ROWAN UNIVERSITY
(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)

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Trustees
Rowan University:

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 Rowan University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University'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 Rowan University 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 13 and the schedules of employer contributions and schedules of proportionate share of net pension liability on pages 68 and 69, respectively, and the schedule of proportionate share of the total OPEB liability on page 70 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Short Hills, New Jersey
January 27, 2021

Introduction

This section of Rowan University's (the University) financial statements presents our discussion and analysis of the University's financial performance for the fiscal year ended June 30, 2020 and 2019 with comparative amounts for the year ended June 30, 2018. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follows this section. Management has prepared the financial statements and the related note disclosures, along with the discussion and analysis.

University Overview

Rowan University is a public research university with campuses located in Glassboro, Camden and Stratford, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,600 students an outstanding education at an exceptional value.

The University is comprised of seven academic colleges and five schools, including the William G. Rohrer College of Business; the Ric Edelman College of Communication and Creative Arts; the Henry M. Rowan College of Engineering; the Colleges of, Education, Humanities and Social Sciences, Performing Arts, and Science and Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Health Professions; and the School of Earth and Environment, along with an Honors College. Rowan's Division of Global Learning and Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. Within these colleges and schools the University offers more than 90 bachelor's degrees, 48 master's degrees, eight doctoral degrees (Ed.D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.).

Rowan is one of three universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. U.S. News & World Report, in its "Best Colleges 2020" special edition, ranked Rowan University #79 among public universities and #166 among all National Universities. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 135 of more than 4,300 colleges and universities across the country with that distinction.

Rowan University is licensed and authorized by the State of New Jersey to offer baccalaureate degrees, post-baccalaureate certificates, master's degrees, specialist programs, graduate certificates, doctoral programs, and professional programs in accordance with its programmatic mission as a comprehensive public research university. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State. Rowan is accredited by the Middle States Commission on Higher Education.

Financial Statements

The University's basic financial statements include three financial statements: statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows, which have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). These statements focus on its assets, liabilities, deferred outflows and deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis.

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statement of net position is a point of time financial statement. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of Rowan University. The statement of net position presents end-of-the-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position.

Net position is one indicator of the current financial condition of the University while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors, and lending institutions. Finally, the statement of net position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) and their availability for expenditure by the University.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution less any debt outstanding to finance capital activity. The next category is restricted expendable net position. Restricted expendable net position represents amounts available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the University for any lawful purpose of the University.

A condensed summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2020, 2019, and 2018 follows:

Condensed Statement of Net Position
(in thousands)

		2020	2019	2018
Current assets	$	229,814	194,198	207,069
Capital assets		925,455	917,427	930,463
Other noncurrent assets		142,516	168,365	92,228
Total assets		1,297,785	1,279,990	1,229,760
Deferred outflows of resources		60,445	74,910	93,073
Total assets and deferred outflows of resources		1,358,230	1,354,900	1,322,833
Current liabilities		138,799	96,809	95,970
Noncurrent liabilities		936,958	964,502	947,915
Total liabilities		1,075,757	1,061,311	1,043,885
Deferred inflows of resources		195,124	193,157	181,165
Total liabilities and deferred inflows of resources		1,270,881	1,254,468	1,225,050
Net position:				
Net investment in capital assets		210,060	210,174	218,156
Restricted expendable		22,923	24,432	22,223
Unrestricted		(145,634)	(134,174)	(142,596)
Total net position	$	87,349	100,432	97,783

Current assets consist of cash and cash equivalents, deposits held by trustees under bond agreements for current principal and interest payments, receivables, current portion of investments and other current assets. Noncurrent assets consist of deposits held by trustees under agreements for capital activities, investments, receivables and net capital assets. Deferred outflows of resources consist of those related to pensions and the loss on bond refinancing. Current liabilities consist of accounts payable and accrued expenses, unearned revenue and the current portion of bonds payable, other long-term debt and capital lease obligations. Noncurrent liabilities consists of compensated absences, unearned revenue, other liabilities, deposits held in custody for others, bonds payable, net pension liability and other long-term debt. Deferred inflows of resources consist of those related to pensions, the gain on bond refinancing and service concession arrangement.

