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

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

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

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Introduction

This section of the financial statements of New Jersey City University (the University) presents management's discussion and analysis of the financial performance and condition for the years ended June 30, 2010 and 2009, and comparative amounts for the year ended June 30, 2008. 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 the date of its charter by the New Jersey Legislature in 1927, the University continues to evolve as a reputable institution of higher learning. Although the University was founded as a teacher training institution, its subsequent dynamic growth has been based on its energetic and creative response to public demands for new educational programs. While the University's location in the urban center of the Northeast affords students all of the varied cultural and intellectual stimulation of a city, the campus has retained a quiet atmosphere for study, and a size conducive to a strong relationship between students and faculty which enhances learning. More than 30 degree programs are currently being offered at the University. In addition, graduate programs and teacher certification programs are also available. Computer science, business administration, criminal justice, and health sciences are among some of the newer programs which have joined the traditional programs of study in the liberal arts. During the summer of fiscal year 2009 the University also began offering an undergraduate accelerated nursing program. The student body of the University is drawn from a broad base of the population and includes the high school graduate pursuing a four-year degree sequence, as well as nontraditional students. These nontraditional students include the older student, the part-time student, and the working student, all of whom are able to avail themselves of flexible class scheduling.

The New Jersey City University Foundation, Inc. (the Foundation) was established as a nonprofit corporation to provide an independent instrument of control of funds, from other than state resources, which support the purposes and 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 by or 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 Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, 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 on a basis to focus on the University as a whole. Previously, financial statements focused on the accountability of individual fund groups. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, 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 Assets

The Statement of Net Assets presents the financial position of the University 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 life. Assets are classified as current and noncurrent. Current assets are those assets considered to be convertible to cash within one year. Current assets of the University 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.

Liabilities are also classified as current and noncurrent. Current liabilities are those liabilities due and anticipated to be paid within the upcoming fiscal year. Current liabilities of the University consist primarily of trade accounts payable, accrued benefits, and current portion of long-term debt.

Net assets are the residual interest in the University's assets after the liabilities are deducted. Net assets are classified into three categories: net assets invested in capital assets, net of related debt; expendable restricted net assets; and unrestricted net assets. The first category, net assets invested in capital assets, net of related debt, reflects the equity in capital assets that the University owns. Expendable restricted net assets 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 assets, is available to be used for the general purpose or operations of the University.

A summary of the University's assets, liabilities and net assets at June 30, 2010 and 2009, and comparative amounts at June 30, 2008 are as follows:

	2010	2009	2008
		(In millions)	
Assets:			
Current assets	$ 41.3	45.0	38.2
Noncurrent assets:			
Capital assets	170.7	173.7	172.8
Other assets	24.7	18.1	20.9
Total assets	$ 236.7	236.8	231.9
Liabilities:			
Current liabilities	$ 21.4	18.9	13.4
Noncurrent liabilities	117.6	121.4	119.7
Total liabilities	$ 139.0	140.3	133.1

		2010	2009	2008
			(In millions)	
Net assets:				
Invested in capital assets, net of related debt	$	60.5	60.9	63.7
Restricted for expendable:				
Renewal and replacement		2.8	2.7	2.6
Debt service reserve		1.9	2.5	2.5
Debt service – principal		3.5	2.9	1.3
Perkins loans		0.2	0.2	0.2
Unrestricted		28.8	27.3	28.5
Total net assets	$	97.7	96.5	98.8

Statement of Net Assets – Financial Highlights

As of June 30, 2010, the University's total assets decreased by $0.1 million to $236.7 million from $236.8 million as of June 30, 2009. This decrease is attributable to decreases in several accounts, most notably a decrease of $1.2 million in other receivables attributed to enhanced collection efforts of A. Harry Moore and NJ Pathways tuition receivables throughout the year and a decrease of $3.0 million in net capital assets attributed to depreciation expense of $7.7 million exceeding current year additions of $4.7 million. These decreases were offset by an increase of $5.1 million in University investments attributable to additional money market investment vehicles purchased during the year.

As of June 30, 2009, the University's total assets increased by $4.9 million to $236.8 million from $231.9 million as of June 30, 2008. This increase is primarily attributable to an increase of $2.5 million in University investments, an increase of $2.0 million in deposits held with bond trustees and an increase of $0.9 million in net capital assets. The increase in investments is primarily attributable to additional money market investment vehicles purchased during the year. The increase in deposits held with bond trustees is due to the advance funding of bond interest and principal payments made by the University in June 2009 that will be remitted by the trustee in July. Finally, the increase in net capital assets is attributed to fixed asset purchases of $1.7 million and $7.3 million in additions to construction in progress exceeding annual depreciation expense of $8.0 million. These increases as well as several other account increases were offset by a decrease in cash and cash equivalents of $1.5 million, primarily attributed to a decrease in the value of the University cash management fund investments.

As of June 30, 2010, the University's total liabilities decreased by $1.3 million to $139.0 million from $140.3 million as of June 30, 2009. This decrease is primarily attributable to a decrease in long-term debt of $3.3 million due to principal payments made during the year offset primarily by an increase in accounts payable of $1.8 million related to vendor payments, payroll and compensated absence liabilities.

(Continued)

As of June 30, 2009, the University's total liabilities increased by $7.2 million to $140.3 million from $133.1 million as of June 30, 2008. The two major components are an increase of $4.3 million in other noncurrent liabilities and an increase of $1.1 million in accrued interest. As a result of the adoption of GASB 49, the University recognized a noncurrent liability of $4.3 million relating to the University's pollution remediation obligation relating to the land acquired for the future West Side Campus project. These increases among other account increases were offset by a decrease in long-term debt of $0.8 million due to principal payments made during the year.

The State of New Jersey implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2008. 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.

