

Basic Financial Statements,
Management ¶ Discussion and Analysis and
Required Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors Report Thereon)

#### Independent Auditors Report

The Board of Trustees New Jersey City University:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University \{ \frac{1}{2}} 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



#### Other Matters

#### Required Supplementary Information

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

February 11, 2021

0 D Q D J H P Bis 2018 for and Analysis (Unaudited)

June 30, 2020 and 2019

#### Introduction

The following management ¶ discussion and analysis (MD&A) provides an analytical overview of the financial position of New Jersey City University (the University or NJCU), a component unit of the State of New Jersey (the State), as of June 30, 2020 and 2019 and its results of operations for the fiscal years then ended, with fiscal year 2018 data presented for comparative purposes. Management has prepared this MD&A and the financial statements and related notes to the financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

#### University Overview

Since its opening in 1929, the University has been evolving as a place of higher education in the context of a dynamic, ethnically diverse urban environment. The mission of the University is prouprovide a diverse population with an excellent university education. ¶ff viis227330t0 be4555me5aTmationally Ged (GG)446650 head def3h 94026MB)8(v)-5(; t)-7(ne)-4( S 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 ¶ mission remains the same, its physical presence has changed dramatically. The size of the campus has expanded significantly; the number of buildings and facilities have increased from one structure to 23. The academic focus has expanded from normal school training to 47 undergraduate degree programs, 27 master ¶ and post-master ¶ level programs, and 3 doctoral programs offered in three colleges and the School of Business. Degree and certificate programs include those in Business (MBA, BS/MS Bridge Program in Accounting and Finance, Business Analytics and Data Science, Financial Technology), the Arts (MFA in Media Production), National Security Studies, Geoscience, Education, Nursing (accelerated second baccalaureate in nursing), and Women and Gender Studies. The University has over 40 partnerships with colleges and universities in 17 countries and has partnered with four international institutions to develop four joint-degree programs. Coincident with building up its academic departments, the University has expanded its faculty, emphasized accreditation for its programs and created partnerships w67,

## NEW JERSEY CITY UNIVERSITY (A Component Unit of the State of New Jersey) 0 D Q D J H P Elisco Wesfor and Analysis (Unaudited) June 30, 2020 and 2019

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

During 2015, the Foundation created West Campus Housing, LLC (WCH), a limited liability corporation of which the Foundation is the sole member. The University entered into a 40 year ground lease agreement with WCH

### NEW JERSEY CITY UNIVERSITY (A Component

# NEW JERSEY CITY UNIVERSITY (A Component Unit of the State of New Jersey) 0 D Q D J H P Elisa Was fow and Analysis (Unaudited) June 30, 2020 and 2019

A condensed summary of the University ¶

### 0 D Q D J H P $extbf{Bisac}$ $extbf{Wssssort}$ and Analysis (Unaudited)

June 30, 2020 and 2019

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

Statements of Net Position Financial Highlights

As of June 30, 2020, the University ¶ total assets decreased by \$17.2 million to \$272.9 million from \$290.1 million as of June 30, 2019. This decrease is primarily attributable to a \$7.7 million decrease in capital assets due to the sale of the College Street houses and depreciation expense exceeding capital expenditures, a \$4.2 million decrease in receivables due to the repayment of outstanding receivables from the Foundation, a decrease of \$3.6

### 0 D Q D J H P **Bis (Ws/s)(oVr)** and Analysis (Unaudited)

June 30, 2020 and 2019

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

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

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

Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. The Statement of Revenues, Expenses, and Changes in Net Position is categorized into three sections: operating revenues, operating expenses, and net nonoperating revenues (expenses). The net difference between operating and nonoperating revenues and expenses and other changes in net position results in an increase or decrease in the University ¶