Fiscal Year 2020 Compared to 2019

The University's total assets and deferred outflows of resources increased $3.3 million from $1,354.9 million at June 30, 2019 to $1,358.2 million at June 30, 2020. Current assets increased $35.6 million, capital assets increased $8.0 million, other noncurrent assets decreased $25.8 million and deferred outflows of resources decreased $14.5 million.

The primary causes for the changes in assets and deferred outflows are as follows:

- Within current assets, unrestricted cash and cash equivalents increased $20.9 million as a result of increased accounts payables and deferred revenues. Receivables increased by $8.0 million primarily as a result of timing of receipt of component unit gift transfers and professional services revenues of $2.6 million and $2.2 million, respectively, and an increase in grants receivables of $2.0 million as a result of the increased activity.
- Net capital assets increased approximately $8.0 million primarily due to an increase of $51.3 million in assets, offset by depreciation of $44.1 million.
- Other noncurrent assets decreased $25.8 million for the year ended June 30, 2020. The decrease is primarily due to a $28.0 million decrease in restricted deposits held by trustees which is driven by the drawdowns of the 2019 series bond for $24.4 million, offset by an increase of $3.3 million in receivables for state reimbursement related to CARES Act deferral of the employer portion of FICA.
- Deferred outflows of resources decreased $14.5 million primarily due to the recognition of a $13.0 million reduction of deferred outflows of resources in fiscal year 2020 related to pensions in accordance with GASB 68. Additionally, the loss on bond refinancing decreased $1.5 million as a result of amortization of the respective bond issuances.

Current liabilities increased $42.0 million. The increase is primarily attributed to the increase in accounts payable and accrued expenses of $20.5 million as a result of the University's cash management efforts in response to the onset of the pandemic. Additionally, a $9.6 million increase in unearned revenue due to credits applied to student accounts as a result of COVID-19 and a $10.3 million increase resulting from the current classification of the swap liability.

Noncurrent liabilities decreased $27.5 million. This decrease is due primarily to a decrease in long-term debt of $24.1 million, a decrease in swap liability of $3.6 million related to the now current classification of the liability, and a decrease in the pension liability of $4.0 million, offset by the establishment of a $4.6 million liability due to the Internal Revenue Service in other liabilities for the repayment of the CARES Act deferral of the employer portion of FICA.

Deferred inflows of resources increased $2.0 million due primarily to the increase of $6.6 million for the service concession arrangement offset by the decrease of $4.4 million in pension related deferred inflows of resources.

Total net position decreased by $13.1 million at June 30, 2020 which is primarily the result of an $11.5 million decrease in unrestricted net position, a $1.5 million decrease the expendable restricted net position, and a $0.1 million decrease of net investment of capital assets.

Fiscal Year 2019 Compared to 2018

The University's total assets and deferred outflows of resources increased $32.1 million from $1,322.8 million at June 30, 2018 to $1,354.9 million at June 30, 2019. Current assets decreased $12.9 million, capital assets decreased $13.0 million, other noncurrent assets increased $76.1 million and deferred outflows of resources decreased $18.2 million.

The primary causes for the changes in assets and deferred outflows are as follows:

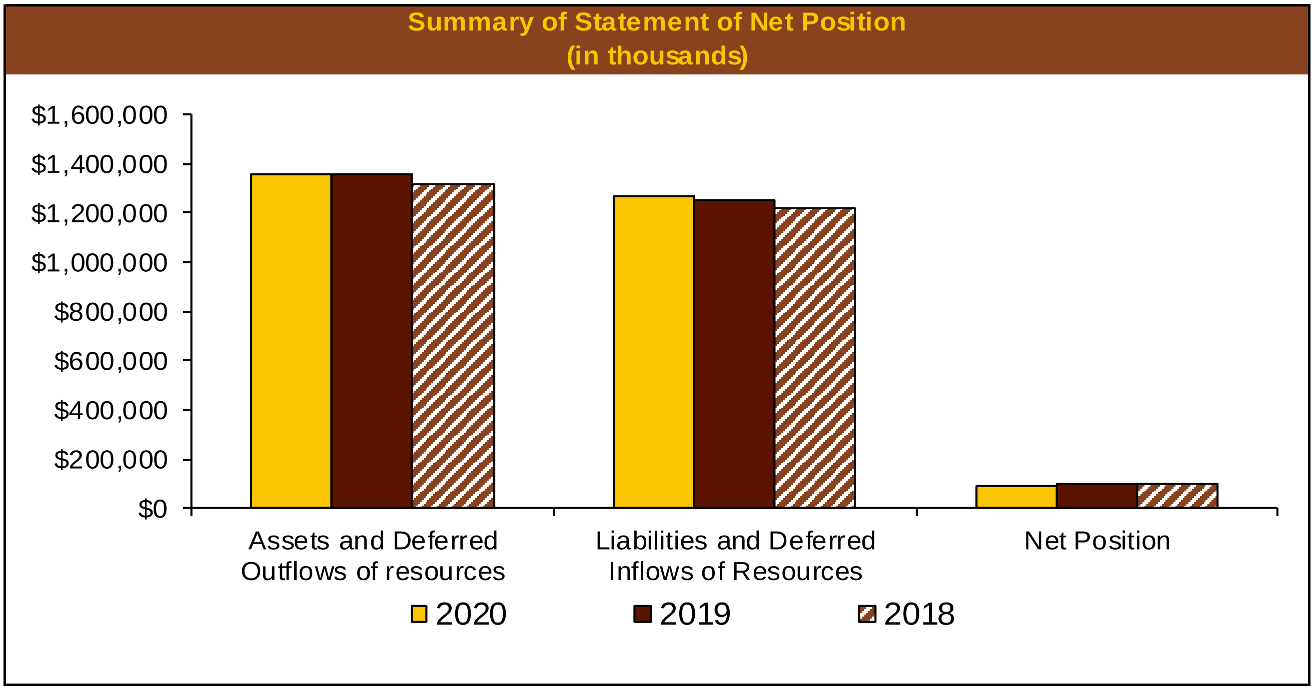
- Within current assets, unrestricted cash and cash equivalents decreased $17.6 million offset by a planned increase in investments of $15.3 million to generate greater investment returns. Receivables decreased by $12.5 million primarily as a result of timely receipt of state appropriations and professional services revenues of $8.3 million and $7.4 million, respectively, offset by a $2.7 million increase in student receivables.
- Net capital assets decreased approximately $13.0 million primarily due to an increase of $37.7 million in assets, offset by depreciation of $51.1 million.
- Other noncurrent assets increased $76.1 million for the year ended June 30, 2019. The increase is primarily due to a $33.4 million increase in investments and a $43.5 million increase in restricted deposits held by trustees which is driven by the issuance of the Series 2019 bond for $56.6 million.
- Deferred outflows of resources decreased $18.2 million primarily due to the recognition of a $16.7 million reduction of deferred outflows of resources in fiscal year 2019 related to pensions in accordance with GASB 68. Additionally, the loss on bond refinancing decreased $1.5 million as a result of amortization of the 2007 B, 2015 B and 2016 C bond issuances.