The current ratio of the University measures the institution's ability to satisfy current obligations as they come due. The University's current ratio was 1.1, 2.3, and 2.9 as of June 30, 2010, 2009, and 2008, 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. The University's unrestricted financial resource ratio was 21.90%, 21.61%, and 23.38% as of June 30, 2010, 2009, and 2008, respectively.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenue earned and expenses incurred during the fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Assets is categorized into three sections: operating revenues, operating expenses, and net nonoperating revenues (expenses). The net difference between these three, results in an increase or decrease in the University's net assets. The change in net assets 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 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 were not provided in exchange for such revenue. The State of New Jersey appropriation and interest income are classified as nonoperating revenue of the University. Nonoperating expenses consist of interest expense and gifts to the New Jersey City University Foundation. For the year ended

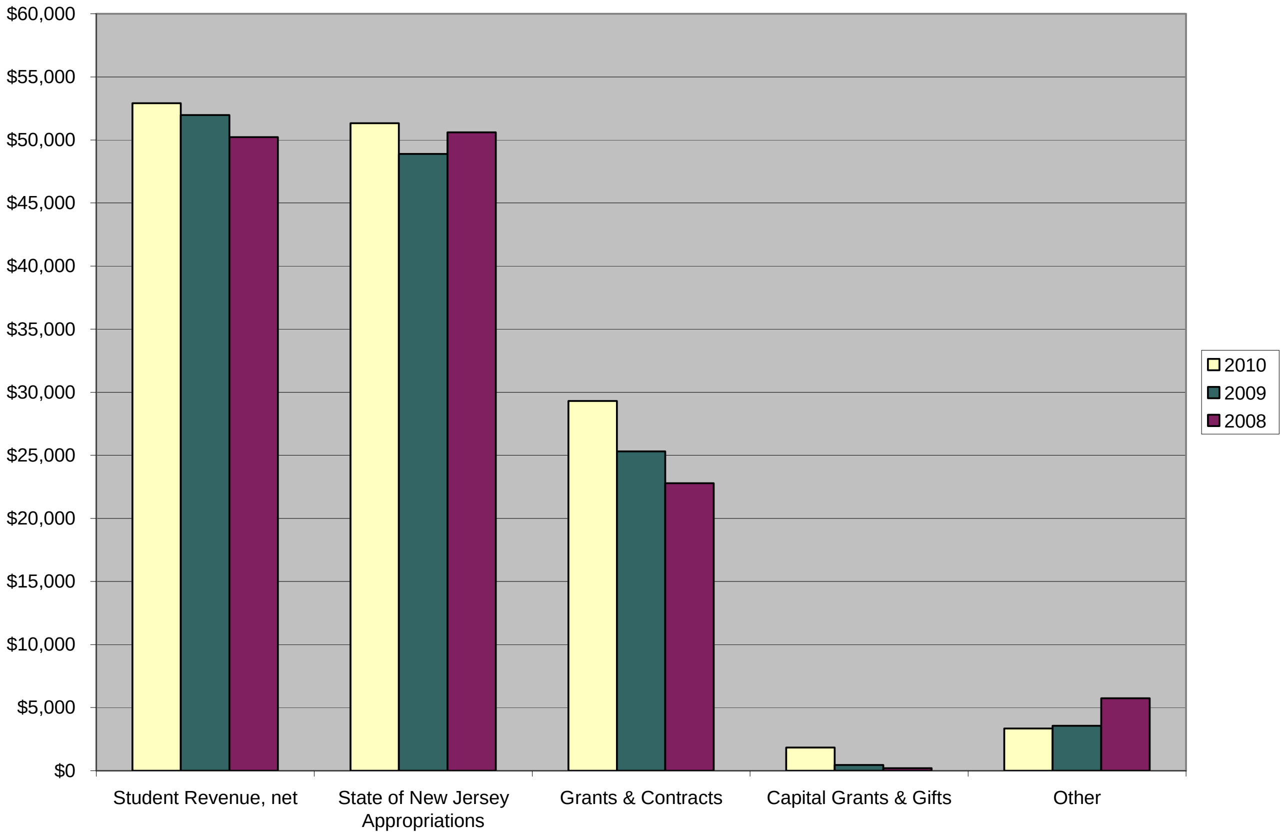
June 30, 2010, the Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase in net assets of $1.2 million. The following is the Statement of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2010 and 2009, and comparative amounts for the year ended June 30, 2008:

		2010	2009	2008
			(In millions)	
Operating revenues:				
Student revenue (less scholarships)	$	52.91	51.97	50.22
Grants and contracts		29.31	25.32	22.80
Other		2.91	2.55	2.65
Total operating revenues		85.13	79.84	75.67
Operating expenses:				
Instruction		51.30	51.18	50.79
Academic support		12.30	12.29	11.86
Student services		13.06	13.28	12.74
Institutional support		22.27	19.38	18.23
Operation and maintenance of plant		15.68	15.28	14.58
Auxiliary enterprises		4.70	4.18	3.66
Student aid		4.32	2.73	2.68
Depreciation		7.74	8.00	7.59
Total operating expenses		131.37	126.32	122.13
Operating loss		(46.24)	(46.48)	(46.46)

		2010	2009	2008
			(In millions)	
Nonoperating revenues (expenses):				
State of New Jersey appropriations	$	31.42	30.39	32.89
State of New Jersey fringe benefit appropriations		19.90	18.51	17.72
Investment income		0.15	0.83	2.90
Interest expense		(5.47)	(5.62)	(4.59)
Other nonoperating expenses		(0.37)	(0.39)	(0.50)
Net nonoperating revenues		45.63	43.72	48.42
Capital grants and gifts		1.83	0.46	0.19
Increase (decrease) in net assets		1.22	(2.30)	2.15
Net assets, beginning of year		96.47	98.77	96.62
Net assets, end of year	$	97.69	96.47	98.77

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, 2010 and 2009, and comparative amounts for the year ended June 30, 2008 (amounts in thousands):



		2010				
		Student revenue, net	**State of New Jersey appropriations**	**Grants and contracts**	**Capital grants and gifts**	**Other revenues**
Amounts (in thousands)	$	52,914	51,329	29,309	1,838	3,351
Percent		38.1%	37.0%	21.1%	1.3%	2.4%

		2009				
		Student revenue, net	State of New Jersey appropriations	Grants and contracts	Capital grants and gifts	Other revenues
Amounts (in thousands)	$	51,969	48,893	25,319	459	3,557
Percent		39.9%	37.6%	19.4%	0.4%	2.7%

		2008				
		Student revenue, net	State of New Jersey appropriations	Grants and contracts	Capital grants and gifts	Other revenues
Amounts (in thousands)	$	50,218	50,612	22,795	193	5,751
Percent		38.8%	39.1%	17.6%	0.1%	4.4%

For 2010, 2009, and 2008, 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 for the fiscal years ending June 30, 2010, 2009, and 2008 were $51.3 million, $48.9 million, and $50.6 million, respectively. The State of New Jersey appropriations continue to be affected by the economic climate in New Jersey. In 2010, the University's base appropriation and salary program funding received from the State decreased approximately $3.0 million. However, a total of $4.1 million of American Recovery and Reinvestment Act funds were appropriated to the University in the form of state appropriations and Tuition Aid Grants (TAG). Additionally, fringe benefits appropriation increased by approximately $1.4 million. Total student revenue, net, for fiscal years ending June 30, 2010, 2009, and 2008 were $52.9 million, $52.0 million, and $50.2 million, respectively. This comprised 38.1%, 39.9%, and 38.8% of the revenue received by the University for the fiscal years ending June 30, 2010, 2009, and 2008, respectively. Tuition rates were increased by 3.0%, 7.0%, and 7.4% for the academic years beginning in fall 2009, 2008, and 2007, respectively.

