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

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
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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, 2014 and 2013, 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.

Auditor's Responsibility

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

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

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

KPMG

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 the University as of June 30, 2014 and 2013, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncements

As discussed in Note 1b to the financial statements, in 2014, the University adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

October 14, 2014

Introduction

This section of the financial statements presents management's discussion and analysis of New Jersey City University's (the University) financial performance for the years ended June 30, 2014 and 2013, and comparative amounts for the year ended June 30, 2012. This section is designed to assist readers in understanding the accompanying financial statements, and therefore, should be read in conjunction with the financial statements and the related footnote disclosures.

University Overview

Since its charter by the New Jersey Legislature in 1927, the University has been evolving as a place of higher education in the context of a dynamic, ethnically diverse urban environment. The mission of NJCU 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 six-fold; the number of buildings and facilities has increased from one structure to 23. The academic focus has expanded from normal school training to 42 undergraduate degree programs, 27 master's and post-master's level programs, and 2 doctoral programs offered in three colleges. Degree and certificate programs have been developed in business (MBA, BS/MS Bridge Program in Accounting, Finance), the Arts (MFA in Media Production), National Security Studies, Geoscience, Education, Nursing (accelerated second baccalaureate in nursing), and Women and Gender Studies. NJCU launched its second doctoral program, the Doctorate of Education in Educational Technology, with an entering cohort of 23 doctoral students in July 2013.

Since 1929, the student body has grown and diversified from 330 New Jersey residents to approximately 8,500 undergraduate and 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. Over the past five years, the number of full-time students has grown to 73% of all undergraduate NJCU students (Fall 2012). Consistent with national demographics, women represent 60% of the undergraduate student body. White student enrollment has declined over the past five years while minority enrollment has increased.

The New Jersey City University Foundation, Inc. (the Foundation) was established as a nonprofit corporation to provide an independent instrument to raise and control 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 only been used for the benefit of the University, the Foundation is considered a component unit and is discretely presented in the University's financial statements.

Financial Statements

The University's financial report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

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

Statement 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 and are classified as current and noncurrent. Capital assets are carried at cost and are depreciated over their respective useful life. Assets are classified as current and noncurrent. Current assets 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, deposits held with bond trustees, and student and grants receivables. The University's noncurrent assets consist primarily of capital assets, the noncurrent portion of deposits held with bond trustees, and long-term investments.

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 trade accounts payable, accrued benefits, and the current portion of long-term debt, while noncurrent liabilities consist primarily of the noncurrent portion of bonds payable and other long-term debt.

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, expendable restricted net position, and unrestricted net position. The first category, net investment in capital assets, reflects the equity in capital assets that the University owns. Expendable restricted net position are assets that are subject to externally imposed restrictions governing their use, including debt service and other bond covenant requirements and capital grant funds. The final category, unrestricted net position, is available for the general purpose and/or operational needs of the University.

A summary of the University's assets, liabilities and net position at June 30, 2014 and 2013, and comparative amounts at June 30, 2012 are as follows (2013 and 2012 amounts were restated as a result of the implementation of GASB Statement 65; see note 1(b)):

		2014	2013	2012
			(In millions)	
Assets:				
Current assets	$	45.3	53.9	57.5
Noncurrent assets:				
Capital assets		210.0	192.1	177.5
Other assets		31.6	38.3	31.1
Total assets	$	286.9	284.3	266.1
Deferred outflows of resources		1.5	1.7	1.8
Liabilities:				
Current liabilities	$	30.1	30.8	25.8
Noncurrent liabilities		149.6	152.4	145.6
Total liabilities	$	179.7	183.2	171.4
Net position:				
Net investment in capital assets	$	57.3	52.7	52.9
Restricted for expendable:				
Renewal and replacement		1.4	1.4	1.2
Debt service reserve		0.7	0.7	0.7
Debt service – principal		6.0	2.5	2.4
Perkins loans		0.2	0.2	0.2
Unrestricted		43.1	45.3	39.1
Total net position	$	108.7	102.8	96.5

Statement of Net Position – Financial Highlights

As of June 30, 2014, the University's total assets increased by $2.6 million to $286.9 million from $284.3 million as of June 30, 2013. This change is primarily attributed to an increase in cash and cash equivalents by $4.0 million, primarily due to cash receipts from operations plus reimbursements from deposits held by bond trustees for capital expenses. The University recognized an increase of $17.9 million in net capital assets, which consisted of consisted of renovations to the Gilligan Student Union Building (GSUB), Hepburn Hall, Co-Op Dormitory, John Moore Athletic Center, West Campus Remediation, and Security Kiosks. Grants receivable increased by $1.5 million due to the Higher Education Technology Infrastructure Grant, Advances Research and Engineering Grant, and the Opening the Gap and Closing the Gate Grants. This was offset by a decrease of $4.9 million in deposits held with bond trustees, a decrease of $2.0 million in investments and a decrease of $13.7 million in other receivables. The $13.7 million decrease in other receivables is primarily attributable to the New Jersey Environmental Infrastructure Trust (NJEIT) 2013A loan for $11.8 million and improved collections from A. Harry Moore of $1.6 million. This loan was used for the remediation and infrastructure work on the University’s West Campus, which is 90% completed.

As of June 30, 2013, the University’s total assets increased by $18.2 million to $284.3 million from $266.1 million as of June 30, 2012. This increase is primarily attributable to an increase of $13.1 million in other receivables and $9.5 million in investments. The $13.1 million increase in other receivables is primarily attributable to the New Jersey Environmental Infrastructure Trust (NJEIT) 2013A loan for $13.6 million. This loan will be used for the remediation and infrastructure work on the University’s West Campus. The $9.5 million increase in investments is attributable to additional investments purchased during the year. In addition to the net increases in other receivables and investments, the University did recognize an increase of $14.6 million in net capital assets which is attributed to $6.3 million of fixed asset purchases and $20.1 million of additions to construction in progress that exceeded annual depreciation expense of $7.2 million. These additions to net capital assets are offset by $15.1 million decrease in deposits held with bond trustees which funded the construction in progress costs incurred.

As of June 30, 2014, the University’s total liabilities decreased by $3.5 million to $179.7 million from $183.2 million as of June 30, 2013. This change is primarily attributable to a decrease in long-term debt of $2.7 million related to bonds and lease payments of $3.7 million, which was offset by the addition of new leases of $653,000 and the Higher Education Equipment Leasing Fund 2014 Series A of $377,000. Accounts payable and accrued expenses decreased by $2.4 million due to construction related costs for capital projects that were paid as of June 30, 2014. These decreases were offset by an increase in unearned grant revenue of $1.2 million, which is attributed to the grant portion of the Higher Education Equipment Leasing Fund 2014 Series A.

As of June 30, 2013, the University’s total liabilities increased by $11.8 million to $183.2 million from $171.4 million as of June 30, 2012. This increase is primarily attributed to an increase in long-term debt of $11.6 million related to the NJEIT 2013A loan received during the year, net of annual principal payments made.

The University’s current ratio measures the institution’s ability to satisfy current obligations as they come due. The University’s current ratio was 1.5, 1.8, and 2.2 as of June 30, 2014, 2013, and 2012, respectively. The ratio of unrestricted financial resources to operations is a key indicator of financial strength and flexibility to cover operating expenses without relying on generating additional resources and is calculated by dividing the University’s unrestricted net position by total operating expenses. The University’s unrestricted financial resource ratio was 30.9%, 33.2%, and 28.9% as of June 30, 2014, 2013, and 2012, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenue 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 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.

