THE COLLEGE OF NEW JERSEY

(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis and
Required Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

Table of Contents

KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
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Independent Auditors' Report

The Board of Trustees
The College of New Jersey:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The College of New Jersey (the College), 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 College'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 26 and the schedules of proportionate share of the net pension liability, schedules of employer contributions, and schedule of proportionate share of the total other postemployment benefits (OPEB) liability on pages 88 through 90, 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Short Hills, New Jersey
February 9, 2021

Overview of Financial Statements and Financial Analysis

This Management's Discussion and Analysis (MD&A) section provides an analytical overview of The College of New Jersey's (TCNJ or the College) financial performance during the fiscal years ended June 30, 2020 and 2019. The MD&A section is intended to help readers of the financial statements better understand the financial position and operating activities for the years ended June 30, 2020 and 2019 and includes selected comparative information for the year ended June 30, 2018. As an unaudited discussion prepared by management, it should be read in-conjunction with the financial statements and note disclosures.

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for governments, including public colleges and universities. The College's significant accounting policies are summarized in note 2 to the financial statements of this report, including further information on the financial reporting entity.

Because the financial statements of The College of New Jersey Foundation Inc. and Trenton State College Corporation, component units of TCNJ, are discretely presented from the College, the MD&A focuses only on the College. Information relating to the component units can be found in their separately issued financial statements.

College Overview

The College of New Jersey is a mid-sized, comprehensive public college that concentrates primarily on the undergraduate experience. The College gives primacy to teaching and has an achievement-oriented and diverse student body.

Acknowledged for the quality of its academic offerings, the College has been ranked as one of the top comprehensive colleges in the country. *U.S. News & World Report* ranked TCNJ fifth overall and placed first among public colleges, in the "Best Regional Universities—North" category, third in the region for best undergraduate teaching programs and first in the regional ranking for best colleges for veterans. TCNJ also ranked fifth among all institutions in the region for the highest percentage of freshmen coming from the top 25 percent of their high school class (71 percent), and ranked third in actual six-year graduation rate (86 percent). Additionally, *MONEY Magazine* ranked TCNJ third in the nation among similarly sized public institutions on its annual "Best Colleges in America for your Money" list." The *Princeton Review* named TCNJ one of the best 385 colleges in the nation in 2020, a review based on student evaluations. The College remains a top contender in the search for affordable education, once again ranking among Princeton Review's "Best Value Colleges." The *Princeton Review* also recognized TCNJ as one of the most academically outstanding colleges in the Northeast and is featured in the publication's "Guide to Green Colleges," which rewards colleges for their outstanding commitment to environmental sustainability. The College's schools are also held in high regard. For example, *Poets & Quants* placed the School of Business at 34 in its 2019 ranking. The masters-level programs are gaining recognition with *Washington Monthly* ranking TCNJ 20th among all masters-level colleges and universities nationwide.

A strong liberal arts core forms the foundation for a wealth of degree programs offered through the College's seven schools. These schools include Arts and Communication; Business; Education; Humanities and Social Science; Science; Nursing, Health, and Exercise Science; and Engineering. The College is enriched by an honors program and extensive opportunities to study abroad; its freshman orientation programs have helped make its retention and graduation rates among the highest in the country.

The College is recognized as a public institution of higher education by the State of New Jersey and, accordingly, the State Legislature appropriates funds annually to support operations and the cost of fringe benefits for state authorized positions. Under the law, the College is an instrumentality of the State with a high degree of autonomy and is subject to all of the laws and regulations applying to the state public colleges.

Governance

The governing board of the College is a Board of Trustees comprised of no more than fifteen publicly appointed trustees, two students and the President of the College (ex-officio non-voting). All citizen members are voting members, as is one of the two students. The Board also includes representatives from the staff and the faculty.

Under P.L. 1994, C. 48, the Board of Trustees is responsible for developing an institutional plan; determining academic programs; establishing administrative policies; borrowing money; awarding contracts; setting tuition and fees; granting degrees; appointing, evaluating and determining compensation of the president; appointing and promoting the faculty and staff; establishing admission standards and requirements and standards for granting diplomas, certificates and degrees; recommending members for appointments to the Board of Trustees by the Governor; having final authority to determine controversies and disputes pertaining to tenure and other personnel matters of employees; investing and reinvesting the funds of the College; retaining legal counsel of the College's choosing; and preparing and making public an annual financial statement.

Academic Profile

Faculty

Grounded in the liberal arts, TCNJ's personalized, collaborative, and rigorous education engages students at the highest level within and beyond the classroom. In fall 2019, the College's overall full-time equivalent (FTE) faculty count was 556. Approximately 67% of the total faculty FTE was full time (373) and the remaining 33% (183) included permanent part-time faculty, adjunct and teaching professional staff. During this same period, the total FTE student enrollment was 7,465 and the student to faculty ratio was 13:1. The College does not employ graduate teaching assistants, which increases faculty involvement in the curriculum and enriches student learning.

Faculty Data

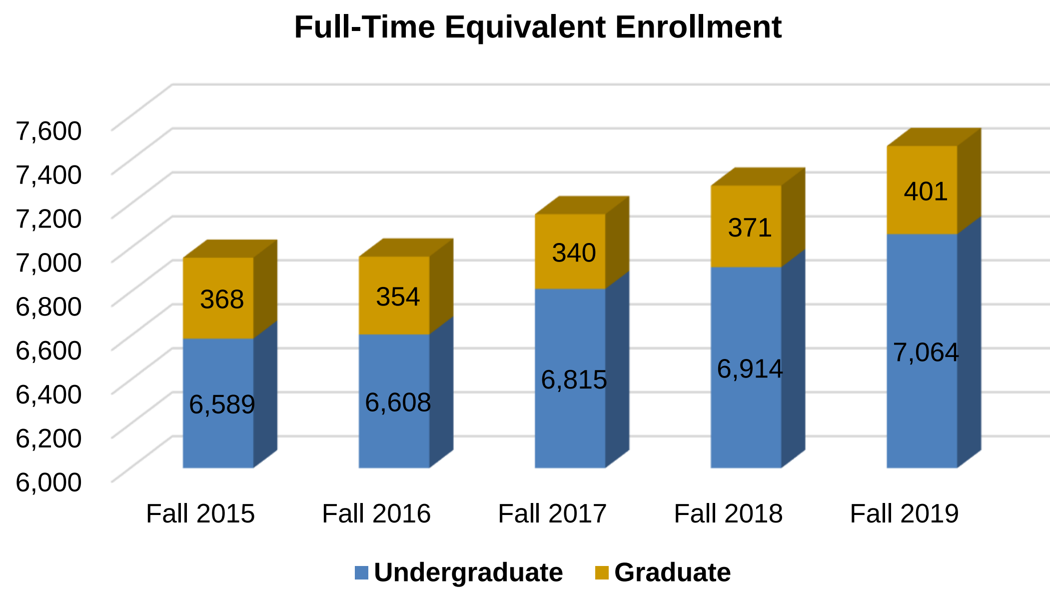
Academic Year	Full-Time Faculty	Part-Time Faculty*	Tenured Faculty	Faculty with Terminal Degrees	Student/ Faculty Ratio
2017 - 2018	362	182	261	329	13:1
2018 - 2019	363	177	252	330	13:1
2019 - 2020	373	183	265	347	13:1

*Part-time includes permanent part-time faculty, adjunct and teaching professional staff full-time equivalents.

Students

The College enjoys a healthy student demand and continues to attract academically talented students. In fall 2019, the full-time freshmen class enrolled 1,605 students yielding a 24% matriculation ratio based upon a 49% acceptance ratio for 13,824 applicants. The 93% freshman to sophomore retention rate demonstrates a high level of student satisfaction. The level of academic engagement is reflected in the high four year and six year graduation rates for the 2012 first time freshman cohort of 75% and 86%, respectively. In fall of 2019, 92% of the freshmen class and 53% of all undergraduate students live on campus.

In the fall of 2019, TCNJ enrolled 7,064 full-time equivalent undergraduate students and 401 full-time graduate students. Over the last five years, TCNJ has targeted enrollment growth in line with its strategic enrollment plan goals, with the total full-time equivalent population growing by 508 from fall 2015 to fall 2019, primarily in the undergraduate population as reflected in the graph below.



The 2019–2020 academic year concluded with the awarding of 1,649 bachelor's degrees, 327 master's degrees, and 87 pre-/post-master's certifications.

Using the Financial Statements

The basic financial statements present the financial position, the changes in financial position and cash flows of the College, through three primary financial statements and notes to the financial statements. The three financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

The College's net position is one indicator of the institution's financial health. Sustained increases or decreases in net position over time are indicators of the improvement or erosion of an institution's financial health when considered together with relevant non-financial factors such as enrollment levels, student retention and graduation rates and the condition of the facilities.

Significant Aspects of the Financial Statements

- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the College's revenues, including state appropriations, OPEB revenue (in fiscal years 2020 and 2019), and investment income, are considered nonoperating, as defined by GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34* (GASB 35). The net nonoperating revenue totaled $49.1 million and $59.3 million for the years ended June 30, 2020 and 2019, respectively.

- Scholarships applied to student accounts are shown as a reduction of student tuition and housing fee revenue. Tuition waivers are reported as a scholarship expense. For the years ended June 30, 2020 and 2019, scholarship allowance totaled $31.6 million and $29.2 million, respectively.
- The College is required to report depreciation on its capital assets. Depreciation expense totaled $28.0 million and $25.5 million for the years ended June 30, 2020 and 2019, respectively.
- Unrestricted net position comprised various subcategories of designated and committed funds; however, GASB 35 prohibits a breakdown of these designations on the face of the statement of net position. The College has many activities that require a certain level of reserves to be maintained. Examples include working capital reserves for auxiliary operations, educational and general activities, coverage for debt service and capital reserves for planned construction efforts.

GASB Statement No. 68

In fiscal year 2015, the College implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB 68 requires state and local government employers to recognize a net pension liability for defined benefit plans where the entity is a participant. The College pension plans impacted by GASB 68 and 71 are the State of New Jersey Public Employees' Retirement System (PERS), the State of New Jersey Police and Firemen's Retirement System (PFRS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF).

The changes in net pension liability adjusted for the deferred inflows and deferred outflows of resources result in pension expense. Prior to fiscal year 2015, the College only recognized pension expense for these plans up to the amount contributed to the plan by the State as indicated within the fringe benefit rate provided by the State. In fiscal year 2015, the College was also required to adjust the unrestricted net position by $118.1 million to reflect the cumulative effect of implementation from prior years. The amounts recorded as a result of following GASB 68 have been shown separately in the tables below.

Historically, the State provided the contributions to the plan while seeking reimbursement from the College for the College's non-State-authorized positions. The State provides an annual fringe benefit appropriation to the College based on a fully loaded fringe benefit appropriation. The College recorded the fringe benefit revenue (100% of the State-authorized positions) and expense (100% of State-authorized positions plus non-State-authorized positions reimbursed to the State) in its financial statements.

The College's financial statements relating to the reporting of pension liability under GASB 68 reflect its proportionate share, as determined by the Division of Pensions and Benefits (DPB) of the State, of the State-wide pension liabilities under the PERS and PFRS. In computing the College's proportionate share, DPB first computed the contributions made for the College for each fiscal year as a percentage of contributions deemed made on behalf of all "employers" in the "State Group" for that fiscal year. Next, DPB multiplied this ratio by the total net pension liability for the entire State Group as of the last day of each fiscal year.

With respect to TPAF, the State determined they met the "special funding situation" included in GASB 68 and the State recorded the pension liability on its respective financial statements. With respect to PERS and PFRS, the State determined the College was a separate employer. Thus, the College records on its financial statements the net pension liability and related deferred inflows and deferred outflows as determined by DPB.

However, the State has communicated that the GASB 68 pension liability "allocations do not impact state laws or past funding arrangements that have been established annually in the State budget."

GASB Statement No. 75

In fiscal year 2018, the College implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 addresses accounting and financial reporting for other postemployment benefits (OPEB). The College's retirees participate in the State of New Jersey State Health Benefit State Retired Employees Plan (the Plan). The Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts. The College is considered a participating employer in the Plan and the State is a nonemployer contributing entity. The Plan is administered by the State on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB 75.

The State is legally obligated to pay the OPEB benefit coverage for eligible retirees of the College under N.J.S.A. 52:14-17.32. Since the College does not contribute directly to the Plan, there is no total OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the College's financial statements. The College's portion of the nonemployer contributing entity's total proportionate share of the total OPEB liability that is associated with the College is disclosed in note 11.

Prior to the adoption of GASB 75, the College did not recognize any OPEB expenses related to the Plan. In fiscal years 2020 and 2019, the College recognized $1.1 million and $13.6 million in OPEB expense and non-operating OPEB revenue, respectively, to account for the College's portion of the OPEB expense that was paid by the State. The amounts recorded in the Statement of Revenues, Expenses and Changes in Net Position as a result of GASB 75 have been shown separately in the tables below.

The College's financial statements relating to the reporting of OPEB under GASB 75 reflect its proportionate share, as determined by the DPB, of the State's OPEB expenses under the Plan. The College's proportionate share was calculated based on the ratio of the members (active and retired) of an individual employer to the total members of the Plan. The College's fiscal year 2020 financial statements include its proportionate share of OPEB revenues and expenses for the measurement period July 1, 2018 through June 30, 2019.

The tables below show the GASB 68 and GASB 75 adjustments to the financial statements for fiscal years 2020 and 2019:

2020 Condensed Statement of Net Position (Amounts in thousands)				
		Before GASB 68	**GASB 68 Adjustment**	**As Reported**
Assets:				
Current assets	$	114,948	—	114,948
Capital assets, net		666,335	—	666,335
Other noncurrent assets		18,797	—	18,797
Total assets		800,080	—	800,080
Deferred outflows of resources		28,040	22,917	50,957
Liabilities:				
Current liabilities		58,879	—	58,879
Noncurrent liabilities		324,242	144,651	468,893
Total liabilities		383,121	144,651	527,772
Deferred inflows of resources		—	31,027	31,027
Net Position:				
Net investment in capital assets		345,690	—	345,690
Restricted expendable		14,015	—	14,015
Unrestricted		85,294	(152,761)	(67,467)
Total net position	$	444,999	(152,761)	292,238

2019 Condensed Statement of Net Position (Amounts in thousands)			
	Before GASB 68	GASB 68 Adjustment	As Reported
Assets:			
Current assets	$ 151,599	—	151,599
Capital assets, net	673,109	—	673,109
Other noncurrent assets	30,657	—	30,657
Total assets	855,365	—	855,365
Deferred outflows of resources	30,312	26,330	56,642
Liabilities:			
Current liabilities	89,777	—	89,777
Noncurrent liabilities	342,680	146,343	489,023
Total liabilities	432,457	146,343	578,800
Deferred inflows of resources	—	31,857	31,857
Net Position:			
Net investment in capital assets	342,319	—	342,319
Restricted expendable	13,952	—	13,952
Unrestricted	96,949	(151,870)	(54,921)
Total net position	$ 453,220	(151,870)	301,350

Under GASB 68, the College recorded its proportionate share of pension expense of $10.0 million and $10.1 million, for fiscal years 2020 and 2019, respectively. In fiscal years 2020 and 2019, the State's contributions amounted to $8.8 million and $5.4 million, respectively.

2020 Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)				
	Before GASB 68 & 75	GASB 68 Adjustment	GASB 75 Adjustment	As Reported
Net student revenues	$ 145,106	—	—	145,106
Government grants and contracts	21,235	—	—	21,235
Auxiliary activities	5,502	—	—	5,502
Other	5,515	—	—	5,515
Operating revenues	177,358	—	—	177,358
Instruction and research	78,644	421	—	79,065
Academic support	17,201	77	—	17,278
Student services	21,433	105	—	21,538
Operation and maintenance of plant	26,374	125	—	26,499
Institutional support	24,486	140	—	24,626
Auxiliary activities	30,114	57	—	30,171
Other postemployment benefit expense	—	—	1,112	1,112
Depreciation	28,014	—	—	28,014
Other	9,501	11	—	9,512
Operating expenses	235,767	936	1,112	237,815
Operating loss	(58,409)	(936)	(1,112)	(60,457)
State appropriations and fringe benefits	50,349	45	—	50,394
Other postemployment benefit revenue	—	—	1,112	1,112
Other expenses, net	(2,420)	—	—	(2,420)
Net nonoperating revenues	47,929	45	1,112	49,086
Capital grants and gifts	2,259	—	—	2,259
Decrease in net position	(8,221)	(891)	—	(9,112)
Net position, beginning of year	453,220	(151,870)	—	301,350
Net position, end of year	$ 444,999	(152,761)	—	292,238

2019 Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)					
		Before GASB 68 & 75	GASB 68 Adjustment	GASB 75 Adjustment	As Reported
Net student revenues	$	152,952	—	—	152,952
Government grants and contracts		22,139	—	—	22,139
Auxiliary activities		6,358	—	—	6,358
Other		6,152	—	—	6,152
Operating revenues		187,601	—	—	187,601
Instruction and research		78,857	2,057	—	80,914
Academic support		17,719	379	—	18,098
Student services		21,670	548	—	22,218
Operation and maintenance of plant		27,320	721	—	28,041
Institutional support		21,251	608	—	21,859
Auxiliary activities		36,419	278	—	36,697
Other postemployment benefit expense		—	—	13,607	13,607
Depreciation		25,534	—	—	25,534
Other		7,563	116	—	7,679
Operating expenses		236,333	4,707	13,607	254,647
Operating loss		(48,732)	(4,707)	(13,607)	(67,046)
State appropriations and fringe benefits		54,303	48	—	54,351
Other postemployment benefit revenue		—	—	13,607	13,607
Other expenses, net		(8,621)	—	—	(8,621)
Net nonoperating revenues		45,682	48	13,607	59,337
Capital grants and gifts		5,035	—	—	5,035
Increase (decrease) in net position		1,985	(4,659)	—	(2,674)
Net position, beginning of year		451,235	(147,211)	—	304,024
Net position, end of year	$	453,220	(151,870)	—	301,350

Refer to note 11 for additional information related to GASB 68 and 75.