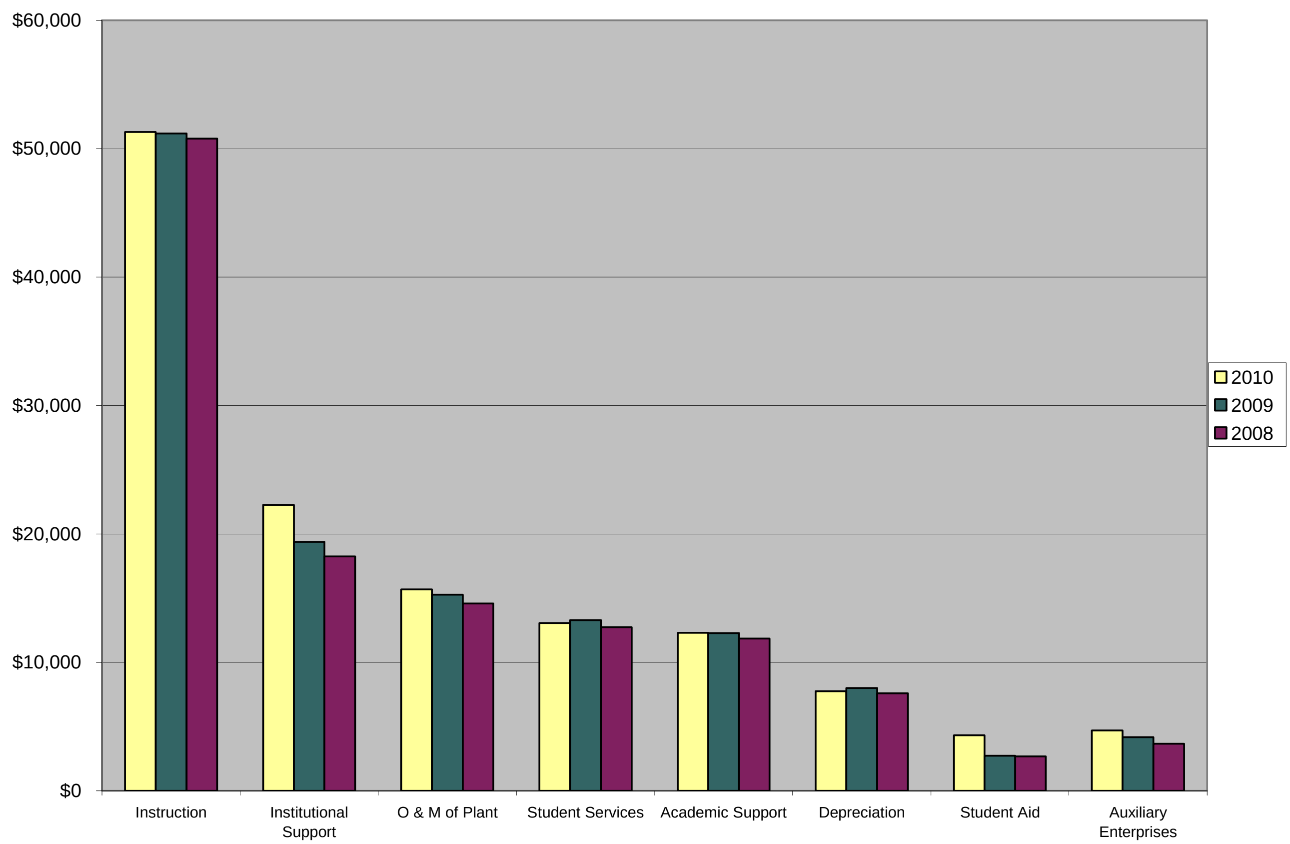
For the year ended June 30, 2010, 2009, and 2008, revenues from Federal and State of New Jersey grants were $29.3 million, $25.3 million, and $22.8 million, respectively. The major grant programs and sponsors at the Federal level include Pell, College Work Study, Trio-Upward Bound, Hispanic Serving Institutions – Title V, Gear Up, Newark Striving Readers, and Americorps, among others. Major State of New Jersey grant programs include TAG, Educational Opportunity Fund, College Bound, and Youth Corps. In fiscal year 2010, financial aid grants for Pell and TAG increased approximately $4.3 million and $1.9 million, respectively. Pell and TAG increased by $1.5 million for the fiscal year ending June 30, 2009 in proportion to the increase in tuition and fees.

During fiscal years 2010 and 2009 the University recognized revenue relating to one capital grant for $.045 million and $0.09 million, respectively, in relation to the annual U.S. Department of Housing and Urban Development (HUD) subsidy. In addition, during fiscal years 2010 and 2009 the University recognized capital grants for $1.8 million and $0.5 million, respectively, for the renovation of lab space in the Science Building.

For the years ended June 30, 2010 and 2009, investment income was $0.2 million and $0.8 million, respectively. As a result of the current market environment, investment income decreased by $0.6 million as compared to the prior fiscal year. For the year ended June 30, 2009 interest income decreased by approximately $2.1 million as compared to the prior fiscal year. There were no significant bond maturities in 2010 and 2009. For the year ended June 30, 2009 investment income was $0.8 million.

