290.1</u>
<b>Deferred outflows of resources:</b>			
Deferred amounts from pensions	17.3	15.6	23.1
Deferred amounts from debt refunding	<u>9.3</u>	<u>5.6</u>	<u>6.0</u>
Total deferred outflows	<u>26.6</u>	<u>21.2</u>	<u>29.1</u>
<b>Liabilities:</b>			
Current liabilities	58.1	32.1	26.8
Long-term debt, net of current portion	156.2	151.5	158.9
Net pension liability	129.7	131.2	138.4
Other noncurrent liabilities	<u>15.5</u>	<u>15.9</u>	<u>13.0</u>
Total liabilities	<u>359.5</u>	<u>330.7</u>	<u>337.1</u>
Deferred inflows of resources	32.6	30.8	30.0
<b>Net position:</b>			
Net investment in capital assets	81.3	86.0	89.4
Restricted expendable	4.4	5.4	5.2
Unrestricted	<u>(146.8)</u>	<u>(158.8)</u>	<u>(142.5)</u>
Total net position	<u>\$ (61.1)</u>	<u>(67.4)</u>	<u>(47.9)</u>

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.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
Unrestricted net position, excluding GASB 68	\$ (1.9)	(12.4)	2.7

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**Statements of Net Position – Financial Highlights**

As of June 30, 2021, the University's total assets increased by \$31.4 million to \$304.3 million from \$272.9 million as of June 30, 2020. This increase is primarily attributable to an increase in cash and investments of \$41.5 million due to the various Higher Education Emergency Relief Funds (HEERF) received that totaled approximately \$39.7 million. This was offset by a decrease of \$4.9 million in capital assets due to depreciation expense exceeding capital expenditures, a \$2.4 million decrease in receivables due to the repayment of outstanding receivables from the State and vendors, and decrease of \$2.8 million in restricted deposits due to the drawdown of funds and refinancing.

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.

The University's deferred outflows of resources from pensions increased by \$1.7 million as of June 30, 2021 compared to a decrease of \$7.5 million as of June 30, 2020. The University's deferred inflows of resources from pensions increased by \$1.8 million as of June 30, 2021 and \$0.8 million as of June 30, 2020. These changes were primarily due to changes in GASB 68-related pension actuarial assumptions.

As of June 30, 2021, the University's total liabilities increased by \$28.8 million to \$359.5 million from \$330.7 million as of June 30, 2020. This increase is primarily attributable to an increase in unearned grant revenue of \$24.3 million due to Higher Education Emergency Relief Fund (HEERF) funding received at the end of the fiscal year and an increase of \$6.2 million in vendor payables due to business operations and capital expenditures. These were offset by a decrease of \$1.5 million in net pension liability and a \$1.1 million decrease in long-term debt.

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).

The impact of GASB 68 on the University's financial statements has been a reduction to its unrestricted net position of \$145.0 million, \$146.4 million and \$145.3 million as of June 30, 2021, 2020 and 2019, respectively.

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**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, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
Operating revenues:			
Student revenues, net	\$ 55.2	58.9	57.1
Grants and contracts	37.0	38.7	40.7
Other	2.9	3.3	3.6
Total operating revenues	<u>95.1</u>	<u>100.9</u>	<u>101.4</u>
Operating expenses	<u>160.6</u>	<u>165.6</u>	<u>170.8</u>
Operating loss	<u>(65.5)</u>	<u>(64.7)</u>	<u>(69.4)</u>
Nonoperating revenues (expenses):			
State appropriations	26.7	21.5	24.2
State paid fringe benefits	21.8	23.4	23.6
State paid OPEB benefits	3.9	0.9	8.8
Investment income	0.1	0.2	0.4
Interest expense	(6.0)	(6.4)	(6.4)
Gain (loss) on disposal of assets	0.1	1.2	(0.3)
Stimulus funds	27.2	5.5	—
WCH, LLC operational subsidy	(2.5)	(0.9)	—
Other nonoperating income (expense), net	0.3	(0.2)	(0.7)
Net nonoperating revenues	<u>71.6</u>	<u>45.2</u>	<u>49.6</u>

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
Capital grants	\$ 0.2	—	3.2
Increase (decrease) in net position	6.3	(19.5)	(16.6)
Net position as of beginning of year	<u>(67.4)</u>	<u>(47.9)</u>	<u>(31.3)</u>
Net position as of end of year	<u>\$ (61.1)</u>	<u>(67.4)</u>	<u>(47.9)</u>

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.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
Change in net position, excluding GASB 68	\$ 4.8	(18.3)	(12.8)

The impact of GASB 68 on the change in net position was a (credit) / expense of (\$1.5 million), \$1.2 million and \$3.8 million in 2021, 2020, and 2019, respectively.

### Financial Highlights – Revenues

The University derives its revenue from a variety of sources. Net student revenues, State appropriations and grants and contracts are the primary sources of funding for the University's academic programs. Student revenues totaled \$55.2 million, \$58.9 million and \$57.1 million for the years ended June 30, 2021, 2020 and 2019, respectively. Tuition rates were increased by 3.5%, 3.0%, and 2.5% for the years ended June 30, 2021, 2020 and 2019, respectively, while enrollment declined slightly in each year due to softness in undergraduate enrollment and lower than expected transfer matriculation. The \$3.7 million decrease in net student revenues in 2021 was primarily due to a \$1.3 million decrease in gross tuition revenues from the A. Harry Moore program, \$1.1 million decrease in student meals due to the reduction in housing students from the Novel Coronavirus Disease 2019 (COVID-19) pandemic, \$0.5 million decrease in nursing, \$0.5 million decrease in parking revenues and \$0.4 million decrease in undergraduate net tuition and fees.

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

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In fiscal year 2021, the University utilized \$2.5 million in institutional expenses, \$0.6 million in housing subsidies, and \$0.3 million in student refunds of the 2020 CARES Act funding. In fiscal year 2021, the University received \$14.2 million in HEERF II funding through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and \$0.9 million in additional MSI Aid. The University utilized \$7.9 million for lost revenues in fiscal year 2021, \$3.3 million for student refunds, and \$0.9 million for housing subsidies. The University also received \$3.0 million in Governor's Emergency Education Relief Fund (GEERF) and utilized the entire balance towards University scholarships. The University received \$6.9 million and \$1.8 million in Coronavirus Relief Fund (CRF) I and II, respectively, which were utilized to cover salary expenses of \$8.2 million and institutional COVID related expenses of \$0.5 million. The University also received \$24.6 million through the American Rescue Plan (ARP) HEERF III in fiscal year 2021, which was deferred as of June 30, 2021.

Grants and contracts revenues decreased by \$1.7 million in 2021, primarily due to the \$1.5 million decrease in Pell and TAG grants. Pell and TAG grants decreased by \$2.0 million in 2020.

State appropriations increased by \$5.2 million in 2021 primarily due to a restoration of appropriations which were reduced in 2020 by the State as a result of the impact of the COVID-19 pandemic on the State's finances. State appropriations in 2021 included \$2.7 million in appropriation restoration, \$1.3 million increase in state appropriations, \$1.0 million in Fort Monmouth appropriations, and an increase of \$0.2 million in outcome based appropriations.

Stimulus funds increased by \$21.7 million in 2021 from an increase in the utilization of CRF and HEERF II funds received in 2021.

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.

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**Financial Highlights – Expenses**

The following is a condensed summary of operating expenses, by natural classification, for the years ended June 30, 2021, 2020 and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In millions)	
Salaries	\$ 83.3	92.4	90.2
State paid fringe benefits	22.8	23.5	23.7
Pension expense	(1.0)	1.6	4.2
State paid OPEB benefits	<u>3.9</u>	<u>0.9</u>	<u>8.8</u>
Total salaries and benefits	109.0	118.4	126.9
Professional services	3.4	4.7	4.5
Student aid and bad debts	9.6	8.2	4.2
Utilities and maintenance	7.4	5.5	5.0
Real estate related	3.7	3.8	3.7
Other supplies and services	16.9	14.4	16.2
Depreciation	<u>10.6</u>	<u>10.6</u>	<u>10.3</u>
Total operating expenses	<u>\$ 160.6</u>	<u>165.6</u>	<u>170.8</u>

Total expenses, excluding pension and OPEB expenses, decreased by \$5.4 million in 2021 and increased by \$5.3 million in 2020.

Salaries decreased in 2021 due to a mandatory furlough program and a decrease in the number of employees. Salaries increased slightly in 2020 due to salary increases, partially offset by a decrease in the number of employees.

Professional services costs decreased in 2021 due to lower marketing efforts as a result of COVID-19 and increased in 2020 due to greater marketing efforts to attract students and monitor their academic progress.

Student aid and bad debt expenses increased by \$1.4 million in 2021 and \$4.0 million in 2020 due to utilization of the CARES Act grants for student aid of \$6.6 million in 2021 and \$3.9 million in 2020.

Real estate related expenses pertain to the Harborside lease and University Place activities and contractual obligations.

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

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021 and 2020

**Capital Projects**

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

In fiscal year 2021, the University incurred construction expenditures totaling \$5.7 million reflecting the University's continued commitment to enhancing the main campus, including \$1.3 million related to COVID-19 safety measures and remote learning, as well as developing the West Campus property. In fiscal year 2020, the University incurred construction expenditures totaling \$3.5 million reflecting the University's continued commitment to enhancing the main campus as well as developing the West Campus property.

As of June 30, 2021, a significant project under construction is the West Campus infrastructure and roadway project which improves the connection of the main campus to the West Campus and is expected to be completed at a cost of \$16.0 million as part of the University Place development. The University has received \$11.7 million from the City of Jersey City (City) as unearned capital reimbursement pursuant to an Infrastructure Agreement with the City. The project is expected to be completed by 2023 with additional funding from the City of approximately \$4.3 million. The University is currently in negotiations with the City to receive reimbursement sooner and finalize the transfer conditions of the roadway.

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 28% of revenues in 2021. The increase of \$5.2 million in State appropriations in 2021 from the 2020 level and an increase in COVID related stimulus funding in 2021 from 2020 of \$21.7 million contributed to an improvement in the net position.

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.

**NEW JERSEY CITY UNIVERSITY**  
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With a price sensitive student base, the University has limited its annual tuition increase within a 2.5% – 3.5% range over the last three years and has seen a decline in enrollment each year.