Statement of Net Position

The statement of net position presents the College's financial position at the end of fiscal years 2020 and 2019, including all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position using the accrual basis of accounting. Assets and liabilities are generally measured using current values with certain exceptions, such as capital assets which are stated at cost less accumulated depreciation, and long-term debt which is carried at cost.

Assets and liabilities are categorized as current and noncurrent and are shown in order of their relative liquidity. An asset's liquidity is determined by how readily it is expected to be converted to cash or whether restrictions limit the College's ability to use the resources. Current assets are generally considered to be convertible to cash within one year. Noncurrent assets are predominantly composed of deposits held by trustees for capital, long-term investments and capital assets (net).

Deferred outflows of resources are a consumption of net position by the College that is applicable to a future reporting period. The College's deferred outflows of resources consist of bond deferred refunding amounts and changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability.

A liability's liquidity is based on its maturity or when cash is expected to be used to liquidate it. Current liabilities are amounts becoming due and payable within the next year and consist primarily of accounts payable, accrued liabilities and the portion of bond principal due within a year. The College's net pension liability and long-term debt comprise the majority of its noncurrent liabilities.

Deferred inflows of resources are an acquisition of net position by the College that is applicable to a future reporting period. The College's deferred inflows of resources is composed of changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability.

Net position represents the residual interest in the College's assets and deferred outflows of resources after all liabilities and deferred inflows are deducted. Net position is one indicator of the financial condition of the College, while the change in net position during the year is a measure of whether the overall condition has improved or worsened during the year.

Net position is classified into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment. The second category is restricted expendable net position, which are available resources to the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on their usage.

Finally, unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College, such as donors or granting agencies. Also included are normal working capital balances maintained for departmental and auxiliary enterprise activities.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the College. They may also determine how much the College owes external vendors, bond holders and other parties. A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020, 2019 and 2018 are as follows:

Condensed Statements of Net Position
(Amounts in thousands)

		2020	2019	2018
Assets:				
Current assets	$	114,948	151,599	113,845
Capital assets, net		666,335	673,109	673,564
Other noncurrent assets		18,797	30,657	81,485
Total assets		800,080	855,365	868,894
Deferred outflows of resources		50,957	56,642	68,276
Liabilities:				
Current liabilities		58,879	89,777	51,273
Noncurrent liabilities		468,893	489,023	559,169
Total liabilities		527,772	578,800	610,442
Deferred inflows of resources		31,027	31,857	22,704
Net Position:				
Net investment in capital assets		345,690	342,319	329,313
Restricted expendable		14,015	13,952	15,816
Unrestricted		(67,467)	(54,921)	(41,105)
Total net position	$	292,238	301,350	304,024

Statement of Net Position Financial Highlights

Assets

During fiscal year 2020, the College's total assets decreased by $55.3 million, or 6.5%. At June 30, 2020, the College's working capital, which is current assets less current liabilities, was $56.1 million, a decrease of $5.8 million from the previous year primarily due to reimbursements from bond-related construction funds held with bond trustees.

During fiscal year 2019, the College's total assets decreased by $13.5 million, or 1.6%. At June 30, 2019, the College's working capital, which is current assets less current liabilities, was $61.8 million, a decrease of $750 thousand from the previous year primarily due to an increase in accounts payable and accrued expenses as of June 30, 2019 compared to the prior year.

Working capital is a key financial metric used to measure the College's liquidity for operations. It measures the institution's ability to satisfy its current obligations as they come due. With current assets at 1.95 and 1.69 times above current liabilities in fiscal years 2020 and 2019, respectively, the College had adequate liquidity to satisfy its current obligations.

Summary of Working Capital (Amounts in thousands)				
		2020	2019	2018
Current assets	$	114,948	151,599	113,845
Current liabilities		58,879	89,777	51,273
Working capital		56,069	61,822	62,572
Ratio of current assets to current liabilities		1.95	1.69	2.22

Cash and Investments

Cash and cash equivalents increased by $3.6 million in fiscal year 2020 primarily from liquidating certain short-term investments. In fiscal year 2019, cash and cash equivalents decreased by $2.4 million, primarily due to the disbursements for operations including debt service payments which was offset by cash receipts and reimbursements from deposits held by bond trustees for capital expenses.

The College's investment portfolio has two components: a short duration fixed income segment, which holds high-quality liquid fixed income securities generally maturing between overnight and three years, and a longer-term multi-asset class segment, which employs a more diversified approach focused on global investments.

The investment portfolio produced strong results for the fiscal years ended June 30, 2020 and 2019. The combined portfolio generated over $4.1 million or 4.8% in fiscal year 2020 compared to $4.8 million or 5.3% the previous fiscal year. This was the result of a very strong equity market performance coupled with the College's strategic investment in a long-term, diversified, multi-asset class portfolio, which returned 5.1% over the past 12 months, significantly above its blended benchmark, which returned 3.3% during the same period. In fiscal year 2019, this portfolio returned 6.3% which slightly below its blended benchmark that returned 6.7% during the same period.

Despite the persistently low interest rate environment during the fiscal year, the College's short duration fixed income portfolio generated positive returns while adhering to the investment policy mandates of safety, liquidity and yield. For fiscal years 2020 and 2019, the fixed income portfolio generated a gross return of 3.8% versus 3.5% for its benchmark, Merrill Lynch 0-3 Year US Treasury Index. The short duration fixed income portfolio is allocated largely towards U.S. government securities, which include U.S. Treasury and federal agency notes and bonds. These investments accounted for approximately 36.1% and 44.6% of the portfolio at June 30, 2020 and 2019. The remainder of the portfolio is invested in high quality credit investments, including corporate notes, commercial paper, certificates of deposit and municipal bonds.

The multi-asset class portfolio is allocated with a 70.0% equity and 30.0% fixed income approach since its inception in February 2012. As of June 30, 2020, the overall equity position was neutral to the benchmark but slightly overweight in domestic equities, while the fixed income segment continues to be position with a defensive duration and overweight to credit.

At June 30, 2020 and 2019, investments totaled $79.8 million and $91.7 million, representing a decrease of $11.9 million and $3.2 million, respectively. The decreases were the result liquidations to fund operations, offset by positive net investment income and appreciation net of investment manager fees.

Cash and Cash Equivalents and Investments (Amounts in thousands)				
		2020	2019	2018
Cash and cash equivalents	$	14,428	10,877	13,305
Investments – current		62,738	70,949	67,808
Investments – noncurrent		17,015	20,720	27,069
Total cash and cash equivalents and investments	$	94,181	102,546	108,182

Restricted Deposits Held With Trustees

Restricted deposits held with trustees had a net decrease of approximately $43.4 million and $4.7 million as of June 30, 2020 and 2019, respectively, primarily due to requisitions paid throughout the fiscal year to reimburse TCNJ for bond-financed capital expenditures temporarily funded by operating cash. In addition, $37.1 million in restricted deposits was held with trustees to advance refund the remaining Series 2010B bond principal redeemed on July 1, 2019. Consistent with the prior fiscal year, debt service payments for July 1, 2019 are reflected in the restricted deposits held with bond trustees as of June 30, 2020.

Capital Assets

At June 30, 2020 and 2019, the College had $666.3 million and $673.1 million, respectively, invested in capital assets, net of accumulated depreciation of $356.1 million and $335.1 million. Depreciation charges totaled $28.0 million and $25.5 million, respectively, for the years ended June 30, 2020 and 2019. Net capital additions totaling $21.2 million in fiscal year 2020 and $25.1 million in fiscal year 2019 were comprised primarily of major renovation of facilities such as the Armstrong building renovation and various asset renewal projects. These additions were funded by institutional reserves, capital grants and proceeds from bonds. The following is a breakdown of the net additions for fiscal years ended June 30, 2020, 2019 and 2018:

Net Capital Additions (Amounts in thousands)				
		2020	2019	2018
Net additions:				
Land and land improvements	$	—	359	381
Works of art/historical treasures		6	9	308
Buildings and building improvements		23,724	7,121	97,690
Leasehold improvements		—	—	14
Infrastructure		5,113	2,234	9,254
Equipment and other assets		1,216	6,623	4,650
Construction in progress, net		(15,920)	8,733	(93,973)
Net total additions	$	14,139	25,079	18,324

Deferred Outflows of Resources

During fiscal years 2020 and 2019, the deferred outflows of resources consist of deferred amounts from debt refunding and pensions. In fiscal years 2020 and 2019, the deferred outflows of resources related to debt refunding decreased by $2.3 million and $2.9 million, respectively, due to the recognition of deferred outflows from the Series 2016F and 2016G bond issues, partially offset by the amortization of the deferred amounts, while the deferred outflows relating to pensions decreased by $3.4 million and $8.7 million, respectively, due to changes in proportion of the allocated pension liability and changes in actuarial assumptions used to calculate the pension liability.

Liabilities

Current Liabilities

Current liabilities decreased by $30.9 million from $89.8 million as of June 30, 2019 to $58.9 million as of June 30, 2020. This decrease was mainly due to the redemption of $37.1 million of Series 2010B principal balance on July 1, 2019 that classified as current as of end of the previous fiscal year. This was offset by increases in accounts payable and accrued expenses, unearned revenue and student deposits.

Current liabilities increased $38.5 million from $51.3 million as of June 30, 2018 to $89.8 million as of June 30, 2019. The increase was primarily due to $37.1 million of Series 2010B principal to be paid from the crossover escrow funds held by trustees on July 1, 2019 being classified as current as of June 30, 2019.

Noncurrent Liabilities

During fiscal year 2020, noncurrent liabilities decreased by $20.1 million, primarily due to a $1.7 million reduction of the net pension liability under GASB 68 and a $15.3 million decrease in bonds payable and other long-term obligations due to repayment of debt.

During fiscal year 2019, noncurrent liabilities decreased by $70.1 million, or 12.5%, primarily due to a $13.2 million reduction of the net pension liability under GASB 68 and a $51.9 million decrease in bonds payable and other long-term obligations due to repayment of debt and movement of $37.1 million of Series 2010B principle to current due to the crossover refunding on July 1, 2019. Additionally, there was a $5.0 million reduction in unearned revenue related to capital grants as the revenue was recognized in fiscal year 2019.

Long-Term Debt

The use of debt has been a key component in the College's transformation into a selective institution that has earned national recognitions for its commitment to academic excellence. The attractiveness of the College's facilities is an important factor in the College's ability to recruit highly qualified students. At June 30, 2020 and 2019, the College had $336.7 million and $388.6 million, respectively, in outstanding bonds and other long-term obligations including bond premium, issued by the New Jersey Educational Facilities Authority. TCNJ's debt burden is a characteristic of many New Jersey state colleges and universities due primarily to the lack of state capital support historically and TCNJ's strategic choice to invest and reinvest in state-of-the-art facilities.

At June 30, 2019, the College's outstanding bonds includes $37.1 million of principal from the proceeds of the 2016F bonds, which is being counted in the amount of debt outstanding along with the $37.1 million of principal on the 2010B bonds to be redeemed using the escrow proceeds when they are callable on July 1, 2019 at par. The crossover bonds were sized to fund an escrow (debt service reserve) account which will pay interest on the portion of the Series 2016F bonds allocable to the Series 2010B bonds to be refunded through July 1, 2019, and the redemption price on the Series 2010B bonds (at par in an amount equal to $37.1 million). The escrow is invested in qualified securities such as U.S. Treasuries and is reported in the current restricted deposits held with trustees in the accompanying financial statements.

The College's long-term debt structure is all fixed-rate with no interest rate swaps. Additional information about the College's existing long-term liabilities is presented in note 9 to the financial statements.

Deferred Inflows of Resources

During fiscal years 2020 and 2019, the deferred inflows of resources consist of deferred amounts relating to pensions of $31.0 million and $31.9 million, respectively, which represent the College's proportionate share recognized under GASB 68 for each fiscal year.

Net Position

Net position represents the residual interest in the College's assets and deferred outflows of resources after all liabilities and deferred inflows are deducted. Net position is one indicator of the financial condition of the College, while the change in net position during the year is a measure of whether the overall condition has improved or worsened during the year.

The College's net position before the GASB 68 adjustment to the financial statements in fiscal years 2020 and 2019 decreased $8.2 million and increased by $2.0 million, respectively, yet due to the recording of $936 thousand and $4.7 million in net pension expense under GASB 68, the reported net position showed decreases of $9.1 million and $2.7 million or 3.0% and 0.9%, respectively.

At June 30, 2020 and 2019 the total net position was reflected in the following three component categories:

- Net investment in capital assets represents the College's capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of those assets. During fiscal years 2020 and 2019, this category increased $3.4 million and $13.0 million, respectively, due to net additions to capital assets and related debt, offset by payments of outstanding debt.
- Restricted expendable net position represents resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. During fiscal years 2020 and 2019, this category increased by $63 thousand and decreased by $1.9 million, respectively, primarily due to adjustments of the restricted deposits held with trustees for principal and interest repayment.
- Unrestricted net position is not subject to externally imposed stipulations although these resources may be designated for specific purposes by the College's management or Board of Trustees. In fiscal years 2020 and 2019, this category had a decrease of $12.5 million and $13.8 million, respectively, primarily due to the recording of the College's proportionate share of pension expense and related deferred outflows of resources, net pension liability and deferred inflows of resources under GASB 68 coupled with the investments in capital assets.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the College's results of operations. The statement distinguishes revenues and expenses between operating and nonoperating categories, and provides a view of the College's performance. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are incurred in the normal operation of the College, including a provision for estimated depreciation on capital assets. Revenues and expenses are recognized when earned or incurred regardless of when the cash is received or paid.

Certain revenue sources that the College relies on for operations, including state appropriations and investment income, are required by GASB to be classified as nonoperating revenues. Nonoperating expenses primarily include interest expense and amortization expense related to the deferred outflows of resources from debt refunding. The College will likely always report an operating loss due to the types of revenues classified as nonoperating. Therefore, the change in net position is more indicative of the overall financial results for the fiscal year.

A summary of the College's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2020, 2019 and 2018 are as follows:

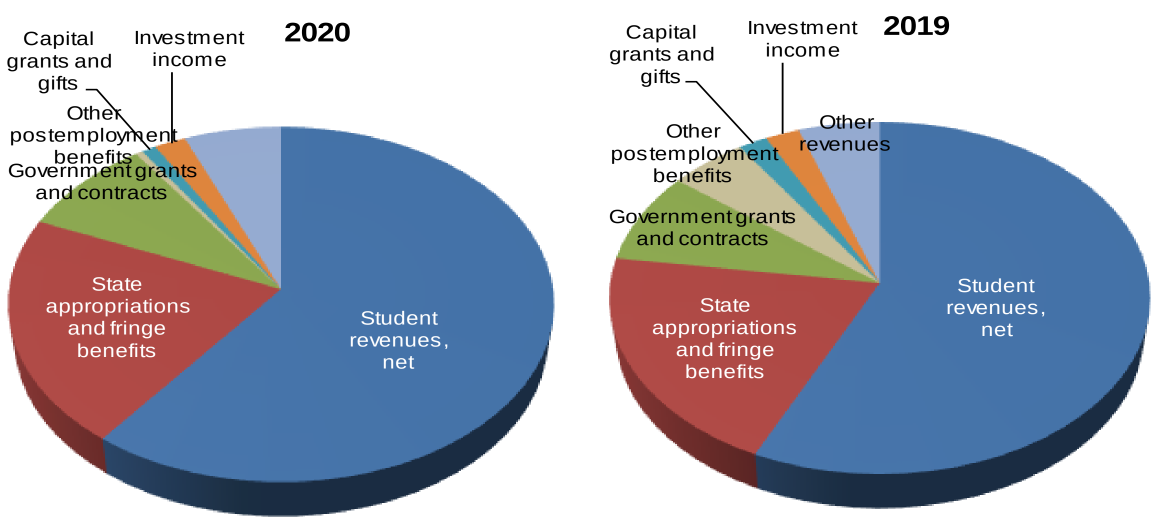
Condensed Statements of
Revenues, Expenses and Changes in Net Position
(Amounts in thousands)

		2020	2019	2018
Net student revenues	$	145,106	152,952	149,739
Government grants and contracts		21,235	22,139	20,572
Auxiliary activities		5,502	6,358	5,717
Other		5,515	6,152	5,738
Operating revenues		177,358	187,601	181,766
Instruction and research		79,065	80,914	79,870
Academic support		17,278	18,098	17,502
Student services		21,538	22,218	21,176
Operation and maintenance of plant		26,499	28,041	28,252
Institutional support		24,626	21,859	20,527
Auxiliary activities		30,171	36,697	34,577
Other postemployment benefit expense		1,112	13,607	17,034
Depreciation		28,014	25,534	22,858
Loss on disposal of capital assets		—	—	1,373
Other		9,512	7,679	7,878
Operating expenses		237,815	254,647	251,047
Operating loss		(60,457)	(67,046)	(69,281)
State appropriations and fringe benefits		50,394	54,351	54,006
Other postemployment benefit revenue		1,112	13,607	17,034
Investment income		4,847	5,969	5,978
Other expenses, net		(7,267)	(14,590)	(14,512)
Net nonoperating revenues		49,086	59,337	62,506
Capital grants and gifts		2,259	5,035	4,858
Decrease in net position		(9,112)	(2,674)	(1,917)
Net position, beginning of year		301,350	304,024	305,941
Net position, end of year	$	292,238	301,350	304,024

Statement of Revenues, Expenses and Changes in Net Position Financial Highlights

Revenues

The following is an illustration of revenues by source (both operating and nonoperating), that were used to fund the College's activities for the fiscal years ended June 30, 2020 and 2019:



	2020			2019		
	Amount		Percent	Amount		Percent
	(Amounts in thousands)					
Student revenues, net	$	145,106	60.5%	$	152,952	57.0%
State appropriations and fringe benefits		50,394	21.0%		54,351	20.3%
Government grants and contracts		21,235	8.9%		22,139	8.2%
Other postemployment benefits		1,112	0.5%		13,607	5.1%
Capital grants and gifts		2,259	0.9%		5,035	1.9%
Investment income		4,847	2.0%		5,969	2.2%
Other revenues		14,985	6.2%		14,146	5.3%
	$	**239,938**	**100.0%**	$	**268,199**	**100.0%**

Operating Revenues

Operating revenues represent resources generated by the College in fulfilling its instruction, research and public service mandate. Total operating revenues decreased by $10.2 million and increased by $5.8 million in fiscal year 2020 and 2019, respectively.