Financial Highlights – Expenses

For the year ended June 30, 2010, the University's total operating expenses increased $5.0 million to $131.3 million from $126.3 million for the year ended June 30, 2009. The following is an illustration of operating expenses by functional classification for the operating years ended June 30, 2010 and 2009, and comparative amounts for the year ended June 30, 2008 (amounts in thousands):



2010

		Instruction	Institutional support	O & M of plant	Student services	Academic support	Depreciation	Student aid	Auxiliary enterprises
Amounts (in thousands)	$	51,300	22,267	15,682	13,066	12,297	7,743	4,326	4,696
Percent		39.0%	16.9%	11.9%	9.9%	9.4%	5.9%	3.3%	3.6%

2009

		Instruction	Institutional support	O & M of plant	Student services	Academic support	Depreciation	Student aid	Auxiliary enterprises
Amounts (in thousands)	$	51,183	19,381	15,275	13,283	12,286	8,005	2,727	4,184
Percent		40.6%	15.3%	12.1%	10.5%	9.7%	6.3%	2.2%	3.3%

2008

		Instruction	Institutional support	O & M of plant	Student services	Academic support	Depreciation	Student aid	Auxiliary enterprises
Amounts (in thousands)	$	50,785	18,235	14,582	12,745	11,857	7,591	2,677	3,659
Percent		41.6%	14.9%	11.9%	10.4%	9.7%	6.2%	2.2%	3.0%

Total operating expenses increased by $5.0 million, $4.2 million, and $5.4 million for the years ended June 30, 2010, 2009, and 2008, respectively. The change in operating expenses are primarily due to increases in salaries and benefits, building and grounds maintenance, and student aid expense. Total accumulated depreciation as of June 30, 2010, 2009, and 2008 was $86.7 million, $81.2 million, and $75.4 million, respectively. Depreciation expense was $7.7 million, $8.0 million, and $7.6 million for the years ending June 30, 2010, 2009, and 2008, respectively. The University has adopted a strategy of funding depreciation within its budget process.

Capital and Debt Activities

The University is committed to the quality and progression of its academic and community programs. This commitment however, must be guided by prudent strategic planning and allocation of resources that provide the greatest benefit for stakeholders. As such, the University has embarked on the creation of a Facilities Master Plan which is expected to be completed in the fall of 2010. Additionally, the results of the Deferred Maintenance study conducted in 2009 forms the basis for including $30 million in the University's September 2010 bond issue to complete the high-priority building and infrastructure maintenance projects.

Net additions to capital assets totaling $4.7 million in fiscal year 2010 consisted of ongoing remediation of the West Campus site, roof repairs for the Professional Studies building and Hepburn Hall, renovations to the Science Building, window replacement in Fries Hall, and various smaller department renovations.

Construction in progress, net additions totaling $4.9 million in fiscal year 2009 consisted of renovations to the John J. Moore Athletic Center showers, the Multipurpose Room in the Gilligan Student Union Building, ongoing remediation for the West Campus property, and expansion of the Campus Card program which improves security for students and staff via secure card access and video monitoring for critical areas of the campus. Additionally, various smaller department renovations including the Child Care Center, the Bursar's Office, the Housekeeping and Information Technology departments were completed.

In 2009, the University completed a study to evaluate and prioritize its deferred maintenance requirements for all buildings and supporting infrastructure. Additionally, efforts are currently under way to create a Facilities Master Plan to provide a holistic view of current and future building and facilities needs. The Facilities Master Plan and the Deferred Maintenance Study will form the basis of assessing the cost, scope and timeline for which buildings and associated subsystems must be upgraded and/or repaired in order to provide well-maintained facilities. In addition to deferred maintenance needs, the University must fund the infrastructure requirements for sewage, water and other utilities associated with lands acquired for the West Side Campus project. Initial estimates are that approximately $162 million will be required to complete the deferred maintenance and West Campus Infrastructure. Funding for these projects could come from the State of New Jersey, additional bond issues, and/or private fundraising or grants.

In September 2010, the University issued $42.3 million in Revenue Bonds through the NJEFA consisting of $24.0 million Series 2010 F tax exempt bonds and $18.0 million Series 2010 G Build America Bonds. The proceeds of the Bonds will be used to finance the refunding of the Authority's Revenue Bonds, New Jersey City University Issue, Series 1999 B and the costs of building and infrastructure needs which were identified as high-priority items in the 2009 Deferred Maintenance Study.

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 $115.0 million, $118.4 million, and $119.1 million at June 30, 2010, 2009, and 2008, respectively. An institution's ratio of unrestricted financial resources to debt is a key indicator of financial strength. The University's ratio was 25%, 23%, and 24% as of June 30, 2010, 2009, and 2008, respectively. Additionally, the University's ratio of debt to total capitalization which is an indication of capacity to support additional debt, at June 30, 2010, 2009, and 2008 was 54%, 55%, and 54.7%, respectively.

Economic Factors that could affect the Future

In fiscal year 2010, total State of New Jersey appropriation to the University was $31.423 million. The base appropriation decreased by approximately $3.079 million to $27.308 million compared to the prior year. Approximately $1.534 million and $2.581 million of additional appropriation was allocated by the State of New Jersey via operational funds and Tuition Aid Grant funds, respectively, from the American Recovery and Reinvestment Act of 2009.

For fiscal year 2011, the State of New Jersey implemented a $4.6 million or 15% reduction in appropriation funding to the University. Furthermore, the State has mandated a 4% tuition increase cap for public institutions of higher education, effectively limiting the University's ability to raise additional revenues through tuition increases. Negotiated agreements between the State and the collective bargaining units include provisions for cost of living allowance payments and salary increases that must be honored by the University. In response to this austere funding reduction, contractual salary obligations, and the tuition cap restriction, the University convened an ad-hoc budget committee consisting of a wide cross-section of faculty, administration, students and staff to develop and analyze cost-saving measures to close the resulting budget gap. Despite the enormity of this challenge, the University developed a balanced budget primarily by suspending new hiring (except for critical personnel needed to fulfill the academic mission of the University), freezing selected vacant positions, and restructuring certain service contracts. Although the University mitigated the resulting budget shortfall, there is still a high degree of uncertainty in the State's financial support to higher education institutions. Overall, the University's percentage of total revenues coming from the State of New Jersey decreased to 37.0% from 37.6% in 2010.

The University continues its commitment to preserve the integrity of the academic programs as well as to remain among the most affordable State universities. Despite the fiscal challenges, the overall outlook for both graduate and undergraduate enrollment remains stable.

In response to the results of the Deferred Maintenance Study completed in fiscal year 2009, the University identified approximately $30 million in high-priority building and supporting infrastructure projects that must be completed in the short-term. These projects were funded via bonds issued through the New Jersey Educational Facilities Authority (NJEFA) in September 2010. In the absence of State support for capital expenditures, the University needed to issue this additional debt to address the highest priority deferred maintenance needs.

The University's strategic plan remains the central guide behind its fiscal planning. In light of trends in declining State support and rising costs, emphasis remains on allocating limited resources to mission-critical initiatives.

