



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

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

June 30, 2021

(With Independent Auditors' Reports Thereon)

NEW JERSEY CITY UNIVERSITY
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Independent Auditors' Report

The Board of Trustees
New Jersey City University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller

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New Jersey City University Foundation (the Foundation) was established as a nonprofit corporation to provide an independent instrument to raise, control and distribute funds from donors other than the State, with its

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Management's Discussion and Analysis (Unaudited)
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Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. The Statement of Revenues, Expenses, and Changes in Net Position is categorized into three sections: operating revenues, operating expenses, and net nonoperating revenues (expenses). The net difference between operating and nonoperating revenues and expenses and other changes in net position results in an increase or decrease in the University's net position. The change in net position indicates whether the overall financial condition of the University has improved or declined during the year.

Generally, operating revenues are earned in exchange for providing goods or services. Operating revenues of the University consist of net tuition and fees revenue, as well as Federal, State and local grant revenues. Operating expenses are primarily incurred to carry out the University's mission, goals and objectives, and costs related to the operation and maintenance of its facilities and auxiliary services. State appropriations, certain Federal grants and investment income are classified as nonoperating revenues. Nonoperating expenses consist of interest expense and gifts to the Foundation.

The following is a condensed summary of the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021, 2020 and 2019:

	2021	2020	2019
		(In millions)	
Operating revenues:			
Student revenues, net	\$ 55.2	58.9	57.1
Grants and contracts	37.0	38.7	40.7
Other	2.9	3.3	3.6
Total operating revenues	95.1	100.9	101.4
Operating expenses	160.6	165.6	170.8
Operating loss	(65.5)	(64.7)	(69.4)
Nonoperating revenues (expenses):			
State appropriations	26.7	21.5	24.2
State paid fringe benefits	21.8	23.4	23.6
State paid OPEB benefits	3.9	0.9	8.8
Investment income	0.1	0.2	0.4
Interest expense	(6.0)	(6.4)	(0.0)

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

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Financial Highlights – Expenses

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

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

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

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

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

Student aid and bad debt expenses increased by \$1.4 million in 2021 and

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Capital Projects

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

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

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

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

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

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

Economic Outlook

The University remains very dependent on the State for operating and fringe benefit support, as State appropriations, excluding amounts related to State paid OPEB expenses, represented 28% of revenues in 2021. The increase of \$5.2 million in State appropriations in 2021 from the 2020 level and an increase in COVID related stimulus funding in 2021 from 2020 of \$21.7 million contributed to an improvement in the net position.

The impact on the University's financial results from absorbing pension costs from the State as well as salary increases has been challenging, along with declining enrollment. In addition, the State's high debt load and unfunded liabilities related to the public pension system may limit the State's budgetary flexibility in the future.

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

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

In light of these financial challenges, the University plans to reduce its 2022 operating costs as part of a more rigid budgeting process and expects to receive an increase of \$4.2 million in appropriations from the State in 2022, and to utilize \$29 million of stimulus funds for student aid, salaries, housing and supplies.

During these challenging and unprecedented times caused by the COVID-19 pandemic, the entire University community is committed to addressing the needs of all students, inclusive of those in student housing. As a result, the University decided to assist WCH LLC by providing subsidies of \$2.5 million and \$0.9 million in 2021 and 2020, respectively. In 2022, the University committed \$3.0 million in financial subsidies to WCH to cover the student housing challenges due to the pandemic.

A key strategy of the University is to create a more inviting, student friendly campus as part of its urban mission. The University is the educational anchor institution in Jersey City. In addition, the University and the Foundation, in conjunction with the City through public private partnerships (P3), is developing University Place (UP), a master mixed-use redevelopment plan that is designed to transform its 22-acre west campus into a university urban village. UP already includes a student residence hall and several apartment buildings, with plans for a performing arts center, restaurants and parking. Upon completion of the performing arts center, the Joffrey Ballet School will move its operations from New York City to the University and will offer a Bachelor of Fine Arts in Ballet and a Joffrey certificate.