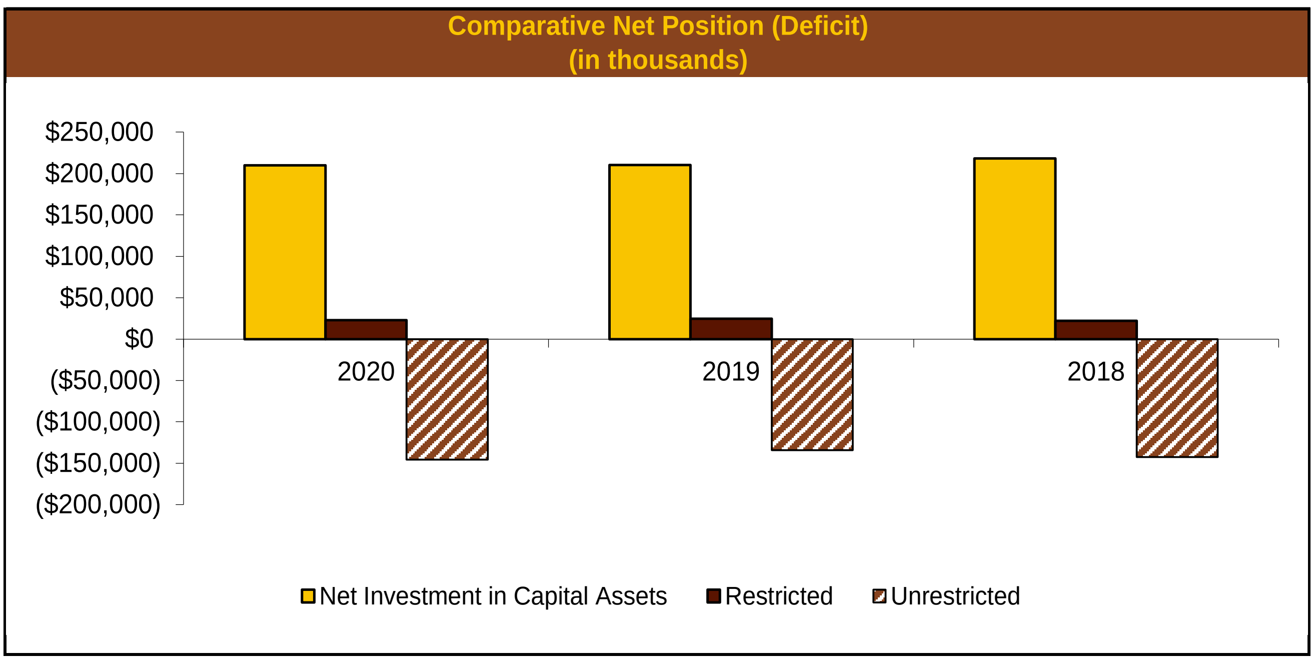
Current liabilities increased $0.8 million. The increase is primarily attributed to the $5.4 million increase in unearned revenue due to student cash deposits received in advance, offset by $4.5 million decrease in the current portion of long-term debt.

Noncurrent liabilities increased $16.6 million. This increase is due primarily to a decrease in net pension liabilities of approximately $21.5 million, an increase in long-term debt of $41.9 million as a result of the issuance of the 2019 bond, and a decrease in unearned revenue of $6.9 million related to the recognition of revenue associated with the State of New Jersey capital projects funds as the associated expenditures were incurred.

Deferred inflows of resources increased $12.0 million due primarily to the increase of $11.6 million in pension related deferred inflows of resources and the increase of $0.7 million for the service concession arrangement.

Total net position increased by $2.6 million at June 30, 2019 which is primarily the result of an $8.4 million increase in unrestricted net position, a $2.2 million increase the expendable restricted net position, and a $8.0 million decrease of net investment of capital assets.





Statement of Revenues, Expenses, and Changes in Net Position

The year to year changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the University.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the State to the University without the State directly receiving commensurate goods and services for those revenues.

The statement of revenues, expenses, and changes in net position presents the University's results of operations. A condensed summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018 as follows:

Condensed Statements of Revenue, Expenses, and Changes in Net Positiion (in thousands)

		2020	2019	2018
Operating revenues:				
Net student revenues	$	277,444	266,719	256,865
Grants, net		89,638	85,156	73,505
Professional services and contracts, net		53,448	51,614	54,094
Other		11,045	10,776	9,390
Total operating revenues		431,575	414,265	393,854
Operating expenses		571,741	582,991	559,968
Operating loss		(140,166)	(168,726)	(166,114)
Nonoperating revenues (expenses):				
State appropriations		145,726	182,197	185,707
Gifts from Rowan University Foundation		10,548	10,929	11,062
Investment (loss) income, net		(1,549)	2,802	2,216
Interest on capital asset related debt		(43,367)	(36,697)	(36,689)
Other nonoperating revenues, net		12,417	2,451	2,973
Net nonoperating revenues		123,775	161,682	165,269
Loss before other revenues		(16,391)	(7,044)	(845)
Capital grants		3,308	9,693	5,824
(Decrease) increase in net position		(13,083)	2,649	4,979
Net position – beginning of year		100,432	97,783	92,804
Net position – end of year	$	87,349	100,432	97,783

Fiscal Year 2020 Compared to 2019

The University's net position decreased $13.1 million in fiscal year 2020. This net amount represents the total revenue available to the University of $603.6 million compared to total expenses of $616.7 million.