Tuition and Fees

Tuition and fees revenues increased $6.6 million and $3.4 million, or 5.0% and 2.7%, in fiscal years 2020 and 2019, respectively, primarily due to the College's continued strategic efforts to keep the cost of education affordable with modest tuition and fees increases of 2.3% and 2.5% in fiscal years 2020 and 2019, respectively, for undergraduate students coupled with targeted growth in undergraduate enrollment.

Student Housing and Fees

In fiscal year 2020, student housing and fees decreased by $12.0 million or 23.4%. The impacts of the COVID-19 public health crisis and the State of New Jersey mandate resulted in the migration of instructional modality to online delivery for the spring semester effective on March 23, 2020. All residential students were asked to vacate the residence halls and the College issued $13.3 million in prorated room and board refunds to students. This reduction was offset by room and board rate increases.

In fiscal year 2019, student housing and fees increased by $729 thousand of 1.4% due to room and board rate increases of 3.16% coupled with changes in housing occupancy.

Scholarship Allowance

Scholarship allowance increased by $2.5 million and $940 thousand, or 8.5% and 3.3%, respectively, in fiscal years 2020 and 2019 primarily due to increases in institutional funded scholarships as reflected in the table below.

Scholarship Allowance
(Amounts in thousands)

		2020	2019	2018
State scholarships	$	8,373	7,791	7,851
Federal scholarships		6,641	6,108	6,182
Institutional scholarships		16,646	15,275	14,201
Total scholarships	$	31,660	29,174	28,234

Government Grants and Contracts

The College recognizes revenues associated with the direct costs of grants and contracts as the related eligible expenditures are incurred. In fiscal year 2020, government grants and contracts had a net decrease of $904 thousand primarily due to a decrease in federal grants and contracts. In fiscal year 2019, government grants and contracts had a net increase of $1.6 million primarily due to increases of $0.5 million and $1.1 million in State of New Jersey grants and contracts and federal grants and contracts, respectively.

Auxiliary Activities

Auxiliary activities, which are self-supporting activities, accounted for approximately 3.1% and 3.4% of the total operating revenues in fiscal years 2020 and 2019, respectively. Included in auxiliary activities are revenues derived primarily from commissions, student center and conference center operations, and summer camp activities.

Nonoperating Revenues

Nonoperating revenues are those not generated by the College's core mission and include such funding sources as investment income and New Jersey State support, appropriations and funding for fringe and other postemployment benefits.

New Jersey State Appropriations

In fiscal year 2020, New Jersey state appropriations represented approximately 20.9% of all operating and non-operating revenues. The level of state support is a key factor influencing the College's overall financial condition. The state appropriations include amounts appropriated by the State Legislature and employees' fringe benefits paid by the State.

The College reimburses the State for the fringe benefit costs for the number of employees who exceed the state authorized position count of 859 for TCNJ. Even though state appropriations are considered nonoperating revenue for financial reporting purposes, the total amount supports operating expenses.

In fiscal years 2020 and 2019, the gross state support to the College decreased by $4.0 million and increased by $345 thousand, respectively. In fiscal year, the State reduced the college's budgeted appropriation due to the fiscal crisis brought on by the COVID-19 pandemic. The increase in fiscal year 2019 was due to the fringe benefits funded by the State.

The breakdown of the state appropriations at June 30, 2020, 2019 and 2018 are as follows:

State Appropriations
(Amounts in thousands)

		2020	2019	2018
State appropriations	$	23,357	27,177	27,177
Fringe benefits		27,037	27,174	26,829
Gross State support	$	50,394	54,351	54,006

Other Postemployment Benefit Revenue

The fiscal years 2020 and 2019 other postemployment benefit (OPEB) revenue represents the College's proportionate share of OPEB expenses under GASB 75. This non-cash revenue is a direct offset of the OPEB expenses that were recognized in fiscal years 2020 and 2019. See note 11 for additional information on OPEB.

Investment Income

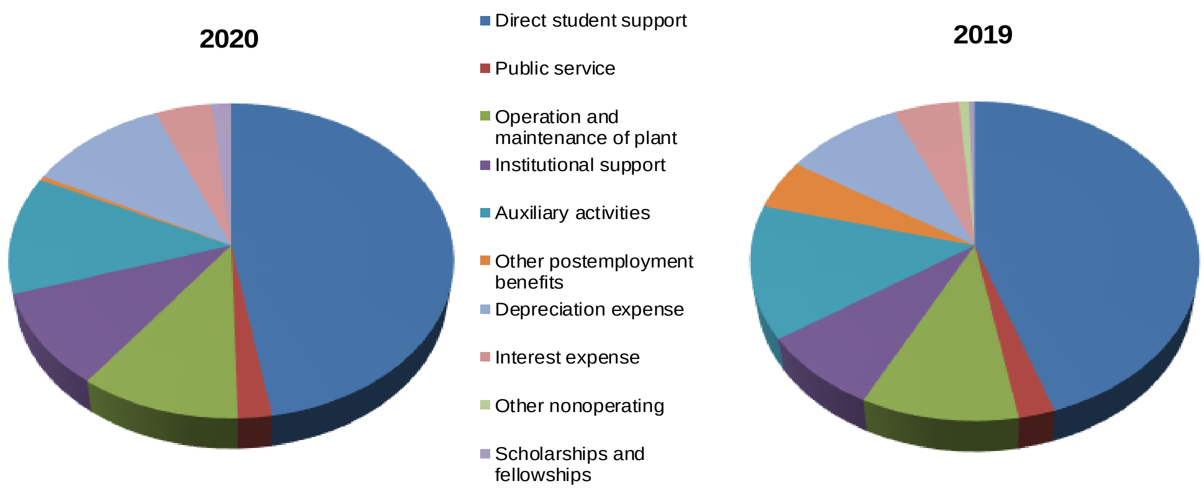
Investment income includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal years 2020 and 2019, the positive performance of the cash and investment portfolios yielded total returns of approximately $4.8 million and $6.0 million, respectively.

Capital Grants and Gifts

Capital grants and gifts totaled $2.3 million and $5.0 million in fiscal years 2020 and 2019, respectively, due to the receipt of a number of New Jersey State grants to fund the a new Science, Technology, Engineering and Mathematics (STEM) building, the renovation of Armstrong Hall and various information technology improvements. The revenue for these capital grants is recognized as expenses are incurred. Amounts received from grants for which eligibility requirements have not been met under the terms of the agreements are included in unearned revenue in the statements of net position.

Expenses

The following is an illustration of total expenses by function (both operating and nonoperating), for the fiscal years ended June 30, 2020 and 2019:



	2020		2019	
	Amount	Percent	Amount	Percent
	(Amounts in thousands)			
Instruction and research	$ 79,065	31.7%	$ 80,914	29.9%
Academic support	17,278	6.9%	18,098	6.7%
Student services	21,538	8.6%	22,218	8.2%
Direct student support	117,881	47.2%	121,230	44.8%
Public service	5,554	2.2%	6,453	2.4%
Operation and maintenance of plant	26,499	10.6%	28,041	10.4%
Institutional support	24,626	9.9%	21,859	8.1%
Auxiliary activities	30,171	12.1%	36,697	13.5%
Other postemployment benefits	1,112	0.7%	13,607	5.0%
Depreciation expense	28,014	11.2%	25,534	9.4%
Interest expense	11,235	4.5%	14,076	5.2%
Other nonoperating	—	0.0%	2,150	0.8%
Scholarships and fellowships	3,958	1.6%	1,226	0.4%
	$ 249,050	**100.0%**	**$ 270,873**	**100.0%**

Operating Expenses

The College has consistently demonstrated its commitment to preserving the quality of its academic programs despite the challenging state funding environment by continuing to allocate a significant portion of its operating expenses to direct student support (instruction, research, academic support and student services) and to college-funded scholarships which are reported as a reduction of student revenues in these financial statements.

In fiscal year 2020, total operating expenses were $237.8 million, representing an overall decrease of $16.8 million or 6.6%, over the previous fiscal year total of $254.6 million. Of the overall decrease, $12.5 million is related to a change in the College's proportionate share of OPEB expenses. Additionally, the College significantly reduced discretionary spending, instituted a hiring freeze plus other reductions in auxiliary activities and fuel and utilities to mitigate the adverse financial impacts of the COVID-19 pandemic. These decreases were offset by increases in the institutional support and depreciation expense category.

In fiscal year 2019, total operating expenses were $254.6 million, representing an overall increase of $3.6 million or 1.4%, over the previous fiscal year total of $251.0 million. This change resulted from increases in salaries and fringe benefits from obligations of the various union contracts collectively bargained at the State level, as well as increases in instruction, student services, institutional support, auxiliary activities and depreciation expenses. These increases were partially offset by decreases in GASB 68 pension and GASB 75 other postemployment benefit expenses compared to fiscal year 2018.

Instruction and Research

The combination of instruction and research represents the College's largest operating expense category. In fiscal years 2020 and 2019, the change in both functional categories were primarily due to salaries and fringe benefits costs driven by the requirements of the union contracts and the expense management strategies employed to address the impact of COVID-19 pandemic.

Academic Support

In fiscal years 2020 and 2019, academic support expenses decreased $820 thousand and increased by $596 thousand, or 4.5% and 3.4%, respectively. During fiscal year 2020, the college employed a number of expense reduction strategies to address the negative financial impact of the COVID-19 pandemic. The fiscal year 2019 increase was primarily due to increases in salaries and fringe benefits expenses, library acquisitions plus additional marketing costs for graduate programs.

Public Service

Public service represents grant activities and academic enterprise programs geared toward community involvement and benefit, such as the Bonner Center for Civic and Community Engagement, Small Business Development Center and the New Jersey AmeriCorps grants. This category decreased by $899 thousand and $140 thousand, or 13.9% and 2.1%, in fiscal years 2020 and 2019, respectively.

Student Services

In fiscal year 2020 and 2019, student service expenses decreased by $680 thousand and increased $1.0 million or 3.1% and 4.9%, respectively, due to increases in salaries and fringe benefits costs driven by the requirements of the union contracts. In fiscal year 2020, this was more than offset by reduction in expenses to address the negative financial impact of the COVID-19 pandemic. In addition, there were investments for athletics operation and the recovery grants activities.

Operation and Maintenance of Plant

Operation and maintenance of plant decreased by $1.5 million or 5.5% in fiscal year 2020 but remained relatively stable during fiscal year 2019 compared to the previous fiscal year. In fiscal year 2020, the decrease was primarily due to reduction in salary and fringe due to the hiring freeze plus savings in fuel and utilities costs.

Institutional Support

In fiscal years 2020 and 2019, institutional support increased $2.8 million and $1.3 million, or 12.7% and 6.5%, respectively, due primarily to salaries and fringe benefits, institutional branding initiatives and software acquisitions.

Auxiliary Activities

In fiscal years 2020 and 2019, auxiliary activities decreased by $6.5 million and increased by $2.1 million, or 17.8% and 6.1%, respectively. The fiscal year 2020 decrease was primarily due to meal plan reduction because of the pro-rated refunds provided to students in the resident halls. Fiscal year 2019 increase was the result of salaries and fringe benefits, maintenance costs associated with the residence halls plus meal plan costs.

Other Postemployment Benefit Expense

The fiscal years 2020 and 2019 OPEB expense represents the College's proportionate share of OPEB expenses under GASB 75. OPEB expense decreased by $12.5 million from fiscal year 2019 to fiscal year 2020 and decreased by $3.4 million from fiscal year 2018 to fiscal year 2019. This non-cash expense is directly offset by the OPEB revenue that were recognized in fiscal years 2020 and 2019. See note 11 for additional information on OPEB.

Depreciation Expense

Depreciation expense increased by $2.5 million and $2.7 million, or 9.7% and 11.7% in fiscal years 2020 and 2019, respectively, due to additional capital expenditures which were eligible to be depreciated.

Nonoperating Expenses

Nonoperating expenses are those not incurred by the College's core mission and include such activities as interest on debt and transactions with institutionally affiliated organizations.

Interest Expense

Interest expense was traditionally partially offset by the amount of interest capitalized during the construction phase of major projects, however beginning fiscal year 2020, this no longer applies due to the College's early adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Interest expense decreased by $2.8 million and $358 thousand, or 20.2% and 2.5% in fiscal years 2020 and 2019, respectively, due to debt service savings achieved from the refunding of various bond issues.

Transactions with Affiliates

The College's affiliates include The College of New Jersey Foundation (the Foundation) and the Trenton State College Corporation (the Corporation). Examples of transactions that are reflected in affiliate transfers include: funds disbursed from the Foundation for institutional scholarship support, restricted fund disbursements from the Foundation and transfer of properties from the Corporation. In fiscal year 2020, transactions with affiliates remained relatively stable but decreased by $106 thousand in fiscal year 2019, primarily due to the increase in transfers from the College to the Corporation.

Other Revenues (Expenses), Net

In fiscal year 2020 other nonoperating revenue had a net increase of $4.4 million primarily due to the receipts of $5.0 million in federal funds from the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

In fiscal year 2019, other nonoperating expenses had a net increase of $330 thousand due to an increase in amortization of bond premiums and deferred outflows related to outstanding bond issues.

Coronavirus Outbreak

The spread of coronavirus (COVID-19) around the world has caused significant volatility in the United States and international economies and markets.

In compliance with Executive Order #104 issued by Governor Phil Murphy of New Jersey on March 16, 2020, the College moved classes online, effective on March 23, 2020 for a two-week period following spring break. Online course delivery was later extended through the end of the semester. All campus events scheduled during this timeframe were canceled or postponed. All but essential employees were required to work from home. Employee travel for business purposes was suspended. The results of operations for the fiscal year ending June 30, 2020 was affected by the impacts of the COVID-19 public health crisis on the College. The known financial impacts on the College for fiscal year 2020 include:

- On March 27, 2020, Governor Murphy froze half of the remaining appropriation funding due to the State's colleges and universities for fiscal 2020, of which $5.3 million was for the College's budgeted appropriation.
- The College issued $13.3 million in prorated room and board, parking and late fees refunds to students.

To mitigate the adverse financial impacts, the College has significantly reduced discretionary spending, instituted a hiring freeze, suspended travel by College personnel and accepted approximately $2.5 million of emergency relief funds from the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to be used to partially offset institutional losses. The College also received an additional $2.5 million of CARES Act funds that have been disbursed to eligible students.

The College remains engaged in financial planning for fiscal 2021 and beyond, including scenario analyses to plan for future risks. Although the College cannot predict the long-term impact of the public health crisis, the College may need to take significant actions to offset any adverse financial effects of the COVID-19 public health crisis. The health and safety of its community members remains a paramount concern to the College, which will continue to follow all government directives issued during this public health crisis.

Economic Factors that Will Affect the Future

The College's long tradition of prudent management, cost containment, conservative budgeting and sensible investment strategies has allowed it to continue to strengthen its financial position through positive operating results and to weather unforeseen fiscal challenges.

Cognizant of the College's responsibility to allocate resources strategically and keep the cost of education at TCNJ affordable, the College has identified areas for focused review and strategies to ensure the maintenance of its long-term financial health. These focused reviews will be coordinated with two major institutional initiatives, the strategic plan and the enterprise risk management program, and should provide the foundation for improvement in the health of the institution based on sound strategic planning.

These financial sustainability strategies will provide a better understanding of the increasing demand for institutional scholarships, strategic enrollment management and thoughtful investment in academic and student development programs. The strategies will include cost containment initiatives, review of the organizational structure to generate financial efficiencies and preserve organizational effectiveness, investment in facilities, expansion of fundraising activities, diversification of revenues, and enhancement of entrepreneurial activities.

The state and national economy will continue to pose financial challenges for the College in the future. However, as a result of strategic planning efforts and a commitment to prudent fiscal management, TCNJ will continue to make significant strategic investments over the next several years based on our financial position.