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

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

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

NEW JERSEY CITY UNIVERSITY
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Statements of Net Position

Business-Type Activities – University Only

June 30, 2021 and 2020

(In thousands)

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 51,118	8,154
Investments	2,632	4,131
Receivables:		
Students, net of allowance of \$7,585 and \$6,838 in 2021 and 2020, respectively	4,456	3,755
Grants	1,624	1,196
State of New Jersey	1,202	2,213
Due from New Jersey City University Foundation and affiliate	792	1,951
Other	1,328	2,672
Total receivables	9,402	11,787
Restricted deposits held with bond trustees	2,269	8,512
Total current assets	65,421	32,584
Noncurrent assets:		
Restricted deposits held with bond trustees	4,890	1,393
Student loans, net of allowance of \$776 and \$849 in 2021 and 2020, respectively	262	340
Capital assets, net of accumulated depreciation of \$165,318 and \$154,868 in 2021 and 2020, respectively	233,704	238,620
Total noncurrent assets	238,856	240,353
Total assets	304,277	272,937
Deferred Outflows of Resources		
Deferred amounts from pensions	17,303	15,638

NEW JERSEY CITY UNIVERSITY
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Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – University Only

Years ended June 30, 2021 and 2020

(In thousands)

	2021	2020
Operating revenues:		
Student revenues:		
Tuition and fees	\$ 96,878	99,034
Auxiliary enterprises	1,703	3,591
Less scholarship allowances	(43,422)	(43,727)
Total student revenues, net	55,159	58,898
Federal grants	21,386	21,952
State grants	15,503	16,658
Private and other grants	78	85
Other operating revenues	2,971	3,307
Total operating revenues	95,097	100,900
Operating expenses:		

NEW JERSEY CITY UNIVERSITY
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Statements of Cash Flows

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

(A Component Unit of New Jersey City University)

Consolidated Statements of Financial Position

June 30, 2021 and 2020

(In thousands)

Assets		2021	2020
Cash and cash equivalents	\$	6,065	7,027
Other receivables		1,429	534
Due from New Jersey City University		1,123	1,278
Contributions receivable, net		4,060	2,972
Investments		5,395	5,215
Restricted deposits held by bond trustees		6,771	6,985
Restricted investments			

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

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

(A Component Unit of New Jersey City University)

Consolidated Statement of Activities

Year ended June 30, 2020

(In thousands)

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

See accompanying notes to basic financial statements.

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Notes to Basic Financial Statements

June 30, 2021 and 2020

(1) Organization and Summary of Significant Accounting Policies

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

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

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

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

(i) Basis of Presentation

The accounting policies of the University conform to generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34) established state and local government financial reporting requirements and set forth the format and contents of the basic0.5 (ti)4.9 (n)81.5 (ti)-1.1 (of.o-12.2 (S)2)11.2 (s)TJ0 Tc 0 Tw (

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

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

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

(ii) *Measurement Focus and Basis of Accounting*

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

The Foundation reports under the codified standards of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB standards. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from the Controller's Office at 2039 Kennedy Boulevard, Jersey City, New Jersey 07305.

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

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 increases the usefulness of governmental financial statements by requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the lease contract's payment provisions. GASB 87 will require lessees to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. GASB 87 will be effective for fiscal years beginning after December 15, 2020 (fiscal year 2022). The University is evaluating the impact of this new statement.

(iv) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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(v) *Cash and Cash Equivalents*

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Notes to Basic Financial Statements

June 30, 2021 and 2020

resources increase the University's net position, similar to assets, while deferred inflows of resources decrease the University's net position, similar to liabilities. The University's deferred outflows of resources represent unamortized amounts from debt refunding and amounts related to changes in the net pension liability. The University's deferred inflows of resources represent amounts related to changes in the net pension liability.