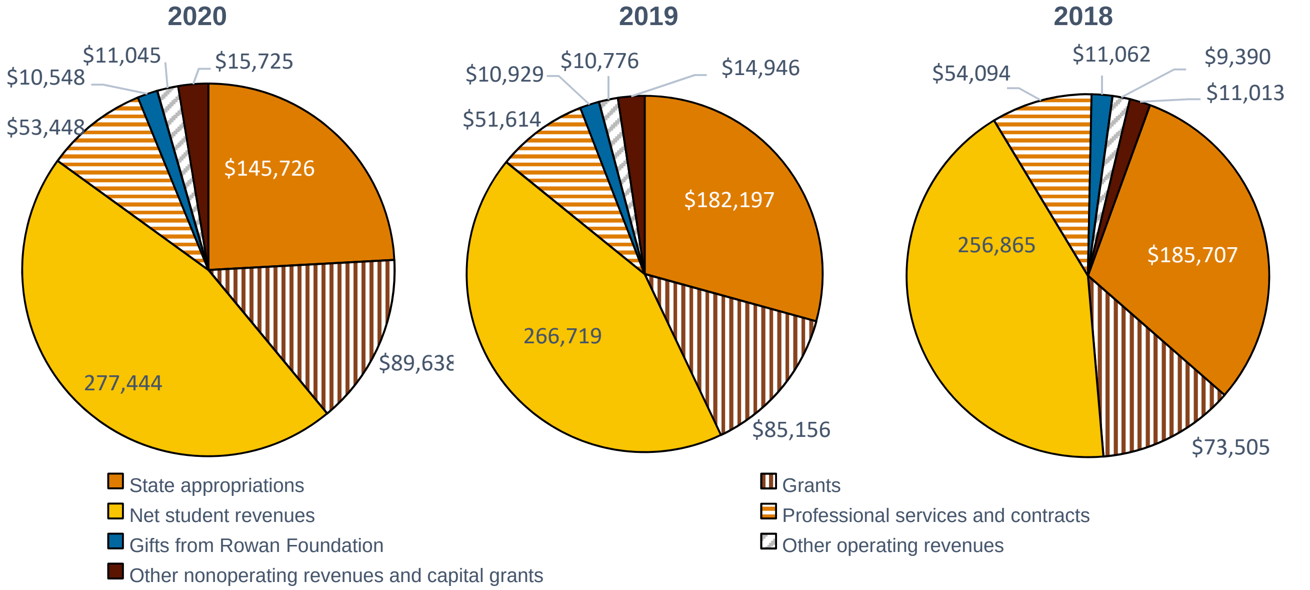
Fiscal Year 2019 Compared to 2018

The University's net position increased $2.6 million in fiscal year 2019. This net amount represents the total revenue available to the University of $622.3 million compared to total expenses of $619.7 million.

Revenues

To fund its operations, the University receives revenues from a variety of operating and nonoperating sources including tuition and fees, auxiliary services, grants, professional services and contracts, State of New Jersey appropriations, gifts from the Rowan University Foundation and investment income. The University is continuing to seek additional funds from all possible sources to adequately fund operating activities. A summary of revenues for the years ended June 30, 2020, 2019, and 2018 as follows:

Summary of Revenues by Source
(in thousands)



	2020		2019		2018	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Net student revenues	$ 277,444	46.0 %	$ 266,719	42.8 %	$ 256,865	42.7 %
State Appropriations	145,726	24.1	182,197	29.3	185,707	30.9
Grants, net	89,638	14.9	85,156	13.7	73,505	12.2
Professional services and contracts, net	53,448	8.9	51,614	8.3	54,094	9.0
Gifts from Rowan University Foundation	10,548	1.7	10,929	1.8	11,062	1.8
Other operating revenues	11,045	1.8	10,776	1.7	9,390	1.6
Other nonoperating revenues and capital grants	15,725	2.6	14,946	2.4	11,013	1.8
Total revenues	$ 603,574	100.0 %	$ 622,337	100.0 %	$ 601,636	100.0 %

Operating Revenues

Fiscal Year 2020 Compared to 2019

Operating revenues for fiscal year ended June 30, 2020 increased $17.3 million over fiscal year 2019. The majority of this increase is due to an increase in net student revenues of $10.7 million and an increase of $4.5 million in grants. The increase in net student revenues is due to increases in enrollment and tuition and fee rates, offset by auxiliary refunds to students associated with campus closures during the spring semester caused by the COVID-19 pandemic. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Fiscal Year 2019 Compared to 2018