The University maintains a solid position in its local market and is affordably priced relative to its peers. Due to the COVID-19 pandemic, the University instituted a hybrid delivery method that has been in effect since March 2020. The pandemic has also created challenging economic conditions that have adversely impacted its fall 2021 retention of existing students and new transfer students.

In light of these financial challenges, the University plans to reduce its 2022 operating costs as part of a more rigid budgeting process and expects to receive an increase of \$4.2 million in appropriations from the State in 2022, and to utilize \$29 million of stimulus funds for student aid, salaries, housing 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 subsidies of \$2.5 million and \$0.9 million in 2021 and 2020, respectively. In 2022, the University committed \$3.0 million in financial subsidies to WCH to cover the student housing challenges 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. The University is the educational anchor institution in Jersey City. In addition, the University and the Foundation, in conjunction with the City through public private partnerships (P3), is developing University Place (UP), a master mixed-use redevelopment plan that is designed to transform its 22-acre west campus into a university urban village. UP already includes a student residence hall and several apartment buildings, with plans for a performing arts center, restaurants and parking. Upon completion of the performing arts center, the Joffrey Ballet School will move its operations from New York City to the University and will offer a Bachelor of Fine Arts in Ballet and a Joffrey certificate.

Another strategy involves the expansion of the University's satellite campus and academic programs as the cornerstone educational partner in the redevelopment of the Fort Monmouth property in Monmouth County by offering degree-completion programs and building on existing partnerships with area community colleges, including Brookdale Community College and Ocean County College. It has become an educational partner in the revitalization of Fort Monmouth where bachelor's and master's degrees will be offered in the Fall of 2021. Payments to be made by the University under the lease agreement of approximately \$1.6 million will commence on July 1, 2021.

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

Additional information regarding State budget issues and the State's financial condition may be found on the State's Treasury department website ([www.nj.gov/treasury/omb](http://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, 2021 and 2020

(In thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 51,118	8,154
Investments	2,632	4,131
Receivables:		
Students, net of allowance of \$7,585 and \$6,838 in 2021 and 2020, respectively	4,456	3,755
Grants	1,624	1,196
State of New Jersey	1,202	2,213
Due from New Jersey City University Foundation and affiliate	792	1,951
Other	1,328	2,672
Total receivables	9,402	11,787
Restricted deposits held with bond trustees	2,269	8,512
Total current assets	65,421	32,584
Noncurrent assets:		
Restricted deposits held with bond trustees	4,890	1,393
Student loans, net of allowance of \$776 and \$849 in 2021 and 2020, respectively	262	340
Capital assets, net of accumulated depreciation of \$165,318 and \$154,868 in 2021 and 2020, respectively	233,704	238,620
Total noncurrent assets	238,856	240,353
Total assets	304,277	272,937
<b>Deferred Outflows of Resources</b>		
Deferred amounts from pensions	17,303	15,638
Deferred amounts from debt refunding	9,336	5,573
Total deferred outflows of resources	26,639	21,211
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses:		
Vendor	11,654	5,486
Payroll	3,078	2,779
Compensated absences, current portion	5,814	5,293
Accrued interest	2,725	3,074
Total accounts payable and accrued expenses	23,271	16,632
Unearned student tuition and fees	4,373	3,566
Unearned grant revenue	28,588	4,338
Long-term debt, current portion	1,872	7,587
Total current liabilities	58,104	32,123
Noncurrent liabilities:		
Unearned capital reimbursement	11,666	11,666
Other noncurrent liabilities	3,835	4,188
Long-term debt, noncurrent portion, net	156,185	151,537
Net pension liability	129,669	131,190
Total noncurrent liabilities	301,355	298,581
Total liabilities	359,459	330,704
<b>Deferred Inflows of Resources</b>		
Deferred amounts from pensions	32,586	30,849
<b>Net Position</b>		
Net investment in capital assets	81,262	85,970
Restricted expendable:		
Debt service reserve	4,119	—
Debt service principal	—	5,080
Perkins loans	327	298
Unrestricted	(146,837)	(158,753)
Total net position	\$ (61,129)	(67,405)

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, 2021 and 2020

(In thousands)

	<b>2021</b>	<b>2020</b>
Operating revenues:		
Student revenues:		
Tuition and fees	\$ 96,878	99,034
Auxiliary enterprises	1,703	3,591
Less scholarship allowances	(43,422)	(43,727)
Total student revenues, net	55,159	58,898
Federal grants	21,386	21,952
State grants	15,503	16,658
Private and other grants	78	85
Other operating revenues	2,971	3,307
Total operating revenues	95,097	100,900
Operating expenses:		
Instruction	59,196	65,233
Research and programs	37	60
Academic support	7,935	11,208
Student services	20,529	21,907
Institutional support	24,503	24,685
Operation and maintenance of plant	18,484	16,578
Student aid	10,043	7,520
Real estate-related activity	3,672	3,834
Auxiliary enterprises	1,774	3,175
Other postemployment health benefits	3,942	876
Depreciation	10,559	10,554
Total operating expenses	160,674	165,630
Operating loss	(65,577)	(64,730)
Nonoperating revenues (expenses):		
State appropriations	26,692	21,532
State paid fringe benefits	21,835	23,382
State paid other postemployment health benefits	3,942	876
Gifts to affiliates	(892)	(1,296)
Investment income	39	189
Interest expense	(5,972)	(6,421)
Gain (loss) on disposal of assets	75	1,203
Stimulus funds	27,187	5,523
WCH, LLC operational subsidy	(2,473)	(864)
Other nonoperating income, net	1,195	1,122
Net nonoperating revenues	71,628	45,246
Gain (loss) before other changes	6,051	(19,484)
Capital grants	225	—
Increase (decrease) in net position	6,276	(19,484)
Net position as of beginning of year	(67,405)	(47,921)
Net position as of end of year	\$ (61,129)	(67,405)

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, 2021 and 2020

(In thousands)

	2021	2020
Cash flows from operating activities:		
Student receipts	\$ 54,325	58,244
Grants and contracts	33,118	38,632
Payments for salaries and benefits	(84,034)	(92,719)
Payments to suppliers	(26,587)	(25,349)
Payments for utilities	(2,613)	(2,923)
Payments to students	(10,244)	(7,520)
Auxiliary enterprises	440	1,178
Other	4,561	7,199
	(31,034)	(23,258)
Net cash used by operating activities		
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	26,692	21,532
Stimulus funds	54,858	8,066
	81,550	29,598
Net cash provided by noncapital financing activities		
Cash flows from capital financing activities:		
Proceeds from capital debt	44,983	—
Capital grants and reimbursements	225	3,941
Purchase of capital assets	(1,657)	(3,961)
Debt defeasance	(38,480)	—
Principal paid on capital debt	(7,124)	(7,692)
Interest paid on capital debt	(9,748)	(5,852)
Proceeds from capital asset disposals	—	1,899
Decrease in deposits with trustees	2,746	3,637
	(9,055)	(8,028)
Net cash used by capital financing activities		
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,498	—
Interest on investments	5	70
	1,503	70
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	42,964	(1,618)
Cash and cash equivalents as of beginning of year	8,154	9,772
Cash and cash equivalents as of end of year	\$ 51,118	8,154
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (65,577)	(64,730)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Provision for bad debts	2,074	1,541
Amortization and transfer expense	(1,123)	(921)
State paid fringe benefit expense	21,835	24,258
Depreciation expense	10,559	10,554
Changes in assets and liabilities:		
Receivables	1,944	3,930
Vendor accounts payable and accrued expenses	1,479	(921)
Other liabilities, current and noncurrent	369	851
Unearned student tuition and fees	807	855
Unearned grant revenue and capital reimbursement	(1,952)	183
Net pension liability and related deferrals	(1,449)	1,142
Net cash used by operating activities	\$ (31,034)	(23,258)

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, 2021 and 2020

(In thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 6,065	7,027
Other receivables	1,429	534
Due from New Jersey City University	1,123	1,278
Contributions receivable, net	4,060	2,972
Investments	5,395	5,215
Restricted deposits held by bond trustees	6,771	6,985
Restricted investments	17,158	13,983
Capital assets, net	46,834	48,374
Total assets	\$ 88,835	86,368
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and other accrued expenses	\$ 126	187
Accrued interest	1,150	1,161
Due to New Jersey City University	792	1,951
Long-term debt, net	48,965	49,842
Total liabilities	51,033	53,141
Net assets:		
Without donor restrictions:		
Foundation operating and board designated	6,077	5,934
West Campus Housing, LLC	5,989	5,873
Total without donor restrictions	12,066	11,807
With donor restrictions:		
Restricted for specified purpose or passage of time	21,293	17,113
Restricted in perpetuity – endowment	4,443	4,307
Total with donor restrictions	25,736	21,420
Total net assets	37,802	33,227
Total liabilities and net assets	\$ 88,835	86,368

See accompanying notes to basic financial statements.

**NEW JERSEY CITY UNIVERSITY FOUNDATION, INC.  
AND AFFILIATE**

(A Component Unit of New Jersey City University)

Consolidated Statement of Activities

Year ended June 30, 2021

(In thousands)

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

See accompanying notes to basic financial statements.

**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**  
(A Component Unit of the State of New Jersey)

Notes to Basic Financial Statements

June 30, 2021 and 2020

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

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

Opened in 1929 and granted university status in 1998, NJCU is dedicated to urban programs designed to meet the economic, social and educational needs of the surrounding urban region and beyond. The urban mission is unique among the State's colleges and universities and NJCU has embarked on a plan designed to make it the premier Cooperative Education University in the State. The University offers 47 undergraduate, 27 master and post-master and 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.

**NEW JERSEY CITY UNIVERSITY**  
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Notes to Basic Financial Statements

June 30, 2021 and 2020

- *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) *Accounting Pronouncements Applicable to the University, Issued but Not Yet Effective*

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.

(iv) *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.



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

Notes to Basic Financial Statements

June 30, 2021 and 2020

(v) *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.

(vi) *Investments*

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

(vii) *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.

(viii) *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.

(ix) *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.

(x) *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

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

Notes to Basic Financial Statements

June 30, 2021 and 2020

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.