(Continued)

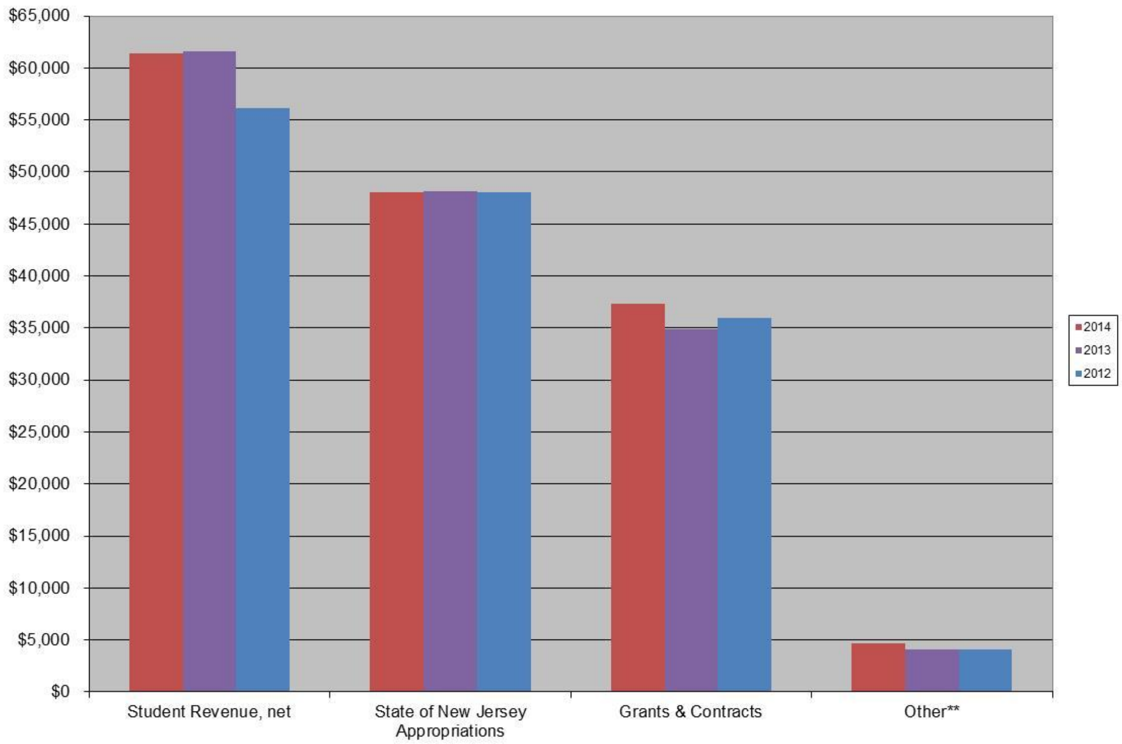
Generally, operating revenues are earned in exchange for providing goods or services. Operating revenues of the University consist of net tuition and fees revenue, as well as Federal, State of New Jersey, and local grant revenue. Operating expenses are expenses incurred to produce goods or services in return for operating revenue, as well as expenses incurred to carry out the mission of the University. Nonoperating revenue is revenue earned for which goods or services are not provided in exchange for such revenue. The State of New Jersey appropriation and interest income are classified as nonoperating revenue. Nonoperating expenses consist of interest expense and gifts to the New Jersey City University Foundation. For the year ended June 30, 2014, the Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of $5.9 million. The following is the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2014 and 2013, and comparative amounts for the year ended June 30, 2012 follows (2013 and 2012 amounts were restated as a result of the implementation of GASB Statement 65):

		2014	**2013**	**2012**
			(In millions)	
Operating revenues:				
Student revenue (less scholarships)	$	61.4	61.6	56.1
Grants and contracts		36.2	34.7	35.5
Other		2.3	2.4	2.5
Total operating revenues		99.9	98.7	94.1
Operating expenses:				
Instruction		57.3	55.8	56.0
Research and programs		0.1	0.1	0.1
Academic support		13.3	13.7	13.6
Student services		15.3	15.4	14.4
Institutional support		23.4	22.8	22.1
Operation and maintenance of plant		16.2	14.6	14.6
Auxiliary enterprises		4.6	5.0	4.7
Student aid		2.0	1.9	2.4
Depreciation		7.5	7.2	7.4
Total operating expenses		139.7	136.5	135.3
Operating loss		(39.8)	(37.8)	(41.2)

		2014	2013	2012
			(In millions)	
Nonoperating revenues (expenses):				
State of New Jersey appropriations	$	26.1	26.1	26.1
State of New Jersey fringe benefit appropriations		22.0	22.1	22.0
Investment income		1.0	0.5	1.4
Unrealized and realized loss on investments		(0.3)	(1.0)	(1.0)
Interest expense		(4.8)	(4.9)	(5.0)
Other nonoperating revenues (expenses)		0.6	1.1	0.3
Net nonoperating revenues		44.6	43.9	43.8
Capital grants and gifts		1.1	0.2	0.4
Increase in net position		5.9	6.3	3.0
Net position, beginning of year, as restated		102.8	96.5	93.5
Net position, end of year	$	108.7	102.8	96.5

Financial Highlights – Revenues

The University derives its revenue from a variety of sources. The following is an illustration of revenues by source, both operating and nonoperating, which are used to fund the University's activities for the years ended June 30, 2014 and 2013, and comparative amounts for the year ended June 30, 2012 (in thousands):



** Other consists of other operating revenue, investment income, unrealized/realized investment gains (losses), gain (loss) on disposal of capital assets, other nonoperating income.

	2014			
	Student revenue, net	State of New Jersey appropriations	Grants and contracts	Other revenues
Amounts (in thousands)	$ 61,386	48,086	37,310	4,685
Percent	40.5%	31.8%	24.6%	3.1%

		2013			
		Student revenue, net	**State of New Jersey appropriations**	**Grants and contracts**	**Other revenues**
Amounts (in thousands)	$	61,603	48,142	34,925	4,135
Percent		41.4%	32.4%	23.4%	2.8%

		2012			
		Student revenue, net	**State of New Jersey appropriations**	**Grants and contracts**	**Other revenues**
Amounts (in thousands)	$	56,099	48,030	35,965	4,082
Percent		38.9%	33.3%	25.0%	2.8%

For 2014, 2013, and 2012, State of New Jersey appropriations and student tuition and fees were the primary sources of funding for the University's academic programs. The State of New Jersey appropriations consist of funding appropriated by State legislature as well as employee FICA and fringe expenses paid by the State. For the fiscal years ending June 30, 2014, 2013, and 2012 state appropriations remained flat at approximately $48 million.

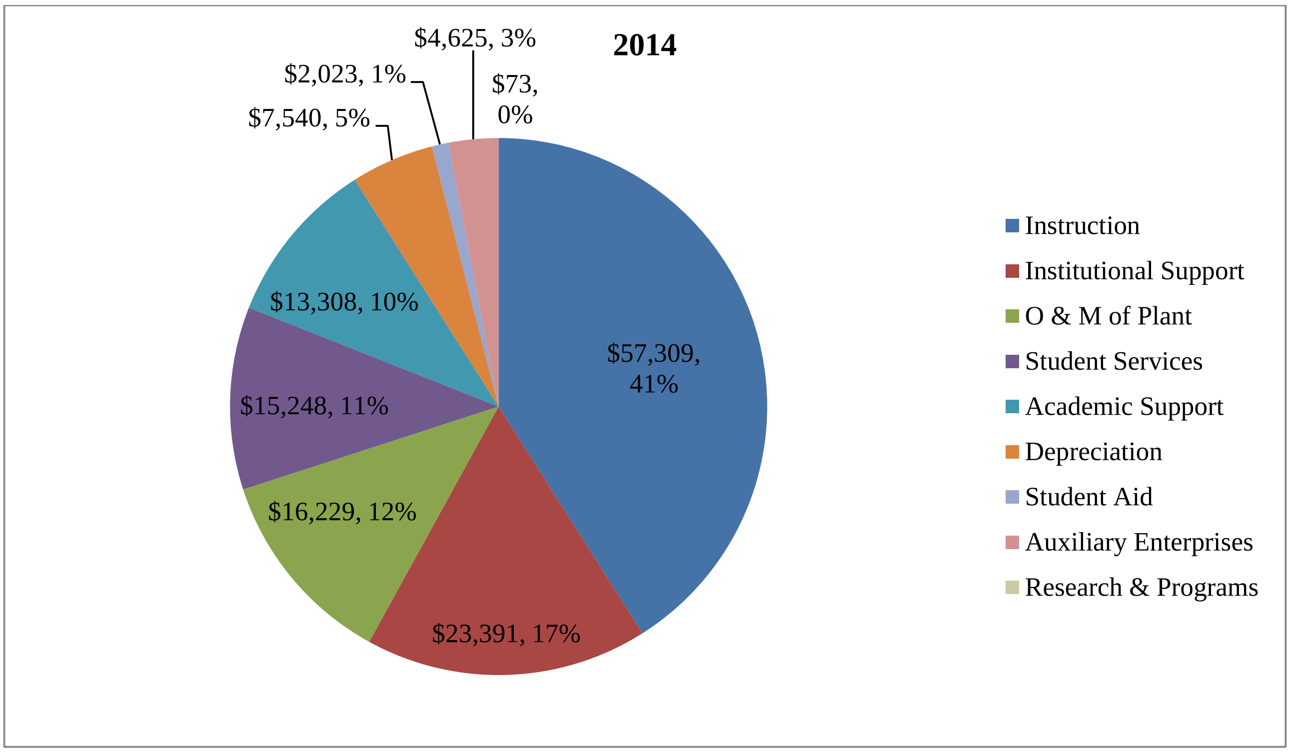
Total student revenue, net, for fiscal years ending June 30, 2014, 2013, and 2012 were $61.4 million, $61.6 million, and $56.1 million, respectively. This comprised 40.5%, 41.4%, and 38.9% of the revenue received by the University for the fiscal years ending June 30, 2014, 2013, and 2012, respectively. Tuition rates were increased by 2.75%, 4%, and 4% for the academic years beginning in fall 2013, 2012, and 2011, respectively. In addition, during fiscal year 2013 the University Student Government Organization was officially dissolved as a separate 501(c)(3) Organization. This resulted in the transfer and recognition of approximately $1.8 million of student activity fees and student organization revenue by the University.