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

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

(xii) *Other Post Employment Health Benefits*

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the

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

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

(xv) *Classification of Revenue*

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University'

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(2) Cash and Cash Equivalents and Investments

The University's cash and cash equivalents and investments are subject to various risks. Among these risks are custodial credit risk, concentration of credit risk, credit risk and ink a28 (s)5.8 (h)0.51,02 Tc 0.0 3.1 (v)-8 EW

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(3) Restricted Deposits Held with Bond Trustees

Restricted deposits held with bond trustees include funds that are restricted under the terms of various long-term debt agreements. Restricted deposits held with bond trustees are carried in the financial statements at fair value and consist of money market funds and government securities. They include the following as of June 30, 2021 and 2020:

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

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University, and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2021 and 2020, the University's deposits held with bond trustees were either insured, registered, or held by the University's investment custodian in the University's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's. As of June 30, 2021 and 2020, the University's investment quality ratings as rated by Moody's for the U.S. Treasury notes and government securities were AAA and the money market funds are not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2021 and 2020, all deposits held with bond trustees had maturities of less than one year.

(4) Fair Value Measurement

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

Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets available at the measurement date;

Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly;

Level 3 – unobservable inputs for an asset or liability.

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Notes to Basic Financial Statements

June 30, 2021 and 2020

The following is a schedule of future minimum principal and interest payments on the University's long-term debt obligations as of June 30, 2021:

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

(7) Noncurrent Liabilities

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

June 30,	June 30,	Current
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Notes to Basic Financial Statements
June 30, 2021 and 2020

The following represents the membership tiers for TPAF:

Tier	Definition
1	

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Notes to Basic Financial Statements

June 30, 2021 and 2020

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

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)
Notes to Basic Financial Statements
June 30, 2021 and 2020

(iii) *Sensitivity to the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the University's proportionate share of the collective net pension liability as of June 30, 2021 and 2020 calculated using the discount rate as disclosed above for each plan as well as the University's proportionate share of the collective net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

NEW JERSEY CITY UNIVERSITY
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June 30, 2021 and 2020

As of June 30, 2021 and June 30, 2020, the State recorded a liability of \$224.9 million and \$146.8 million, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members to the total members of the Plan. As of June 30, 2021, the University's share was 2.81% and 0.79% of the special funding situation and of the Plan, respectively. As of June 30, 2020, the University's share was 1.205% and 0.349% of the special funding situation and of the Plan, respectively.

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

Notes to Basic Financial Statements

June 30, 2021 and 2020

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

For the June 30, 2018 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2019 valuation was based on the results of actuarial experience studies of the State's defined benefit plans, including PERS (July 1, 2014 through June 30, 2018), ABP (using the experience of the TPAF-July 1, 2015 through June 30, 2018) and PFRS (July 1, 2013 through June 30, 2018).

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

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Health Care Trend Assumptions – For pre-Medicare medical benefits, the trend rate is initially is 5.6%-3.2 (-3.2 b (

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

Notes to Basic Financial Statements

June 30, 2021 and 2020

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

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

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

(11) State of New Jersey Fringe Benefit Appropriations

The State, through separate appropriations, pays certain fringe benefits, primarily health benefits, a matching portion for the pension contributions of current employees and FICA taxes. For the years ended June 30, 2021 and 2020

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)
Notes to Basic Financial Statements
June 30, 2021 and 2020

(13) Student Financial Assistance Programs

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

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

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

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

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

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

Notes to Basic Financial Statements

June 30, 2021 and 2020

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.

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

Notes to Basic Financial Statements

June 30, 2021 and 2020

(v) *Performing Arts Center*

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

Upon completion of the PAC projects, the Foundation expects to apply certain available monies earmarked for the PAC projects and borrow, or cause a newly created special purpose entity, to borrow, certain funds (the "PAC Loan

NEW JERSEY CITY UNIVERSITY
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Notes to Basic Financial Statements

June 30, 2021 and 2020

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

(17) COVID-19 Pandemic

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

In connection with this event, the University's students, faculty and staff were transitioned to remote

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)
Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
June 30, 2021 and 2020
(In thousands)

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

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

See accompanying independent auditors' report.