### 0 D Q D J H P Bis (Ws/s)(oV) and Analysis (Unaudited)

June 30, 2020 and 2019

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

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

#### Financial Highlights Revenues

The University derives its revenue from a variety of sources. Net student revenues, State appropriations and grants and contracts are the primary sources of funding for the University \$\\$ academic programs. Student revenues totaled \$58.9 million, \$57.1 million and \$58.6 million for the years ended June 30, 2020, 2019 at 2018, respectively. Tuition rates were increased by 3.00%, 2.50%, and 2.90% for the years ended June 30, 2020, 2019 and 2018, respectively, while enrollment declined slightly in each year due to softness in undergraduate enrollment and lower than expected transfer matriculation. The \$1.8 million increase in net student revenues in 2020 was primarily due to a \$2.9 million increase in gross tuition revenues due to the tuition rate increase, partially offset by \$0.8 million increase in financial aid awards, primarily due to an increase of \$2.6 million in institutional scholarships, which offset a decrease in the Federal Pell (Pell) and New Jersey Tuition Aid (TAG) Grants of \$1.9 million in 2020.

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

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

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

Other nonoperating (expenses) income, net imprm 0 g </MCID 9.96 Tfl9612 792 re W\* n BT /F1 2 792212 792 re W\* n I

### 0 D Q D J H P **History/s/fjoy/** and Analysis (Unaudited)

June 30, 2020 and 2019

With a price sensitive student base, the University has limited its annual tuition increase to 2.8% over the last three years and has seen a slight decline in enrollment each year.

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

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

During these challenging and unprecedented times caused by the COVID-19 pandemic, the entire University community is committed to addressing the needs of all students, inclusive of those in student housing. As a result, the University decided to assist WCH LLC by providing refunds to housing students due to the pandemic shutdown. The resources made available were possible through the CARES Act. In 2020, the University committed \$0.9 million of the CARES Act relief aid to WCH as a subsidy to cover the student housing refunds due to the pandemic.

A key strategy of the University is to create a more inviting, student friendly campus as part of its urban mission, as evidenced by the recent renovation and expansion of its Science building and the redesign of its nursing facilities. In addition, the University and the Foundation, in conjunction with the City through public private partnerships, is developing University Place (UP), a master mixed-use redevelopment plan that is designed to transform its 22-acre west campus into a university urban village. UP already includes a student residence hall and several apartment buildings, with plans for a performing arts center, restaurants and parking.

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

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

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

Statements of Net Position

Business-Type Activities – University Only

June 30, 2020 and 2019

(In thousands)

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

See accompanying notes to basic financial statements.

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

(A Component Unit of New Jersey City University)

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(A Component Unit of New Jersey City University)

Consolidated Statement of Activities

Year ended June 30, 2019

(In thousands)

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

7,989

### Notes to Basic Financial Statements June 30, 2020 and 2019

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

#### (a) Organization

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

Opened in 1929 and granted university status in 1998, NJCU is dedicated to urban programs designed to meet the economic, social and educational needs of the surrounding urban region and beyond. The urban mission is unique among the State ¶ colleges and universities and NJCU has embarked on a plan designed to make it the premier Cooperative Education University in the State. The University offers 47 undergraduate, 27 master and post-master and three doctoral programs, which are housed in four colleges and schools on a 52 acre campus and a Harborside waterfront location in Jersey City. NJCU has approximately 6,100 undergraduate and 1,800 graduate students, who reflect the social and cultural diversity of the metropolitan area, 250 full time faculty and 650 staff.

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

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

#### (b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of the University conform to generally accepted accounting principles, as

### Notes to Basic Financial Statements June 30, 2020 and 2019

Restricted – expendable: Assets whose use by the University is subject to externally imposed stipulations as specified by creditors, grantors or the State that can be fulfilled by actions of the University pursuant to the stipulations, including Perkins loans and restricted deposits held with bond trustees.

*Unrestricted*: Net position not subject to externally imposed stipulations that may be designated for specific purposes by action of management or the board of trustees. Substantially all unrestricted net position is designated for academic programs, initiatives, and capital programs.