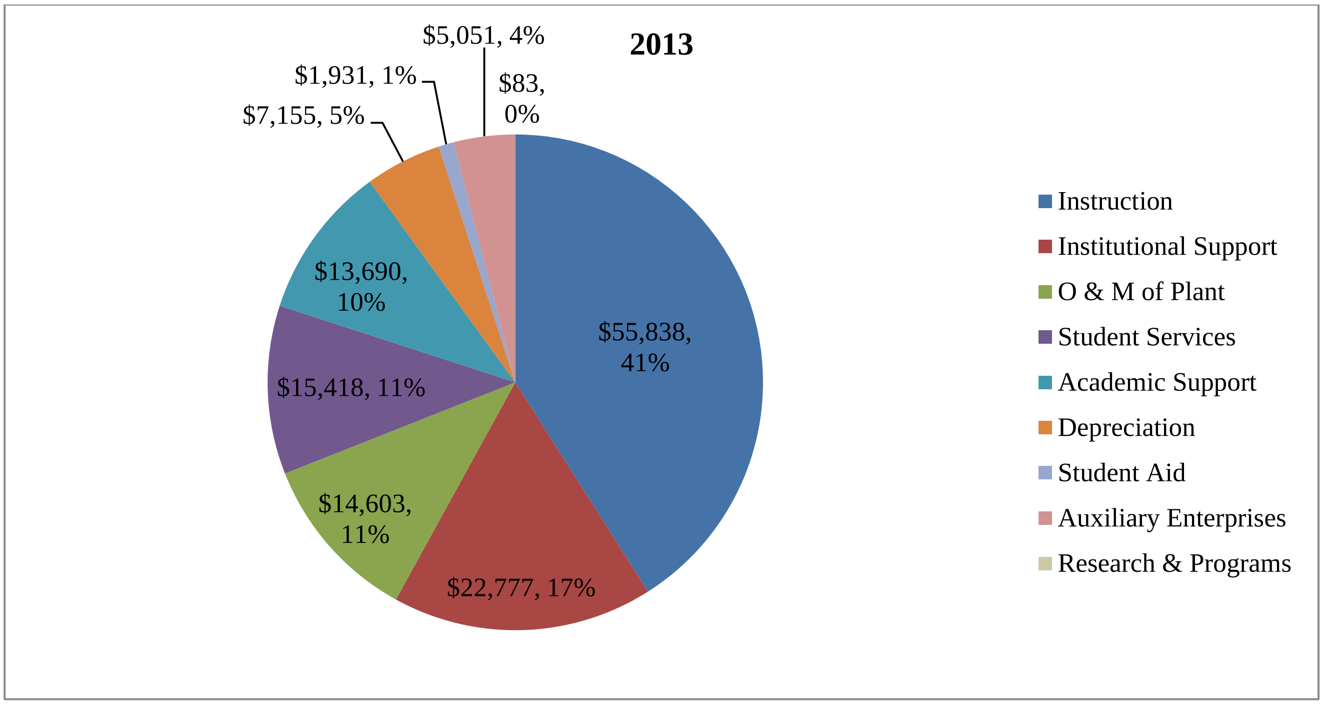
For the year ended June 30, 2014, 2013, and 2012, revenues from grants and contracts were $37.3 million, $34.9 million, and $35.9 million, respectively. The major Federal grant programs include Pell, Increasing the Number of Latinos in Nursing and Health Information Management, Strengthening Institutions – Hispanic Serving Institutions, and Opening the Gate: Improving Mathematics Success for STEM Careers, among others. Major State of New Jersey grant programs include the Tuition Aid Grant (TAG), Educational Opportunity Fund, and Youth Corps. The University's Pell grant decreased by $0.2 million in fiscal year 2014 and by $1.5 million in fiscal year 2013 and increased by $1.3 million in fiscal year 2012. The NJ State TAG grant increased by $0.5 million, $0.8 million, and $0.3 million in fiscal years 2014, 2013, and 2012, respectively.

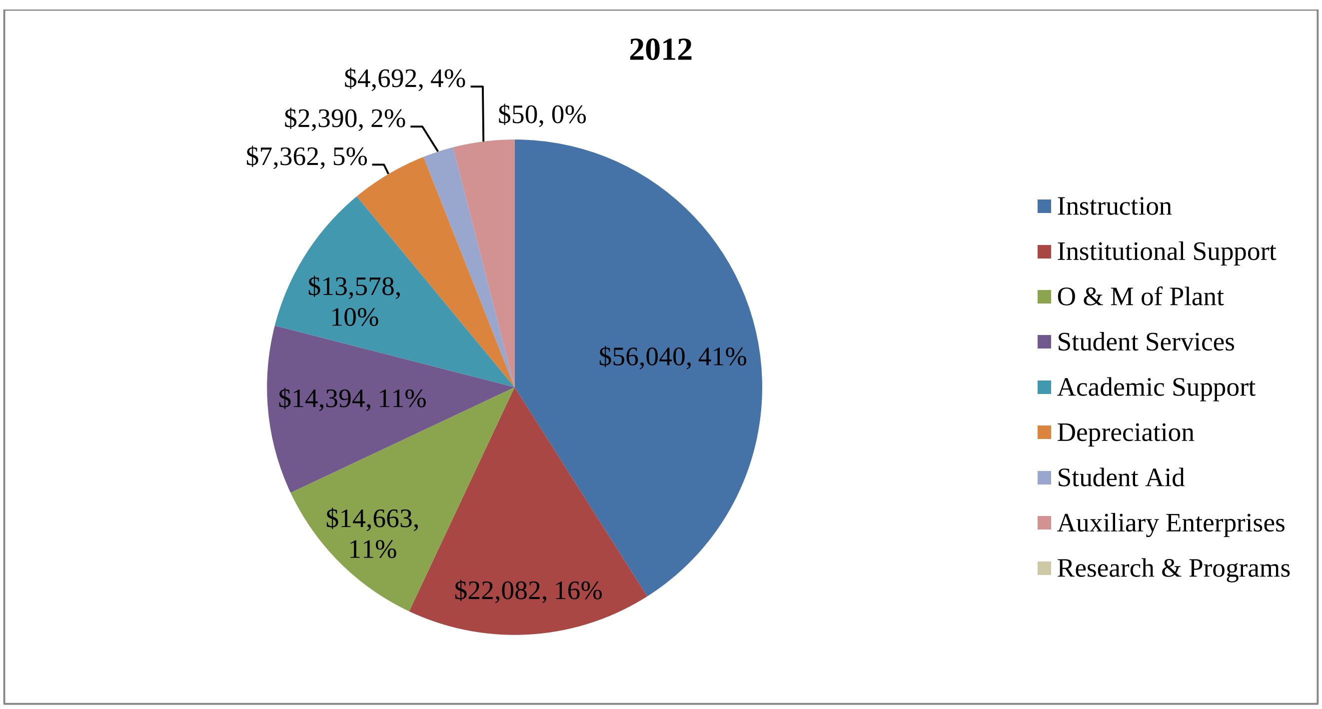
Investment income for fiscal years 2014, 2013, and 2012 was $1.0 million, $0.5 million, and $1.4 million, respectively. Investment income has fluctuated significantly over the last fiscal year due to the timing of investment maturities and the current market environment. There were no significant bond maturities in 2014 and 2013.