A healthy student demand and favorable market position as evidenced by stable enrollment, our sustained ability to attract and retain high-achieving students and our consistently strong operating cash from margins and liquidity, are all factors in the positive outlook for The College of New Jersey. Management believes that the College is well positioned to continue providing excellence in educational programs to our students and service to the State and to achieve its strategic goal of long-term financial sustainability.

STATEMENT OF NET POSITION

June 30, 2020

(Amounts in thousands)

Assets		Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Component Unit Trenton State College Corporation	Total
Current assets:					
Cash and cash equivalents	$	14,428	1,329	2,754	18,511
Receivables:			—	—	
Student accounts, net of allowance for doubtful accounts of $538		4,156	—	—	4,156
Student loans		782	—	—	782
Grants,net of allowance for doubtful accounts of $821		4,903	—	—	4,903
Due from State of New Jersey (note 5)		3,036	—	—	3,036
Due from affiliates (note 3)		514	1	276	791
Other		2,889	94	—	2,983
Total receivables		16,280	95	276	16,651
Investments (notes 4 and 15)		62,738	614	—	63,352
Restricted deposits held with trustees (note 7)		20,286	—	—	20,286
Prepaid expenses and other assets		1,216	2	65	1,283
Total current assets		114,948	2,040	3,095	120,083
Noncurrent assets:					
Student loans receivable, net of allowance for doubtful loans of $188		1,782	—	—	1,782
Escrow deposits from tenants		—	—	76	76
Other assets		—	—	—	—
Investments (notes 4 and 15)		17,015	—	—	17,015
Restricted investments (note 15)		—	48,867	—	48,867
Capital assets, net (notes 6 and 16)		666,335	—	6,273	672,608
Total noncurrent assets		685,132	48,867	6,349	740,348
Total assets		800,080	50,907	9,444	860,431
Deferred Outflows of Resources					
Deferred amounts from debt refunding		28,040	—	—	28,040
Deferred amounts from pensions (note 11)		22,917	—	—	22,917
Total deferred outflows of resources		50,957	—	—	50,957
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses (note 8)		35,349	12	203	35,564
Compensated absences – current portion (note 12)		4,186	—	—	4,186
Due to affiliates (note 3)		543	345	71	959
Unearned revenue and student deposits		3,497	—	—	3,497
Bonds payable – current portion, including net premium of $2,026 (note 9)		14,481	—	—	14,481
Other long-term obligations – current portion (note 9)		823	129	6	958
Total current liabilities		58,879	486	280	59,645
Noncurrent liabilities (note 9):					
Compensated absences – noncurrent (note 12)		494	—	—	494
U.S. and Government grants refundable		2,325	—	—	2,325
Bonds payable – noncurrent, including net premium of $13,461 (note 9)		315,541	—	—	315,541
Other long-term obligations (note 9)		5,882	1,386	70	7,338
Net pension liability (note 11)		144,651	—	—	144,651
Total noncurrent liabilities		468,893	1,386	70	470,349
Total liabilities		527,772	1,872	350	529,994
Deferred Inflows of Resources					
Deferred amounts from pensions (note 11)		31,027	—	—	31,027
Deferred amounts from charitable gift annuities		—	875	—	875
Total deferred inflows of resources		31,027	875	—	31,902
Net Position					
Net investment in capital assets		345,690	—	6,273	351,963
Restricted:					
Nonexpendable:					
Scholarships		—	13,983	—	13,983
Other programs		—	10,101	—	10,101
Expendable:					
Scholarships		—	12,068	—	12,068
Research		—	—	—	—
Debt service and capital		13,191	—	—	13,191
Other		—	7,264	—	7,264
Student loans		824	—	—	824
Unrestricted		(67,467)	4,744	2,821	(59,902)
Total net position	$	292,238	48,160	9,094	349,492

See accompanying notes to financial statements.

STATEMENT OF NET POSITION

June 30, 2019

(Amounts in thousands)

Assets	Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Component Unit Trenton State College Corporation	Total
Current assets:				
Cash and cash equivalents	$ 10,877	1,244	2,864	14,985
Receivables:				
Student accounts, net of allowance for doubtful accounts of $533	3,119	—	—	3,119
Student loans	885	—	—	885
Grants	3,863	—	—	3,863
Due from State of New Jersey (note 5)	1,469	—	—	1,469
Due from affiliates (note 3)	596	1	202	799
Other	3,063	26	—	3,089
Total receivables	12,995	27	202	13,224
Investments (notes 4 and 15)	70,949	2,621	—	73,570
Restricted deposits held with trustees (note 7)	56,015	—	—	56,015
Prepaid expenses and other assets	763	6	10	779
Total current assets	151,599	3,898	3,076	158,573
Noncurrent assets:				
Student loans receivable, net of allowance for doubtful loans of $123	2,311	—	—	2,311
Restricted deposits held with trustees (note 7)	7,626	—	—	7,626
Escrow deposits from tenants	—	—	72	72
Other assets	—	—	—	—
Investments (notes 4 and 15)	20,720	—	—	20,720
Restricted investments (note 15)	—	43,587	—	43,587
Capital assets, net (notes 6 and 16)	673,109	—	6,190	679,299
Total noncurrent assets	703,766	43,587	6,262	753,615
Total assets	855,365	47,485	9,338	912,188
Deferred Outflows of Resources				
Deferred amounts from debt refunding	30,312	—	—	30,312
Deferred amounts from pensions (note 11)	26,330	—	—	26,330
Total deferred outflows of resources	56,642	—	—	56,642
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses (note 8)	32,214	43	107	32,364
Compensated absences – current portion (note 12)	3,603	—	—	3,603
Due to affiliates (note 3)	203	524	72	799
Unearned revenue and student deposits	1,843	—	—	1,843
Bonds payable – current portion, including net premium of $2,041 (note 9)	51,101	—	—	51,101
Other long-term obligations – current portion (note 9)	813	399	5	1,217
Total current liabilities	89,777	966	184	90,927
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent (note 12)	488	—	—	488
U.S. and Government grants refundable	3,207	—	—	3,207
Unearned revenue – noncurrent	2,259	—	—	2,259
Bonds payable – noncurrent, including net premium of $15,486 (note 9)	330,021	—	—	330,021
Other long-term obligations (note 9)	6,705	2,404	67	9,176
Net pension liability (note 11)	146,343	—	—	146,343
Total noncurrent liabilities	489,023	2,404	67	491,494
Total liabilities	578,800	3,370	251	582,421
Deferred Inflows of Resources				
Deferred amounts from pensions (note 11)	31,857	—	—	31,857
Deferred amounts from charitable gift annuities	—	1,682	—	1,682
Total deferred inflows of resources	31,857	1,682	—	33,539
Net Position				
Net investment in capital assets	342,319	—	6,190	348,509
Restricted:				
Nonexpendable:				
Scholarships	—	13,069	—	13,069
Other programs	—	6,882	—	6,882
Expendable:				
Scholarships	—	12,397	—	12,397
Research	—	—	—	—
Debt service and capital	12,955	—	—	12,955
Other	—	6,794	—	6,794
Student loans	997	—	—	997
Unrestricted	(54,921)	3,291	2,897	(48,733)
Total net position	$ 301,350	42,433	9,087	352,870

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2020

(Amounts in thousands)

		Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Component Unit Trenton State College Corporation	Total
Operating revenues:					
Student revenues:					
Student tuition and fees	$	137,545	—	—	137,545
Less tuition scholarship allowances		(27,753)	—	—	(27,753)
Net student tuition and fees		109,792	—	—	109,792
Student housing and fees		39,221	—	—	39,221
Less housing scholarship allowances		(3,907)	—	—	(3,907)
Net student housing and fees		35,314	—	—	35,314
Federal grants and contracts		10,975	—	—	10,975
State of New Jersey grants and contracts		10,260	—	—	10,260
Auxiliary activities		5,502	—	1,380	6,882
Contributions		—	4,921	—	4,921
Interest on student loans receivable		120	—	—	120
Other operating revenues		5,395	1,461	—	6,856
Total operating revenues		177,358	6,382	1,380	185,120
Operating expenses:					
Instruction		66,020	—	—	66,020
Research		13,045	—	—	13,045
Academic support		17,278	—	—	17,278
Public service		5,554	—	—	5,554
Student services		21,538	—	—	21,538
Operation and maintenance of plant		26,499	—	331	26,830
Institutional support		24,626	—	—	24,626
Scholarships and fellowships		3,958	1,399	—	5,357
Auxiliary activities		30,171	—	921	31,092
Fundraising and program services		—	887	—	887
Other postemployment benefits (note 11)		1,112	—	—	1,112
Depreciation		28,014	—	312	28,326
Total operating expenses		237,815	2,286	1,564	241,665
Operating (loss) income		(60,457)	4,096	(184)	(56,545)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		23,357	—	—	23,357
State of New Jersey fringe benefits (note 10)		27,037	—	—	27,037
Other postemployment benefits (note 11)		1,112	—	—	1,112
Investment income		4,847	691	32	5,570
Interest expense		(11,235)	—	—	(11,235)
Transactions with affiliates (note 3)		1,711	(3,193)	159	(1,323)
Gain on charitable gift annuities		—	1,826	—	1,826
Other revenues, net		2,257	—	—	2,257
Net nonoperating revenues (expenses)		49,086	(676)	191	48,601
(Loss) income before other revenues		(11,371)	3,420	7	(7,944)
Additions to permanent endowments		—	2,307	—	2,307
Capital grants and gifts		2,259	—	—	2,259
(Decrease) increase in net position		(9,112)	5,727	7	(3,378)
Net position as of beginning of year		301,350	42,433	9,087	352,870
Net position as of end of year	$	292,238	48,160	9,094	349,492

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2019

(Amounts in thousands)

	Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Component Unit Trenton State College Corporation	Total
Operating revenues:				
Student revenues:				
Student tuition and fees	$ 130,948	—	—	130,948
Less tuition scholarship allowances	(22,914)	—	—	(22,914)
Net student tuition and fees	108,034	—	—	108,034
Student housing and fees	51,178	—	—	51,178
Less housing scholarship allowances	(6,260)	—	—	(6,260)
Net student housing and fees	44,918	—	—	44,918
Federal grants and contracts	11,845	—	—	11,845
State of New Jersey grants and contracts	10,294	—	—	10,294
Auxiliary activities	6,358	—	1,444	7,802
Contributions	—	3,715	—	3,715
Interest on student loans receivable	98	—	—	98
Other operating revenues	6,054	1,472	—	7,526
Total operating revenues	187,601	5,187	1,444	194,232
Operating expenses:				
Instruction	69,525	—	—	69,525
Research	11,389	—	—	11,389
Academic support	18,098	—	—	18,098
Public service	6,453	—	—	6,453
Student services	22,218	—	—	22,218
Operation and maintenance of plant	28,041	—	337	28,378
Institutional support	21,859	—	—	21,859
Scholarships and fellowships	1,226	1,409	—	2,635
Auxiliary activities	36,697	—	992	37,689
Fundraising and program services	—	917	—	917
Other postemployment benefits (note 11)	13,607	—	—	13,607
Depreciation	25,534	—	382	25,916
Total operating expenses	254,647	2,326	1,711	258,684
Operating (loss) income	(67,046)	2,861	(267)	(64,452)
Nonoperating revenues (expenses):				
State of New Jersey appropriations	27,177	—	—	27,177
State of New Jersey fringe benefits (note 10)	27,174	—	—	27,174
Other postemployment benefits (note 11)	13,607	—	—	13,607
Investment income	5,969	2,528	45	8,542
Interest expense	(14,076)	—	—	(14,076)
Transactions with affiliates (note 3)	1,636	(3,388)	53	(1,699)
Other expenses, net	(2,150)	—	—	(2,150)
Net nonoperating revenues (expenses)	59,337	(860)	98	58,575
(Loss) income before other revenues	(7,709)	2,001	(169)	(5,877)
Additions to permanent endowments	—	4,129	—	4,129
Capital grants and gifts	5,035	—	—	5,035
(Decrease) increase in net position	(2,674)	6,130	(169)	3,287
Net position as of beginning of year	304,024	36,303	9,256	349,583
Net position as of end of year	$ 301,350	42,433	9,087	352,870

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

(Business-Type Activities – College only)
Years ended June 30, 2020 and 2019
(Amounts in thousands)

		2020	2019
Cash flows from operating activities:			
Student tuition and fees	$	110,028	108,031
Federal and State grants and contracts		20,903	22,254
Payments to suppliers		(57,234)	(62,207)
Payments to employees		(115,754)	(116,073)
Payments for benefits		(9,677)	(5,664)
Student housing and auxiliary activities		40,109	50,926
Other receipts, net		6,066	6,278
Net cash (used in) provided by operating activities		(5,559)	3,545
Cash flows from noncapital financing activities:			
New Jersey State appropriations		24,826	29,442
Other receipts, net		6,344	2,021
Net cash provided by noncapital financing activities		31,170	31,463
Cash flows from capital and related financing activities:			
Purchase of capital assets		(18,421)	(26,245)
Net withdrawals from deposits held with trustees		43,681	6,218
Principal payments on bonds and other obligations		(48,877)	(9,464)
Interest payments on bonds and other obligations		(14,880)	(16,722)
Net cash used in capital and related financing activities		(38,497)	(46,213)
Cash flows from investing activities:			
Interest on investments		437	727
Sales of investments		16,000	8,050
Net cash provided by investing activities		16,437	8,777
Net change in cash and cash equivalents		3,551	(2,428)
Cash and cash equivalents as of beginning of year		10,877	13,305
Cash and cash equivalents as of end of year		14,428	10,877
Reconciliation of operating loss to net cash (used in) provided by operating activities:			
Operating loss	$	(60,457)	(67,046)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:			
Other postemployment benefits	$	1,112	13,607
Depreciation		28,014	25,534
State of New Jersey fringe benefits		27,037	27,174
Changes in assets and liabilities:			
Receivables, net		(5,044)	(170)
Prepaid expenses		(453)	131
Deferred outflows of resources		3,413	8,737
Accounts payable and accrued expenses		(1,231)	1,029
Accrued salaries		2,156	(1,909)
Other accrued expenses		589	121
Due to affiliates		247	42
Unearned revenue and student deposits		1,580	373
Net pension liability		(1,692)	(13,231)
Deferred inflows of resources		(830)	9,153
Net cash (used in) provided by operating activities	$	(5,559)	3,545

See accompanying notes to financial statements.

(1) Organization

The College of New Jersey (the College or TCNJ) is a mid-sized, comprehensive public college that concentrates primarily on the undergraduate experience. Baccalaureate and master's degrees are offered through the academic programs of the College's seven schools (Arts and Communication; Business; Education; Humanities and Social Science; Science; Nursing, Health, and Exercise Science; and Engineering). In the fall of 2019, TCNJ enrolled 7,064 full-time equivalent undergraduate students and 401 full-time equivalent graduate students. The College has residential facilities that house more than half of the students on campus.

The College is recognized as a public institution of higher education by the State of New Jersey (the State) and, accordingly, the State Legislature appropriates funds annually to support the College. Under the law, the College is an instrumentality of the State with a high degree of autonomy. However, pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, the College is considered to be a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the College are included in the State's Comprehensive Annual Financial Report.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the College conform to all U.S. generally accepted accounting principles as applicable to public colleges and universities.

GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34* (GASB 35), establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories.

- ***Net investment in capital assets:*** Capital assets, net of accumulated depreciation, outstanding principal balances of debt, and restricted deposits held with trustees attributable to the acquisition, construction, or improvement of those assets.
- ***Restricted:***

  Nonexpendable: Net position that is subject to externally imposed stipulations and must be maintained permanently by the College.

  Expendable: Net position that is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.
- ***Unrestricted:*** Net position that is not subject to externally imposed stipulations and may be designated for specific purposes by action of management to the board of trustees.

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

(b) 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 College reports as a business-type activity, as defined by GASB 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less, except for those managed as a component of the College's investment portfolio. The balance includes deposits with Wells Fargo Bank and the State of New Jersey Cash Management Fund. The State of New Jersey Cash Management Fund is a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper, certificates of deposit, obligations of government agencies and corporate bonds. The State of New Jersey Cash Management Fund is classified as a cash equivalent as it is a highly liquid investment purchased with an original maturity of three months or less and it is used to support the daily cash flow needs of the College.

(d) Restricted Deposits Held with Trustees

Restricted deposits held with trustees are reflected at fair value, which is based on quoted market prices in an active market. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Investments

Investments are reflected at fair value, which is based on quoted market prices or other fair value measurement methods allowed by GASB Statement No. 72, *Fair Value Measurement and Application*. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Changes in fair value (including both realized and unrealized gains and losses) are reported in investment income.

(f) Capital Assets

Capital assets include land, buildings, equipment, works of art, and infrastructure assets, such as roads and sidewalks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Building improvements and infrastructure costing over $5, equipment items with a unit cost of $5 or more, land improvements over $20, and software implementation over $100 are capitalized. Leasehold improvements are capitalized using the building improvement and equipment thresholds and are depreciated over the life of the lease. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized.

Notes to the Financial Statements ($ in thousands)

Capital assets of the College are depreciated using the straight line method over the following useful lives:

Capital asset	Useful lives
Buildings	30 to 50 years
Infrastructure	5 to 35 years
Land and building improvements	5 to 25 years
Leasehold improvements	10 years
Equipment and other assets	5 to 10 years

Estimated costs to complete the projects classified as construction in progress are approximately $17,837. Such construction costs are anticipated to be financed by proceeds from long-term debt, capital grants, and capital reserves.

(g) Deferred Outflows of Resources

Deferred outflows of resources represent unamortized amounts from debt refunding and amounts related to changes in the net pension liability.