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Independent Auditors' Report

The Board of Trustees
New Jersey City University:

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, 2010 and 2009, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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, 2010 and 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 11 is not a required part of the basic financial statement but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

October 26, 2010

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

Statements of Net Assets

Business-Type Activities – University Only

June 30, 2010 and 2009

Assets	**2010**	**2009**
Current assets:		
Cash and cash equivalents	$ 14,023,002	14,331,435
Investments, current portion	13,905,973	16,297,449
Student receivables, net of allowance of $3,625,000 and $3,923,000 in 2010 and 2009, respectively	2,600,289	2,529,233
Grants receivables	1,659,369	1,230,349
Other receivables	2,332,185	3,513,109
Deposits held with bond trustees	6,782,361	7,115,048
Total current assets	41,303,179	45,016,623
Noncurrent assets:		
Deposits held with bond trustees	11,208,143	11,990,034
Investments, noncurrent portion	9,751,456	2,247,244
Student loans, net of allowance of $884,000 and $850,000 in 2010 and 2009, respectively	670,439	614,330
Deferred financing costs, net	3,015,320	3,239,363
Capital assets, net of accumulated depreciation of $86,758,000 and $81,170,000 in 2010 and 2009, respectively	170,745,972	173,723,540
Total noncurrent assets	195,391,330	191,814,511
Total assets	236,694,509	236,831,134
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses:		
Vendor	5,055,273	4,420,888
Payroll	2,916,321	2,535,709
Compensated absences, current portion	4,383,988	3,561,503
Accrued interest	2,721,684	2,795,440
Total accounts payable and accrued expenses	15,077,266	13,313,540
Long-term debt, current portion	4,358,700	3,699,118
Deferred student tuition and fees	1,538,873	1,527,273
Deferred grant revenue	412,067	399,503
Total current liabilities	21,386,906	18,939,434
Noncurrent liabilities:		
Long-term debt, noncurrent portion	110,688,401	114,664,847
Other noncurrent liabilities	6,923,105	6,758,597
Total noncurrent liabilities	117,611,506	121,423,444
Total liabilities	138,998,412	140,362,878
Net Assets		
Invested in capital assets, net of related debt	60,458,343	60,877,385
Restricted for:		
Expendable:		
Renewal and replacement	2,850,390	2,714,620
Debt service reserve	1,956,940	2,468,540
Debt service – principal	3,491,783	2,931,683
Perkins loans	170,410	176,723
Unrestricted	28,768,231	27,299,305
Total net assets	$ 97,696,097	96,468,256

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, 2010 and 2009

Assets		**2010**	**2009**
Cash and cash equivalents	$	815,288	1,533,955
Investments		4,203,255	3,231,425
Prepaid expenses		29,678	6,543
Due from New Jersey City University		11,418	198,196
Other receivables		22,048	24,771
Restricted cash and investments		475,742	368,210
Gift annuities		150,057	100,000
Other assets		62,521	—
Unconditional promises to give, net of unamortized discount		717,911	693,276
Contributions receivable, charitable remainder annuity trust		963,411	857,938
Computer equipment, net of accumulated depreciation of $18,935 and $27,672 in 2010 and 2009, respectively		3,355	6,143
Total assets	$	7,454,684	7,020,457
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	44,725	39,296
Due to New Jersey City University		364,610	657,980
Security deposits		8,165	14,735
Annuity liability		33,711	—
Total liabilities		451,211	712,011
Net assets:			
Unrestricted:			
Operating		780,717	1,210,869
Board designated		357,815	331,525
Fixed assets		3,355	6,143
Total unrestricted net assets		1,141,887	1,548,537
Temporarily restricted		3,636,369	2,604,519
Permanently restricted		2,225,217	2,155,390
Total net assets		7,003,473	6,308,446
Total liabilities and net assets	$	7,454,684	7,020,457

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 Assets

Business-Type Activities – University Only

Years ended June 30, 2010 and 2009

		2010	2009
Operating revenues:			
Student revenue:			
Tuition and fees	$	72,004,765	65,889,136
Auxiliary enterprises		6,898,821	6,433,811
Less scholarship allowance		(25,989,315)	(20,353,495)
Total student revenue, net		52,914,271	51,969,452
Federal grants		18,619,272	13,855,888
State of New Jersey grants		10,681,991	11,463,160
Private and other grants		7,837	—
Other operating revenues		2,912,553	2,550,815
Total operating revenues		85,135,924	79,839,315
Operating expenses:			
Instruction		51,300,270	51,182,693
Academic support		12,296,561	12,285,952
Student services		13,065,873	13,282,703
Institutional support		22,267,414	19,380,763
Operation and maintenance of plant		15,682,111	15,274,902
Auxiliary enterprises		4,696,359	4,184,445
Student aid		4,326,548	2,727,247
Depreciation		7,742,815	8,004,921
Total operating expenses		131,377,951	126,323,626
Operating loss		(46,242,027)	(46,484,311)
Nonoperating revenues (expenses):			
State of New Jersey appropriations		31,423,365	30,387,500
State of New Jersey fringe benefit appropriations		19,905,537	18,505,068
Gifts to affiliates		(645,298)	(453,546)
Investment income		153,878	832,047
Interest expense		(5,474,718)	(5,622,480)
Loss on disposal of capital assets		(14,832)	(102,745)
Other nonoperating income		284,284	174,409
Net nonoperating revenues		45,632,216	43,720,253
Loss before other revenues		(609,811)	(2,764,058)
Other revenues:			
Capital grants and gifts		1,837,652	458,569
Increase (decrease) in net assets		1,227,841	(2,305,489)
Net assets as of beginning of year		96,468,256	98,773,745
Net assets as of end of year	$	97,696,097	96,468,256

See accompanying notes to financial statements.

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

Statement of Activities and Changes in Net Assets

Year ended June 30, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues:				
Support from public contributions	$ 162,542	429,937	48,179	640,658
Development grants and contracts	1,000	111,043	—	112,043
Contributed services and facilities	645,298	—	—	645,298
Interest and dividend income	19,468	131,599	—	151,067
Rental income	162,830	—	—	162,830
Credit card commissions	6,657	—	—	6,657
Special events	53,380	76,507	—	129,887
Other income	851	13,838	21,648	36,337
Fair value adjustment of charitable remainder annuity trust	—	105,473	—	105,473
Appreciation in fair value of investments	8,959	434,400	—	443,359
Net assets released from restrictions in satisfaction of program restrictions	270,947	(270,947)	—	—
Total support and revenues	1,331,932	1,031,850	69,827	2,433,609
Expenses:				
Program services	809,449	—	—	809,449
Management and general	424,458	—	—	424,458
Fundraising	477,585	—	—	477,585
Special events	27,090	—	—	27,090
Total expenses	1,738,582	—	—	1,738,582
(Decrease) increase in net assets	(406,650)	1,031,850	69,827	695,027
Net assets as of beginning of year	1,548,537	2,604,519	2,155,390	6,308,446
Net assets as of end of year	$ 1,141,887	3,636,369	2,225,217	7,003,473

See accompanying notes to financial statements.