Financial Highlights – Expenses

The University's total operating expenses increased $3.2 million from $136.5 million for fiscal year 2013 to $139.7 million for fiscal year 2014. The following is an illustration of operating expenses by functional classification for the operating years ended June 30, 2014, 2013, and 2012 (in thousands):




2013
$55,838, 41%
$22,777, 17%
$14,603, 11%
$15,418, 11%
$13,690, 10%
$7,155, 5%
$1,931, 1%
$5,051, 4%
$83, 0%
Instruction
Institutional Support
O & M of Plant
Student Services
Academic Support
Depreciation
Student Aid
Auxiliary Enterprises
Research & Programs


2012
$56,040, 41%
$22,082, 16%
$14,663, 11%
$14,394, 11%
$13,578, 10%
$7,362, 5%
$2,390, 2%
$4,692, 4%
$50, 0%
Instruction
Institutional Support
O & M of Plant
Student Services
Academic Support
Depreciation
Student Aid
Auxiliary Enterprises
Research & Programs

In 2014 the University's largest increase in operating expenses is reflected in instruction expense and operation and maintenance of plant. Instruction represents the University's largest operating expense category and the increase of $1.5 million is primarily attributed to contractual salary and related fringe benefit increases. Operation and maintenance had an increase of $1.6 million primarily due to salary and related fringe benefit increases plus additional costs for utilities.

In 2013 the University's student services recognized the largest increase of $1 million in operating expenses. This increase is primarily attributed to the official dissolution of the University's Student Government Organization (SGO) as a separate 501(c)(3) entity. The SGO student activity fees are now reflected in tuition and fees and SGO expenditures are reflected in student services.

Capital and Debt Activities

A key component of the University's Transforming Lives – Strategic Plan 2013 – 2018 (the Plan) is enhancing resources in order to create a state-of-the-art academic campus to enhance the environment for teaching, learning, living and working. This Plan guides the University administration's strategic allocation of existing resources in areas of academic and residential buildings, infrastructure improvement, and technological initiatives. Initiatives undertaken are geared towards enhancing student experience and enriching the surrounding neighborhood – another key focus of the Plan.

Capital additions totaling $25.6 million in fiscal year 2014 reflect efforts on the main campus as well as on the West Campus property. On the main campus, several major projects completed this year were funded via bonds issues through the New Jersey Educational Facilities Authority (NJEFA) and internal capital funds. These projects include:

- The completion of renovations to the Gilligan Student Union Building (GSUB)
- The completion of renovations to Hepburn Hall
- The completion of renovations to Co-Op Dormitory
- The completion of renovations to the John Moore Athletic and Fitness Center
- The completion of two security kiosks at the main campus entry points

On the West Campus property, remediation moved forward as the University worked with the Department of Environmental Protection to remediate the land in preparation for planned projects. This project was funded via proceeds from bonds issued through the New Jersey Environmental Infrastructure Trust.

At June 30, 2014 the University had various projects under construction or in the design stage. Significant projects include:

- Renovations to the Science Building
- Expansion of the Business School
- New West Campus Academic Building

- Renovation of both Rossey and Karnoutsos Halls
- Renovation of Margaret Williams Theater
- Renovation of the Guarini Library
- The Student Union Building upgrade project
- GSUB grounds and façade renovation and improvement

The renovation of the Science Building will be funded primarily by a State of New Jersey capital grant awarded in conjunction with the Build Our Future Bond Act. Plans to fund the remaining projects include bonds issued via the New Jersey Educational Facilities Authority, private equity, and internal University capital funds.

Technology at the University continues to play a significant role in the overall experience of students, faculty, and staff. During fiscal year 2014, capital funding was allocated to support teaching, learning, administration, and communications. This level of support is consistent with the initiatives outlined in the Plan as it relates to Information Technology. The University continued its Technology Replacement Program to ensure that technology across the campus is current and relevant. In addition, maintenance of the University's enterprise information systems continued with the successful upgrade of the financial system. The Campus Solutions and HR databases and applications were upgraded as mandated by the vendor's new product architecture. Enhancing the University's information systems is essential, and it allows for the continued delivery of quality administrative tools and services to students, faculty, and staff.

In fiscal year 2013, New Jersey City University applied for higher education grant funding from the Equipment Leasing Fund (ELF) and Higher Education Technology Infrastructure Fund (HETIF). The University was awarded $1,718,215 of ELF funding and $866,789 of HETIF funding. As of June 30, 2014, the University had purchased approximately 50% of the equipment identified in these grants. This funding supports instructional technology upgrades and the critical maintenance, enhancement, and expansion of the University's network infrastructure to support present and future technology needs.

Moody's Investors Service and Fitch Ratings Services have assigned debt ratings of "A2" and "A", respectively, to the University. Bonds that are rated "A" possess many favorable attributes and are considered upper-medium-grade obligations. Factors providing security to principal and interest are considered adequate, while the resources to absorb future financial challenges are not as strong as Aaa or Aa rated institutions.

Long-term debt totaled $150.6 million, $153.3 million, and $141.9 million at June 30, 2014, 2013, and 2012, respectively. An institution's ratio of unrestricted financial resources to debt is a key indicator of financial strength. The University's ratio was 29%, 30%, and 28% as of June 30, 2014, 2013, and 2012, respectively. Additionally, the University's ratio of debt to total capitalization which is an indication of capacity to support additional debt, at June 30, 2014, 2013, and 2012 was 58%, 60%, and 60%, respectively.

Economic Factors that Could Affect the Future

As stated above, the University has completed development of a new and revised strategic planning process, Transforming Lives – Strategic Plan 2013 – 2018 (the Plan). This Plan strengthens the University's focus on its educational mission to provide access and an excellent education to our students. Significant emphasis is placed on linking fiscal decisions to key strategic goals, objectives, strategies, outcomes, timelines, and resource allocation. To meet this challenge, the University conducted several planning meetings with cross-functional representation to identify and prioritize the most critical areas for attention during the implementation of the first phase of the strategic plan. These first-phase priorities were foremost in the budget allocation process, ensuring that funds are allocated in the highest need areas.

In fiscal year 2015, total State of New Jersey appropriation to the University is expected to remain unchanged at the fiscal year 2014 level of $26.0 million. Given the high demand and competing priorities for available funds, the University had to find creative ways to allocative available resources and to generate additional revenues. In the developing the fiscal year 2015 budget, the University was able to limit tuition increase to 1.9%, while funding approximately 60% of incremental operating expenses via efficiencies, reallocation of funds, and other savings. Through this balanced approach to funding decisions, the University is able to maintain its commitment to preserve the integrity of the academic programs and remain among the most affordable State universities.

The University continues its efforts to maintain and construct campus buildings and infrastructure. Currently, major projects are under way to finalize high priority building and infrastructure projects that are funded via the Facilities Fee and approximately $30 million in bonds issued through the New Jersey Educational Facilities Authority (NJEFA) in September 2010. Additionally, the University secured approximately $32 million in grants from the State of New Jersey to fund the Science Building Expansion and Renovation project. It is anticipated that the West Campus remediation project will be completed by the end of the second quarter for this fiscal year, and plans are under way to construct a new 425-bed residence hall and an academic building.

The overall outlook for both graduate and undergraduate enrollment remains stable. Despite efforts to create a balanced budget for the fiscal year, there is still a high degree of uncertainty in the State's financial support to the University due to persistent budgetary pressures at the State and national levels. The University continues to monitor developments in this area, and has attempted to mitigate any significant changes in funding via increasing the contingency reserve by 50%. Overall, the University has taken significant strides in emphasizing the allocating of limited resources to mission critical initiatives.