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

#### (ii) Measurement Focus and Basis of Accounting

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

The Foundation reports under the codified standards of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB standards. No modifications have been made to the Foundation ¶ financial information in the University ¶ financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from the Controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards and the controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 0 1 390.67 Standards are controller ¶ Office at 2039 K(F0nQ q 0.0 BT /F1 9.96 Tf 1 0 0 0 0 0 0 0 0 0 0 0 0

### Notes to Basic Financial Statements June 30, 2020 and 2019

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). GASB 87 increa92 re W3BethBe

### Notes to Basic Financial Statements June 30, 2020 and 2019

#### (ix) Restricted Deposits Held with Bond Trustees

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

#### (x) Capital Assets

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

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

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

#### (xi) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources refer to the consumption of net position by the University that is applicable to a future reporting period. Deferred inflows of resources refer to the acquisition of net position by the University that is applicable to a future reporting period. Deferred outflows of resources increase the University ¶ net position, similar to assets,

### Notes to Basic Financial Statements June 30, 2020 and 2019

#### (xiii) Other Post Employment Health Benefits

The University ¶ retirees participate in the State Health Benefit State Retired Employees Plan (the Plan). The Plan is a single employer defined benefit OPEB plan, which provides medical, prescription drug and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single employer plan, it is treated as a cost sharing plan for standalone reporting purposes. For purposes of determining the cost of the University ¶ retirees ¶ ther post-employment health benefits and related state funding, information has been provided by the State.

#### (xiv) Net Position

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

#### (xv) Revenue Recognition

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

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

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

#### (xvi) Classification of Revenue

The University ¶ policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University ¶ principal purpose and generally

# NEW JERSEY CITY UNIVERSITY (A Component Unit of the State of New Jersey) Notes to Basic Financial Statements June

## NEW JERSEY CITY UNIVERSITY (A Component Unit of the State of New Jersey) Notes to Basic Financial Statements

June 30, 2020 and 2019

### Notes to Basic Financial Statements June 30, 2020 and 2019

#### (4) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair

#### NEW JERSEY CITY UNIVERSITY

## NEW JERSEY CITY UNIVERSITY (A Component Unit of the State of New Jersey) Notes to Basic Financial Statements

June 30, 2020 and 2019

Notes to Basic Financial Statements
June 30, 2020 and 2019

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

#### (a) Capital Leases

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

### Notes to Basic Financial Statements June 30, 2020 and 2019

participants make annual contributions, and the State, in accordance with annual appropriations, makes employer contributions on behalf of the University. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included within the State fringe benefit appropriations in the accompanying financial statements.

#### (b) Plan Descriptions

(i)

Notes to Basic Financial Statements

June 30, 2020 and 2019

The following represents the membership tiers for TPAF:

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

### (iii) Defined Contribution Plans

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

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

Notes to Basic Financial Statements
June 30, 2020 and 2019

### (c) Contributions

The contribution policy for PERS and TPAF is set by N.J.S.A. 43:15A and N.J.S.A 18A:66, respectively, and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State makes employer contributions on behalf of the University. The State ¶ pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal years 2020 and 2019, the State ¶ pension contribution was less than the actuarial determined amount.

For permanent employees, PERS enrollment begins after the employees complete their probationary period, which is normally four months. All temporary employees must be enrolled after one year of continuous employment. PERS members were required to contribute 7.50% of their annual covered salary for the years ended June 30, 2020 and 2019. The State contributes the remaining amounts necessary to pay benefits when due. The contribution requirements of the plan members and the University are established and may be amended by the State. The University

# Notes to Basic Financial Statements June 30, 2020 and 2019

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

	_	202	20	201	9
		PERS	PERS	PERS	PERS
		Deferred	Deferred	Deferred	Deferred
		outflows of	inflows of	outflows of	inflows of
	_	resources	resources	resources	resources
Changes in assumptions Differences between expected	\$	7,284	26,310	13,524	27,857
and actual experience		1,355	940	2,409	1,155
Net difference between projected and actual earnings					
on pension plan investments		127	2	391	2
Changes in proportion		1,502	3,599	2,214	977
University contributions paid subsequent to the					
measurement date	_	5,370	2	4,599	2
Total	\$_	15,638	30,849	23,137	29,989