(xi) *Net Pension Liability and Related Pension Amounts*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF), and additions to/deductions from PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and TPAF, please refer to the plans' Annual Reports, which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

(xii) *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.

(xiii) *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.

(xiv) *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.

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

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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.

(xv) *Classification of Revenue*

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, and (3) most Federal and State grants. Nonoperating revenues and expenses include activities that primarily have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as appropriations from the State, investment income, interest expense, stimulus fund (see (xviii) below) and capital grants.

(xvi) *Income Taxes*

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

(xvii) *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.

(xviii) *Stimulus Funds*

As a result of the adverse financial impact of COVID-19, the University has received federal and state funding (Stimulus funds) from several acts that were signed into law by the President. In 2020, the University received funds under the Higher Education Emergency Relief Fund (HEERF) made available under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which included a portion designated for Minority and Hispanic Serving Institutions (MSI). In 2021, the University received funds under the Governor Emergency Education Relief Funds (GEERF) and Coronavirus Relief Funds (CRF) made available under the CARES Act. In 2021, the University also received funds under The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA), which included HEERF II and an MSI portion, and the American Rescue Plan Act of 2021 (ARP), which included HEERF III (see note 17).

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**(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, 2021 and 2020 was approximately \$51.1 million and \$8.2 million, respectively, while the amount on deposit with banks was approximately \$52.4 million and \$9.1 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, 2021 and 2020 were partially insured by Federal Depository Insurance in the amount of \$250,000. Bank balances in excess of insured amounts of \$52.2 million in 2021 and \$8.9 million in 2020 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, 2021 and 2020 was \$78,000 in both years. The NJCMF is unrated and the majority of its investments as of June 30, 2021 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, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
	(In thousands)	
Money market fund	\$ 2,632	4,131

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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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020 had maturities of less than one year and were inclusive of money market funds.

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**(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, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
	(In thousands)	
Construction funds	\$ 771	1,740
Debt service funds	6,388	8,165
Total restricted deposits	7,159	9,905
Less-current portion	(2,269)	(8,512)
Noncurrent portion	\$ 4,890	1,393

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, all deposits held with bond trustees had maturities of less than one year.

**(4) Fair Value Measurement**

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

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

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

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

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

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

All of the University's cash, investments and restricted deposits held by trustees as of June 30, 2021 and 2020 were categorized as Level 1.

**(5) Capital Assets**

The detail of capital assets activity for the years ended June 30, 2021 and 2020 follows:

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

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	<u>June 30, 2019</u>	<u>Additions</u>	<u>Capitalization/ Retirements</u>	<u>June 30, 2020</u>
	(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
	<u>347,260</u>	<u>8,278</u>	<u>(2,414)</u>	<u>353,124</u>
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)
	<u>(146,206)</u>	<u>(10,554)</u>	<u>1,892</u>	<u>(154,868)</u>
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	<u>\$ 246,344</u>	<u>824</u>	<u>(8,548)</u>	<u>238,620</u>

The major projects included in construction in progress as of June 30, 2021 are the Infrastructure expansion and the Fort Monmouth satellite campus project. The costs to complete the infrastructure project are estimated at \$4.3 million. The University has received \$11.7 million as unearned capital reimbursement from the City of Jersey City (City) for the infrastructure project, and expects to receive approximately \$4.3 million in 2022. The Fort Monmouth project will be completed when the campus opens in September 2021.

**(6) Long-Term Debt**

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



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The following obligations to the NJEFA were outstanding as of June 30, 2021 and 2020:

	<b>Interest rate</b>	<b>2021</b>	<b>2020</b>
		(In thousands)	
NJEFA Revenue Bonds:			
Series 2007 F, due July 1, 2032	3.00–5.00%	\$ 2,645	12,910
Series 2008 F, due July 1, 2036	6.85 %	—	6,175
Series 2010 F, due July 1, 2028	2.00–4.00%	—	13,015
Series 2010 G, due July 1, 2040	6.19 %	18,310	18,310
Series 2015 A, due July 1, 2045	2.75–5.25%	35,340	35,340
Series 2016 D, due July 1, 2035	3.00–5.00%	35,885	49,990
Series 2021 A, due July 1, 2036	4.00–5.00%	5,640	—
Series 2021 B, due July 1, 2051	4.33–4.43%	38,545	—
Total NJEFA Revenue bonds payable		136,365	135,740
Other long-term debt:			
NJEFA Capital Improvement Fund:			
Series 2000 B	4.13–5.75%	—	453
Series 2016 B	3.00–5.50%	1,493	1,554
NJEFA Equipment Leasing Fund:			
Series 2014 A	1.89 %	56	110
New Jersey Environmental Infrastructure:			
Trust Loan 2005 A	4.00–5.00%	270	320
Fund Loan 2005 A, net of imputed interest of \$76 and \$106, respectively	— %	488	573
Trust Loan 2013 A	3.00–5.00%	2,500	2,660
Fund Loan 2013 A	— %	6,599	7,164
Capital lease obligations	3.00–7.00%	269	715
Total other long-term debt		11,675	13,549
Unamortized bond premiums		10,017	9,835
Total long-term debt		158,057	159,124
Less-current portion		(1,872)	(7,587)
Noncurrent portion		\$ 156,185	151,537

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

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

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

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

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

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

**(a) 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 2021 and 2020 payments for these capitalized lease obligations were approximately \$0.4 million and \$0.8 million, respectively.

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**(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, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(In thousands)		
Year ending June 30:			
2022	\$ 1,211	8,360	9,571
2023	1,022	7,745	8,767
2024	1,000	7,532	8,532
2025	992	7,308	8,300
2026	1,014	7,189	8,203
2027–2031	25,871	31,779	57,650
2032–2036	39,729	24,568	64,297
2037–2041	25,288	14,904	40,192
2042–2046	18,130	9,792	27,922
2047–2051	27,528	3,929	31,457
2052	6,255	—	6,255
Total	<u>\$ 148,040</u>	<u>123,106</u>	<u>271,146</u>

**(7) Noncurrent Liabilities**

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2021 and 2020:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current portion</u>
	(In thousands)				
Unearned capital reimbursement	\$ 11,666	—	—	11,666	—
Other noncurrent liabilities	9,778	1,178	(966)	9,990	6,155
Long-term debt	159,124	44,983	(46,050)	158,057	1,872
Total noncurrent liabilities	<u>\$ 180,568</u>	<u>46,161</u>	<u>(47,016)</u>	<u>179,713</u>	<u>8,027</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Current portion</u>
	(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	<u>\$ 183,389</u>	<u>5,439</u>	<u>(8,260)</u>	<u>180,568</u>	<u>13,177</u>

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**(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](http://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.

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The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
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.

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The following represents the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
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

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unfunded accrued liability. For fiscal years 2021 and 2020, the State's pension contribution was less than the actuarial determined amount.

For permanent employees, PERS enrollment begins after the employees complete their probationary period, which is normally four months. All temporary employees must be enrolled after one year of continuous employment. PERS members were required to contribute 7.5% of their annual covered salary for the years ended June 30, 2021 and 2020. 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, 2021 and 2020 were \$6.6 million and \$5.4 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 \$129.7 million and \$131.2 million as of June 30, 2021 and June 30, 2020, respectively for its proportionate share of the PERS net pension liability. The PERS net pension liability reported at June 30, 2021 was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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 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 2020 and 2019 and was 0.583% and 0.570%, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2020 and 2019 was 0.335% and 0.319%, respectively.

For the years ended June 30, 2021 and 2020, pension expense of \$5.7 million and \$7.0 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.

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As of June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS pension plan from the following sources (in thousands):

	2021		2020	
	PERS Deferred outflows of resources	PERS Deferred inflows of resources	PERS Deferred outflows of resources	PERS Deferred inflows of resources
Changes in assumptions	\$ 2,163	29,195	7,284	26,310
Differences between expected and actual experience	3,409	699	1,355	940
Net difference between projected and actual earnings on pension plan investments	1,472	—	127	—
Changes in proportion	3,652	2,692	1,502	3,599
University contributions paid subsequent to the measurement date	6,607	—	5,370	—
Total	<u>\$ 17,303</u>	<u>32,586</u>	<u>15,638</u>	<u>30,849</u>

The \$6,607 and \$5,370 reported as deferred outflows of resources related to PERS pensions at June 30, 2021 and 2020, 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, 2021 will be recognized in pension expense as follows (in thousands):

Year ending June 30:	
2022	\$ (7,896)
2023	(7,582)
2024	(4,384)
2025	(1,733)
2026	<u>(295)</u>
Total	<u>\$ (21,890)</u>

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, 2020 and 2019. The 2021 and 2020 TPAF net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension



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liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively, which was rolled forward to June 30, 2020 and 2019, respectively. The University's proportionate share of the TPAF net pension liability for fiscal year 2020 and 2019 was recorded by the State for the fiscal years 2020 and 2019 was \$7.7 million and \$7.8 million, respectively. The University's proportionate share of the respective net pension liabilities for the plan as a whole for the fiscal years 2020 and 2019 was 0.012% and 0.013%, respectively. The TPAF net pension expense attributable to the University was \$0.5 million for the years ended June 30, 2021 and June 30, 2020, 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, 2021 was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

The University's 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 2018, which was rolled forward to June 30, 2019.

The significant actuarial assumptions used to measure the total pension liability for both years were as follows:

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

For the July 1, 2019 and July 1, 2018 actuarial valuation dates, pre-retirement mortality rates for PERS were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a

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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. For the July 1, 2019 and July 1, 2018 actuarial valuations, mortality improvement is based on Scale MP-2020 and Scale MP-2019, respectively.

For the June 30, 2020 and June 30, 2019 measurement dates, TPAF pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020 and Scale MP-2019, respectively.