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

Statements of Net Position

Business-Type Activities – University Only

June 30, 2014 and 2013

(In thousands)

Assets	**2014**	**2013**
Current assets:		
Cash and cash equivalents	$ 8,101	4,053
Investments, current portion	17,233	18,935
Student receivables, net of allowance of $4,152 and $4,032 in 2014 and 2013, respectively	3,011	3,191
Grants receivables	2,476	1,009
Other receivables	3,635	17,371
Restricted deposits held with bond trustees	10,867	9,316
Total current assets	45,323	53,875
Noncurrent assets:		
Restricted deposits held with bond trustees	4,092	10,562
Investments, noncurrent portion	26,752	27,009
Student loans, net of allowance of $838 and $849 in 2014 and 2013, respectively	719	704
Capital assets, net of accumulated depreciation of $111,959 and $105,144 in 2014 and 2013, respectively	210,022	192,134
Total noncurrent assets	241,585	230,409
Total assets	286,908	284,284
Deferred Outflows of Resources		
Deferred amounts from debt refunding	1,532	1,687
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses:		
Vendor	6,616	9,365
Payroll	4,214	3,910
Compensated absences, current portion	4,371	4,226
Accrued interest	3,169	3,231
Other current liabilities	4,305	4,305
Total accounts payable and accrued expenses	22,675	25,037
Long-term debt, current portion, net	5,544	3,723
Unearned student tuition and fees	1,903	1,548
Unearned grant revenue	—	457
Total current liabilities	30,122	30,765
Noncurrent liabilities:		
Long-term debt, noncurrent portion, net	145,044	149,582
Other noncurrent liabilities	2,882	2,870
Unearned grant revenue	1,674	—
Total noncurrent liabilities	149,600	152,452
Total liabilities	179,722	183,217
Net Position		
Net investment in capital assets	57,299	52,740
Restricted for:		
Expendable:		
Renewal and replacement	1,358	1,358
Debt service reserve	658	658
Debt service – principal	6,004	2,455
Perkins loans	232	229
Unrestricted	43,167	45,314
Total net position	$ 108,718	102,754

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2014 and 2013

(In thousands)

Assets		**2014**	**2013**
Cash and cash equivalents	$	1,288	1,165
Contributions receivable		2,444	2,356
Other receivables		24	12
Due from New Jersey City University		199	266
Restricted investments		8,040	6,822
Prepaid expenses		69	14
Computer equipment, net of accumulated depreciation of $11 and $28 in 2014 and 2013, respectively		6	25
Total assets	$	12,070	10,660
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	—	76
Due to New Jersey City University		111	206
Annuities payable		—	31
Other liabilities		187	—
Total liabilities		298	313
Net assets:			
Unrestricted:			
Operating		834	55
Business Development Incubator		127	204
Board designated		611	511
Computer equipment		6	25
Total unrestricted net assets		1,578	795
Temporarily restricted		7,167	6,652
Permanently restricted		3,027	2,900
Total net assets		11,772	10,347
Total liabilities and net assets	$	12,070	10,660

See accompanying notes to 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, 2014 and 2013

(In thousands)

		2014	2013
Operating revenues:			
Student revenue:			
Tuition and fees	$	84,904	84,862
Auxiliary enterprises		7,481	7,562
Less scholarship allowance		(30,999)	(30,821)
Total student revenue, net		61,386	61,603
Federal grants		22,570	21,713
State of New Jersey grants		13,477	13,030
Private and other grants		124	17
Other operating revenues		2,347	2,383
Total operating revenues		99,904	98,746
Operating expenses:			
Instruction		57,309	55,838
Research and programs		73	83
Academic support		13,308	13,690
Student services		15,248	15,418
Institutional support		23,391	22,777
Operation and maintenance of plant		16,229	14,603
Auxiliary enterprises		4,625	5,051
Student aid		2,023	1,931
Depreciation		7,540	7,155
Total operating expenses		139,746	136,546
Operating loss		(39,842)	(37,800)
Nonoperating revenues (expenses):			
State of New Jersey appropriations		26,056	26,056
State of New Jersey fringe benefit appropriations		22,030	22,086
Gifts to affiliates		(941)	(1,077)
Investment income		980	533
Unrealized and realized loss on investments		(310)	(997)
Interest expense		(4,816)	(4,892)
Gain (loss) on disposal of capital assets		(178)	22
Other nonoperating income		1,846	2,194
Net nonoperating revenues		44,667	43,925
Income before other revenues		4,825	6,125
Other revenues:			
Capital grants and gifts		1,139	165
Increase in net position		5,964	6,290
Net position as of beginning of year, as restated		102,754	96,464
Net position as of end of year	$	108,718	102,754

See accompanying notes to financial statements.

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

Statement of Activities

Year ended June 30, 2014

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues:					
Support from public contributions	$	304	379	127	810
Development grants and contracts		—	297	—	297
Contributed services and facilities		1,111	—	—	1,111
Interest and dividend income		21	135	—	156
Rental income		98	—	—	98
Special events		399	—	—	399
Other income		6	—	—	6
Fair value adjustment of split interest agreements		—	223	—	223
Appreciation in fair value of investments		122	799	—	921
Net assets released from restrictions in satisfaction of program restrictions		1,318	(1,318)	—	—
Total support and revenues		3,379	515	127	4,021
Expenses:					
Program services		1,379	—	—	1,379
Management and general		505	—	—	505
Fundraising		412	—	—	412
Special events		300	—	—	300
Total expenses		2,596	—	—	2,596
Increase in net assets		783	515	127	1,425
Net assets as of beginning of year		795	6,652	2,900	10,347
Net assets as of end of year	$	1,578	7,167	3,027	11,772

See accompanying notes to financial statements.

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

Statement of Activities

Year ended June 30, 2013

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues:				
Support from public contributions	$ 145	725	476	1,346
Development grants and contracts	—	349	—	349
Contributed services and facilities	1,077	—	—	1,077
Interest and dividend income	15	137	—	152
Rental income	124	—	—	124
Special events	237	3	—	240
Other income	1	—	—	1
Fair value adjustment of split interest agreements	—	(41)	—	(41)
Appreciation in fair value of investments	—	582	—	582
Net assets released from restrictions in satisfaction of program restrictions	450	(450)	—	—
Total support and revenues	2,049	1,305	476	3,830
Expenses:				
Program services	1,210	—	—	1,210
Management and general	470	—	—	470
Fundraising	443	—	—	443
Special events	124	—	—	124
Total expenses	2,247	—	—	2,247
(Decrease)/increase in net assets	(198)	1,305	476	1,583
Net assets as of beginning of year	993	5,347	2,424	8,764
Net assets as of end of year	$ 795	6,652	2,900	10,347

See accompanying notes to 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, 2014 and 2013

(In thousands)

		2014	2013
Cash flows from operating activities:			
Student receipts	$	58,286	56,149
Grants and contracts		35,331	35,985
Payments for salaries and benefits		(86,205)	(85,167)
Payments to suppliers		(16,936)	(17,419)
Payments for utilities		(3,959)	(3,651)
Payments to students		(2,023)	(1,931)
Loans issued to students		(125)	(144)
Collection of loans from students		121	173
Auxiliary enterprises		5,096	5,360
Other receipts		1,202	2,728
Net cash used by operating activities		(9,212)	(7,917)
Cash flows from noncapital financing activities:			
State of New Jersey appropriations		26,056	26,056
Net cash provided by noncapital financing activities		26,056	26,056
Cash flows from capital financing activities:			
Proceeds from capital debt		14,596	1,160
Amortization expense		187	—
Capital grants and gifts		1,139	155
Purchase of capital assets		(25,686)	(18,762)
Principal paid on capital debt		(3,592)	(3,148)
Interest paid on capital debt		(6,320)	(6,548)
Deposits withdrawn from bond trustees		17,380	24,339
Deposits made with bond trustees		(12,460)	(9,193)
Net cash used by capital financing activities		(14,756)	(11,997)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments		30,273	62,339
Purchases of investments		(28,622)	(72,713)
Interest on investments		309	862
Net cash provided by (used in) investing activities		1,960	(9,512)
Net increase (decrease) in cash and cash equivalents		4,048	(3,370)
Cash and cash equivalents as of beginning of year		4,053	7,423
Cash and cash equivalents as of end of year	$	8,101	4,053
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$	(39,842)	(37,800)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Provision for bad debts		872	926
Amortization expense		2	—
State of New Jersey paid fringe benefits expense		22,021	22,163
Depreciation expense		7,540	7,155
Insurance claim loss		—	77
Changes in assets and liabilities:			
Receivables		(749)	603
Other liabilities, current and noncurrent		461	398
Accounts payable and accrued expenses		(499)	(1,954)
Unearned revenue		982	515
Net cash used by operating activities	$	(9,212)	(7,917)
Noncash transactions:			
Gifts made	$	941	1,077
State of New Jersey paid fringe benefits		22,021	22,163