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

Statement of Activities and Changes in Net Assets

Year ended June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues:				
Support from public contributions	$ 182,180	253,436	60,558	496,174
Donated securities	—	—	228,150	228,150
Development grants and contracts	—	185,250	—	185,250
Contributed services and facilities	606,629	—	—	606,629
Interest and dividend income	75,319	72,366	—	147,685
Rental income	101,640	—	—	101,640
Credit card commissions	9,587	—	—	9,587
Special events	34,401	—	—	34,401
Fair value adjustment of charitable remainder annuity trust	—	(407,627)	—	(407,627)
Depreciation in fair value of investments	(337,013)	(323,796)	—	(660,809)
Net assets released from restrictions in satisfaction of program restrictions	408,673	(408,673)	—	—
Total support and revenues	1,081,416	(629,044)	288,708	741,080
Expenses:				
Program services	1,015,998	—	—	1,015,998
Management and general	371,546	—	—	371,546
Fundraising	355,066	—	—	355,066
Special events	46,339	—	—	46,339
Total expenses	1,788,949	—	—	1,788,949
(Decrease) increase in net assets before other changes	(707,533)	(629,044)	288,708	(1,047,869)
Other changes in net assets:				
Net asset reclassifications	(370,411)	517,928	(147,517)	—
(Decrease) increase in net	(1,077,944)	(111,116)	141,191	(1,047,869)
Net assets as of beginning of year	2,626,481	2,715,635	2,014,199	7,356,315
Net assets as of end of year	$ 1,548,537	2,604,519	2,155,390	6,308,446

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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Student receipts	$ 49,242,694	46,589,800
Grants and contracts	29,246,583	24,453,219
Payments for salaries and benefits	(77,769,584)	(81,648,737)
Payments to suppliers	(14,828,726)	(12,568,404)
Payments for utilities	(3,463,205)	(3,407,039)
Payments to students	(4,326,548)	(2,727,247)
Loans issued to students	(140,245)	(139,370)
Collection of loans from students	50,077	60,510
Auxiliary enterprises	4,742,872	4,365,122
Other receipts	3,147,116	3,397,940
Net cash used by operating activities	(14,098,966)	(21,624,206)
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	31,423,365	35,477,339
Net cash provided by noncapital financing activities	31,423,365	35,477,339
Cash flows from capital financing activities:		
Proceeds from capital debt	328,369	1,182,867
Capital grants and gifts	1,529,463	412,819
Purchase of capital assets	(4,791,131)	(4,512,965)
Bond issuance costs	—	(62,256)
Principal paid on capital debt	(3,645,233)	(1,945,042)
Interest paid on capital debt	(5,501,297)	(4,477,169)
Deposits held with bond trustees	(529,404)	(3,773,413)
Net cash used by capital financing activities	(12,609,233)	(13,175,159)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	25,286,953	11,228,924
Purchases of investments	(31,260,246)	(13,878,927)
Interest on investments	949,694	432,695
Net cash used by investing activities	(5,023,599)	(2,217,308)
Net decrease in cash and cash equivalents	(308,433)	(1,539,334)
Cash and cash equivalents as of beginning of year	14,331,435	15,870,769
Cash and cash equivalents as of end of year	$ 14,023,002	14,331,435
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (46,242,027)	(46,484,311)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Bad debt expense	779,485	761,673
Amortization expense	224,043	223,843
State of New Jersey paid fringe benefits expense	20,181,821	14,358,943
Depreciation expense	7,742,815	8,004,921
Changes in assets and liabilities:		
Receivables, net	1,196,436	(1,118,770)
Other liabilities, current and noncurrent	1,367,606	725,208
Accounts payable and accrued expenses	626,691	2,137,108
Deferred revenue	24,164	(232,821)
Net cash used by operating activities	$ (14,098,966)	(21,624,206)
Noncash transactions:		
Gifts	$ 645,298	453,546
State of New Jersey paid fringe benefits	20,181,821	14,358,943

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 thirteen 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. The University's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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 asset categories.

- *Invested in capital assets, net of related debt*: 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 assets 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 assets not subject to externally imposed stipulations that may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are 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. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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. The current economic environment increases the uncertainty of those estimates.

Cash and Cash Equivalents

The University classifies as cash equivalents, resources that are in short-term, highly liquid investments and are readily convertible to known amounts of cash. These funds mature in three months or less.

The University invests portions of its cash in two funds, a money market fund 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.

(Continued)

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. Realized and unrealized gains and losses are reported in investment income.

Deposits Held with Bond Trustees

Deposits held with bond trustees are recorded in the financial statements at fair value, which is based at quoted market price and consist of cash and cash equivalents, money market accounts, U.S. Treasury notes and government securities, and the State of New Jersey Cash Management Fund. 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 assets.

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. Gain 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

Deferred Financing Costs

The University capitalizes costs incurred in connection with its long-term debt and amortizes these costs over the life of the respective obligations.

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 fiscal year are recorded as deferred revenue in the accompanying statements of net assets.

Grant revenue is comprised mainly of funds received from grants from Federal and State of New Jersey sources and is recognized as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreements are included in deferred revenue in the accompanying statements of net assets.

(Continued)

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 assets 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 include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, net investment income, and gifts and capital grants and gifts.

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.

(2) Cash and Cash Equivalents and Investments

Effective July 1, 2004, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3 and, accordingly, the University has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its cash and cash equivalents and investments.

(a) Cash and Cash Equivalents

The carrying amount of cash as of June 30, 2010 and 2009 was $14,023,002 and $14,331,435, respectively, while the amount on deposit with banks was $7,458,881 and $3,979,668, 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, 2010 and 2009 were partially insured by Federal Depository Insurance in the amount of $250,000 respectively. Bank balances in excess of insured amounts of $7,208,881 in 2010 and $3,729,668 in 2009, 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, 2010 and 2009 were $6,086,714 and $10,552,498, respectively.