(h) Deferred Inflows of Resources

Deferred inflows of resources represent amounts related to changes in the net pension liability and amounts related to The College of New Jersey Foundation's (the Foundation) remainder interest in irrevocable charitable gift annuity agreements.

(i) Revenue Recognition

Revenues from student tuition and fees and auxiliary activities are presented net of scholarships applied to student accounts and are recognized in the period earned. Tuition waivers and other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred. Student tuition and fees and deposits collected in advance of the fiscal years are recorded as unearned revenue in the accompanying statements of net position.

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

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

(j) Student Activity Fees

It is the policy of the College to collect the student activity fees for the Student Finance Board. Collections and related remittance of these fees to the Student Finance Board of $2,119 and $1,955 in fiscal years 2020 and 2019 have not been included in the accompanying financial statements.

(k) Operating Activities

The College's policy for defining operating activities as reported on the statements of revenues, expenses and changes in net position are those that serve the College's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include: student tuition and fees, net of scholarship allowances, and most Federal, State and private grants and contracts. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB 35, including state appropriations, gifts, and investment income. Interest expense is reported as a nonoperating expense.

(l) Adoption of Accounting Pronouncements

In 2020, the College chose to early adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). This statement establishes accounting requirements for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of GASB 89 have been applied prospectively as of July 1, 2019, and did not result in an adjustment to beginning net position.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). This Statement postpones provisions in almost all statements and implementation guidance that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. This Statement became effective immediately and the College adopted this Statement in fiscal year 2020. The effective dates of the statements in note 2(m) reflect the postponement enacted by GASB 95, as applicable.

(m) Accounting Pronouncements Applicable to the College, Issued but Not Yet Effective

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (fiscal year 2021). The College is evaluating the impact of this new standard.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement improves the accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (fiscal year 2022). The College is evaluating the impact of this new standard.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 (fiscal year 2023). The College is evaluating the impact of this new standard.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 (fiscal year 2023). The College is evaluating the impact of this new standard.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*. This Statement (1) increases consistency and comparability related to the reporting of fiduciary component units; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for the benefits provided through those plans. The requirements of this Statement related to items (1) and (2) are effective immediately. The requirements of this Statement related to item (3) are effective for reporting periods beginning after June 15, 2021 (fiscal year 2022). The College is evaluating the impact of this new standard.

(n) Income Taxes

The College is exempt from income taxes on related income pursuant to Federal and State tax laws as an instrumentality of the State of New Jersey.

(o) 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 reported period. Actual results could differ from those estimates.

(3) Transactions with Affiliates

(a) The College of New Jersey Foundation, Inc.

The College of New Jersey Foundation, Inc. (the Foundation) has approved payments to the College for restricted scholarships, private grants, departmental funds, and donated capital assets of $3,193 and $3,388 during fiscal years 2020 and 2019. The College provides certain administrative functions on behalf of the Foundation. The costs of salaries and benefits for administrative functions were not charged to the Foundation in fiscal years 2020 and 2019. As of June 30, 2020 and 2019, a receivable of $345 and $524, respectively was due from the Foundation. For both fiscal years 2020 and 2019, a payable of $1, was due to the Foundation. Additional information about the Foundation is presented in note 15 to the financial statements.

(b) Trenton State College Corporation

The Trenton State College Corporation (the Corporation) assists in the development and growth of the College through property acquisitions and facilities management. The New Jersey Board of Higher Education approved the Corporation on April 15, 1988, in accordance with the Public College Auxiliary Organizations Act, P.L. 1982. Additional information about the Corporation is presented in note 16 to the financial statements.

During fiscal years 2020 and 2019 the College incurred $335 and $365, respectively, in rent and related expenses paid to the Corporation for usage of space in homes owned by the Corporation. In addition, the College reimbursed the Corporation for expenses associated with the maintenance of College owned properties. As of June 30, 2020 and 2019 there were outstanding payables of $117 and $202, respectively, due to the Corporation relating to these expenses. The remaining $159 in outstanding payables due to the Corporation as of June 30, 2020 relates to the bookstore operations deficit. See note 18 for further discussion on the bookstore operations deficit reimbursement agreement with the Corporation.

Additionally, the Corporation pays the College for the portion of salaries and benefits of College employees who perform functions for the Corporation and any expenses applicable to the Corporation. This amounted to $399 and $389 as of June 30, 2020 and 2019, of which $71 and $72 was due to the College as of June 30, 2020 and 2019, respectively.

The Corporation purchases and maintains student housing facilities in order to provide additional housing for the College’s students. During fiscal years 2020 and 2019, the College reimbursed the Corporation for expenses incurred while maintaining the Transfer Housing facilities plus a management fee. The expenses reimbursed to the Corporation for Transfer Housing during fiscal years 2020 and 2019 were $181 and $190, respectively.

Additional information about the College’s transactions with the Corporation for Campus Town is presented in note 18 to the financial statements.

(4) Cash, Cash Equivalents and Investments

The carrying amount of cash and cash equivalents was $14,428 as of June 30, 2020, which included $11,311 held in the State of New Jersey Cash Management fund and $3,111 in various accounts at Wells Fargo Bank. The carrying amount of cash and cash equivalents was $10,877 as of June 30, 2019, which included $7,501 held in the State of New Jersey Cash Management fund and $3,369 in various accounts at Wells Fargo Bank. The amount on deposit with Wells Fargo was $5,522 and $6,340, respectively, as of June 30, 2020 and 2019. Of the amounts on deposit at Wells Fargo Bank, $250 was insured by the Federal Deposit Insurance Corporation (FDIC) and the amounts in excess of FDIC coverage were collateralized pursuant to New Jersey Statute 52:18-16-1.

The College participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large scale investment program. The operations of the State of New Jersey Cash Management Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes, mortgages, certificates of deposit, repurchase agreements, equity, and convertible equity securities and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history and other evaluation factors. The fair value of the State of New Jersey Cash Management Fund is based on the number of shares held by the College and the market price of those shares as of June 30, 2020 and 2019. The Cash Management Fund is unrated with a portfolio maturity of less than one year.

The College has an investment policy approved by the Board of Trustees that establishes guidelines for permissible investments. The College may invest in equities, real estate assets, inflation hedge and fixed income assets.

Notes to the Financial Statements ($ in thousands)

The College's investments as of June 30, 2020 and 2019 were as follows:

Investments			
		2020	2019
Mutual funds:			
Domestic equities	$	20,733	23,807
International equities		11,106	14,068
Fixed income		12,896	17,307
Mutual funds total		44,735	55,182
U.S. Treasury bonds and notes		3,312	9,909
U.S. Government agencies		6,740	4,654
Corporate bonds		6,309	7,262
Municipal bonds		2,388	1,966
Commercial paper		—	1,759
Certificates of deposit		4,009	7,082
Exchange-traded funds		6,420	3,583
Cash and cash equivalents		5,840	272
Total	$	79,753	91,669

The College's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

As of June 30, 2020 and 2019, the College's fixed income investments were rated as follows:

Notes to the Financial Statements ($ in thousands)

2020 Fixed Income Investments Ratings						
Rating	Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Certificates of deposit
Aaa	$ 10,296	3,312	6,740	—	244	—
Aa1	1,816	—	—	455	1,361	—
Aa2	1,706	—	—	356	727	623
Aa3	311	—	—	—	—	311
Baa2	148	—	—	148	—	—
A1	1,830	—	—	1,470	56	304
A2	2,250	—	—	2,250	—	—
A3	1,630	—	—	1,630	—	—
P1	2,771	—	—	—	—	2,771
	$ 22,758	3,312	6,740	6,309	2,388	4,009

2019 Fixed Income Investments Ratings							
Rating	Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Commercial paper	Certificates of deposit
Aaa	$ 14,816	9,909	4,654	253	—	—	—
Aa1	931	—	—	179	752	—	—
Aa2	1,664	—	—	281	143	—	1,240
Aa3	1,534	—	—	463	1,071	—	—
A1	2,989	—	—	1,867	—	—	1,122
A2	3,029	—	—	3,029	—	—	—
A3	1,190	—	—	1,190	—	—	—
P1	6,479	—	—	—	—	1,759	4,720
	$ 32,632	9,909	4,654	7,262	1,966	1,759	7,082

The fixed income mutual funds of $12,896 and $17,307 as of June 30, 2020 and 2019, respectively, were not rated.

The College's investment policy requires the following limits:

- Equities – No single corporation shall exceed 5% of the College's total stock portfolio. The College's ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market value may be held in any one industry category.

Notes to the Financial Statements ($ in thousands)

- Corporate notes and bonds – Issuers must have a long-term rating of at least A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase. No single issuer shall exceed 5% of the College's portfolio.
- Certificates of deposit – Issuers must have a minimum short-term rating of A-1 by Standard & Poor's or P1 by Moody's or a minimum long-term rating of A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase.
- Commercial paper – Issuers must have a short-term rating of at least A-1 by Standard & Poor's or P1 by Moody's. The maximum maturity of any investment in this sector is limited to 270 days from time of purchase.
- Bankers' acceptances – Issuers must have a short-term rating of at least A-1 by Standard & Poor's and P1 by Moody's. The maximum maturity of any investment in this sector is limited to 180 days from time of purchase.
- Municipal debt obligations – Issuers must have a long-term rating of at least A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase. No single issuer shall exceed 5% of the College's portfolio.
- Repurchase agreements – The maximum maturity of any investment in this sector is limited to 90 days at time of purchase. No single repurchase agreement counterparty shall exceed 15% of the College's portfolio.
- Money market funds – Funds must be rated AAm by Standard & Poor's or Aa-mf by Moody's. No single fund in this category shall exceed 15% of the College's portfolio.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The College's investment policy provides limitations in the maturities of various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations. As of June 30, 2020 and 2019 the College's fixed income investments had maturity dates as follows:

2020							
Fixed Income Investments Maturity							
Maturing in years		Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Certificates of deposit
Less than 1	$	5,743	832	9	1,240	891	2,771
1 – 5		15,035	2,480	4,751	5,069	1,497	1,238
6 – 10		1,310	—	1,310	—	—	—
Greater than 10		670	—	670	—	—	—
	$	22,758	3,312	6,740	6,309	2,388	4,009

Notes to the Financial Statements ($ in thousands)

2019							
Fixed Income Investments Maturity							
Maturing in years	**Total**	**U.S. Treasury bonds and notes**	**U.S. Government agencies**	**Corporate bonds**	**Municipal bonds**	**Commercial paper**	**Certificates of deposit**
Less than 1	$ 11,912	5,204	4	405	863	1,759	3,677
1 – 5	19,488	4,705	3,418	6,857	1,103	—	3,405
6 – 10	1,232	—	1,232	—	—	—	—
	$ 32,632	9,909	4,654	7,262	1,966	1,759	7,082

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 statements 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 that a government can access 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; and
- Level 3 – unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Mutual funds – The fair value of mutual funds are based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- U.S. Treasury bonds and notes – The fair value of debt and equity securities and funds are based on prices quoted in active markets for those securities.
- U.S. Government agencies – The fair value of government agencies are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Corporate bonds – The fair value of corporate bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.

Notes to the Financial Statements ($ in thousands)

- Municipal bonds – The fair value of municipal bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Commercial paper – The fair value of commercial paper is based on evaluations based on various market and industry inputs.
- Certificates of deposit – The fair value of certificates of deposit are based on evaluations based on various market and industry inputs.
- Exchange-traded funds – The fair value of exchange-traded funds are based on quoted market prices.
- Cash and cash equivalents – These investments are measured at amortized cost and have been excluded from fair value leveling.

The College's investments at June 30, 2020 and 2019 are summarized in the following table by their fair value hierarchy:

2020				
Investments Measured at Fair Value				
		Fair value measurements using		
Investment	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Mutual funds:				
Domestic equities	$ 20,733	20,733	—	—
International equities	11,106	11,106	—	—
Fixed income	12,896	12,896	—	—
Exchange-traded funds	6,420	6,420	—	—
U.S. Treasury bonds and notes	3,312	3,312	—	—
U.S. Government agencies	6,740	—	6,740	—
Corporate bonds	6,309	—	6,309	—
Municipal bonds	2,388	—	2,388	—
Certificates of deposit	4,009	—	4,009	—
Total investments measured at fair value	$ 73,913	54,467	19,446	—

Notes to the Financial Statements ($ in thousands)

2019					
Investments Measured at Fair Value					
		Fair value measurements using			
Investment	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level				
Mutual funds:				
Domestic equities	$ 23,807	23,807	—	—
International equities	14,068	14,068	—	—
Fixed income	17,307	17,307	—	—
Exchange-traded funds	3,583	3,583	—	—
U.S. Treasury bonds and notes	9,909	9,909	—	—
U.S. Government agencies	4,654	—	4,654	—
Corporate bonds	7,262	—	7,262	—
Municipal bonds	1,966	—	1,966	—
Commercial paper	1,759	—	1,759	—
Certificates of deposit	7,082	—	7,082	—
Total investments measured at fair value	$ 91,397	68,674	22,723	—

The College had no investments measured at the net asset value per share or its equivalent as of June 30, 2020 and 2019.

(5) Due from State of New Jersey

Due from the State of New Jersey consists of the following as of June 30, 2020 and 2019:

Due from State of New Jersey	2020	2019
FICA benefit reimbursement	$ 1,957	424
Alternative Benefit Program	1,079	1,045
Total	$ 3,036	1,469

Notes to the Financial Statements ($ in thousands)

(6) Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

2020 Capital Asset Activity		Beginning balance	Additions	Transfers/ retirements	Ending balance
Nondepreciable assets:					
Land	$	22,389	—	—	22,389
Works of art/historical treasures		909	6	—	915
Construction in progress		30,006	8,403	(24,323)	14,086
Total nondepreciable assets		53,304	8,409	(24,323)	37,390
Depreciable assets:					
Land improvements		836	—	—	836
Buildings		595,333	1,330	4,041	600,704
Building improvements		178,229	5,239	13,114	196,582
Leasehold improvements		1,456	—	—	1,456
Infrastructure		76,387	1,642	3,471	81,500
Equipment and other assets		102,714	4,620	(3,404)	103,930
Total depreciable assets		954,955	12,831	17,222	985,008
Total capital assets		1,008,259	21,240	(7,101)	1,022,398
Accumulated depreciation:					
Land improvements		(245)	(34)	—	(279)
Buildings		(185,969)	(12,139)	—	(198,108)
Building improvements		(48,633)	(7,279)	—	(55,912)
Leasehold improvements		(432)	(146)		(578)
Infrastructure		(21,690)	(3,324)	—	(25,014)
Equipment and other assets		(78,181)	(5,092)	7,101	(76,172)
Total accumulated depreciation		(335,150)	(28,014)	7,101	(356,063)
Capital assets, net	$	673,109	(6,774)	—	666,335

Notes to the Financial Statements ($ in thousands)

2019 Capital Asset Activity		Beginning balance	Additions	Transfers/ retirements	Ending balance
Nondepreciable assets:					
Land	$	22,389	—	—	22,389
Works of art/historical treasures		900	9	—	909
Construction in progress		21,273	15,328	(6,595)	30,006
Total nondepreciable assets		44,562	15,337	(6,595)	53,304
Depreciable assets:					
Land improvements		477	8	351	836
Buildings		593,312	1,542	479	595,333
Building improvements		173,129	4,080	1,020	178,229
Leasehold improvements		1,456	—	—	1,456
Infrastructure		74,153	1,067	1,167	76,387
Equipment and other assets		96,091	3,050	3,573	102,714
Total depreciable assets		938,618	9,747	6,590	954,955
Total capital assets		983,180	25,084	(5)	1,008,259
Accumulated depreciation:					
Land improvements		(211)	(34)	—	(245)
Buildings		(174,030)	(11,939)	—	(185,969)
Building improvements		(41,831)	(6,802)	—	(48,633)
Leasehold improvements		(286)	(146)	—	(432)
Infrastructure		(19,300)	(2,390)	—	(21,690)
Equipment and other assets		(73,958)	(4,223)	—	(78,181)
Total accumulated depreciation		(309,616)	(25,534)	—	(335,150)
Capital assets, net	$	673,564	(450)	(5)	673,109

Notes to the Financial Statements ($ in thousands)

As of June 30, 2020 and 2019, the College's bond obligations were collateralized by buildings and equipment with a book value of $599,685 and $594,632, respectively. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred. The College early-adopted this Statement at the beginning of fiscal year 2020, therefore the College no longer capitalizes interest cost related to debt-financed assets. In fiscal year 2019, interest income on bond construction funds for Series 2010B, and 2013A bonds was $204. Interest expense on these same bond funds was $285 for 2019. Net interest costs of $81 for fiscal year 2019 was capitalized and included in construction in progress.