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

New Jersey City University (the University), formerly Jersey City State College, is a public institution of higher education in the State of New Jersey (the State). Effective May 29, 1998, the New Jersey Commission on Higher Education approved the name change and university status. Under the law, the University is an instrumentality of the State of New Jersey with a high degree of autonomy. However, under Governmental Accounting Standards Board (GASB) Statement No. 14, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

The University, located in Hudson County, is dedicated to urban programs designed to meet the complex economic, social, and educational problems of the "inner" cities of metropolitan New Jersey. The urban mission is unique among the State Colleges and Universities of New Jersey, and in order to strengthen this mission, the University has embarked on a plan designed to make it the premier Cooperative Education University in the State. While the student body is drawn primarily from Northern New Jersey counties, the University also attracts students from as far away as Texas, Nevada, Michigan, California and Colorado. In addition, the University's student population consists of students from over 20 nations through Europe, Asia, Africa and the Americas. The operation and management of the University is vested in its fourteen member board of trustees.

Special features of the campus include the A. Harry Moore Laboratory School for Special Education, the Center for Teaching and Learning, the Small Business Development Center, the Margaret Williams Theater for the Performing Arts, the Black Box Theater, the Small Business Development Incubator, and the University's Jersey City Waterfront Facility. The University's John J. Moore Athletic and Fitness Center has a gymnasium, fitness center, swimming pool, and modern dance studio. The University has 25 art and dance studios, 13 computer labs, 5 auditoriums, and approximately 187 classrooms and laboratories.

(b) Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the University conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. GASB Statement No. 35 establishes 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 attributable to the acquisition, construction, or improvement of those assets.
- *Restricted – expendable*: Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

- *Unrestricted*: Net position not subject to externally imposed stipulations 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.

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 Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

New Accounting Standards Adopted

In fiscal year 2014, the University adopted the following new accounting standards as follows:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The University adopted the provision in 2014 effective for the fiscal year beginning July 1, 2012, resulting in a restatement to reflect the elimination of bond issuance costs as assets, reclassification of the bond premium to long-term debt and classify the deferred amounts from debt refunding as a deferred outflows of resources.

(Continued)

Following is a reconciliation of the major categories in the University's June 30, 2013 financial statements affected by the adoption of GASB 65 as previously reported to the restated amounts for the same period.

Adoption of GASB 65

		As previously reported	Adjustments	As restated
			(In thousands)	
Statement of net position as of June 30, 2013:				
Deferred financing costs	$	1,916	(1,916)	—
Long-term debt, current portion		(3,567)	(156)	(3,723)
Long-term debt, noncurrent portion		(146,836)	(2,746)	(149,582)
Deferred amounts from debt refunding		—	1,687	1,687
Net investment in capital assets		55,871	(3,131)	52,740
Statement of revenues, expenses, and changes in net position for the year ended June 30, 2013:				
Operation and maintenance of plant		14,792	(189)	14,603
Net position as of beginning of year		99,784	(3,320)	96,464
Net position as of end of year		105,885	(3,131)	102,754

GASB Statement No. 66, *Technical Corrections – 2012, An Amendment of GASB Statement No. 10 and No. 62 Liabilities* (GASB 66), removes the provision in GASB Statement No. 10 that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type and modifies the specific guidance in GASB Statement No. 62 on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. There was no impact as a result of adoption of this standard to the University's financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70), improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. GASB 70 also requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor and requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. New information must be disclosed by governments that receive nonexchange financial guarantees. There was no impact as a result of adoption of this standard to the University's financial statements.

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.

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.

Investments

Investments are recorded in the financial statements at fair value, which is based on quoted market price. 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.

Restricted Deposits Held with Bond Trustees

Deposits held with bond trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and cash equivalents, money market accounts, U.S. Treasury notes and government securities. Deposits held with bond trustees that are externally restricted to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net position.

Capital Assets

Capital assets are carried at historical cost or if the asset is donated, at fair market 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.

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 revenue in the accompanying statements of net position.

Grant revenue is comprised mainly of funds received from Federal and State of New Jersey sources and is 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 revenue in the accompanying statements of net position.

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

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 have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as operating appropriations from the State of New Jersey, investment income, interest expense, and capital grants and gifts and interest expense.

Income Taxes

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

Financial Dependency

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

Reclassifications

Certain reclassifications have been made to the prior year's financial statements in order to conform to the current year's presentation.

(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 are discussed below.

(a) Cash and Cash Equivalents

The carrying amount of cash and cash equivalents as of June 30, 2014 and 2013 was $8,101,000 and $4,053,000 respectively, while the amount on deposit with banks was $9,030,000 and $4,952,000 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, 2014 and 2013 were partially insured by Federal Depository Insurance in the amount of $250,000, respectively. Bank balances in excess of insured amounts of $8,780,000 in 2014 and $4,702,000 in 2013, 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 wherein amounts also contributed by other State entities are combined into a large scale investment program. The carrying amount and fair value as of June 30, 2014 and 2013 was $74,000. The Cash Management Fund is unrated and consists of underlying investments with maturities of less than one year.

Statutes of the State of New Jersey 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, 2014 and 2013:

		2014	2013
		(In thousands)	
Money market account	$	3,988	5,000
Money market fund		6,149	12,299
U.S. government agencies		2,491	4,965
Corporate notes and bonds		31,357	23,680
		43,985	45,944
Less noncurrent portion		(26,752)	(27,009)
Investments, current portion	$	17,233	18,935

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, 2014 and 2013, 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, 2014 and 2013, the University's investment quality ratings as rated by Moody's were as follows:

	2014		
Investment type	**Quality rating**		**Amount**
			(In thousands)
U.S. government agencies	AAA	$	2,491
Corporate notes and bonds	AA3		3,070
Corporate notes and bonds	AA2		2,002
Corporate notes and bonds	A3 – A		8,094
Corporate notes and bonds	Baa2 – Baa1		18,191
Money market account	A2		3,988
Money market fund	Not rated		6,149
		$	43,985

Investment type	2013 Quality rating		2013 Amount (In thousands)
U.S. government agencies	AAA	$	4,965
Corporate notes and bonds	AA3		3,077
Corporate notes and bonds	AA2		3,618
Corporate notes and bonds	A3 – A2		8,083
Corporate notes and bonds	Baa2 – Baa1		8,902
Money market fund	Not rated		12,299
		$	40,944

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. The following tables summarize investment maturities as of June 30, 2014 and 2013:

	2014				
			Investment maturities (in years)		
Investment type		Fair value	Less than 1	1 to 2	2 to 5
			(In thousands)		
Cash and money market accounts	$	10,137	10,137	—	—
U.S. government agencies		2,491	—	—	2,491
Corporate notes and bonds		31,357	7,096	12,250	12,011
	$	43,985	17,233	12,250	14,502

		2013			
			Investment maturities (in years)		
Investment type		**Fair value**	**Less than 1**	**1 to 2**	**2 to 5**
			(In thousands)		
Cash and money market accounts	$	17,299	17,299	—	—
U.S. government agencies		4,965	—	—	4,965
Corporate notes and bonds		23,680	1,636	3,041	19,003
	$	45,944	18,935	3,041	23,968

(3) Restricted Deposits Held with Bond Trustees

Restricted deposits held with bond trustees include funds held by The Bank of New York and U.S. Trust under the terms of various long-term debt agreements. As of June 30, 2014, restricted deposits held with trustees related to grant deposits were $1,718. Restricted deposits held with bond trustees are carried in the financial statements at fair value and consist of the following:

		2014	**2013**
		(In thousands)	
Money market accounts	$	11,968	5,854
U.S. Treasury notes and government securities		2,991	14,024
		14,959	19,878
Less noncurrent portion		(4,092)	(10,562)
Restricted deposits held with bond trustees, current portion	$	10,867	9,316