(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, 2020 and 2019 measurement dates are summarized in the following tables:

<b>2020 and 2019</b>				
<b>Target asset allocation and long-term expected rate of return</b>				
<b>Asset class</b>	<b>2020</b>		<b>2019</b>	
	<b>PERS &amp; TPAF</b>		<b>PERS &amp; TPAF</b>	
	<b>Target allocation</b>	<b>Long-term expected real rate of return</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return</b>
Risk Mitigation Strategies	3.00	3.40	3.00	4.67
Cash Equivalents	4.00	0.50	5.00	2.00
U.S. Treasuries	5.00	1.94	5.00	2.68

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<u>Asset class</u>	<u>Target allocation</u>	<u>expected real rate of return</u>	<u>Target allocation</u>	<u>expected real rate of return</u>
Investment Grade Credit	8.00	2.67	10.00	4.25
High Yield	2.00	5.95	2.00	5.37
Private Credit	8.00	7.59	6.00	7.92
Real Assets	3.00	9.73	2.50	9.31
Real Estate	8.00	9.56	7.50	8.33
U.S. Equity	27.00	7.71	28.00	8.26
Non-U.S. Developed Markets Equity	13.50	8.57	12.50	9.00
Emerging Markets Equity	5.50	10.23	6.50	11.37
Private Equity	13.00	11.42	12.00	10.85

(ii) *Discount Rate*

The discount rate used to measure the PERS total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The discount rate used to measure the TPAF total pension liability was 5.40% and 5.60% as of June 30, 2020 and 2019, 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, 2020 and 2019, respectively. The discount rate for PERS as of June 30, 2019 was also based upon a municipal bond rate of 3.50%, while the discount rate for TPAF as of June 30, 2020 and 2019 was also based upon a municipal bond rate of 2.21% and 3.50%, respectively. The municipal bond rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

For fiscal year 2021, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contribution for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for PERS and through 2062 for TPAF. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments for PERS and throughout 2062 for TPAF and the municipal bond rate was applied to project benefit payments after that date in determining the total pension liability.

For fiscal year 2020, the projection of cash flows used to determine the discount rate assumed that contributions from plan members 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.

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(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, 2021 and 2020 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.

<b>Sensitivity of the net pension liability</b>			
	<b>1% decrease in discount rate</b>	<b>At current discount rate</b>	<b>1% increase in discount rate</b>
		(In thousands)	
June 30, 2021:			
PERS (6.00%, 7.00%, 8.00%)	\$ 147,930	129,669	114,221
TPAF (4.40%, 5.40%, 6.40%)	9,095	7,743	6,620
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

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.

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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, 2021 and 2020, the ABP received employer and employee contributions that approximated the following from the University:

	<b>2021</b>	<b>2020</b>
	(In thousands)	
Employer contribution	\$ 4,194	4,335
Employee contribution	2,621	2,709
Basis for contribution:		
Participating employee salaries	52,422	54,190

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.

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**(b) OPEB Liability and Expense**

As of June 30, 2021 and June 30, 2020, the State recorded a liability of \$224.9 million and \$146.8 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, 2021, the University's share was 2.81% and 0.79% of the special funding situation and of the Plan, respectively. 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.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$3.9 million and \$0.9 million, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University also recognized revenue related to the support provided by the State of \$3.9 million and \$0.9 million related appropriations for the years ended June 30, 2021 and 2020, respectively.

**(c) Actuarial Assumptions**

The State's liability associated with the University as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. 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. Other actuarial assumptions used in this illustration to measure the OPEB liability as of June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Inflation rate	2.50 %	2.50 %
Discount rate	2.21	3.50
Salary increases:		
Through 2026	1.55%-15.25%	1.55%-15.25%
Thereafter	2.75%-7.00%	1.55%-7.00%

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

For the June 30, 2019 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-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification

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headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

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.

Certain actuarial assumptions used in the June 30, 2019 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).

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).

*Health Care Trend Assumptions* – For pre-Medicare medical benefits, the trend rate is initially is 5.6% and 5.7% for the June 30, 2019 and 2018 valuations, respectively, and decreases to a 4.5% and 4.5% long-term trend rate after seven and eight years, respectively. For prescription drug benefits, the initial trend rate is 7.0% and 7.5% for the June 30, 2019 and 2018 valuations, respectively, decreasing to a 4.5% and 4.5% long-term trend rate after seven and eight 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, 2019 and 2018 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, New Jersey to house the University's School of Business. Rental expenses began in September 2015 and were approximately \$2.3 million and \$2.2 million for the years ended June 30, 2021 and 2020, respectively. In April 2021, the University entered into an amendment to the lease agreement for additional space. Rental expense for the additional space of \$0.7 million annually begins in October 2022.

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In 2021, the University also entered into a 35-year lease for a renovated building at a satellite campus on the former site of Fort Monmouth effective July 2021, with annual lease payments of approximately \$1.5 million for the first five years and approximately \$1.8 million thereafter.

Future minimum annual rental commitments for the original Harborside lease, the amendment, and the Fort Monmouth lease approximate the following (in thousands):

Year ending June 30:		
2022	\$	3,533
2023		4,077
2024		4,301
2025		4,363
2026		4,427
Thereafter		<u>83,764</u>
Total	\$	<u><u>104,465</u></u>

**(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, 2021 and 2020, such payments amounted to approximately \$21.8 million and \$23.4 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 \$7.1 million and \$6.7 million as of June 30, 2021 and 2020, respectively, which included unused vacation, paid leave bank days and accrued compensation days, as well as an estimated vested amount for accrued sick leave.

The liability for accrued vacation time for non-faculty employees was \$4.4 million and \$4.0 million as of June 30, 2021 and 2020, respectively. Employees may also accrue up to four complimentary days per year on days worked that fall on school holidays that are nonpublic holidays.

The liability for paid leave bank days and accrued compensation days totaled \$1.4 million and \$1.3 million as of June 30, 2021 and 2020, 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 \$1.3 million and \$1.4 million as of June 30, 2021 and 2020, respectively, and is included in noncurrent liabilities in the accompanying statements of net position. The University paid \$0.2 million and \$0.1 million in sick-leave payments for employees who retired during the years ended June 30, 2021 and 2020, respectively.



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**(13) Student Financial Assistance Programs**

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

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

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

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

During 2015, the Foundation created West Campus Housing, LLC (WCH), a limited liability corporation of which the Foundation is the sole member. The University entered into a ground lease agreement with WCH for land associated with two existing student residence halls and land located at its west campus site. The term of the ground lease is 40 years with no right to renew or extension option. The base annual rent is equal to the surplus cash flow generated by the operation of the student housing facilities and is paid annually upon WCH's certification that the annual debt service ratio has been met. The agreement also provides that WCH be deemed to be the owner of the two existing residence halls for the term of the ground lease. Therefore, the net book value of \$8.9 million related to the building and building improvements of the halls was transferred to WCH in 2016. Upon termination of the ground lease and full repayment of the related debt, all rights, title and interest in the West Campus Housing Facility shall revert to the University. There were no rental payments for the years ended June 30, 2021 and 2020.

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

In connection with the NJEDA bonds, WCH is subject to certain restrictive covenants, including provisions relating to certain debt ratios. The Debt Service Coverage Ratio (DSCR) requirement under Section 4.12 of the Trust Indenture is not less than 1.00 to 1.00. If the DSCR falls below 1.00 to 1.00, the DSCR must equal or exceed 1.00 to 1.00 by the end of the next succeeding Annual Period or failure to do so will constitute an Event of Default. In addition, per Section 6.2 of the Loan Agreement, if the DSCR falls below 1.20 to 1.00, WCH is to hire a Rate Covenant Consultant and make any recommendations as the Rate Covenant Consultant believes appropriate to enable WCH to achieve the DSCR of at least 1.20 to 1.00 for the subsequent Annual Period. WCH is in compliance with the DSCR requirements provided under the Continuing Disclosure Agreement Section 4.12 and Section 6.2 of the Loan Agreement in fiscal 2021.

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The University acts as WCH's agent by collecting student housing fees and related charges under the student housing agreements, which totaled \$2.9 million in 2021 and \$4.5 million in 2020, and depositing them with the bond trustee pursuant to the bond documents for payment of debt service and operating expenses. The University also provides certain administrative, resident life, security and other maintenance services to WCH's student housing facilities and pays for student housing utility costs, which are to be reimbursed by WCH as operating expenses. These costs totaled \$0.7 million and \$0.8 million during the years ended June 30, 2021 and 2020. In addition, the University contributed \$0.3 million in contributed services to WCH in 2021 and \$0.5 million in 2020. In fiscal year 2021, the University committed \$2.5 million of the Stimulus funds in relief aid to WCH LLC as a subsidy to cover the student housing refunds due to the pandemic. In fiscal year 2020, the University committed \$0.9 million of the Stimulus funds in relief aid to WCH LLC as a subsidy to cover the student housing refunds due to the pandemic.

During the years ended June 30, 2021 and 2020, the Foundation distributed \$0.9 million and \$1.9 million during the years ended June 30, 2021 and 2020 in the form of scholarships and program support, including \$79,000 for the international program. The University contributed \$0.6 million and \$0.8 million in contributed services to the Foundation during the years ended June 30, 2021 and 2020, respectively. The University recognized expenses procured and disbursed for the Foundation totaling \$0.1 million and \$0.2 million in 2021 and 2020, respectively.

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

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

	<b>2021</b>	<b>2020</b>
	(In thousands)	
Scholarships	\$ 8,841	7,065
Student and other activities	12,452	10,048
Donor restricted endowment in perpetuity	4,443	4,307
Total net assets with donor restrictions	\$ 25,736	21,420

**(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.

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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 \$1.9 million and \$2.2 million is included in other long term liabilities on the statement of net position as of June 30, 2021 and 2020, respectively. Of the total prepaid rent, \$0.2 and \$0.4 million is recorded as ground lease rent receivables as of June 30, 2021 and 2020 respectively. 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 both fiscal years 2021 and 2020, 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 first quarter of FY 2022.

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(v) *Performing Arts Center*

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

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

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

The University's obligations under the Facility Lease agreement are expected to be secured by a pledge of future ground lease income, Joffrey Ballet's co-occupancy fee, and a subordinate pledge of tuition and fee revenues. The lease term is expected to be consistent with the underlying financing terms.

Under an agreement between the University and the Joffrey Ballet (Joffrey), the Joffrey will relocate from New York City to Jersey City, provide programming at the PAC and partner with the University to provide a Bachelor of Fine Arts degree in Ballet.

The Foundation expects to finalize the PAC Loan in 2022.