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, 2010 and 2009:

		2010	2009
Cash and money market accounts	$	—	13,597,883
U.S. Treasury notes		49,664	554,663
U.S. Government agencies		6,565,344	3,368,516
Corporate notes and bonds		17,042,421	1,023,631
		23,657,429	18,544,693
Less noncurrent portion		(9,751,456)	(2,247,244)
Investments, current portion	$	13,905,973	16,297,449

The University's investments are subject to custodial credit risk, credit risk, concentration of credit risk, and interest rate risk. Each one of these risks is discussed in more detail below.

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, 2010 and 2009, the University's investments are 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. GASB Statement No. 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. 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, 2010 and 2009, the University's investment quality ratings as rated by Moody's were as follows:

	2010		
Investment type	**Quality rating**		**Amount**
Money market accounts and U.S. Treasury notes	—	$	49,664
U.S. Government agencies	AAA		6,565,344
Corporate notes and bonds	AA2		60,000
Corporate notes and bonds	A3 and lower		16,982,421
		$	23,657,429

	2009		
Investment type	**Quality rating**		**Amount**
Money market accounts and U.S. Treasury notes	—	$	14,152,546
U.S. Government agencies	AAA		3,368,516
Corporate notes and bonds	AA3		101,135
Corporate notes and bonds	AA2		61,472
Corporate notes and bonds	A3 and lower		861,024
		$	18,544,693

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 cash management fund is unrated.

Concentration of credit risk is the risk associated with the amount of investments the University has with any one issuer that exceed five percent 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 of the investment portfolio.

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. The following tables summarize investment maturities as of June 30, 2010 and 2009:

	2010			
		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1**	**1 to 2**	**Greater than 2**
U.S. Treasury notes	$ 49,664	49,664	—	—
U.S. Government agencies	6,565,344	509,844	6,055,500	—
Corporate notes and bonds	17,042,421	13,346,465	3,695,956	—
	$ 23,657,429	13,905,973	9,751,456	—

	2009			
		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1**	**1 to 2**	**Greater than 2**
Cash and money market accounts	$ 13,597,883	13,597,883	—	—
U.S. Treasury notes	554,663	504,805	49,858	—
U.S. Government agencies	3,368,516	1,807,891	518,281	1,042,344
Corporate notes and bonds	1,023,631	386,870	636,761	—
	$ 18,544,693	16,297,449	1,204,900	1,042,344

(3) Deposits Held with Bond Trustees

Deposits held with bond trustees include funds held by The Bank of New York and US Trust under the terms of various long-term debt agreements. Deposits held with bond trustees are carried in the financial statements at fair value and consist of the following:

	2010	**2009**
Money market accounts	$ 7,434,624	7,790,864
U.S. Treasury notes and government securities	10,555,880	11,314,218
	17,990,504	19,105,082
Less noncurrent portion	(11,208,143)	(11,990,034)
Deposits held with bond trustees, current portion	$ 6,782,361	7,115,048

(Continued)

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, 2010 and 2009, the University's 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. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table summarizes deposits held with bond trustees maturities as of June 30, 2010 and 2009:

	2010			
		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1**	**1 to 2**	**More than 2**
Money market accounts	$ 7,434,624	7,434,624	—	—
U.S. Treasury notes and government securities	10,555,880	10,311,394	112,250	132,236
	$ 17,990,504	17,746,018	112,250	132,236

	2009			
		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1**	**1 to 2**	**More than 2**
Money market accounts	$ 7,790,864	7,790,864	—	—
U.S. Treasury notes and government securities	11,314,218	11,168,721	13,256	132,241
	$ 19,105,082	18,959,585	13,256	132,241

(Continued)

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2010 and 2009 follows:

	June 30, 2009	Additions	Reductions	June 30, 2010
Depreciable assets:				
Land improvements	$ 799,943	24,590	—	824,533
Buildings and building improvements	180,953,844	623,917	—	181,577,761
Equipment and other assets	47,709,009	1,819,895	(2,172,955)	47,355,949
	229,462,796	2,468,402	(2,172,955)	229,758,243
Less accumulated depreciation:				
Land improvements	(724,273)	(45,360)	—	(769,633)
Buildings and building improvements	(49,786,058)	(3,930,075)	—	(53,716,133)
Equipment and other assets	(30,659,254)	(3,767,380)	2,154,484	(32,272,150)
	(81,169,585)	(7,742,815)	2,154,484	(86,757,916)
	148,293,211	(5,274,413)	(18,471)	143,000,327
Nondepreciable assets:				
Land	14,487,818	—	—	14,487,818
Construction in progress	10,942,511	4,201,376	(1,886,060)	13,257,827
	$ 173,723,540	(1,073,037)	(1,904,531)	170,745,972

		June 30, 2008	Additions	Reductions	June 30, 2009
Depreciable assets:					
Land improvements	$	799,943	—	—	799,943
Buildings and building improvements		179,859,350	1,094,494	—	180,953,844
Equipment and other assets		47,069,493	2,993,801	(2,354,285)	47,709,009
		227,728,786	4,088,295	(2,354,285)	229,462,796
Less accumulated depreciation:					
Land improvements		(679,039)	(45,234)	—	(724,273)
Buildings and building improvements		(45,894,046)	(3,892,012)	—	(49,786,058)
Equipment and other assets		(28,793,377)	(4,067,675)	2,201,798	(30,659,254)
		(75,366,462)	(8,004,921)	2,201,798	(81,169,585)
		152,362,324	(3,916,626)	(152,487)	148,293,211
Nondepreciable assets:					
Land		14,487,818	—	—	14,487,818
Construction in progress		5,989,414	7,326,434	(2,373,337)	10,942,511
	$	172,839,556	3,409,808	(2,525,824)	173,723,540

Estimated costs to complete the projects classified as construction in progress as of June 30, 2010 approximated $0.1 million and are anticipated to be funded primarily from other unrestricted resources. During 2010 and 2009, the University capitalized interest income of approximately $4,724 and $7,218, respectively, and interest expense of approximately $84,383 and $54,979, respectively, which is included in construction in progress in the accompanying statements of net assets.