The \$5,370 and \$4,599 reported as deferred outflows of resources related to PERS pensions at June 30, 2020 and 2019, respectively, resulting from University contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions as of June 30, 2020 will be recognized in pension expense as follows (in thousands):

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

### **NEW JERSEY CITY**

# Notes to Basic Financial Statements June 30, 2020 and 2019

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

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

### (ii) Discount Rate

The discount rate used to measure the PERS total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. The discount rate used to measure the TPAF total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018

# Notes to Basic Financial Statements June 30, 2020 and 2019

contributions from employers will be made based on 70% of the actuarially determined contribution for the State. Based on those assumptions, the plan ¶ fiduciary net position was projected to be available to make

Notes to Basic Financial Statements
June 30, 2020 and 2019

### (f) Alternate Benefit Program (ABP)

The ABP pension plan is a defined contribution retirement program administered by the State of New Jersey Division of Pensions and Benefits. The plan allows enrollees to make contributions to the following carriers: Teachers Insurance and Annuity Association ±College Retirement Equities Fund

Notes to Basic Financial Statements
June 30, 2020 and 2019

Although the Plan is a single-employer plan, it is treated as a cost-sharing plan for standalone reporting purposes. In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service or on a disability pension from PERS, TPAF, the ABP or the Police and Firemen ¶ Retirement system (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University ¶ employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined by GASB 75.

### **NEW JERSEY CITY**

### Notes to Basic Financial Statements June 30, 2020 and 2019

Certain actuarial assumptions used in the June 30, 2017 valuation was based on the results of actuarial experience studies of the State \$\ \text{defined benefit plans, including PERS (July 1, 2011)}

# Notes to Basic Financial Statements June 30, 2020 and 2019

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

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

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

### (15) University Development Programs

### (a) University Place

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

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

### (i) Pre-Payment of Ground Lease Income

Pursuant to the executed agreements mentioned above, each developer was required to remit prepaid ground lease rent payments to the University for the development of UP, excluding the student housing facility and the University-developed infrastructure. These prepayments were calculated at 1% of the projected development cost of \$238 million. The total prepaid rent of \$2.2 million and \$2.4 million is included in other long term liabilities on the statement of net position

# Notes to Basic Financial Statements June 30, 2020 and 2019

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

### (b) Fort Monmouth Satellite Campus

Agreements have been reached between the State agency that is redeveloping the Fort Monmouth property in Monmouth County and KKF, which call for KKF to purchase, renovate and then lease it to the University as a satellite campus for nursing, business and other programs for juniors and seniors who have completed two years at Brookdale Community College (Brookdale) and other area community colleges. The University currently offers programs to Brookdale students at its Higher Education Center in Wall, New Jersey pursuant to an affiliation agreement. Programs on the Fort Monmouth campus are currently scheduled to begin in the summer of 2021. The financing agreement between KKF and its lender has been completed.

### (16) Risk Management

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

Buildings, plants, and equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed \$100,000 per occurrence with a per occurrence limit of \$1.5 billion. Employee theft coverage provides for the actual loss in excess of \$75,000 with a per occurrence loss limit of \$5.0

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey) Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

June 30, 2020 and 2019

(In thousands)

### Public Employees Retirement System

	2020	2019	2018	2017	2016	2015
Contractually required contributions Contributions in relation to the contractually required	\$ 5,370	4,599	3,769	2,780	2,218	1,295
contributions	5,370	4,599	3,769	2,780	2,218	1,295
Contribution deficiency (excess)	\$ _	_	_	_	_	_
University employee covered-payroll (University year end)	\$					

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey) Required Supplementary Information (Unaudited)

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