Operating revenues for fiscal year ended June 30, 2019 increased $20.4 million over fiscal year 2018. The majority of this increase is due to an increase in net student revenues of $9.9 million and an increase of $11.7 million in grants, offset by a $2.5 million decrease in professional services and contracts. The increase in net student revenues is due to increases in enrollment and tuition and fee rates. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Nonoperating Revenues (Net)

Fiscal Year 2020 Compared to 2019

Nonoperating revenues (net) for the years ended June 30, 2020 and 2019 totaled $123.8 million and $161.7 million, respectively, which is a $37.9 million decrease. The primary source of the decrease was $36.4 million decrease in the State of New Jersey appropriations of which $20.0 million was related to OPEB revenues and $12.2 million was held back as a State response to the pandemic. State of New Jersey appropriations include the University base appropriation as well as appropriations for the Cooper Medical School of Rowan University, the School of Osteopathic Medicine, OPEB revenues and the State paid fringe benefits. The University recorded $145.8 million and $182.2 million in State appropriations for fiscal year 2020 and 2019, respectively. The other nonoperating revenue increase of $10.0 million was primarily the result of $8.0 million of funding recognized through the CARES Act in fiscal year 2020. The increase in other nonoperating revenues was offset by a $4.4 million decrease in investment income primarily tied to the swap liability and a $6.7 million increase in interest on capital asset debt related to capital lease interest and the timing of the 2019 bond.

Capital grants decreased in fiscal year 2020 by $6.4 million primarily due to the reduction of expenditures related to the Joint Health Science Center in Camden and the Academic Space Expansions projects which are part of the University's capital grants awarded through the New Jersey Higher Education Capital Financing Grant Program.

Fiscal Year 2019 Compared to 2018

Nonoperating revenues (net) for the years ended June 30, 2019 and 2018 totaled $161.7 million and $165.3 million, respectively, which is a $3.6 million decrease. The primary source of the decrease was $3.5 million decrease in the State of New Jersey appropriations. State of New Jersey appropriations include the University base appropriation as well as appropriations for the Cooper Medical School of Rowan University, the School of Osteopathic Medicine, OPEB revenues and the State paid fringe benefits. The University recorded $182.2 million and $185.7 million in State appropriations for fiscal year 2019 and 2018, respectively. For the year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) which resulted in the addition of State of New Jersey appropriations - OPEB nonoperating revenues of $22.3 million and $32.6 million for June 30, 2019 and 2018, respectively.

Capital grants increased in fiscal year 2019 by $3.9 million primarily due to the current year expenditures related to the Joint Health Science Center in Camden and the Academic Space Expansions projects which are part of the University's capital grants awarded through the New Jersey Higher Education Capital Financing Grant Program.

Operating Expenses

Operating expenses are defined as expenses paid by the University to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2020 and 2019, the University incurred operating expenses totaling $571.7 million and $583.0 million, respectively. The decrease of $11.3 million in operating expenses for fiscal year 2020 versus 2019 is a 1.9% decrease from the prior year.

The decrease of $11.3 million is primarily driven by a $20.0 million reduction in OPEB, $13.7 million reduction of operating expenditures, a $2.1 million reduction of net pension expense, and a decrease of $7.3 million of depreciation primarily related a change in the useful life of one building offset by a $12.5 million increase of grant expenditures tied to the increased grant revenue, $15.8 million increase in non-grant salary and benefits, and $3.6 million of direct grants to students under the CARES Act.

A summary of operating expenses for the years ended June 30, 2020, 2019 and 2018 follows:

Summary of Expenses (in thousands)

	2020		2019		2018	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Instruction	$ 175,565	30.6 %	$ 174,196	29.9 %	$ 161,630	28.9 %
Research	23,255	4.1	21,033	3.6	16,524	3.0
Public service	14,280	2.5	11,695	2.0	8,113	1.5
Academic support	48,449	8.5	44,155	7.6	45,698	8.1
Student service	33,620	5.9	33,525	5.8	31,067	5.6
Institutional support	84,515	14.8	87,859	15.1	76,742	13.7
Operation and maintenance of plant	36,307	6.4	38,058	6.5	36,968	6.6
Student aid	21,654	3.8	14,239	2.4	15,443	2.7
Professional services and contracts	51,494	9.0	50,793	8.7	53,960	9.6
Auxiliary enterprises	37,733	6.6	35,194	6.0	34,762	6.2
Other Postemployment Benefits (OPEB)	2,282	0.4	22,328	3.8	32,606	5.8
Depreciation and amortization	42,587	7.4	49,916	8.6	46,455	8.3
Total operating expenses	$ 571,741	100.0 %	$ 582,991	100.0 %	$ 559,968	100.0 %

Capital Assets and Debt Activities

The University continues to manage its financial resources so as to ensure adequate financial flexibility to access the capital markets as needed. The University maintains debt ratings from Standard and Poor's and Moody's Investors Service of A and A2, respectively.