(5) Long-Term Debt

The University has financed capital assets through various revenue bonds issued by the New Jersey Educational Facilities Authority (NJEFA). The University has pledged all net revenue derived from the operation of the dormitories, student center, recreation center, academic building, and athletic and recreation facilities as security. Capital assets of approximately $86.7 million and $86.4 million as of June 30, 2010 and 2009, respectively, funded by bond proceeds are included in the accompanying statements of net assets. The following obligations to the Authority were outstanding as of June 30, 2010 and 2009:

	Interest rate		2010	2009
Bonds payable:				
New Jersey Educational Facility Authority Revenue Bonds:				
Series 1977 C Revenue Bonds, due serially to 2010	6.29%	$	580,000	1,120,000
Series 1999 B Revenue Bonds, due serially to 2018	4.40 – 5.00%		7,695,000	8,380,000
Series 1999 B Revenue Bonds, due July 1, 2019, 2020, and 2022	4.75 – 5.00%		4,625,000	4,625,000
Series 2002 A Revenue Bonds, due serially to 2032	3.00 – 5.00%		2,215,000	2,215,000
Series 2003 B Revenue Bonds, due July 1, 2018	5.45%		2,000,000	2,150,000
Series 2007 F Revenue Refunding Bonds due July 1, 2032	3.00 – 5.00%		17,725,000	17,910,000
Series 2008 E Revenue Refunding Bonds, due July 1, 2035	4.00 – 5.00%		67,075,000	68,445,000
Series 2008 F Revenue Refunding Bonds, due July 1, 2036	6.85%		6,175,000	6,175,000
Total bonds payable		$	108,090,000	111,020,000

(Continued)

	Interest rate		2010	2009
Other long term debt:				
New Jersey Educational Facility Authority Higher Education Capital Improvement Fund Series 2000 B	4.13 – 5.75%	$	3,875,001	4,128,334
New Jersey Educational Facility Authority Equipment Leasing Fund Series 2001 A and B, net of imputed interest of $134,769 and $157,230, respectively	5.00%		331,195	386,395
New Jersey Environmental Infrastructure Trust Loan 2005 A	4.00 – 5.00%		695,000	725,000
New Jersey Environmental Infrastructure Fund Loan 2005 A, net of imputed interest of $678,735 and $763,226, respectively	—		1,104,261	1,132,735
Various capital lease obligations	5.00%		951,644	971,501
Total other long term debt			6,957,101	7,343,965
Total long term debt			115,047,101	118,363,965
Less noncurrent portion			(110,688,401)	(114,664,847)
Total long term debt, current portion		$	4,358,700	3,699,118

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 5% charge for interest. As of June 30, 2010 and 2009, the net present value of the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is $951,644 and $971,501, respectively. The fiscal year 2010 and 2009 payments for these capitalized lease obligations were $326,773 and $260,937, 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, 2010:

		Principal	Interest
Year ending June 30:			
2011	$	4,358,700	5,445,399
2012		3,657,926	5,252,338
2013		3,742,689	5,092,798
2014		3,780,747	4,934,370
2015		3,862,166	4,775,089
2011 – 2015 subtotal		19,402,228	25,499,994
2016 – 2020		21,718,474	21,196,598
2021 – 2025		21,211,516	16,193,929
2026 – 2030		20,491,932	11,490,688
2031 – 2035		21,645,000	6,382,950
2036 – 2037		10,577,951	1,065,475
	$	115,047,101	81,829,634

(6) Noncurrent Liabilities

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2010 and 2009:

		June 30, 2009	Additions	Reductions	June 30, 2010	Current portion
Long-term debt	$	118,363,965	328,369	(3,645,233)	115,047,101	4,358,700
Other noncurrent liabilities:						
Pollution remediation obligation		4,305,473	—	—	4,305,473	—
U.S. government grants refundable		530,169	—	(10,186)	519,983	—
Compensated absences		5,484,457	1,054,215	(57,035)	6,481,637	4,383,988
Total noncurrent liabilities	$	128,684,064	1,382,584	(3,712,454)	126,354,194	8,742,688

	June 30, 2008	Additions	Reductions	June 30, 2009	Current portion
Long-term debt	$ 119,126,141	1,161,457	(1,923,633)	118,363,965	3,699,118
Other noncurrent liabilities:					
Pollution remediation obligation	—	4,305,473	—	4,305,473	—
U.S. government grants refundable	573,936	—	(43,767)	530,169	—
Compensated absences	5,182,507	442,007	(140,057)	5,484,457	3,561,503
Total noncurrent liabilities	$ 124,882,584	5,908,937	(2,107,457)	128,684,064	7,260,621

(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. During fiscal year 2010, the West Side Campus remediation plans were finalized, resulting in the finalization of the scope and related costs of the remediation efforts. It was determined additional outlays of $12.6 million would be necessary to prepare the land for its originally intended purpose. Management expects to capitalize the estimated outlays to prepare the land for its originally intended purpose as goods and services are acquired. The remediation efforts are expected to commence during fiscal year 2011.

(8) Retirement Plans

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions

The State of New Jersey implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during fiscal year ended June 30, 2008. 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.

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. 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 defined benefit plan. 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. 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.

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 5.5% of their annual covered salary for both the years ended June 30, 2010 and 2009. 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 2008 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.

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.

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, 2010 and 2009, ABP received employer and employee contributions that approximated the following from the University:

		2010	2009
Employer contribution	$	3,182,000	3,019,000
Employee contribution		1,988,000	1,887,000
Basis for contributions:			
Participating employee salaries		39,769,000	37,743,000

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.

(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, 2010 and 2009, such benefits amounted to approximately $19.9 million and $18.5 million, respectively, and are included in appropriations revenue and expenses in the accompanying financial statements.

(11) Compensated Absences

The University recorded a liability for compensated absences in the amount of $6,481,637 and $5,484,457 as of June 30, 2010 and 2009, respectively, which is included in compensated absences, current portion and other noncurrent liabilities in the accompanying statements of net assets. 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, during 1991 through 2005, the State did not make such reimbursements. The University paid $24,100 and $63,594 in sick-leave payments for employees who retired during the years ended June 30, 2010 and 2009, 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. 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 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.

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During the year ended June 30, 2010 and 2009, the Foundation distributed $154,814 and $146,173, respectively, to the University in the form of scholarships. The Foundation distributed an additional $95,000 to the University to mitigate the University's scholarship expenses. The University contributed $480,066 and $453,546 in services for the years ended June 30, 2010 and 2009, respectively.

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

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 Government Accounting Standards Board. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

(14) Subsequent Event

In September 2010, the University issued $42.3 million in Revenue Bonds through the NJEFA consisting of $24.0 million Series 2010 F tax exempt bonds and $18.0 million Series 2010 G Build America Bonds. The proceeds of the Bonds will be used to finance the refunding of the Authority's Revenue Bonds, New Jersey City University Issue, Series 1999 B and the costs of building and infrastructure needs which were identified as high-priority items in the 2009 Deferred Maintenance Study.