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, 2014 and 2013, the University's restricted deposits held with bond trustees are invested in money market accounts or U.S. Treasury notes or government securities guaranteed by the U.S. government. As of June 30, 2014 and 2013, the University's deposits held with bond trustees are either insured, registered, or held by the University's investment custodian in the University's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table summarizes debt securities held with bond trustees maturities as of June 30, 2014 and 2013:

	2014				
			Investment maturities (in years)		
Investment type		**Fair value**	**Less than 1**	**1 to 2**	**More than 2**
			(In thousands)		
Money market accounts	$	11,968	11,968	—	—
U.S. Treasury notes and government securities		2,991	2,991	—	—
	$	14,959	14,959	—	—

	2013				
			Investment maturities (in years)		
Investment type		**Fair value**	**Less than 1**	**1 to 2**	**More than 2**
			(In thousands)		
Money market accounts	$	5,854	5,854	—	—
U.S. Treasury notes and government securities		14,024	14,024	—	—
	$	19,878	19,878	—	—

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2014 and 2013 follows:

	June 30, 2013	Additions	Reductions	June 30, 2014
		(In thousands)		
Depreciable assets:				
Land improvements	$ 835	—	—	835
Buildings and building improvements	188,699	13,228	(300)	201,627
Equipment and other assets	49,086	4,125	(603)	52,608
	238,620	17,353	(903)	255,070
Less accumulated depreciation:				
Land improvements	(809)	(4)	—	(813)
Buildings and building improvements	(65,910)	(4,496)	127	(70,279)
Equipment and other assets	(38,425)	(3,040)	598	(40,867)
	(105,144)	(7,540)	725	(111,959)
Total depreciable assets	133,476	9,813	(178)	143,111
Nondepreciable assets:				
Land	19,573	—	—	19,573
Construction in progress	39,085	22,525	(14,272)	47,338
	$ 192,134	32,338	(14,450)	210,022

		June 30, 2012	Additions	Reductions	June 30, 2013
			(In thousands)		
Depreciable assets:					
Land improvements	$	825	10	—	835
Buildings and building improvements		184,463	4,243	(7)	188,699
Equipment and other assets		47,686	2,052	(652)	49,086
		232,974	6,305	(659)	238,620
Less accumulated depreciation:					
Land improvements		(806)	(3)	—	(809)
Buildings and building improvements		(61,747)	(4,166)	3	(65,910)
Equipment and other assets		(36,087)	(2,986)	648	(38,425)
		(98,640)	(7,155)	651	(105,144)
Total depreciable assets		134,334	(850)	(8)	133,476
Nondepreciable assets:					
Land		19,573	—	—	19,573
Construction in progress		23,544	20,126	(4,585)	39,085
	$	177,451	19,276	(4,593)	192,134

Estimated costs to complete the projects classified as construction in progress as of June 30, 2014 approximated $2.9 million and are anticipated to be funded primarily from bond proceeds, as well as other unrestricted resources. During 2014 and 2013, the University capitalized interest income of $2,000 and $10,000 respectively, and interest expense of $1,675,000 and $1,678,000 respectively, which is included in construction in progress in the accompanying statements of net position.

(Continued)

(5) Long-Term Debt

The University has financed capital assets through various revenue bonds issued by the New Jersey Educational Facilities Authority (NJEFA). Capital assets of approximately $156.0 million and $124.7 million as of June 30, 2014 and 2013, respectively, funded by bond proceeds are included in the accompanying statements of net position. The following obligations to the Authority were outstanding as of June 30, 2014 and 2013:

	Interest rate		2014	2013
			(In thousands)	
Bonds payable:				
New Jersey Educational Facility Authority Revenue Bonds:				
Series 2002 A Revenue Bonds, due serially to 2032	3.00–5.00%	$	800	1,175
Series 2003 B Revenue Bonds, due July 1, 2018	5.45%		1,200	1,400
Series 2007 F Revenue Refunding Bonds due July 1, 2032	3.00–5.00%		16,680	16,955
Series 2008 E Revenue Refunding Bonds, due July 1, 2035	4.00–5.00%		61,020	62,625
Series 2008 F Revenue Refunding Bonds, due July 1, 2036	6.85%		6,175	6,175
Series 2010 F Revenue Refunding Bonds, due July 1, 2028	2.00–4.00%		23,820	24,065
Series 2010 G Revenue Refunding Bonds, due July 1, 2040	6.19%		18,310	18,310
Total bonds payable			128,005	130,705
Other long-term debt:				
New Jersey Educational Facility Authority Higher Education Capital Improvement Fund Series 2000 B	4.13–5.75%	$	2,713	3,028
New Jersey Educational Facility Authority Equipment Leasing Fund Series 2001 A and B, net of imputed interest of $45 and $67, respectively	5.00%		110	166
New Jersey Environmental Infrastructure Trust Loan 2005 A	4.00–5.00%		565	600

	Interest rate	2014	2013
		(In thousands)	
New Jersey Environmental Infrastructure Fund Loan 2005 A, net of imputed interest of $390 and $455, respectively	—%	$ 951	997
New Jersey Environmental Infrastructure:			
Trust Loan 2013 A	3.00–5.00%	3,385	3,385
Fund Loan 2013 A	—%	10,181	10,181
New Jersey Educational Facility Authority Equipment Leasing Fund Series 2014 A	—%	377	—
Various capital lease obligations	5.00%	1,555	1,342
Total other long-term debt		19,837	19,699
Subtotal long-term debt		147,842	150,404
Add bond premiums, net		2,746	2,901
Total long-term debt		150,588	153,305
Less noncurrent portion		(145,044)	(149,582)
Total long-term debt, current portion		$ 5,544	3,723

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 payments of these agreements include a 3% to 7% charge for interest. As of June 30, 2014 and 2013, the net present value of the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is $1,555,000 and $1,342,000 respectively. The fiscal year 2014 and 2013 payments for these capitalized lease obligations were $441,000 and $350,000 respectively.

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, 2014:

		Principal	Interest (In thousands)	Total
Year ending June 30:				
2015	$	5,388	6,385	11,773
2016		6,134	6,179	12,313
2017		6,176	5,962	12,138
2018		6,209	5,723	11,932
2019		6,259	5,479	11,738
2015–2019 subtotal		30,166	29,728	59,894
2020–2024		30,456	23,763	54,219
2025–2029		29,588	17,854	47,442
2030–2034		31,154	10,913	42,067
2035–2039		22,780	3,240	26,020
2040–2041		3,698	116	3,814
	$	147,842	85,614	233,456

(6) Noncurrent Liabilities

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2014 and 2013:

		June 30, 2013	Additions	Reductions (In thousands)	June 30, 2014	Current portion
Long-term debt	$	153,305	1,030	(3,747)	150,588	5,544
Other noncurrent liabilities:						
U.S. government grants refundable		686	11	—	697	—
Compensated absences		6,410	406	(260)	6,556	4,371
Unearned grant revenue		—	1,674	—	1,674	—
Total noncurrent liabilities	$	160,401	3,121	(4,007)	159,515	9,915

		June 30, 2012	Additions	Reductions	June 30, 2013	Current portion
				(In thousands)		
Long-term debt	$	141,882	14,726	(3,303)	153,305	3,723
Other noncurrent liabilities:						
Pollution remediation obligation		4,305	—	(4,305)	—	—
U.S. government grants refundable		602	84	—	686	—
Compensated absences		6,293	305	(188)	6,410	4,226
Total noncurrent liabilities	$	153,082	15,115	(7,796)	160,401	7,949

(7) Pollution Remediation Obligation

In fiscal year 2009, the University adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB Statement No. 49). GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential effects of existing pollution by participating in pollution remediation activities such as site assessments and remediation. Pollution remediation obligations exclude pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset. GASB Statement No. 49 identifies the obligating events, which require the University to estimate the components of the expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability and if appropriate, capitalized when goods and services are acquired.

The University's pollution remediation obligation is related to the land acquired for the future West Side Campus project. The land was acquired with known or suspected pollutants which are required to be remediated in preparing the land for its originally intended purposes. The estimated cost of the pollution remediation obligation was obtained from a third party contractor, inclusive of anticipated additional costs relating to additional time necessary to complete the remediation, changes in regulatory requirements and any unknown conditions.