(vi) *Roadway Phase II*

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

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

**(b) Fort Monmouth Satellite Campus**

Agreements have been reached between the State agency that is redeveloping the Fort Monmouth property in Monmouth County and KKF, which call for KKF to purchase, renovate and then lease it to the University as a satellite campus for nursing, business and other programs for juniors and seniors who have completed two years at Brookdale Community College (Brookdale) and other area community colleges. The University currently offers programs to Brookdale students at its Higher Education Center in Wall, New Jersey pursuant to an affiliation agreement. Space leased by the University from Brookdale has reached capacity. In an effort to meet growing demand for these programs offered by a four-year public institution in Monmouth County, the University has entered into a 35-year lease agreement effective July 2021 with KKF. The newly renovated building on the former site of Fort Monmouth for use as a satellite campus for juniors and seniors who have completed two years at Brookdale and other community colleges. Programs on the Fort Monmouth campus are currently scheduled to begin in the Fall of 2021. The financing agreement between KKF and its lender has been completed. Annual lease payments are approximately \$1.6 million for the first five years and approximately \$1.8 million thereafter.

**(16) Risk Management**

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

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

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

**(17) COVID-19 Pandemic**

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

In connection with this event, the University's students, faculty and staff were transitioned to remote operations. In addition, the University received an allocation of \$8.3 million from HEERF in fiscal year 2020 and \$0.6 million in MSI aid. Refunds and waivers are included in student aid expense in the statements of revenues, expenses and changes in net position. Although the student housing facilities are operated by WCH, they are intended to be part of the integrated University campus. Students are part of the total University experience through contracting with the University, inclusive of selecting a dormitory. Therefore, the University has determined that it is financially responsible for the student housing refunds related to the pandemic due to the implicit contract between the University and the student. In fiscal year 2020, the University spent \$5.5 million of the funds through a combination of \$3.9 million in student refunds, \$0.9 million in refunds for housing \$0.4 million in refunds for meals, and \$0.3 million in institutional expenses. In fiscal year 2021, The University utilized \$2.5 million in institutional expenses, \$0.6 million in housing subsidies, and \$0.3 million in student refunds.

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

**(18) Subsequent Events**

The University has evaluated events and transactions subsequent to June 30, 2021 and through April 29, 2022, 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**  
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Required Supplementary Information (Unaudited)  
Schedule of Employer Contributions  
June 30, 2021 and 2020  
(In thousands)

	<b>Public Employees' Retirement System</b>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 6,607	5,370	4,599	3,769	2,780	2,218	1,295
Contributions in relation to the contractually required contributions	<u>6,607</u>	<u>5,370</u>	<u>4,599</u>	<u>3,769</u>	<u>2,780</u>	<u>2,218</u>	<u>1,295</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
University employee covered-payroll (University year end)	\$ 23,371	24,249	24,447	23,781	25,182	24,987	25,432
Contributions as a percentage of employee covered payroll	28.27 %	22.15 %	18.81 %	15.85 %	11.04 %	8.88 %	5.09 %

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

See accompanying independent auditors' report.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Required Supplementary Information (Unaudited)  
Schedules of Proportionate Share of the Net Pension Liability  
June 30, 2021 and 2020  
(In thousands)

**Public Employees' Retirement System**

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

**Notes**

Changes in benefit terms – There were no significant changes in PERS benefits for the June 30, 2020 measurement date (actuarial valuation as of July 1, 2019).  
Changes in assumptions – The following lists the significant changes in assumptions for PERS between the July 1, 2019 valuation and the July 1, 2013 valuation:

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

**Teachers' Pension and Annuity Fund**

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

**Notes**

Changes in benefit terms – There were no significant changes in TPAF benefits for the June 30, 2020 measurement date (actuarial valuation as of July 1, 2019).  
Changes in assumptions – The following lists the significant changes in assumptions for the TPAF between the July 1, 2019 valuation and the July 1, 2013 valuation:

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

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

See accompanying independent auditors' report.



**NEW JERSEY CITY UNIVERSITY**  
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Required Supplementary Information (Unaudited)  
Schedule of Proportionate Share of the Total OPEB Liability  
June 30, 2021 and 2020  
(In thousands)

**State Health Benefit State Retired Employees Plan**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	<u>224,873</u>	<u>146,809</u>	<u>192,695</u>	<u>225,294</u>
Total proportionate share of the collective OPEB liability	<u>\$ 224,873</u>	<u>146,809</u>	<u>192,695</u>	<u>225,294</u>
University's covered-employee payroll (for the year ended as of the measurement date)	\$ 71,721	71,465	68,523	57,576
University's proportionate share of the collective OPEB liability as a percentage of the employee covered-payroll	— %	— %	— %	— %

Notes:

1. Information provided for Required Supplementary Information will be provided for ten years as the information becomes available.
  2. For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*.
- Changes in assumptions* – There were no significant changes in assumptions except for the annual change in the discount rate.  
For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.  
For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.  
For 2019, the discount rate changed to 3.87% from 3.58%

See accompanying independent auditors' report.

**NEW JERSEY CITY UNIVERSITY**  
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Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Federal assistance listing number (ALN)	Pass-through entity identifying grant number	Current year expenditures
U.S. Department of Education:			
Student Financial Assistance Cluster:			
Federal Supplemental Education Opportunity Grants	84.007		\$ 491,934
Federal Work Study Program	84.033		272,604
Federal Perkins Loan Program	84.038		1,187,306
Federal Pell Grant Program (includes administrative allowance-\$17,895)	84.063		17,795,121
Federal Direct Student Loans	84.268		<u>29,728,794</u>
Total Student Financial Assistance Cluster			<u>49,475,759</u>
COVID-19: Education Stabilization Fund:			
COVID-19: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E		3,554,785
COVID-19: Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion	84.425F		10,453,768
COVID-19: Minority Serving Institution	84.425L		1,488,409
Passed through State of New Jersey Department of Education:			
COVID-19: Governor's Emergency Education Relief Fund (GEERF)	84.425C	20-100-074-2400-072-6140	<u>3,027,474</u>
Total Education Stabilization Fund (ALN 84.425)			<u>18,524,436</u>
TRIO cluster:			
Student Support Services	84.042		334,733
Project Aspire	84.335A		10,966
Passed through State of New Jersey Department of Education:			
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	P334S110034	91,896
Higher Education Institutional Aid:			
Opening the Gate: Improving Mathematics Success for STEM Careers (Endowment Corpus)	84.031C	P031C110003	2,516,923
Closing the Completion Gap for HIS Community-College Graduate at a Public Baccalaureate Institution (Endowment Corpus)	84.031C	P031C110067	1,197,772
On Pace for Stem Success to improve the collegiate & postsecondary success of Hispanic & low-income students	84.031S	P031S200124	216,689
Picking Up the Pace: Ensuring Hispanic Degree Completion (Endowment Corpus)	84.031S	P031S130019	756,352
Proyecto Stem: Evidence-Based Approaches to STEM Enrollment, Retention and Graduation At an Urban Public Hispanic-Serving Institution	84.031C	P031C160155	1,075,888
Proyecto Stem: Evidence-Based Approaches to STEM Enrollment, Retention and Graduation At an Urban Public Hispanic-Serving Institution (Endowment Corpus)	84.031C	P031C160155	<u>2,391,488</u>
Total Higher Educational Institutional Aid (ALN 84.031)			<u>8,155,112</u>
Total U.S. Department of Education			<u>76,592,902</u>
Research and Development Cluster:			
U.S. Department of Health and Human Services:			
Passed through Rutgers, The State University of New Jersey-Robert Wood Johnson Medical School Biomedical Research and Research Training:			
Biomedical Science Education Postdoctoral Training Program	93.859	5K12GM093854	36,979
National Science Foundation:			
Education and Human Resource Grants:			
Passed through Rutgers, The State University of New Jersey:			
Recruiting and Preparing STEM Majors as Secondary Teachers for High-Need School Districts in New Jersey	47.076	M01HP31318	<u>104,690</u>
Total National Science Foundation			104,690

**NEW JERSEY CITY UNIVERSITY**  
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Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Federal assistance listing number (ALN)	Pass-through entity identifying grant number	Current year expenditures
National Institute of Drug Abuse: Allosteric Regulation and Phosphorylation Homeostasis of PEA-15 in Protection of Brain Microvascular Endothelial Cells against Methamphetamine and HIV-1 Tat	93.279		\$ <u>81,390</u>
Total Research and Development Cluster			<u>223,059</u>
National Security Agency: Passed through Maryland Procurement Office: FY20 DoD Cyber Scholarship Program	12.902	H98230-20-1-0340	50,952
Passed through Fordham University: 2020 CAE Fordham University Grant	12.902	H98230-20-1-0387	<u>5,347</u>
Total National Security Agency (ALN 12.902)			<u>56,299</u>
U.S. Small Business Administration: Passed through Rutgers, The State University of New Jersey: Small Business Development Centers SBA Cares	59.064 59.037	SBAHQ-19-B-0034 SBAHQ20C0073	157,689 184,366
Defense Intelligence Agency: Passed through Rutgers, The State University of New Jersey: IC CAE at Rutgers IC CAE Critical Technology Studies	12.596 12.598	HHM402-19-1-0003 HHM402-18-1-0007	27,521 <u>4,368</u>
Total U.S. Small Business Administration			<u>373,944</u>
U.S. Department of Health and Human Services: Health Resources and Services Administration: Behavioral Health Workforce Education and Training	93.732		<u>393,106</u>
Total U.S. Department of Health and Human Services			<u>393,106</u>
Total expenditures of Federal Awards			\$ <u><u>77,639,310</u></u>

See accompanying notes to schedules of expenditures of Federal and State of New Jersey awards.