(7) Restricted Deposits Held with Trustees

Deposits held with trustees represent restricted funds held by U.S. Bank and BNY Mellon (the trustees), under the terms of various lease agreements, bond indentures and grant agreements. Restricted deposits held with trustees are carried in the financial statements at fair value and consist of short-term investments and government securities. As of June 30, 2020 and 2019 deposits held with trustees include the following:

Restricted Deposits Held with Trustees			
		2020	2019
Construction funds	$	—	1,033
Grant related deposits		1,787	6,593
Debt service (principal and interest)		18,499	56,015
	$	20,286	63,641

As of June 30, 2020 and 2019, the College's restricted deposits held with trustees are invested in money market funds, commercial paper, U.S. Treasury notes or government securities guaranteed by the U.S. government. All money market and U.S. Treasury notes and government security investments are rated Aaa and all commercial paper investments are rated P-1. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2020 and 2019, the College holds $20,286 and $63,641, respectively, in restricted deposits held by trustees comprised of money market funds in both 2019 and 2020 and U.S. Treasury notes and government securities in 2019 which are categorized as Level 1. The following table summarizes restricted deposits held with trustees maturities as of June 30, 2020 and 2019:

2020 Restricted Deposits Held with Trustees				
			Investment maturities (in years)	
Investment type		Fair value	Less than 1	1 - 5
Money market funds	$	20,286	20,286	—
	$	20,286	20,286	—

Notes to the Financial Statements ($ in thousands)

2019 Restricted Deposits Held with Trustees			Investment maturities (in years)	
Investment type		Fair value	Less than 1	1 - 5
Money market funds	$	22,763	22,763	—
U.S. Treasury notes and government securities		40,878	40,878	—
	$	63,641	63,641	—

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2020 and 2019:

Accounts Payable and Accrued Expenses		2020	2019
Bond principal and interest	$	18,445	19,054
Vendors		6,329	7,560
Accrued salaries and benefits		5,234	3,078
Accrued expenses – construction		5,341	2,522
Total	$	35,349	32,214

Notes to the Financial Statements ($ in thousands)

(9) Noncurrent Liabilities

The College is obligated under lease agreements associated with various revenue bonds issued by the New Jersey Educational Facilities Authority to finance the construction and acquisition of dormitories, parking garages, equipment, academic facilities, a co-generation plant, and student recreational facilities.

The following is a breakout of bonds payable and other long-term obligations, as of June 30, 2020 and 2019:

Bonds Payable and Other Long-Term Obligations

		2020		2019
Bonds payable:				
New Jersey Educational Facilities Authority:				
2010 Series B (interest 6.021% to 7.395%, to be advance refunded on July 1, 2019)	$	—	$	37,115
2013 Series A (interest 4.00% to 5.00%, due serially starting on July 1, 2016 to July 1, 2033)		9,840		10,385
2013 Series A (interest 5.00%, maturing on July 1, 2038)		5,545		5,545
2013 Series A (interest 5.00%, maturing on July 1, 2043)		7,085		7,085
2015 Series G (interest 3.25% to 5.00%, due serially starting on July 1, 2019 through July 1, 2031)		102,415		110,285
2016 Series F (interest 4.00% to 5.00%, due serially starting on July 1, 2017 to July 1, 2035)		73,870		74,950
2016 Series F (interest 3.00%, maturing on July 1, 2040)		12,975		12,975
2016 Series G (interest 1.866% to 3.640%, due serially starting on July 1, 2017 to July 1, 2032)		72,870		75,320
2016 Series G (interest 3.64%, maturing on July 1, 2034)		29,935		29,935
Subtotal bonds payable		314,535		363,595
Add:				
Bond premium		15,487		17,527
Total bonds payable	$	330,022	$	381,122
Other long-term obligations:				
Higher Education Capital Improvement Fund (interest 2.27% to 4.75%, maturing on August 15, 2022)	$	3,741	$	4,289
Higher Education Equipment Leasing Fund (interest 5.00%, maturing on May 1, 2023)		584		761
Higher Education Capital Improvement Fund (interest 3.00% to 5.50%, maturing on August 15, 2036)		2,380		2,468
Total other long-term obligations	$	6,705	$	7,518

Notes to the Financial Statements ($ in thousands)

Aggregate principal and interest repayments required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2020 and 2019:

Principal and Interest Repayments

		Bond Principal	Other long-term obligations principal	Bond interest	Other long-term obligations interest
Year ending June 30:					
2021*	$	12,455	823	12,569	249
2022		16,315	1,864	11,998	205
2023		17,075	1,930	11,323	142
2024		19,685	108	10,605	102
2025		17,145	112	9,761	97
2026-2030		94,210	639	31,563	407
2031-2035		114,105	831	24,225	215
2036-2040		19,085	398	3,252	20
2041-2043		4,460	—	453	—
	$	314,535	6,705	115,749	1,437

* The bond principal repayment amount for the fiscal year ending June 30, 2021 includes all or a portion of the principal and interest repayments outstanding for Series 2013A, 2015F, 2016F and 2016G to be refunded by the July 2020 issuance of Series 2020D. The total par amounts to be refunded by Series 2020D are as follows: $22,470 of Series 2013A, $61,230 of Series 2015G, $37,705 of Series 2016F and $23,395 of Series 2016G, totaling $144,800. See Note 20 for further discussion of the Series 2020D issuance.

Notes to the Financial Statements ($ in thousands)

Noncurrent liabilities activity for the years ended June 30, 2020 and 2019 is as follows:

2020 Noncurrent Liabilities Activity		Beginning balance	Additions	Deductions	Ending balance	Current portion
Noncurrent liabilities:						
Compensated absences	$	4,091	1,233	(644)	4,680	4,186
U.S. and Government grants refundable		3,207	—	(882)	2,325	—
Unearned revenues and student deposits		4,102	114,304	(114,909)	3,497	3,497
Bonds payable, net		381,122	—	(51,100)	330,022	14,481
Other long-term obligations		7,518	—	(813)	6,705	823
Net pension liability		146,343	696	(2,388)	144,651	—
Total noncurrent liabilities	$	546,383	116,233	(170,736)	491,880	22,987

2019 Noncurrent Liabilities Activity		Beginning balance	Additions	Deductions	Ending balance	Current portion
Noncurrent liabilities:						
Compensated absences	$	3,970	885	(764)	4,091	3,603
U.S. and Government grants refundable		3,207	—	—	3,207	—
Unearned revenues and student deposits		8,764	373	(5,035)	4,102	1,843
Bonds payable, net		394,222	—	(13,100)	381,122	51,101
Other long-term obligations		8,302	—	(784)	7,518	813
Net pension liability		159,574	10,097	(23,328)	146,343	—
Total noncurrent liabilities	$	578,039	11,355	(43,011)	546,383	57,360

In September 2016, the New Jersey Educational Facilities Authority issued tax-exempt 2016 Series F and federally taxable 2016 Series G Revenue Refunding Bonds to refund a portion of the 2008 Series D and 2010 Series B bonds. The 2008 Series D bonds were refunded by both 2016 Series F and 2016 Series G by establishing an escrow account with U.S. Treasury securities, the cash flow from which was sufficient to pay principal and interest on the refunded bonds on their call date of July 1, 2019. The refunded 2008 Series D bonds totaled $150,810, of which $54,425 was refunded by 2016 Series F and $96,385 by 2016 Series G. This include all of the remaining principal outstanding on the serial bonds maturing from 2019 through 2028 and the remaining sinking fund payments on the term bond maturing in 2035. The refunded 2008 Series D bonds have been legally defeased and have been removed from the College's financial statements.

The 2010 Series B bonds were repaid by a portion of the 2016 Series F bonds and structured as a crossover refunding. A crossover escrow account with noncallable U.S. government obligations was established and the cash flow from was sufficient to pay interest on the portion of the 2016 Series F bonds allocable to the refunding of the 2010 Series B. As of the cross over date of July 2019, the 2010 Series B were deemed legally defeased and removed from the College's financial statements for fiscal year 2020.

Prior to the crossover date, the 2010 Series B bonds to be refunded continued to be secured by and payable from the revenues which were originally pledged for the payment of the 2010 Series B bonds. The 2010 Series B bonds remained outstanding until the crossover date and was included in the bonds payable balance in the statements of net position through fiscal year 2019. The crossover escrow account balance of $37,648 was included in the restricted deposits held with trustees balance in the 2019 statements of net position.

(10) Benefits Paid by the State of New Jersey

The State, through separate appropriations, funds certain fringe benefits, principally healthcare costs and FICA taxes, on behalf of College employees and retirees. The costs of these benefits were funded directly by the State on behalf of the College and are included in the accompanying financial statements as part of nonoperating revenues and as operating expenses in various functional expense categories.

(11) Retirement Plans

(a) Introduction

The College participates in three cost-sharing, multiple-employer defined benefit retirement plans administered by the State of New Jersey, Division of Pensions and Benefits as follows:

- Public Employees' Retirement System (PERS) – The College was determined to be a separate employer within the State Group of the plan. Although the State has historically provided the contribution, the special funding situation criteria were not met and the New Jersey statutes are silent as to the legal obligation. The College has recorded its proportionate share of the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to the PERS plan in the financial statements.

- Police and Firemen's Retirement System (PFRS) – The College was determined to be a separate employer within the State Group of the plan. Although the State has historically provided the contribution, the special funding situation criteria were not met and the New Jersey statutes are silent as to the legal obligation. The College has recorded its proportionate share of the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to the PFRS plan in the financial statements.

- Teachers' Pension and Annuity Fund (TPAF) – TPAF met the GASB 68 special funding situation criteria per the New Jersey statute and thus the net pension liability is recorded by the State of New Jersey. The College has disclosed its proportionate share of the net pension liability and recorded its proportionate share of the pension expense and related revenue in the statements of revenues, expenses and changes in net position.

Notes to the Financial Statements ($ in thousands)

Benefit and employer contribution provisions are established by state statute and the provisions of the aforementioned plans can only be amended by new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for PERS, PFRS and TPAF once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible for and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. Chapter 78, P.L. 2011 also suspended COLA increases for all active and future retirees of all State of New Jersey retirement plans.

A publicly available Comprehensive Annual Financial Report (CAFR) of the State of New Jersey Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS, PFRS and TPAF plan's fiduciary net position, can be obtained at https://www.state.nj.us/treasury/pensions/annual-reports.shtml or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

The College also participates in several defined contribution retirement plans, primarily the Alternative Benefit Program (ABP). Generally all employees, except certain part-time employees, participate in one of these plans. Under these plans, participants make annual contributions, and the State, in accordance with annual appropriations, makes employer contributions on behalf of the College for these plans. The College is charged for pension costs through a fringe benefit charge assessed by the State which is included within the state paid fringe benefits in the accompanying financial statements.

(b) Plan Descriptions

Public Employees' Retirement System

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Notes to the Financial Statements ($ in thousands)

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 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

Police and Firemen's Retirement System

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Teachers' Pension and Annuity Fund

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

Notes to the Financial Statements ($ in thousands)

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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 years or more 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.

Defined Contribution Plans

The ABP is a defined contribution plan that 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 ABP is an agency fund overseen by the State of New Jersey Division of Pensions and Benefits.

Effective July 1, 2010, the College established two supplemental retirement plans – Supplemental Alternate Benefit Plan and Supplemental Retirement Plan – for the benefit of its eligible employees and the eligible employees of certain subsidiaries and affiliates that adopt the plans. The objective of the plans is to help provide for additional security on retirement, by means of employer contributions supplemental to those under the Alternate Benefit Program for the Supplemental Alternate Benefit Plan and supplemental to those under the Alternate Benefit Program and the Supplemental Alternate Benefit Plan for the Supplemental Retirement Plan.

(c) Basis of Accounting and Valuation of Investments

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 PERS, PFRS and TPAF and additions to/deductions from PERS', PFRS' and TPAF's fiduciary net position have been determined on the same basis as they are reported by the respective plans. 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.

Notes to the Financial Statements ($ in thousands)

(d) Contributions

PERS, PFRS and TPAF covered employees are required by State statute to contribute a certain percentage of their salaries to the plan. The contribution requirements of employees are established and may be amended by the Pension Plan Design Committee of the respective plan. Each member's percentage is based on age determined at the effective date of enrollment. The employee contribution rates as a percentage of salary for the fiscal years ended June 30, 2020 and 2019 were as follows:

Defined Benefit Retirement Plan Employee Contribution Rates		
	2020	**2019**
Public Employees' Retirement System	7.50%	7.34%
Police and Firemen's Retirement System	10.00%	10.00%

The College had no active employees enrolled in TPAF in the fiscal years ended June 30, 2020 and 2019.

The required employer contributions are actuarially determined. Chapter 1, P.L. 2010 required the State of New Jersey to resume making actuarially recommended contributions to the defined benefit pension plans on behalf of the employers on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012.

The State's contributions made subsequent to the measurement date to the PERS and PFRS plans on behalf of the College for the fiscal years ended June 30, 2020 and 2019 were as follows:

Defined Benefit Retirement Plan Employer Contributions			
		2020	**2019**
Public Employees' Retirement System	$	8,268	4,837
Police and Firemen's Retirement System		558	547

The above contributions are recognized in the financial statements as deferred outflows of resources.

(e) Pension Amounts

Net pension liability amounts recorded within the College's 2020 and 2019 financial statements are measured as of June 30, 2019 and June 30, 2018, respectively. The College's proportion of the respective plans' net pension liability was based on the ratio of the employer contributions made related to the College's employees to the total contributions made by all participating State-group employers for the fiscal years ended June 30, 2019 and June 30, 2018. Pension expense is recognized within the functional classifications in the statements of revenues, expenses and changes in net position.

Notes to the Financial Statements ($ in thousands)

2020				
Summary of Pension Amounts				
		PERS	**PFRS**	**TPAF***
College proportionate share of the net pension liability	$	137,504	7,147	756
College proportion of the net pension liability - State group:				
2019		0.598%	0.170%	0.001%
College proportion of the net pension liability - Plan as a whole:				
2019		0.334%	0.039%	—%
Deferred outflows of resources		21,279	1,638	N/A
Deferred inflows of resources		29,407	1,620	N/A
Pension expense		9,253	732	45

* TPAF meets the special funding situation criteria of GASB 68. The proportionate share of the net pension liability shown here is the portion of the State's net pension liability attributable to the College, and is 100% of the amount attributable to the College. Pension expense is recognized as expense and revenue by the College.

Notes to the Financial Statements ($ in thousands)

2019 Summary of Pension Amounts		PERS	PFRS	TPAF*
College proportionate share of the net pension liability	$	139,891	6,452	822
College proportion of the net pension liability - State group:				
2018		0.590%	0.149%	0.001%
College proportion of the net pension liability - Plan as a whole:				
2018		0.322%	0.033%	—%
Deferred outflows of resources		25,166	1,164	N/A
Deferred inflows of resources		30,401	1,456	N/A
Pension expense		9,527	570	48

* TPAF meets the special funding situation criteria of GASB 68. The proportionate share of the net pension liability shown here is the portion of the State's net pension liability attributable to the College, and is 100% of the amount attributable to the College. Pension expense is recognized as expense and revenue by the College.

2020 Deferred Outflows of Resources from Pensions		PERS	PFRS
Difference between expected and actual experience	$	1,420	—
Changes in assumptions		7,635	95
Net difference between projected and actual investment earnings		133	91
Changes in proportion		3,823	894
Contributions paid to plan subsequent to measurement date**		8,268	558
Total	$	21,279	1,638

** The contributions paid to the plan subsequent to the measurement date are recognized as a reduction of the net pension liability in fiscal year 2020.

Notes to the Financial Statements ($ in thousands)

2019			
Deferred Outflows of Resources from Pensions			
		PERS	**PFRS**
Difference between expected and actual experience	$	2,435	—
Changes in assumptions		13,669	238
Net difference between projected and actual investment earnings		396	94
Changes in proportion		3,829	285
Contributions paid to plan subsequent to measurement date**		4,837	547
Total	$	25,166	1,164

** The contributions paid to the plan subsequent to the measurement date are recognized as a reduction of the net pension liability in fiscal year 2021.