The financial impact and effect of the adoption of GASB Statement No. 49 was the recognition of a pollution remediation liability of $4.3 million as of June 30, 2009. The first phase of the pollution remediation efforts was completed during fiscal year 2012. The University has retained the services of a Licensed Site Remediation Professional and Construction Management firm to assist in the second phase of the pollution remediation. The second phase of the remediation efforts commenced during fiscal year 2013 and additional expenditures of approximately $10.7 million were incurred and capitalized during fiscal year 2014. Additional outlays of approximately $4.3 million will be necessary to prepare the land for its originally intended purpose. Remediation efforts are scheduled to be completed during fiscal year 2015.

(8) Retirement Plans

(a) Postemployment Benefits Other than Pensions

The State of New Jersey is legally responsible for contributions to the other postemployment benefits plan that covers the employees of New Jersey City University. The employees of New Jersey City University are employees of the State of New Jersey, therefore the other postemployment benefit plans liability was reported by the State of New Jersey.

(b) Pension Plan Descriptions

The University participates in two major retirement plans for its employees – Public Employees' Retirement System (PERS) and the Alternate Benefit Program (ABP). Enrollment into the pension program is mandatory for all employees. Employees who are retired from another state administered retirement plan are exempt from participation. Under these plans, participants make annual contributions, and the State, in accordance with State statutes, makes employer contributions on behalf of the University for these plans. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included with the State of New Jersey fringe benefits in the accompanying financial statements.

The PERS pension plan is a defined benefit program administered by the State of New Jersey Division of Pensions and Benefits. It was established to provide coverage to all civil service employees of the state or public agencies of the state. PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post retirement healthcare, to substantially all full-time employees of the State or public agency provided the employee is not a member of another State administered retirement system. The ABP pension plan is a defined contribution 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), ING Aetna Financial Services, AIG Valic, Equitable Life Insurance Company, Hartford, and Travelers.

In addition to the two plans in which the University participates, certain faculty members of the University participate in the Teachers' Pension and Annuity Fund (TPAF) which is a State of New Jersey cost-sharing contributory defined benefit pension plan with a special funding situation. TPAF was established under the provisions of N.J.S.A. 18A:66 to provide coverage including post retirement healthcare to substantially all full time public school employees in the State of New Jersey. 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 of New Jersey annually at an actuarially determined rate. The University no longer enrolls new employees into the TPAF plan. The State of New Jersey issues a publicly available financial report that includes financial statements and required supplementary information for PERS and TPAF. This report may be obtained 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.

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(c) PERS Funding Policy

Employees holding classified positions are enrolled into the PERS pension plan. 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. Currently, PERS members are required to contribute 6.8% and 6.6% of their annual covered salary for the years ended June 30, 2014 and 2013, respectively. This amount changes with negotiations of each new union contract. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State of New Jersey's annual contribution approximates the actuarially determined pension cost for the year. Employers were not required to contribute in 2014 or 2013 due to legislation enacted in 1997 by the State of New Jersey, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

(d) Alternate Benefit Program Information

Employees enrolled in the ABP pension program are faculty members, administrators, and managers of the University. Enrollment into the pension program begins the first date of hire for all permanent employees. Temporary employees are enrolled after one year of continuous temporary employment. ABP provides the choice of six 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. ABP 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.

(e) Pension and Health Benefits Reform

Pursuant to Chapter 78, P.L. 2011, Pension and Health Benefits Reform, employee pension and health benefit contribution rates will change with the first payroll to be paid on or after October 1, 2011. The Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) employee pension contribution rate will increase from 5.5% to 6.5% of salary. An additional increase will be phased over the next seven years that will bring the total PERS and TPAF employee contribution rate to 7.5% of salary. In addition, pursuant to the major health benefit provisions included in Chapter 78, P.L. 2011, all public employees will be required to contribute a certain percentage of their health benefit premiums. The percentage rate of contribution will be determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a four year period with a minimum contribution required to be at least 1.5% of salary.

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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 of salary up to the maximum Federal statutory limit. Employer contributions are 8%. During the years ended June 30, 2014 and 2013, ABP received employer and employee contributions that approximated the following from the University:

		2014	2013
		(In thousands)	
Employer contribution	$	3,668	3,638
Employee contribution		2,292	2,274
Basis for contribution:			
Participating employee salaries		45,849	45,479

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

(f) Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP 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.

The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. Information, including distribution options, is available on Prudential's New Jersey Defined Contribution Program Web site. By law (Chapter 103, P.L. 2007), the DCRP member contribution rate is set at 5.5% and the DCRP employer contribution rate has been set at 3% of base salary. During the years ended June 30, 2014 and 2013, DCRP employer and employee contributions were the following:

		2014	2013
		(In thousands)	
Employer contribution	$	5	4
Employee contribution		10	8
Basis for contributions:			
Participating employee salaries		175	149

(9) 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.

(10) State of New Jersey Fringe Benefit Appropriations

The State of New Jersey, through separate appropriations, pays certain fringe benefits. Specifically, there is a current matching portion for the pension contribution for active employees, medical and dental benefits, state taxes, and FICA taxes. For the years ended June 30, 2014 and 2013, such benefits amounted to approximately $22.0 million and $22.1 million, respectively, and are included in appropriations revenue and operating expenses by function in the accompanying financial statements.

(11) Compensated Absences

The University recorded a liability for compensated absences in the amount of $6.6 million and $6.4 million as of June 30, 2014 and 2013, respectively, which is included in compensated absences, current portion and other noncurrent liabilities in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation leave, paid leave bank days, and accrued compensation days as of year-end, as well as an estimated vested amount for accrued sick leave.

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. Prior to 1991, the State reimbursed the University for payments made to retiring employees for accrued sick leave; however, since 1991 the State did not make such reimbursements. The University paid $61,000 and $59,000 in sick-leave payments for employees who retired during the years ended June 30, 2014 and 2013, respectively.

(12) Student Financial Assistance Programs

The University's students receive support from Federal and State of New Jersey 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 the U.S. Department of Education (DOE). 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.

(13) New Jersey City University Foundation, Inc.

New Jersey City University Foundation, Inc. (Foundation) is a legally separate tax-exempt component unit of the University with a fiscal year-end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fund-raising entity to supplement the resources available to the University. The Foundation's board of directors has 13

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members with three of the members representing the University. They are the President, Vice President for Administration and Finance, and Vice President for University Advancement. Although the University does not control the timing or amount of receipts from the Foundation, the resources or the income thereon, the Foundation holdings and investments are used exclusively for the benefit, support, and promotion of the University for its activities. Because the resources held by the Foundation have historically only been used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's basic financial statements.

During the year ended June 30, 2014 and 2013, the Foundation distributed $425,000 and $450,000 respectively, to the University in the form of scholarships and program support. The University contributed $941,000 gifts and $1,077,000 in contributed services and facilities for the years ended June 30, 2014 and 2013, respectively.

The Foundation is a private not-for-profit organization that reports under Financial Accounting Standards Board Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board 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.

(14) Risk Management

The University is exposed to various risks of loss. The University purchased and funds property and casualty insurances through a joint insurance program with the nine State of New Jersey 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 of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement programs).

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 $1,500,000,000. Money and securities coverage provides for the actual loss in excess of $35,000 with a per loss limit of $5,000,000. The University also maintains a Fine Arts Insurance Policy that insures all permanent fine arts on campus, as well as temporary loan exhibitions that take place in the University art galleries to the extent that losses exceed $1,000 for each separate occurrence of loss or damage or $2,500 for outdoor sculptures with a per occurrence limit of $500,000.

As an instrumentality of the State of New Jersey 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 of New Jersey or against its employees for which the State of New Jersey 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 of New Jersey 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.

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During fiscal year 2013, University property and equipment was damaged by Hurricane Sandy. GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,* establishes accounting and financial reporting standards for impairment of capital assets. GASB 42 indicates that a capital asset is considered impaired when its service utility has declined significantly and unexpectedly. None of the University's capital assets were impaired as a result of Hurricane Sandy. However, the University recognized capital and noncapital expenditures of approximately $351,000 relating to the storm. The University's property insurance policy reimbursed the University $251,000 of the claim, net of the University's $100,000 deductible. In addition, the University has recognized $193,000 of FEMA grant revenue during fiscal year 2014 and there are no pending claims for additional public assistance with FEMA at this time.