**NEW JERSEY CITY UNIVERSITY**  
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Schedule of Expenditures of State of New Jersey Awards  
Year ended June 30, 2021

State of New Jersey grantor/ pass-through grantor/program or cluster title	Grant/ account number	Grant award	Grant period	Current year expenditures
Student Financial Assistance Cluster:				
N.J. Department of State:				
Higher Education Student Assistance Authority:				
Tuition Aid Grant Program	21-100-074-2405-007	\$ 13,400,302	July 1, 2020 to June 30, 2021	\$ 13,400,302
Governor's Urban Scholarship	21-100-074-2405-329	6,000	July 1, 2020 to June 30, 2021	6,000
New Jersey Student Tuition Assistance Reward Scholarship	21-100-074-2405-313	10,673	July 1, 2020 to June 30, 2021	10,673
Office of the Secretary of Higher Education:				
Educational Opportunity Fund – Article III – Academic Year (FY21)	21-100-074-2401-001	916,650	July 1, 2020 to June 30, 2021	613,208
Educational Opportunity Fund – Article III – Summer (FY19)	21-100-074-2401-001	415,313	July 1, 2019 to August 31, 2020	336,901
Educational Opportunity Fund – Article III – Summer (FY20)	21-100-074-2401-001	406,224	July 1, 2020 to August 31, 2021	35,415
		15,155,162		14,402,499
Total Student Financial Assistant Cluster				
N.J. Department of Labor and Workforce Development:				
Youth Corps				
	AJMY21N	545,000	July 1, 2020 to June 30, 2021	511,014
New Jersey Youth Corp RISE	100-062-4545-387-N742	54,545	July 1, 2020 to June 30, 2021	13,786
		599,545		524,800
Total for N.J. Department of Labor and Workforce Development				
N.J. Department of State:				
Office of the Secretary of Higher Education:				
College Bound	800930-0004	270,000	August 23, 2020 to August 22, 2021	63,020
Educational Opportunity Fund – Article IV – Academic Year (FY21)	21-100-074-2401-002	506,091	July 1, 2020 to June 30, 2021	473,974
Educational Opportunity Fund – Article IV – Summer (FY20)	21-100-074-2401-001	17,814	July 1, 2020 to June 30, 2021	17,814
OSP Unmuted; Where We Want to Hear Your Background Noise	21-100-074-2401-001	27,145	June 1, 2021 to August 31, 2021	5,390
		821,050		560,198
Total for the Office of the Secretary of Higher Education				
N.J. Department of the Treasury:				
Higher Education Administration:				
Grants-In-Aid Appropriations to Senior Public Colleges and Universities	21-100-074-2403-001	26,692,000	July 1, 2020 to June 30, 2021	26,692,000
Fringe Benefits Other than FICA for Senior Public Colleges and Universities	21-000-000-0000-002	16,144,947	July 1, 2020 to June 30, 2021	16,144,947
FICA (Social Security Tax) for Senior Public Colleges and Universities	21-000-000-0000-003	5,690,101	July 1, 2020 to June 30, 2021	5,690,101
		48,527,048		48,527,048
Total N.J. Department of Treasury				
N.J. Economic Development Authority:				
New Jersey Commerce and Economic Growth Commission:				
Passed through Rutgers, The State University of New Jersey:				
Small Business Private Industry Grant	BAC21-SBDC-001	47,683	July 1, 2020 to June 30, 2021	47,683
N.J. Educational Facilities Authority:				
Higher Education Equipment Leasing Fund Program	034-04	225,163	July 1, 2020 to June 30, 2021	225,163
		65,375,651		64,287,391
Total expenditures of State of New Jersey awards				

See accompanying notes to schedules of expenditures of Federal and State of New Jersey awards.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Notes to Schedules of Expenditures of Federal and  
State of New Jersey Awards  
Year Ended June 30, 2021

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of New Jersey City University (the University) and its discretely presented component unit, New Jersey City University Foundation (the Foundation) and is presented on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The accompanying schedule of expenditures of State of New Jersey awards (the SESA) includes the State of New Jersey grant activity of the University and is presented on the accrual basis of accounting. The information in the SESA is presented in accordance with the requirements of New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy* (NJOMB 15-08). The Foundation has not been awarded any State of New Jersey awards.

The SEFA and the SESA are collectively referred to as the Schedules.

Because the Schedules present only a selected portion of the operations of the University and Foundation, they are not intended to and do not present the financial position, changes in net position, or cash flows of the University and Foundation.

**(2) Indirect Cost Rate**

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**(3) Federal Student Loan Programs**

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loans program. Accordingly, the outstanding loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the University under this program as of June 30, 2021.

The University administers and accounts for certain aspects of the Federal Perkins Loan Program. The University's basic financial statements include the program's net position and transactions. Loans outstanding at the beginning of the year and loans made during the year were \$1,187,306 and \$0, respectively, and are included in the SEFA. The balance of loans outstanding under the Federal Perkins Loan Program as of June 30, 2021 was \$1,036,084.

**(4) Endowment Corpus**

Over the past several years, the University has received several Higher Education Institutional Aid endowment grants through the State of New Jersey, Department of Education.

The University received Opening the Gate: Improving Mathematics Success for STEM Careers (Opening the Gate) and Closing the Completion Gap for HIS Community-College Graduate at a Public Hispanic-Serving Baccalaureate Institution (Closing the Gap) during fiscal year 2013.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Notes to Schedules of Expenditures of Federal and  
State of New Jersey Awards  
Year Ended June 30, 2021

The University also received Picking Up the Pace: Ensuring Hispanic Degree Completion (Picking Up the Pace) during fiscal year 2014. In 2018, the University received an additional endowment grant entitled, Proyecto STEM: Evidence Based Approaches to STEM Enrollment, Retention and Graduation at an Urban Public Hispanic-Serving Institution (Proyecto STEM).

The University passed through the endowment portion of these programs to the Foundation. According to the grant award agreements, the endowment portion is restricted for a period of 20 years and required to be recorded in accordance with accounting standards applicable to donor restricted net assets. For a period of 20 years from the date the grant was received, the endowment corpus cannot be spent or withdrawn. At the end of the 20-year period, the endowment corpus can be used for educational purposes. During the grant period, 50% of the total aggregate income earned on the endowment corpus can be spent or withdrawn and the remaining 50% is required to be added to the corpus.

The total income earned on the endowment corpus for the fiscal year ended June 30, 2021 was \$104,117, of which 50% has been spent by the University and 50% has been added to the endowment corpus. The following represents the activity of the endowment corpus for the fiscal year ended June 30, 2021:

<u>Endowment corpus activity</u>	<u>Opening the Gate</u>	<u>Closing the Gap</u>	<u>Picking Up the Pace</u>	<u>Proyecto STEM</u>
Beginning balance	\$ 2,184,157	1,039,045	657,670	1,632,211
Endowment corpus activity:				
Grant funds received	—	—	—	478,196
Matching funds	—	—	—	75,000
Realized and unrealized losses	289,459	138,055	85,827	178,798
50% of income earned	43,307	20,672	12,855	27,283
Total endowment	<u>\$ 2,516,923</u>	<u>1,197,772</u>	<u>756,352</u>	<u>2,391,488</u>

**(5) Amounts Passed through to Subrecipients**

The University did not pass Federal awards or State of New Jersey awards to subrecipients during the year ended June 30, 2021.



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

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

The Board of Trustees  
New Jersey City University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, which comprise the University's statement of net position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



**Purpose of this Report**

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

KPMG LLP

Short Hills, New Jersey  
April 29, 2022





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

**Independent Auditors' Report on Compliance for Each Major Federal and State of New Jersey Program;  
Report on Internal Control Over Compliance; and Report on Schedules of Expenditures of Federal  
Awards and State of New Jersey Awards Required by the Uniform Guidance and New Jersey OMB  
Circular 15-08**

The Board of Trustees  
New Jersey City University:

**Report on Compliance for Each Major Federal and State of New Jersey Program**

We have audited the New Jersey City University's (the University), a component unit of the State of New Jersey, compliance with the types of compliance requirements described in the federal *OMB Compliance Supplement* and the New Jersey Office of Management and Budget (New Jersey OMB) *State Grant Compliance Supplement* (the Compliance Supplements) that could have a direct and material effect on the University's major federal and State of New Jersey programs for the year ended June 30, 2021. The University's major federal and State of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

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

*Auditors' Responsibility*

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

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal and State of New Jersey program. However, our audits do not provide a legal determination of the University's compliance.

*Basis for Qualified Opinion on Education Stabilization Fund*

As described in the accompanying schedule of findings and questioned costs, the University did not comply with requirements regarding the Education Stabilization Fund (ALN 84.425E) as described in finding number



2021-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.

#### *Qualified Opinion on Education Stabilization Fund*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Education Stabilization Fund paragraph, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2021.

#### *Unmodified Opinion on Each of the Other Major Federal and State of New Jersey Programs*

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and State of New Jersey programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

#### *Other Matters*

The results of our auditing procedures disclosed an instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002 and 2021-004. Our opinion on the major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable



possibility that material noncompliance with a type of compliance requirement of a federal or State of New Jersey program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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

**Report on Schedules of Expenditures of Federal Awards and State of New Jersey Awards Required by the Uniform Guidance and New Jersey OMB Circular 15-08**

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated April 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021 is presented for purposes of additional analysis as required by the Uniform Guidance, and the accompanying schedule of expenditures of State of New Jersey awards for the year ended June 30, 2021 is presented for purposes of additional analysis as required by New Jersey OMB Circular 15-08, and are not a required part of the 2021 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and State of New Jersey awards are fairly stated in all material respects in relation to the 2021 financial statements as a whole.

*KPMG LLP*

Short Hills, New Jersey  
October 7, 2022

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

**(1) Summary of Auditors' Results**

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified opinions were issued on the basic financial statements of the business-type activities and the discretely presented component unit of New Jersey City University, a component unit of the State of New Jersey, as of and for the year ended June 30, 2021.**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major Federal and State of New Jersey programs disclosed by the audit:
- Material weaknesses: Federal – **2021-003 and 2021-004**; State of New Jersey – **No**
  - Significant deficiencies: Federal – **2021-001 and 2021-002**; State of New Jersey – **None reported**
- (e) Type of report issued on compliance for major Federal and State of New Jersey programs:
- Unmodified – Student Financial Assistance Cluster (Federal and State of New Jersey)
  - Qualified (Reporting) – Education Stabilization Fund
  - Unmodified – Grants-In-Aid Appropriations to Senior Public Colleges and Universities
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) or New Jersey OMB Circular 15-08: Federal – **2021-001, 2021-002, 2021-003 and 2021-004**; State of New Jersey – **No**
- (g) Major programs:
- Federal*
- Student Financial Assistance Cluster – various ALNs
  - Education Stabilization Fund – ALN 84.425
- State of New Jersey*
- Student Financial Assistance Cluster – various grant numbers
  - Grants-In-Aid Appropriations to Senior Public Colleges and Universities – various grant numbers
- (h) Dollar threshold used to distinguish between Type A and Type B programs Federal: **\$2,329,179** and State of New Jersey awards: **\$1,928,622**

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

(i) Auditee qualified as a low-risk auditee for Federal and State of New Jersey awards: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

None

**(3) Findings and Questioned Costs Relating to Federal and State of New Jersey Awards**

**Federal Awards**

**2021-001 Borrower Data Reconciliation (Direct Loan)**

U.S. Department of Education:

Student Financial Assistance Cluster:

Federal Direct Student Loans (ALN 84.268)

**Federal Award Numbers and Years:** P268K211813 (7/1/20 – 6/30/21)

**Statistically Valid Sample:** The sample was not intended to be, and was not, a statistically valid sample.

**Prior Year Finding:** Yes, 2020-001

**Finding Type:** Significant Deficiency and Noncompliance

*Criteria*

Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (34 CFR 685.102(b), 685.301, and 303). (Note: An electronic announcement dated December 17, 2019 describes the reconciliation process and is available at:

<https://ifap.ed.gov/electronic-announcements/121719williamdfordfeddlreconciliation>).

