



(A Component Unit of the State of New Jersey)

Basic Financial Statements and

Management's Discussion and Analysis

June 30, 2006 and 2005

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

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NEW JERSEY CITY UNIVERSITY
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Management Discussion and Analysis

June 30, 2006 and 2005

Introduction

THE UNIVERSITY OF NEW JERSEY - MERIDIAN COUNTY COLLEGE IS A COMPONENT UNIT OF THE STATE OF NEW JERSEY.

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Management Discussion and Analysis

June 30, 2006 and 2005

Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year. Assets, excluding capital assets, are generally carried at estimated fair value. Capital assets, including land, buildings, and equipment, are depreciated over their respective useful lives.

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Management Discussion and Analysis

June 30, 2006 and 2005

	2006	2005	2004
		(In millions)	
Net assets:			
Invested in capital assets, net of related debt	\$ 60.2	60.3	51.2
Restricted for expendable:			
Renewal and replacement	3.1	2.9	2.7
Debt service reserve	3.7	3.8	3.8
Debt service – principal	2.0	1.7	1.6
Perkins loans	0.2	0.2	0.1
Unrestricted	21.7	21.0	22.7
Total net assets	\$ 90.9	89.9	82.1

Statement of Net Assets – Financial Highlights

As of June 30, 2006, the University's total assets decreased by \$1.2 million to \$232.4 million from \$233.6 million as of June 30, 2005. This decrease is primarily attributable to decreases in grants receivable and

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Management Discussion and Analysis

June 30, 2006 and 2005

As of June 30, 2005, the University's total liabilities increased \$20.9 million to \$143.7 million from \$122.8 million as of June 30, 2004. The major component is an increase to the noncurrent portion of long term debt from the NIFFA Series 2005 A debt issuance for \$21.6 million. This increase to the noncurrent portion of

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Management Discussion and Analysis

June 30, 2006 and 2005

For the year ended June 30, 2006, the Statement of Revenues, Expenses, and Changes in Net Assets reflects a ~~change of \$1.07 million~~. The following is the Statement of Revenues.

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Management Discussion and Analysis

June 30, 2006 and 2005

Financial Highlights – Revenues

	2006	2005
State		
Federal		
Local		
Other		
Total		

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Management Discussion and Analysis

June 30, 2006 and 2005

	2005			
Student Revenue, net	State of New Jersey Appropriations	Grants & Contracts	Capital Grants & Gifts	Other Revenues

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For the years ended June 30, 2006 and 2005, investment income was \$1.4 million and \$1.0 million, respectively.

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Management Discussion and Analysis

June 30, 2006 and 2005

	2006									
	Instruction	Institutional Support	O & M of Plant	Student Services	Academic Support	Depreciation	Student Aid	Auxiliary Enterprises	Service and Development	Public and Research Programs
Amounts (in thousands) \$	44,833	18,960	11,639	12,280	10,622	7,383	2,383	3,319	5	10
Percent	40.2%	17.0%	10.5%	11.0%	9.5%	6.6%	2.2%	3.0%	0.0%	0.0%

	2005									
	Instruction	Support	of Plant	Services	Support	Depreciation	Student Aid	Enterprises	Development	Programs
Amounts (in thousands) \$	42,181	17,368	11,514	11,990	10,199	6,331	2,558	1,680	72	8
Percent	40.6%	16.7%	11.1%	11.5%	9.8%	6.1%	2.5%	1.6%	0.1%	0.0%

	2004									
	Instruction	Institutional Support	O & M of Plant	Student Services	Academic Support	Depreciation	Student Aid	Auxiliary Enterprises	Public Service and Development	Research and Programs

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Management Discussion and Analysis

June 30, 2006 and 2005

Capital additions totaling \$33.2 million in fiscal year 2006 consisted of renovations to the Gilligan Student Union Building, which houses the University's Cafeteria and Book Store, the construction of the Arts & Science

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Management Discussion and Analysis

June 30, 2006 and 2005

Economic Factors that could affect the Future

With approximately 42.7% and 41.2% of revenues coming from State of New Jersey appropriations in the fiscal

year ending June 30, 2006 and 2005, respectively, the financial condition of the University is closely linked to that of the State of New Jersey. The state continues to face a budget crisis which may result in potential cuts to many state programs, the possibility of reductions in property tax relief, as well as reduced appropriations for the



KPMG LLP

PO Box 7348
Princeton, NJ 08543-7348

Independent Auditors' Report

The Board of Trustees
New Jersey City University:

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Jersey City University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2006 and 2005, which collectively comprise the



The management's discussion and analysis on pages 1 through 11 is not a required part of the basic

NEW JERSEY CITY UNIVERSITY

Statements of Net Assets

Business Type Activities University Operations

Assets	2006	2005
Current assets:		
Cash and cash equivalents	\$ 2,239,571	548,980
Investments, current portion	5,427,066	6,318,629
Student receivables, net of allowance of \$1,025,000 and \$1,358,000 in 2006		

and 2005, respectively
 Receivables

1,535,247	1,744,184
1,405,460	3,577,700

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

Statements of Financial Position
June 30, 2006 and 2005

Assets	2006	2005
Cash and cash equivalents	\$ 2,308,104	1,887,797
Investments	3,358,000	3,144,539
Prepaid expenses	7,055	—
Other receivables	31,197	30,126
Unconditional promises to give, net of unamortized discount	668,849	702,395
Contribution receivable, charitable remainder annuity trust	1,375,629	1,334,093
Computer equipment, net of accumulated depreciation \$8,870 and \$4,400 in 2006 and 2005, respectively	<u>22,531</u>	<u>17,600</u>
Total assets	\$ <u>7,771,365</u>	<u>7,116,550</u>
Liabilities and Net Assets		
	\$ 142,410	210,270