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

Public Employees' Retirement System

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

Notes

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

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

Teachers' Pension and Annuity Fund

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

Notes

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

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

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

See accompanying independent auditors' report.

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

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of Federal Awards

NEW JERSEY CITY UNIVERSITY
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

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

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

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

(1) Basis of Presentation

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

The accompanying schedule of expenditures of State of New Jersey awards (the SESA) includes the State of New Jersey grant activity of the University and is presented on the accrual basis of accounting. The information in the SESA is presented in accordance with the requirements of New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy* (NJOMB 15-08). ¶ i48e5f d2 (r)-6.4 (c(g)-15.3 (le7F(nf)-1.7

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

The Board of Trustees
New Jersey City University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, which comprise the University's statement of net position as of June 30, 2021, and the related statements

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

The Board of Trustees
New Jersey City University:

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

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

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal and State of New Jersey program. However, our audits

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over

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

(1) Summary of Auditors' Results

(a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified opinions were issued on the basic financial statements of the business-type activities and the discretely presented component unit of New Jersey City University, a component unit of the State of New Jersey, as of and for the year ended June 30, 2021.**

(b) Internal Control Deficiencies: 2021-2022 (e) 75-228-06(2) Part A W(1) 4930 T2055 T(d) 0.50.289-0.50(5) U(6) 50/1(B)

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

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

(2) Findings Relating to the Financial Statements Reported in Accordance with

None

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

U.S. Department of Education:

Student Financial Assistance Cluster:

Federal Direct Student Loans (ALN 84.268)

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

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

Prior Year Finding: Yes, 2020-001

Finding Type: Significant Deficiency and Noncompliance

Criteria

Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (34 CFR 685.102(b), 685.301, and 303). (Note: An electronic announcement dated December pal ioD7-12.1 (i)3

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

Condition and Context

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

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

SAS reconciliations are performed timely.

Cause

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

Effect

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

Questioned Costs

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

Effect

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

Questioned Costs

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

Views of Responsible Official

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

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

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

Cause

procurement process

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

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

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

Management Response

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

The University is in the process of updating its policy surrounding Direct Loan reconciliations.

The University notes the reconciliations were being performed quarterly and were not being performed monthly.

The Direct Loan reconciliation policy will be updated to reflect monthly loan reconciliation by no later than June 30, 2021.

To ensure an effective level of internal controls, a copy of the monthly Direct Loan reconciliation will be provided in a timely manner to the Vice President for Enrollment Manag

This document is presented to outline the Corrective Action Plan implemented to mitigate the Significant Deficiency reported in the auditors' report on the Basic Financial Statements, Management's Discussion and Analysis, Required Supplementary Information and Schedules of Expenditures of Federal and State of New

2019 describes the reconciliation process and is available at:

<https://ap.ed.gov/electronicannouncements/>

12170williamdfordfeddlreconciliation). Direct Loan reconciliation is a mandatory monthly process, as

required under 34CFR 300.105. A school should reconcile all cash (drawdowns and refunds of cash)

and disbursement records (actual disbursements and adjustments) with information in the Common

Origination and Disbursement (COD) System on an ongoing basis.

Corrective Action Plan:

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

The University is in the process of updating its policy surrounding Direct Loan reconciliations. The University notes the reconciliations were being performed quarterly and were not being performed monthly.

Audit Monitoring for Direct Loan Reconciliations Policy was implemented on September 7, 2021.

The reconciliation steps includes examining balances/drawdowns, disbursements, rejections and other transactions.

To ensure an effective level of internal controls, a copy of the monthly Direct Loan reconciliation will be provided in a timely manner to the University Internal Auditor.

The University is developing and implementing a calendar timeline and improvement plan to ensure the complete reconciliation process in an academic year.

Anticipated Completion Date: June 30, 2023

Finding: 2021-002 Enrollment Reporting