Direct Loan reconciliation is a mandatory monthly process, as required under 34 CFR 685.300(b)(5). A school should reconcile all cash (drawdowns and refunds of cash) and disbursement records (actual disbursements and adjustments) with information in the Common Origination and Disbursement (COD) System on an ongoing basis.

Additionally, in accordance with Federal requirements, the University shall maintain internal controls over Federal programs designed to provide reasonable assurance that transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

*Condition and Context*

The University does not reconcile to the School Account Statement (SAS) on a monthly basis, as required. The University does a reconciliation of the general ledger balance on a quarterly basis.

The Organization's policies and procedures to ensure compliance with the above requirements did not include certain internal controls that were designed properly and operating effectively to ensure that

SAS reconciliations are performed timely.

*Cause*

The University's current process to perform the Direct Loan reconciliation quarterly is not consistent with the compliance requirement to be performed monthly.

*Effect*

The University is not reconciling the SAS to the University's records and not reconciling as frequently as they should which could lead to untimely resolutions to reconciling items.

*Questioned Costs*

There are no known questioned costs related to this finding.

*Recommendation*

We recommend that the University update its Direct Loan reconciliation policy to ensure that the reconciliation is done on a monthly basis. We also recommend that the University strengthen internal controls surrounding the process of the reconciliation to ensure they are being performed as required.

*Views of Responsible Official*

The University is in the process of updating its business processes related to reconciliations. A University policy: Audit Monitoring for Direct Loan Reconciliations was implemented on September 7, 2021. The reconciliation steps and review include examining balances/drawdowns, disbursements, rejections and other transactions. The University Internal Auditor is also inclusive of the follow-up and review process of the reconciliation. The University anticipates the updated processes and procedures to be completed and implemented no later than June 30, 2023, including a calendar timeline and improvement plan to ensure the complete reconciliation process of an academic year.

**2021-002 Enrollment Reporting**

U.S. Department of Education:

Student Financial Assistance Cluster:

Federal Direct Student Loans (ALN 84.268)

Federal Pell Grant Program (ALN 84.063)

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

**Federal Award Numbers and Years:** P063P201813 (7/1/20 – 6/30/21), P268K211813 (7/1/20 – 6/30/21)

**Statistically Valid Sample:** The sample was not intended to be, and was not, a statistically valid sample.

**Prior Year Finding:** N/A

**Finding Type:** Significant Deficiency and Noncompliance

*Criteria*

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal or the NSLDS website. (Pell, 34 CFR 690.83(b)(2), FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309). After the institution submits the Enrollment Reporting roster to NSLDS, NSLDS evaluates the Enrollment Reporting roster and provides the institution an Error/Acknowledgement file. If errors are identified, institutions have ten days to correct the errors and resubmit to NSLDS.

Additionally, in accordance with Federal requirements, the University shall maintain internal controls over Federal programs designed to provide reasonable assurance that transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

*Condition and Context*

The University utilizes the National Student Clearinghouse (the Clearinghouse) as a service provider for transmissions of their enrollment reporting requirements to the NSLDS. The University receives the Enrollment Reporting Roster every month and updates it for changes.

For a sample of forty students selected for testwork, the following exceptions were noted:

- For two selections who withdrew, the students were reported to NSLDS greater than 60 days (between 8 and 84 days) after the status effective date of the withdrawal.

The University's policies and procedures to ensure compliance with the above requirements did not include certain internal controls that were designed properly and operating effectively to ensure that information to NSLDS was timely and accurate.

*Cause*

The University did not monitor NSLDS to ensure the selection was reported in the appropriate timeframe.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

*Effect*

Student status changes not reported to NSLDS in a timely or accurate manner may cause the student to not enter into a repayment status on a timely basis.

*Questioned Costs*

There are no known questioned costs related to this finding.

*Recommendation*

We recommend that the University strengthen its policies and procedures over the reporting to NSLDS to ensure all of the correct information is being report and it is being done timely. We also recommend that the University ensure that internal controls in place surrounding review of enrollment reporting are performed as designed.

*Views of Responsible Official*

The University agrees with this finding. The two selected students in question were accurately reported to the National Student Clearinghouse outside of the 60-day reporting period but both represent outlier cases. The first student was reported to the Clearinghouse within the 60-day period but the time taken for Clearinghouse to report to NSLDS put the total time over 60 days. While the enrollment status changed, there was no impact on the loan repayment status of the student.

The second student was approved for a late withdrawal due to COVID considerations beyond the last routine reporting date of the Spring 2021 term. This is considered an extreme outlier case in terms of the late date of the withdrawal. The status change from Less than Half Time to Withdrawn was reported during the next reporting period in the following fall term, which was more than the required 60-day period. The University does not normally submit Clearinghouse reports between the Spring and Fall terms for students not enrolled during the summer terms so this late withdrawal was not reported within the 60 day period.

The University will update its business processes to include a direct submission to NSLDS for students with enrollment status changes beyond the final Clearinghouse reports for each term. This will ensure that even outlier cases of enrollment status changes are within the 60-day reporting requirement. This process will be put in place for the Fall 2022 term.

**2021-003 Reporting**

U.S. Department of Education:

Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion  
(ALN 84.425E)

**Federal Award Numbers and Years:** P425F200214 (4/21/20 – 4/21/22)

**Statistically Valid Sample:** The sample was not intended to be, and was not, a statistically valid sample.

**Prior Year Finding:** N/A



**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

**Finding Type: Material Weakness and Material Noncompliance**

*Criteria*

For CARES, beginning on May 6, 2020, ED required institutions that received a HEERF I Section 18004(a)(1) Student Aid Portion award to publicly post certain information on their website no later than 30 days after award, and update that information every 45 days thereafter (by posting a new report). This was announced through an electronic announcement (EA).

On August 31, 2020, ED revised the EA by decreasing the frequency of reporting after the initial 30-day period from every 45 days thereafter to every calendar quarter. Grantees posting a 45-day report on or after August 31, 2020, should instead post a report every calendar quarter, with the first calendar quarter report due by October 10, 2020, and covering the period from after their last 45-day or 30-day report through the end of the calendar quarter on September 30, 2020.

On May 13, 2021, ED published an additional notice for student aid public reporting under CRRSAA and ARP, which requires that institutions publicly post certain information on their website. Institutions must publicly post their report as soon as possible, but no later than 30 days after the publication of the notice or 30 days after the date ED first obligated funds under HEERF I, II, or III to the institution for Emergency Financial Aid Grants to Students, whichever comes later. The report must be updated no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30).

*Condition and Context*

The University did not update its website in fiscal year 2021 even though it was required to be updated quarterly.

The University's policies and procedures to ensure compliance with the above requirements did not include certain internal controls that were designed properly and operating effectively to ensure that information displayed on the website was complete and accurate.

*Cause*

The University did not have policies and procedures in place to ensure that the website was appropriately updated on a quarterly basis.

*Effect*

The information displayed on the website was not accurate throughout fiscal year 2021.

*Questioned Costs*

There are no known questioned costs related to this finding.

*Recommendation*

We recommend that the University strengthen its policies and procedures over the website reporting in relation to the Education Stabilization Fund program. We also recommend that the University ensure that internal controls in place surrounding the review of the website reporting are performed as designed.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

*Views of Responsible Official*

The University agrees with the finding. The University is in the process of updating its business processes related to timely website postings. The University anticipates the updated processes and procedures to be completed and implemented no later than December 30, 2022, including a calendar timeline to ensure the complete and timely website posting. The University notes the website was updated on August 25, 2022.

**2021-004 Reporting**

U.S. Department of Education:

Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion and Institutional Portion

(ALN 84.425E & 84.425F)

**Federal Award Numbers and Years:** P425F200214 (4/21/20 – 4/21/22)

**Statistically Valid Sample:** The sample was not intended to be, and was not, a statistically valid sample.

**Prior Year Finding:** N/A

**Finding Type:** Material Weakness and Noncompliance

*Criteria*

ED developed the HEERF Data Collection Form (OMB Control Number 1840-0850) that institutions must have used to satisfy the annual reporting requirement for HEERF I. This form collected information about how the school used its CARES Act Section 18004(a)(1), (a)(2), and (a)(3) HEERF I funds. The form was required to be submitted to ED via the Annual Report Data Collection System on February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020. Auditors should sample the amounts and data reported in the 2020 report with underlying documentation to ensure accuracy.

ED will be collecting an annual report for HEERF grantees in February 2022. ED will share more information regarding this annual report, which will require institutions to report on their uses of HEERF I CARES Act funds, HEERF II CRRSAA funds, and HEERF III ARP funds in advance of the ARP annual reporting deadline.

Additionally, in accordance with Federal requirements, the University shall maintain internal controls over Federal programs designed to provide reasonable assurance that reporting requirements are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

*Condition and Context*

The University did not properly maintain the support needed to support the amounts submitted within the annual report. The University attempted to recreate the support however there were differences noted.

**NEW JERSEY CITY UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

The University's policies and procedures to ensure compliance with the above requirements did not include certain internal controls that were designed properly and operating effectively to ensure that support was properly maintained.

*Cause*

The University did not have policies and procedures in place to ensure that the annual report support was properly maintained.