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

Business-Type Activities – University Only

Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Student revenue:		
Tuition and fees	\$ 53,161,965	51,576,513
Auxiliary enterprises	5,356,058	5,246,800

NEW JERSEY CITY UNIVERSITY FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenues:				
Support from public contributions	\$ 392,699	192,896	181,754	767,349

NEW JERSEY CITY UNIVERSITY
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Notes to Financial Statements

June 30, 2006 and 2005

(1) Organization and Summary of Significant Accounting Policies

Organization

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

financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

The University, located in Hudson County, is dedicated to urban programs designed to meet the complex economic, social, and educational problems of the "inner" cities of metropolitan New Jersey. The urban mission is unique among the State Colleges and Universities of New Jersey, and in order to strengthen this

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GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources be classified for accounting and reporting purposes into the following net asset categories.

- *Invested in capital assets, net of related debt:* Capital assets, net of accumulated depreciation,

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Notes to Financial Statements

June 30, 2006 and 2005

Investments

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

price. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

Deposits Held with Bond Trustees

Deposits held with bond trustees are recorded in the financial statements at fair value, which is based on quoted market price.

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Notes to Financial Statements

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

Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and

exchange transactions such as the payment received for services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, and (3) most Federal and State grants. Nonoperating revenues include activities that have the characteristics of nonexchange

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Notes to Financial Statements

2005 2004

The University participates in the State of New Jersey Cash Management Fund wherein amounts also

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Notes to Financial Statements

June 30, 2006 and 2005

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The credit

Notes to Financial Statements

June 30, 2006 and 2005

... of ... in interest rates will adversely affect the fair value of ...

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Notes to Financial Statements

June 30, 2006 and 2005

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, 2006 and 2005, the University's deposits held with bond trustees are invested in money market accounts or U.S. Treasury notes or government securities guaranteed by the U.S. government

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table summarizes deposits held with bond trustees maturities as of June 30, 2006 and 2005:

Investment type	Fair value	2006	
		Investment maturities (in years)	
		Less than 1	1 to 2
Cash and cash equivalents	\$ 1,725	1,725	—

NEW JERSEY CITY UNIVERSITY

Notes to Financial Statements

June 30, 2006 and 2005

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2006 and 2005 follows:

	June 30, 2005	Additions	Reductions	June 30, 2006
Depreciable assets:				
Land improvements	\$ 799,943	—	—	799,943
Buildings and building	122,406,980	6,271,786	—	128,678,766

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June 30, 2006 and 2005

NEW JERSEY CITY UNIVERSITY

June 30, 2006 and 2005

<u>Interest rate</u>	<u>2006</u>	<u>2005</u>
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New Jersey Educational Facility

NEW JERSEY CITY UNIVERSITY
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Notes to Financial Statements

June 30, 2006 and 2005

Using rates as of June 30, 2006, debt service requirements of the swapped portion of variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, floating rate bond interest payments and net swap payments will vary.

	<u>Floating rate bonds</u>		<u>Interest rate swap, net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
Fiscal year ending June 30:				
2007	\$ 45,000	801,906	(73,399)	773,507
2008	45,000	800,259	(73,248)	772,011

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Notes to Financial Statements

June 30, 2006 and 2005

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Notes to Financial Statements
June 30, 2006 and 2005

The Basis Swap had a fair value of \$349,675 as of June 30, 2006 and a fair value of (\$501,432) as of June 30, 2005. The fair value was calculated using the zero coupon method. This method calculates the

the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the

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Notes to Financial Statements

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2006 LIBOR Yield Curve Basis Swaps

In June 2006 the Authority entered into three LIBOR Yield Curve Basis Swaps (Basis Swaps) for the

Notes to Financial Statements

June 30, 2006 and 2005

The Authority to field cases shall be spread of one month ITRP minus the

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Notes to Financial Statements

June 30, 2006 and 2005

Line of Credit

On February 20, 2004, the University entered into a secured commercial revolving credit loan agreement

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Notes to Financial Statements

June 30, 2006 and 2005

(7) Retirement Plans

Plan Descriptions

The University participates in two major retirement plans for its employees – Public Employees' Retirement System (PERS) and the Alternate Benefit Program (ABP). Enrollment into the pension

program is mandatory for all employees. Employees who are retired from another state administered

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Alternate Benefit Program Information

Employees enrolled in the ABP pension program are faculty members, administrators and managers of the University. Enrollment into the pension program begins the first date of hire for all permanent employees. Temporary employees are enrolled after one year of continuous temporary employment. ABP provides the choice of six investment carriers all of which are privately operated defined contribution retirement plans. The University assumes no liability for ABP members other than payment of contributions. ABP provides

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(10) Compensated Absences

The University recorded a liability for compensated absences in the amount of approximately \$4,014,427

and \$3,361,375 as of June 30, 2006 and 2005, respectively, which is included in accounts payable and accrued expenses and other management liabilities in the accompanying statements of net assets. The

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June 30, 2006 and 2005

During the year ended June 30, 2006 and 2005 the Foundation distributed \$89,107 and \$145,024, respectively, to the University in the form of scholarships. The University contributed \$669,391 and ~~\$629,661~~ in services for the years ended June 30, 2006 and 2005, respectively.