2020			
Deferred Inflows of Resources from Pensions			
		PERS	**PFRS**
Difference between expected and actual experience	$	985	168
Changes in assumptions		27,576	1,000
Changes in proportion		846	452
Total	$	29,407	1,620

2019			
Deferred Inflows of Resources from Pensions			
		PERS	**PFRS**
Difference between expected and actual experience	$	1,167	90
Changes in assumptions		28,155	761
Changes in proportion		1,079	605
Total	$	30,401	1,456

Notes to the Financial Statements ($ in thousands)

The following table displays the net deferred outflows of resources and deferred inflows of resources that will be recognized in pension expense or that will be recognized as a reduction of the net pension liability:

Future Recognition of Net Deferred Outflows (Inflows) of Resources			
		PERS	PFRS
2021	$	(901)	(103)
2022		(6,055)	(303)
2023		(6,255)	(189)
2024		(2,939)	(17)
2025		(246)	72
Total deferrals recognized as pension expense		(16,396)	(540)
Deferred outflows recognized as a reduction to net pension liability in fiscal year 2021		8,268	558
Net deferred (inflows) outflows	$	(8,128)	18

Notes to the Financial Statements ($ in thousands)

(f) Defined Benefit Plan Assumptions

The College's June 30, 2020 net pension liability for each plan was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019. The College's June 30, 2019 net pension liability for each plan was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018

The total pension liability for each plan was determined using the following actuarial assumptions:

2020 Actuarial Methods and Assumptions			
	PERS	**PFRS**	**TPAF**
Valuation date	7/1/2018	7/1/2018	7/1/2018
Measurement date	6/30/2019	6/30/2019	6/30/2019
Inflation rate			
Price	2.75%	2.75%	2.75%
Wage	3.25%	3.25%	3.25%
Salary increases:			
Initial fiscal year applied through	2026	All future years	2026
Rate	2.00% - 6.00% based on years of service	3.25 - 15.25% based on years of service	1.55% - 4.45% based on years of service
Thereafter	3.00% - 7.00% based on years of service	Not applicable	2.75% - 5.65% based on years of service
Long-term expected rate of return	7.00%	7.00%	7.00%
Municipal bond rate:			
2019	3.50%	3.50%	3.50%
Discount rate:			
2019	6.28%	6.85%	5.60%
Experience study dates	7/1/2014 - 6/30/2018	7/1/2013 - 6/30/2018	7/1/2015 - 6/30/2018

Notes to the Financial Statements ($ in thousands)

2019			
Actuarial Methods and Assumptions			
	PERS	**PFRS**	**TPAF**
Valuation date	7/1/2017	7/1/2017	7/1/2017
Measurement date	6/30/2018	6/30/2018	6/30/2018
Inflation rate	2.25%	2.25%	2.25%
Projected salary increases:			
Initial fiscal year applied through	2026	2026	2026
Rate	1.65% - 4.15% based on age	2.10% - 8.98% based on age	1.55-4.55%
Thereafter	2.65% - 5.15% based on age	3.10% - 9.98% based on age	2.00-5.45%
Investment rate of return	7.00%	7.00%	7.00%
Municipal bond rate:			
2018	3.87%	3.87%	3.87%
Discount rate:			
2018	5.66%	6.51%	4.86%
Experience study dates	7/1/2011 - 6/30/2014	7/1/2010 - 6/30/2013	7/1/2012 - 6/30/2015

For the June 30, 2019 measurement date, PERS Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For the June 30, 2019 measurement date, PFRS pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For the June 30, 2019 measurement date, TPAF pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For the June 30, 2018 measurement date, PERS preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2018 measurement date, PFRS preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

For the June 30, 2018 measurement date, TPAF pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

Discount Rate

For fiscal year 2020, the discount rate used to measure the total pension liability was 6.28% for PERS, 6.85% for PFRS and 5.60% for TPAF as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS, 2076 for PFRS and 2054 for TPAF. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS, 2076 for PFRS and 2054 for TPAF and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

For fiscal year 2019,the discount rates in the above tables used to measure the total pension liabilities for PERS, PFRS and TPAF, respectively, are single blended discount rates based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions for PERS and PFRS only. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046 for PERS, 2062 for PFRS and 2040 for TPAF. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 for PERS, 2062 for PFRS and 2040 for TPAF and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans target asset allocation as of June 30, 2019 are summarized in the following table:

Notes to the Financial Statements ($ in thousands)

2020		
Target Asset Allocation and Long-Term Expected Rate of Return		
	PERS, PFRS and TPAF	
	Target Allocation	**Long-term Expected Real Rate of Return**
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Notes to the Financial Statements ($ in thousands)

2019		
Target Asset Allocation and Long-Term Expected Rate of Return		
	PERS, PFRS and TPAF	
	Target Allocation	**Long-term Expected Real Rate of Return**
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Change in Assumptions

For the valuation used in the measurement of the net pension liability for PERS as of June 30, 2019, the discount rate increased from 5.66% at June 30, 2018 to 6.28%. For the valuation used in the measurement of the net pension liability for PFRS as of June 30, 2019, the discount rate increased from 6.51% at June 30, 2018 to 6.85%. For the valuation used in the measurement of the net pension liability for TPAF as of June 30, 2019, the discount rate increased from 4.86% at June 30, 2018 to 5.60%. For PERS, PFRS and TPAF the municipal bond rate decreased from 3.87% at June 30, 2018 to 3.50% at June 30, 2019.

For the valuation used in the measurement of the net pension liability for PERS as of June 30, 2018, the discount rate increased from 5.00% at June 30, 2017 to 5.66%. For the valuation used in the measurement of the net pension liability for PFRS as of June 30, 2018, the discount rate increased from 6.14% at June 30, 2017 to 6.51%. For PERS, PFRS and TPAF the municipal bond rate increased from 3.58% at June 30, 2017 to 3.87% at June 30, 2018.

Notes to the Financial Statements ($ in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the College's proportionate share of the collective net pension liability for PERS and PFRS as of June 30, 2019 and 2018 calculated using the discount rate as disclosed above for each plan as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

2020 Sensitivity of the Net Pension Liability			
Pension Plan	**1.0% decrease in discount rate**	**At current discount rate**	**1.0% increase in discount rate**
PERS (5.28%, 6.28%, 7.28%)	158,197	137,504	120,114
PFRS (5.85%, 6.85%, 7.85%)	8,359	7,147	6,145

2019 Sensitivity of the Net Pension Liability			
Pension Plan	**1.0% decrease in discount rate**	**At current discount rate**	**1.0% increase in discount rate**
PERS (4.66%, 5.66%, 6.66%)	161,778	139,891	121,555
PFRS (5.51%, 6.51%, 7.51%)	7,586	6,452	5,518

(g) Alternate Benefit Program

The ABP currently provides the choice of seven investment carriers: Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), VALIC, AXA Financial (Equitable), Met Life, MassMutual (formerly The Hartford), VOYA Financial Services and Prudential Retirement Services. The College assumes no liability for ABP members other than payment of contributions. A separate board of trustees administers ABP alternatives. The State and Social Security Law establishes participation eligibility as well as contributory and noncontributory requirements.

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pretax basis. Employer contributions for the ABP are 8%. During the years ended June 30, 2020 and 2019 ABP investment carriers received employer and employee contributions as follows:

Notes to the Financial Statements ($ in thousands)

ABP Employer and Employee Contributions			
		2020	2019
Employer contributions	$	5,818	5,607
Employee contributions		8,009	7,694
Participating employees' salaries		72,729	70,092

Employer contributions to the ABP are paid by the State and are reflected in the accompanying financial statements as nonoperating revenue under New Jersey State appropriations and as operating expenses in various functional expense categories.

(h) Supplemental Alternate Benefit Program

The plan is administered by the College. TIAA-CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the College with non-State funds. The plan is intended to qualify as a governmental plan that is a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code of 1986, as amended. It is also intended that the Plan be exempt from the Employee Retiree Income Security Act of 1974, as amended, pursuant to Department of Labor regulations section 2510.3-2(f). Each employee whose compensation exceeds the State limit on contributions for the ABP in a given year shall be eligible to participate in the plan and have employer contributions made on their behalf. The College will contribute 8% of the employee's compensation in excess of the State limit on compensation. The accumulated base salary limit during each calendar year is $141. There were no employee contributions during fiscal years 2020 and 2019. The employer contributions made during fiscal years 2020 and 2019 were $61 and $255, respectively.

(i) Postemployment Benefits Other Than Pensions

The College's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan).

Plan Description, Including Benefits Provided

The Plan is a single-employer defined benefit other postemployment 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 multiple employer plan for standalone reporting purposes. In accordance 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 one or more of the following pension plans: PERS, TPAF, ABP or PFRS. In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the College's employees retain any and all rights to the health benefits in the Plan, even though the College 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 College; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

Notes to the Financial Statements ($ in thousands)

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB 75.

Total OPEB Liability and OPEB Expense

As of June 30, 2020 and 2019, the State recorded a liability of $186,302 and $296,779, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the College (the College's share). The College's share was based on the ratio of its members to the total members of the Plan. At June 30, 2020, the College's share was 3.39% and 1.02% of the special funding situation and of the Plan, respectively. At June 30, 2019, the College's share was 4.15% and 1.26% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $1,112 and $13,607, respectively. As the State is legally obligated for benefit payments on behalf of the College, the College recognized revenue related to the support provided by the State of $1,112 and $13,607, respectively.

Actuarial Assumptions and Other Inputs

The State's liability associated with the College at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019. The State's liability associated with the College at June 30, 2019 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date of June 30, 2018. This actuarial valuation used the following assumptions:

Actuarial Methods and Assumptions

	2020	2019
Inflation rate	2.50%	2.50%
Projected salary increases:		
Initial fiscal year applied through	2026	2026
Rate	1.55 - 15.25%	1.55 - 8.98%
Thereafter	1.55 - 7.00%	2.00 - 9.98%
Discount rate	3.50%	3.87%

The discount rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on age or years of service.

The June 30, 2018 valuation used preretirement mortality rates 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.

The June 30, 2017 valuation used preretirement mortality rates based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans. For June 30, 2018, this included PERS (July 1, 2014 through June 30, 2018), ABP/TPAF (using the experience of the TPAF – July 1, 2015 through June 30, 2018) and PFRS (July 1, 2013 through June 30, 2018). For June 30, 2017 this includes PERS (July 1, 2011 through June 30, 2014), ABP/TPAF (using the experience of the TPAF – July 1, 2012 through June 30, 2015), and PFRS (July 1, 2010 through June 30, 2013).

Health Care Trend Assumptions

For the June 30, 2018 valuation, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

For the June 30, 2017 valuation, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5%.

(12) Compensated Absences

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the sick leave accumulation at the pay rate in effect at the time of retirement up to a maximum of $15 per employee. Employees separating from College service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the College recorded a liability for accumulated sick leave balances in the amount of $494 and $488 as of June 30, 2020 and 2019, respectively, which is reflected in compensated absences, noncurrent, in the accompanying financial statements.

The College is required to pay non-faculty employees for their accumulated vacation time upon their separation or retirement. The liability was $3,890 and $3,310, respectively, as of June 30, 2020 and 2019 and is reflected in compensated absences in the accompanying financial statements.

The College is required to pay employees for their accumulated bank leave time upon their separation or retirement. As of June 30, 2020 and 2019 a liability of $296 and $293, respectively, was included in compensated absences in the accompanying financial statements.

(13) Contingencies

The College is a party to various pending legal actions and other claims in the normal course of business. Management of the College is of the opinion that the outcome thereof will not have a material effect on its financial position based on legal representation letters obtained from outside counsel.

(14) Government Relations and Legal Fees

The New Jersey Higher Education Restructuring Act of 1994 requires the College to disclose the costs incurred associated with government and public relations and legal costs. During the years ended June 30, 2020 and 2019 the College expended $236 and $325 for government and public relations, and $73 and $114, respectively, for legal fees.

Notes to the Financial Statements ($ in thousands)

(15) The College of New Jersey Foundation, Inc.

Component Unit

The College of New Jersey Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the organization with a fiscal year end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the Foundation's assets are used exclusively for the benefit, support, and promotion of the College and its educational activities. The Foundation meets the criteria to be discretely presented in the College's financial statements. Complete financial statements for the Foundation can be obtained from the Foundation at 2000 Pennington Road, Green Hall Room 211, Ewing, NJ 08628.

Investments

The Foundation has an investment policy which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2020 and 2019:

Investments

		2020	2019
Cash and cash equivalents	$	4,404	2,939
U.S. Treasury bills and notes and Government agencies		2,467	2,204
Certificates of deposit		747	1,236
Corporate bonds		1,000	862
Equity securities		14,897	16,826
Mutual funds		6,914	5,879
Exchange-traded funds		13,354	10,979
Alternative investments:			
Private equity		712	683
Hedge funds		3,248	2,889
Real estate income trust		987	1,021
Common trust funds		751	690
	$	49,481	46,208

The Foundation's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

Within the Foundation's investment policy guidelines, the policy gives investment money managers and investment funds full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups.

The following are guidelines to be followed by the investment advisors in the selection of investment money managers:

- Domestic equities may be selected from the New York, American and Regional Stock Exchanges, or the NASDAQ markets. The cost of an individual security in the portfolio at purchase may not exceed 5% of the total market value of that portfolio. Individual securities held in a portfolio must not exceed 5% of the portfolio on a cost basis. Mutual funds and investment money managers are not to be included in this limitation.
- Only international managers experienced in trade on foreign exchanges shall handle investments in international equities.
- Managers may use a mutual fund as a means of participating in international equities, with prior approval of the Investment Committee.
- Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, U.S. Treasury bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at the time of purchase.
- Commercial paper must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively.
- Bankers' acceptances and certificates of deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Uninvested cash reserves should be kept to minimum levels. In any instance where the total funds on deposit with a financial institution exceeds the insurance coverage provided by the FDIC or FSLIC, collateral security or its equivalent shall be required.
- Fixed income investments will include U.S. Treasury and Federal agency debt obligations, corporate bonds, mortgages, asset backed securities and preferred stocks. By design, the managers should focus on fixed income securities of the highest quality, thereby reducing investment risk. With the exception of Federal Government issues, no single issue should exceed 4% and no industry group should exceed 10% of the aggregate fixed income portfolio without the Investment Committee's prior approval. The average credit quality of the fixed income or convertible portfolio should be rated investment grade or better. The average maturity of the fixed income portfolio may not exceed 12 years and the average duration of the fixed income portfolio should not exceed 10 years.

Notes to the Financial Statements ($ in thousands)

As of June 30, 2020 and 2019, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, certificates of deposit, and corporate bonds, were rated as follows:

2020 Fixed Income Investments Ratings					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,532	1,015	1,452	65
Aa1		61	—	—	61
Aa2		89	—	—	89
Aa3		17	—	—	17
A1		15	—	—	15
A2		176	—	—	176
A3		256	—	—	256
Baa1		130	—	—	130
Baa2		171	—	—	171
Ba2		20	—	—	20
Total	$	3,467	1,015	1,452	1,000

Notes to the Financial Statements ($ in thousands)

2019 Fixed Income Investments Ratings						
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,260	1,053	1,151	56
Aa1		60	—	—	60
Aa2		67	—	—	67
Aa3		15	—	—	15
A1		29	—	—	29
A2		126	—	—	126
A3		213	—	—	213
Baa1		192	—	—	192
Baa2		104	—	—	104
Total	$	3,066	1,053	1,151	862

The certificates of deposit of $747 and $1,236 as of June 30, 2020 and 2019, respectively, were not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2020 and 2019, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, certificates of deposit, and corporate bonds, had maturity dates as follows:

2020 Fixed Income Investments Maturity						
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Certificates of deposit	Corporate bonds
Less than 1	$	796	—	—	747	49
1 – 5		659	265	—	—	394
6 – 10		776	208	158	—	410
Greater than 10		1,983	542	1,294	—	147
Total	$	4,214	1,015	1,452	747	1,000

Notes to the Financial Statements ($ in thousands)

2019						
Fixed Income Investments Maturity						
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Certificates of deposit	Corporate bonds
Less than 1	$	1,303	67	—	1,236	—
1 – 5		711	286	—	—	425
6 – 10		687	267	110	—	310
Greater than 10		1,601	433	1,041	—	127
Total	$	4,302	1,053	1,151	1,236	862

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 statements 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 prices for identical assets or liabilities in active markets that a government can access 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; and
- Level 3 – unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U.S. Treasury bills and notes – The fair value of U.S. Treasury bills and notes are based on prices quoted in active markets for those securities.
- U.S. Government agencies – The fair value of government agencies are based on a multi-dimensional relational model. Standard inputs to the pricing model for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Certificates of deposit – The fair value of certificates of deposit are based on estimated secondary market prices that may be received if the certificate of deposit could be sold prior to maturity. The estimated secondary market price is evaluated using a curve-based approach which develops a

constant maturity curve for specific programs which take into account factors such as instrument type, issuer, sector, credit rating and prevailing market conditions. Standard inputs to the pricing model for the Level 2 certificates of deposit include maturity date, issue date, and coupon rate.

- Corporate bonds – The fair value of corporate bonds are based on a multi-dimensional relational model. Standard inputs to the pricing methods for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. These investments are classified as Level 1. Equity securities classified in Level 2 of the fair value hierarchy are valued at quoted market prices in the over-the-counter (inactive) market. The price used as the fair value may be from a market transaction or a bid or ask price in the market that did not result in a transaction.
- Mutual funds – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- Exchange-traded funds – The fair value of exchange-traded funds are based on the quoted market price on an active market as of the measurement date.
- Alternative investments – Alternative investments are valued using current estimates of net asset value obtained from the investment manager in the absence of readily determinable public market values. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.
- Cash and cash equivalents – These investments are measured at amortized cost and have been excluded from fair value leveling.

Notes to the Financial Statements ($ in thousands)

The Foundation's investments at June 30, 2020 and 2019 are summarized in the following table by their fair value hierarchy:

2020 Investments Measured at Fair Value					
			Fair value measurements using		
Investment		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level					
U.S. Treasury bills and notes	$	1,015	1,015	—	—
U.S. Government agencies		1,452	—	1,452	—
Certificates of deposit		747	—	747	—
Corporate bonds		1,000	—	1,000	—
Equity securities		14,897	14,897	—	—
Mutual funds		6,914	6,914	—	—
Exchange-traded funds		13,354	13,354	—	—
Total investments by fair value level		39,379	36,180	3,199	—
Investments measured at net asset value (NAV)					
Private equity		712			
Hedge funds		3,248			
Real estate income trust		987			
Common trust funds		751			
Total investments measured at NAV		5,698			
Total investments measured at fair value	$	45,077			

Notes to the Financial Statements ($ in thousands)

2019				
Investments Measured at Fair Value				
		Fair value measurements using		
Investment	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level				
U.S. Treasury bills and notes	$ 1,053	1,053	—	—
U.S. Government agencies	1,151	—	1,151	—
Certificates of deposit	1,236	—	1,236	
Corporate bonds	862	—	862	—
Equity securities	16,826	16,826	—	—
Mutual funds	5,879	5,879	—	—
Exchange-traded funds	10,979	10,979	—	—
Total investments by fair value level	37,986	34,737	3,249	—
Investments measured at net asset value (NAV)				
Private equity	683			
Hedge funds	2,889			
Real estate income trust	1,021			
Common trust funds	690			
Total investments measured at NAV	5,283			
Total investments measured at fair value	$ 43,269			

Notes to the Financial Statements ($ in thousands)

The fair value as of June 30, 2020 and 2019 and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

2020 Investments Measured at NAV				
Investment		**Fair value**	**Redemption frequency (if currently eligible)**	**Redemption notice period**
Private equity	$	712	Quarterly	65 days
Hedge funds		3,248	Quarterly	30 - 96 days
Real estate income trust		987	Monthly	Second to last business day of the month
Common trust funds		751	N/A	N/A
Total investments measured at NAV	$	5,698		

2019 Investments Measured at NAV				
Investment		**Fair value**	**Redemption frequency (if currently eligible)**	**Redemption notice period**
Private equity	$	683	Quarterly	65 days
Hedge funds		2,889	Quarterly	30 - 96 days
Real estate income trust		1,021	Monthly	Second to last business day of the month
Common trust funds		690	N/A	N/A
Total investments measured at NAV	$	5,283		

As of June 30, 2020 and 2019, the Foundation had no unfunded commitments for investments measured at NAV.