*Effect*

The information submitted through the annual could be inaccurate.

*Questioned Costs*

There are no known questioned costs related to this finding.

*Recommendation*

We recommend that the University strengthen its policies and procedures over the annual reporting in relation to the Education Stabilization Fund program. We also recommend that the University ensure that internal controls in place surrounding the annual report and maintaining the support for the submission are performed as designed.

We also recommend the University continue to research the reasons for the differences and determine if the annual report should be amended.

*Views of Responsible Official*

The University agrees with the finding. The original source file used for the HEERF Annual report was lost due to an unrecoverable crash of the computer that housed the source file. Since the report was issued based on data that was a snapshot in time, the exact information in the source file is difficult to replicate for purposes of providing supporting audit documentation. The support for filing the annual report was not saved onto a shared and backed up drive. The University is taking steps to properly save all supporting documentation related to HEERF reporting onto backed up drives for future reports by December 2022. The University will pursue an amendment to the annual report because the replicated source file reflects updated adjustments to student records.

**State of New Jersey Awards**

None



### ***2020-001 Borrower Data Reconciliation (Direct Loan)***

U.S. Department of Education:  
Student Financial Assistance Cluster:  
Federal Direct Student Loans (CFDA 84.268)

**Federal Award Numbers and Years:** P268K201813 (7/1/19 – 6/30/20)

**Responsible Person:** Benjamin Rohdin, Associate Vice President for Enrollment Management and Student Success

#### Management Response

New Jersey City University (University) concurs with the finding with the following response:

- The University is in the process of updating its policy surrounding Direct Loan reconciliations.  
The University notes the reconciliations were being performed quarterly and were not being performed monthly.
- The Direct Loan reconciliation policy will be updated to reflect monthly loan reconciliation by no later than June 30, 2021.
- To ensure an effective level of internal controls, a copy of the monthly Direct Loan reconciliation will be provided in a timely manner to the Vice President for Enrollment Management and Student Success, Vice President / Chief Financial Officer and Controller.

**Anticipated Completion Date: June 30, 2021**

#### Updated Management Response

Throughout fiscal year 2021, the University has made significant enhancements to strengthen internal controls in this area, despite high staff turnover. Although, the reconciliation process is still being enhanced beyond the original anticipation date of June 30, 2021, University policy: Audit Monitoring for Direct Loan Reconciliations was implemented on September 7, 2021. The reconciliation steps and review include examining balances/drawdowns, disbursements, rejections and other transactions. The University Internal Auditor is also inclusive of the follow-up and review process of the reconciliation. The University anticipates the updated processes and procedures to be completed and implemented no later than June 30, 2023, including a calendar timeline and improvement plan to ensure the complete reconciliation process of an academic year. The University recognizes that the same finding will continue to be addressed in fiscal year 2022 as well.



This document is presented to outline the Corrective Action Plan implemented to mitigate the Significant Deficiency reported in the auditors' report on the Basic Financial Statements, Management's Discussion and Analysis, Required Supplementary Information and Schedules of Expenditures of Federal and State of New Jersey Awards for the year ended June 30, 2021 (The Single Audit Financial Statements).

### **Findings and Questioned Costs Relating to Federal Awards**

#### ***Finding: 2021-001 Borrower Data Reconciliation (Direct Loan)***

U.S. Department of Education:  
Student Financial Assistance Cluster:  
Federal Direct Student Loans (CFDA 84.268)

**Federal Award Numbers and Years:** P268K201813 (7/1/20 – 6/30/21)

**Responsible Person:** Benjamin Rohdin, Interim Vice President for Enrollment Management and Student Success

#### **Background:**

Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (34 CFR 685.102(b), 685.301, and 303). (Note: An electronic announcement dated December 17, 2019 describes the reconciliation process and is available at:

<https://ifap.ed.gov/electronicannouncements/121719williamdfordfeddlreconciliation>). Direct Loan reconciliation is a mandatory monthly process, as required under 34 CFR 685.300(b)(5). A school should reconcile all cash (drawdowns and refunds of cash) and disbursement records (actual disbursements and adjustments) with information in the Common Origination and Disbursement (COD) System on an ongoing basis.

#### **Corrective Action Plan:**

New Jersey City University (University) concurs with the finding with the following response:

- The University is in the process of updating its policy surrounding Direct Loan reconciliations. The University notes the reconciliations were being performed quarterly and were not being performed monthly.
- Audit Monitoring for Direct Loan Reconciliations Policy was implemented on September 7, 2021.
- The reconciliation steps includes examining balances/drawdowns, disbursements, rejections and other transactions.
- To ensure an effective level of internal controls, a copy of the monthly Direct Loan reconciliation will be provided in a timely manner to the University Internal Auditor.
- The University is developing and implementing a calendar timeline and improvement plan to ensure the complete reconciliation process in an academic year.

**Anticipated Completion Date: June 30, 2023**



**Finding: 2021-002 Enrollment Reporting**

U.S. Department of Education:  
Student Financial Assistance Cluster:  
Federal Direct Student Loans (CFDA 84.268)  
Federal Pell Grant (CFDA 84.063)

**Federal Award Numbers and Years:** P268K201813 (7/1/20 – 6/30/21), P268K201813 (7/1/20 – 6/30/21)

**Responsible Person:** Benjamin Rohdin, Interim Vice President for Enrollment Management and Student Success

**Background:**

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal or the NSLDS website. (Pell, 34 CFR 690.83(b)(2), FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309). After the institution submits the Enrollment Reporting roster to NSLDS, NSLDS evaluates the Enrollment Reporting roster and provides the institution an Error/Acknowledgement file. If errors are identified, institutions have ten days to correct the errors and resubmit to NSLDS.

**Corrective Action Plan:**

The University concurs with the finding. The University agrees with this finding. The two selected students in question were accurately reported to the National Student Clearinghouse outside of the 60-day reporting period but both represent outlier cases. The first student was reported to the Clearinghouse within the 60-day period but the time taken for Clearinghouse to report to NSLDS put the total time over 60 days. While the enrollment status changed, there was no impact on the loan repayment status of the student. The second student was approved for a late withdrawal due to COVID considerations beyond the last routine reporting date of the Spring 2021 term. This is considered an extreme outlier case in terms of the late date of the withdrawal. The status change from Less than Half Time to Withdrawn was reported during the next reporting period in the following fall term, which was more than the required 60-day period. The university does not normally submit Clearinghouse reports between the Spring and Fall terms for students not enrolled during the summer terms so this late withdrawal was not reported within the 60-day period. The University will update its business processes to include a direct submission to NSLDS for students with enrollment status changes beyond the final Clearinghouse reports for each term. This will ensure that even outlier cases of enrollment status changes are within the 60-day reporting requirement. This process will be put in place for the Fall 2022 term.

**Anticipated Completion Date: June 30, 2022**



**Finding: 2021-003 Reporting**

U.S. Department of Education:  
Education Stabilization Fund (CFDA 84.425E)

**Federal Award Numbers and Years:** P268K201813 (7/1/20 – 6/30/21), P268K201813 (7/1/20 – 6/30/21)

**Responsible Person:** Benjamin Rohdin, Interim Vice President for Enrollment Management and Student Success

**Background:**

For CARES, beginning on May 6, 2020, ED required institutions that received a HEERF I Section 18004(a) (1) Student Aid Portion award to publicly post certain information on their website no later than 30 days after award, and update that information every 45 days thereafter (by posting a new report). This was announced through an electronic announcement (EA).

On August 31, 2020, ED revised the EA by decreasing the frequency of reporting after the initial 30-day period from every 45 days thereafter to every calendar quarter. Grantees posting a 45-day report on or after August 31, 2020, should instead post a report every calendar quarter, with the first calendar quarter report due by October 10, 2020, and covering the period from after their last 45-day or 30-day report through the end of the calendar quarter on September 30, 2020.

On May 13, 2021, ED published an additional notice for student aid public reporting under CRRSAA and ARP, which requires that institutions publicly post certain information on their website. Institutions must publicly post their report as soon as possible, but no later than 30 days after the publication of the notice or 30 days after the date ED first obligated funds under HEERF I, II, or III to the institution for Emergency Financial Aid Grants to Students, whichever comes later. The report must be updated no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30).

**Corrective Action Plan:**

The University concurs with the finding. The University is in the process of updating its business processes related to timely website postings. The University anticipates the updated processes and procedures to be completed and implemented no later than December 31, 2022, including a calendar timeline to ensure the complete and timely website posting. The University notes the website was updated on August 25, 2022

**Anticipated Completion Date: December 31, 2022**



**Finding: 2021-004 Reporting**

U.S. Department of Education:  
Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) Student Aid and  
Institution Portion (ALM 84.425E & 84.425F)

**Federal Award Numbers and Years:** P425F200214 (4/21/20-4/21/22)

**Responsible Person:** Benjamin Rohdin, Interim Vice President for Enrollment Management and Student  
Success

**Background:**

ED developed the HEERF Data Collection Form (OMB Control Number 1840-0850) that institutions must have used to satisfy the annual reporting requirement for HEERF I. This form collected information about how the school used its CARES Act Section 18004(a)(1), (a)(2), and (a)(3) HEERF I funds. The form was required to be submitted to ED via the Annual Report Data Collection System on February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020. Auditors should sample the amounts and data reported in the 2020 report with underlying documentation to ensure accuracy.

Additionally, in accordance with Federal requirements, the University shall maintain internal controls over Federal programs designed to provide reasonable assurance that reporting requirements are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

The University did not properly maintain the support needed to support the amounts submitted within the annual report. The University attempted to recreate the support however there were differences noted.

The University's policies and procedures should be updated to ensure compliance with the above requirements to ensure that support was properly maintained.

**Corrective Action Plan:**

The University agrees with the finding. The original source file used for the HEERF Annual report was lost due to an unrecoverable crash of the computer that housed the source file. Since the report was issued based on data that was a snapshot in time, the exact information in the source file is difficult to replicate for purposes of providing supporting audit documentation. The support for filing the annual report was not saved onto a shared and backed up drive. The University is taking steps to properly save all supporting documentation related to HEERF reporting onto backed up drives for future reports. The University will pursue an amendment to the annual report because the replicated source file reflects updated adjustments to student records.

**Anticipated Completion Date: December 31, 2022**