The investment strategy, valuation method and redemption terms for the investments measured as NAV are discussed below.

Private equity: This type is an investment in one multi-strategy private equity fund that invests in direct, secondary and primary private equity investments across a range of geographic markets, investment types and vintage years. The objective of the fund is to generate returns by systematically overweighting the vehicles, segments and opportunities it believes offer the best relative value at a point in time. Redemptions may be requested quarterly by tender offer with 65 days' notice. The fund's board of managers has the sole discretion to repurchase units from a tender offer due to the illiquid nature of the fund. The fund limits the redemptions each quarter to no more than 5% of the fund's net asset value. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

Hedge funds: This type consists of investments in three funds that employ a variety of alternative investment strategies including multi-strategy equity, relative value, and multi-strategy funds of funds. Redemption terms vary by fund. Redemptions may be requested quarterly with 30 – 96 calendar days' notice depending on the fund. None of the funds have active lockup periods. One fund's board of directors has the sole discretion to repurchase units with a tender offer. This fund limits the redemptions each quarter to 5-25% of the fund's NAV. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investment. Three of the five investments in hedge funds as of June 30, 2019 were sold and one new hedge fund was purchased during fiscal year 2020. Of the three funds sold during fiscal year 2020, two were allowed redemption requests monthly with 45 calendar days' notice and one was allowed redemption requests monthly with 65 days' notice.

Real estate income trust: This type is an investment in one fund that acquires stabilized, income-oriented commercial real estate in the United States, such as multi-family, industrial, hotel and retail properties, and real estate-related securities. Redemptions may be requested monthly by the second to last business day of each month. The fund's board of directors has the sole discretion to accept repurchase requests. Repurchases of shares outstanding for one year or less will be repurchased at 95% of the prior month's NAV. Aggregate repurchases are limited to no more than 2% of the fund's aggregate NAV per month and no more than 5% of the fund's aggregate NAV per calendar quarter. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

Common trust funds: This type consists of investments in eleven common trust funds that invest in a variety of debt and equity strategies including small- and mid-cap growth and value, small-, mid-, and large-cap core, emerging markets, international equities, dividend income, and aggregate bonds. These funds are held within an irrevocable trust of which the Foundation is a beneficiary. The investments in these common trust funds cannot be redeemed. The Foundation is currently receiving income earned on the investments. Distributions from the liquidation of the underlying assets are unknown at this time. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

(16) Trenton State College Corporation

Component Unit

The Trenton State College Corporation (the Corporation or TSCC) is a legally separate, tax-exempt component unit of the organization with a fiscal year end of June 30. The Corporation is qualified under Section 115 of the Internal Revenue Code as an organization exempt from Federal income taxes by its relationship with the College and the State of New Jersey. The Corporation assists in the development and growth of the College through property acquisitions and facilities management. The Corporation meets the criteria to be discretely presented in the College's financial statements. Complete financial statements for the Corporation can be obtained from the Corporation at 54 Carlton Avenue, Ewing Township, NJ 08618.

Notes to the Financial Statements ($ in thousands)

Capital Assets

Capital asset activity for the Corporation for years ended June 30, 2020 and 2019 was as follows:

2020 Capital Assets					
2020		Beginning balance	Additions	Property sold/ transferred	Ending balance
Depreciable assets:					
Buildings	$	6,125	296	—	6,421
Building improvements		1,463	15	—	1,478
Leasehold improvements		1,214	—	—	1,214
Furniture		30	—	—	30
Vehicles		64	—	—	64
Nondepreciable assets:					
Construction in progress		—	9	—	9
Land		2,751	75	—	2,826
Total capital assets		11,647	395	—	12,042
Accumulated depreciation:					
Buildings		(4,506)	(128)	—	(4,634)
Building improvements		(531)	(53)	—	(584)
Leasehold improvements		(364)	(122)	—	(486)
Furniture		(30)	—	—	(30)
Vehicles		(26)	(9)	—	(35)
Total accumulated depreciation		(5,457)	(312)	—	(5,769)
Capital assets, net	$	6,190	83	—	6,273

Notes to the Financial Statements ($ in thousands)

2019
Capital Assets

2019		Beginning balance	Additions	Property sold/ transferred	Ending balance
Depreciable assets:					
Buildings	$	6,125	—	—	6,125
Building improvements		1,323	140	—	1,463
Leasehold improvements		1,214	—	—	1,214
Furniture		30	—	—	30
Vehicles		64	—	—	64
Nondepreciable assets:				—	
Land		2,751	—	—	2,751
Total capital assets		11,507	140	—	11,647
Accumulated depreciation:					
Buildings		(4,301)	(205)	—	(4,506)
Building improvements		(484)	(47)	—	(531)
Leasehold improvements		(243)	(121)	—	(364)
Furniture		(30)	—	—	(30)
Vehicles		(17)	(9)	—	(26)
Total accumulated depreciation		(5,075)	(382)	—	(5,457)
Capital assets, net	$	6,432	(242)	—	6,190

(17) Risk Management

The College is exposed to various risks of loss. The College purchases and funds property and casualty insurances through a joint insurance program with the nine State of New Jersey Public Colleges and Universities. The College's risk management program involves insurance for all property risk in the joint insurance program and all liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long term disability, unemployment liability, life insurance and employee retirement programs).

Subject to policy conditions, exclusions, and limits, buildings, plants, and equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed $100 per occurrence with a per occurrence limit of $2,000,000. Commercial crime insurance coverage provides money and securities coverage for an actual loss in excess of $100 with a per loss limit of $5,000. In addition to the insurance purchased and maintained through the consortium, the College maintains two additional policies. The first is a student blanket professional liability insurance policy with a limit of $2,000 per claim and a $5,000 aggregate. The second is a museum collection and temporary loans policy with a $500 limit.

As an instrumentality of the State of New Jersey the liability of the College is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1-1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13-1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties.

All insurance policies are renewed on an annual basis. All of the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature. There has been no decrease in insurance coverage during the current year.

(18) Campus Town Development

The College is participating in a public-private partnership with a private real estate corporation to develop approximately 13 acres of land adjacent to the College into a mixed use retail/student housing complex. This project, called Campus Town, which is projected to cost approximately $85 million for Phase One, was made possible pursuant to the provisions of the New Jersey Economic Stimulus Act of 2009. In February 2015, the College and the developer agreed to expand the project to include two additional residential buildings in Phase Two of the project. The partnership has been structured to include no direct financial obligation of the College to support the project. Planning, design, construction, operation, preventative maintenance and capital renewal of the project are all borne by the developer.

The Ground Lease for Campus Town was executed by all parties at closing on April 4, 2014. The term of the Ground Lease is 50 years and the Developer agrees to make Basic Rent payments of $400 on the rent commencement date (September 1, 2017) in accordance with the lease agreement, increasing by an Additional Applicable Increase Rent of $25 annually for the duration of the Ground Lease term. In addition to the Basic and Applicable Increase Rent, after the seventh year of the lease, the Developer will also pay Supplemental Rent in accordance with the lease agreement. The developer will set rental rates for the student housing units and the College will treat this similarly to other off-campus housing it does not own and manage. The developer made ground lease rental payments of $446 and $421 during fiscal years 2020 and 2019, respectively. The College will not be providing any financial assistance to the developer. Upon expiration of the lease term the premises will revert to the College.

Notes to the Financial Statements ($ in thousands)

Phase One of the project opened on schedule for student housing in August 2015 for the fall semester of 2015. Phase Two of the project opened on schedule for student housing in August 2016 for the fall semester of 2016. Bond rating agencies do not include any Campus Town debt in their calculations of the College's debt burden given the state's legislation prohibiting the College from financing any portion of Campus Town, or being financially obligated.

The College entered into an agreement on April 4, 2014 to lease a space from the developer to operate a fitness center on the Campus Town premises. The lease term is 10 years beginning August 2015 with two options to renew for an additional five years. The Base Rent for year one was $196 annually plus Additional Rent equal to the College's percentage of the cost of expenses as included in the lease agreement. Future years' Base Rent will also increase in accordance with the lease agreement. Rental payments began on the Rent Commencement Date (September 14, 2015) in accordance with the lease agreement. In fiscal years 2020 and 2019 there were rental payments by the College totaling $211 and $206, respectively. The minimum annual base rental commitments approximate the following:

Annual Rental Commitments

		Amount
Year ending June 30:		
2021	$	215
2022		219
2023		224
2024		228
2025		232
2026		48
	$	1,166

Under the fitness center lease agreement, the College is responsible for the capital tenant improvements to prepare the leased property for its intended use. As of June 30, 2020, $1,456 of capital construction costs have been incurred and were recorded as leasehold improvements in the statements of net position. This cost remained unchanged from fiscal year 2019. The cost of these leasehold improvements are depreciated on a straight-line basis over the 10 year term of the lease agreement.

To facilitate the construction and operation of the bookstore in Campus Town, the Corporation was engaged to act as an intermediary between the College, Barnes & Noble College Booksellers, LLC (Barnes & Noble) and PRC Campus Partners, LLC (PRC). The Corporation entered into a ten year service management agreement dated April 4, 2014 with Barnes & Noble to manage and operate a hybrid campus and general interest retail bookstore in the space leased by the Corporation in the Campus Town development. Beginning on the Bookstore Services Commencement Date (August 3, 2015), Barnes & Noble will pay the Corporation a minimum annual guaranteed commission of $650 with additional commission paid based on the specified percentages of gross sales in accordance with the agreement terms. After the Corporation pays the space rental payments to the landlord and other operational costs and deducts certain amounts for tenant fit-out as described below, excess commission will be transferred to the College. In fiscal years 2020 and 2019 there was no excess commission to be transferred to the College. In fiscal years 2020 and 2019, $159 and $53, respectively, was due to be reimbursed to the Corporation for certain expenses related to the bookstore operations.

The Chairs of the Corporation Board of Directors and the College Board of Trustees executed an agreement dated July 7, 2015 whereby the College provided $250 to the Corporation for reimbursement of the bookstore fit-out and tenant improvement costs. Additionally, the agreement stipulates that the remainder of the fit-out and tenant improvement costs of $1,085 are to be repaid to the Corporation from the bookstore commission revenue during the first five years of the Barnes & Noble agreement based on a capital reimbursement schedule. The amounts repaid for both years ended June 30, 2020 and 2019 was $227 Fiscal year 2020 was the final year of the capital reimbursement schedule.

(19) Impact of COVID-19

As a result of the coronavirus pandemic (COVID-19), the College issued $13.3 million in prorated room and board, parking and late fees refunds to students for services the College could no longer provide for the remainder of the Spring 2020 semester. On March 27, 2020, Governor Murphy froze half the remaining appropriation funding due to the State's colleges and universities for fiscal 2020, of which $5.3 million was for the College's budgeted appropriation.

To offset the College's institutional losses and provide additional financial aid to eligible students during this public health crisis, the College accepted $5.0 million of emergency relief funds from the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

The spread of COVID-19 around the world has caused significant volatility in the United States and international economies and markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the United States and international economies and, as such, the degree to which the College's operations will be impacted by the coronavirus cannot be predicted with any degree of certainty. Because of the uncertainty surrounding the course and duration of the pandemic, the College is unable to determine if it will have a material impact to its operations.

(20) Subsequent Events

In July 2020, the New Jersey Educational Facilities Authority (NJEFA) issued Series 2020 D (Federally Taxable) Revenue Refunding Bonds on behalf of the College to refund all or a portion of the principal and interest payments on the outstanding Series 2013 A, Series 2015 G, Series 2016 F and Series 2016 G bonds and to pay certain costs of issuance associated with the bond issuance. The Series 2020 D bonds, totaling $182,185, consist of a $65,605 term bond with an interest rate of 3.513% maturing on July 1, 2042, and a $116,580 term bond with an interest rate of 3.613% maturing on July 1, 2050. The College incurred $2,668 in bond issuance costs that will be expensed in fiscal year 2021. The refunding will provide the College with cash flow savings of $87,724 in fiscal years 2021 through 2025 and helped achieve level annual debt service payments in fiscal years 2026 through 2035. The College's final bond maturity was extended to 2050.

The College of New Jersey

Schedules of Proportionate Share of the Net Pension Liability

(Unaudited)

June 30, 2020

(In thousands)

Public Employees' Retirement System

		2020	2019	2018	2017	2016	2015
College proportion of the net pension liability - State group		0.598%	0.590%	0.595%	0.586%	0.571%	0.557%
College proportion of the net pension liability - Plan as a whole		0.334%	0.322%	0.312%	0.292%	0.294%	0.289%
College proportionate share of the net pension liability	$	137,504	139,891	152,684	172,328	135,548	112,127
College covered-employee payroll (for the year ended as of the measurement date)		26,684	26,648	26,046	25,776	25,823	25,380
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		515.31%	524.96%	586.21%	668.56%	524.91%	441.79%
Plan fiduciary net position as a percentage of the total pension liability		42.04%	40.45%	36.78%	31.20%	38.21%	42.74%

Police and Firemen's Retirement System

		2020	2019	2018	2017	2016	2015
College proportion of the net pension liability - State group		0.170%	0.149%	0.157%	0.167%	0.169%	0.153%
College proportion of the net pension liability - Plan as a whole		0.039%	0.033%	0.032%	0.031%	0.032%	0.031%
College proportionate share of the net pension liability	$	7,147	6,452	6,890	7,878	7,262	5,420
College covered-employee payroll (for the year ended as of the measurement date)		764	766	785	772	763	822
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		935.47%	842.30%	877.71%	1020.47%	951.77%	659.37%
Plan fiduciary net position as a percentage of the total pension liability		60.20%	57.91%	54.52%	48.55%	52.84%	58.86%

Teachers' Pension and Annuity Fund

		2020	2019	2018	2017	2016	2015
College proportion of the net pension liability		0.001%	0.001%	0.001%	0.000%	0.000%	0.000%
College proportionate share of the net pension liability	$	—	—	—	—	—	—
State's proportionate share of the net pension liability associated with the College		756	822	928	2,024	4,749	4,666
Total net pension liability		756	822	928	2,024	4,749	4,666
College covered-employee payroll (for the year ended as of the measurement date)			—	—	—	—	122
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		N/A	N/A	N/A	N/A	N/A	3824.59%
Plan fiduciary net position as a percentage of the total pension liability		26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Notes:

1. Information provided for Required Supplementary Information will be provided for ten years as the information becomes available in subsequent years.

2. There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

3. There were no significant changes in assumptions except for the annual changes as follows:

PERS

For 2020, the discount rate changed to 6.28% and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2019, the discount rate changed to 5.66%. For 2018, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2017, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%.

PFRS

For 2020, the discount rate changed to 6.85% and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2019, the discount rate changed to 6.51%. For 2018, the discount rate changed to 6.14% and the long-term rate of returned changed to 7.00%. For 2017, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%.

See accompanying independent auditors' report.

The College of New Jersey

Schedules of Employer Contributions

(Unaudited)

June 30, 2020

(in thousands)

Public Employees' Retirement System

		2020	2019	2018	2017	2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	8,268	4,837	3,833	2,835	1,941	1,289
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		8,268	4,837	3,833	2,835	1,941	1,289
Contribution deficiency (excess)	$	—	—	—	—	—	—
College covered-employee payroll (as of the fiscal year end)	$	27,283	26,684	26,648	26,046	25,776	25,823
Contributions as a percentage of covered-employee payroll		30.30%	18.13%	14.38%	10.88%	7.53%	4.99%

Police and Firemen's Retirement System

		2020	2019	2018	2017	2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	558	547	387	306	231	120
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		558	547	387	306	231	120
Contribution deficiency (excess)	$	—	—	—	—	—	—
College covered-employee payroll (as of the fiscal year end)	$	804	764	766	785	772	763
Contributions as a percentage of employee covered payroll		69.40%	71.60%	50.52%	38.98%	29.92%	15.73%

Notes:
See notes included on the Schedules of Proportionate Share of the Net Pension Liability.

See accompanying independent auditors' report.

The College of New Jersey

Schedule of Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability

(Unaudited)

June 30, 2020

(In thousands)

State Health Benefit State Retired Employees Plan		2020	2019	2018
College proportion of the collective total OPEB liability		0.000%	0.000%	0.000%
College proportionate share of the collective OPEB liability	$	—	—	—
State's proportionate share of the collective OPEB liability associated with the College		186,302	296,779	289,555
Total proportionate share of the collective OPEB liability		186,302	296,779	289,555
College covered-employee payroll (for the year ended as of the measurement date)		90,895	108,347	77,708
College proportionate share of the collective OPEB liability as a percentage of the employee covered-payroll		0.000%	0.000%	0.000%

Notes:

1. Information provided for Required Supplementary Information will be provided for ten years as the information becomes available in subsequent years.

2. For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* .

See accompanying independent auditors' report.