As of June 30, 2020 and 2019, the University had $210.1 million and $210.2 million, respectively in net investment in capital assets. Outstanding long-term debt as of June 30, 2020 is $654.0 million, compared to $675.9 million as of June 30, 2019.

Significant transactions related to capital assets and bonded debt that occurred during fiscal year 2020 and 2019 were as follows:

In May 2019, the Gloucester County Improvement Authority (GCIA) issued Rowan University Series 2019 Bonds. The 2019 tax exempt revenue refunding bonds totaling $56.6 million with coupon rates ranging from 4.000% to 5.000% and maturing through 2048. The proceeds from this bond issuance were used to finance a new academic building, design of the Fossil Park, renovations of various facilities, and cover the issuance cost of the Series 2019 Bonds.

Economic Outlook

Rowan University's mission is to become a new model for higher education by being inclusive, agile, and responsive, offering diverse scholarly and creative educational experiences, pathways, environments, and services to meet the needs of all students; maintaining agility by strategically delivering organizational capacity across the institution; and responding to emerging demands and opportunities regionally and nationally.

The University engages in continuous strategic planning in response to the dynamic context of higher education. A concise planning framework is utilized that identifies key external and internal factors that shape the strategic direction of the University, sets long-term goals, articulates operational values, and identifies key performance indicators. At the center of the plan are the four strategic pillars:

Access - We are committed to expanding quality educational opportunities for students by increasing our enrollment capacity; supporting student success; utilizing an increasing array of pedagogies and platforms; and creating new pathways to undergraduate, graduate, post-graduate, and professional studies.

Affordability - We are committed to keeping education affordable by managing costs; diversifying our revenue streams; reducing student debt; limiting tuition increases to the rate of inflation as measured by the consumer price index; and enhancing internship and employment opportunities for our students and graduates.

Quality - We are committed to providing rigorous, experiential, and engaging educational experiences; support for scholarly, creative, and research activities; a vibrant and healthy campus life; a rich intellectual, cultural, and artistic environment; and a safe, supportive, and inclusive culture that respects and values the diversity of all of its members.

Economic Engine - We are committed to benefiting our local and state communities by making every effort to partner with and invest in regional businesses and organizations that contribute in meaningful ways to furthering our mission; preparing an educated citizenry and skilled workforce; enhancing the health of our citizens and the quality of life; and developing innovative products, services, and ideas.

The four pillars express the University's priorities and guide planning and resource allocation. The functional groups involved in design and execution of the strategic plan include the Board of Trustees, the Executive Cabinet, the Administrative Cabinet, and the Deans' Council. The Strategic Priorities Council, University Senate, and University Budget and Planning Committee are representative bodies charged with engaging the campus community in the strategic planning process. Through the process of continuing strategic planning and self-assessment, the University is committed in its efforts to continue to enrich the lives of those in the campus community and surrounding region.

The University has seen significant impacts in fiscal year 2020 related to the COVID-19 pandemic which caused the campus closures. The University issued refunds to students in the amount of $16.9 million for housing, parking, and meal plans as a result of the campus closures and took immediate steps to upgrade technology infrastructure to ensure teaching could continue remotely minimizing the impact on student's ability to learn. In addition to remote teaching, the University's administrative employees began working remotely to mitigate the COVID-19 risk to the community. In order to prepare for a reopening of campus, the University's facilities were reviewed and updated where necessary to mitigate transmission risk and additional cleaning and disinfecting services have been provided. In order to reduce the financial impact of the pandemic the University was able to utilize $8.0 million of grant funding related to the CARES Act in FY2020, of which $3.6 million was provided to students to assist those most in need, $3.6 million was utilized for institutional response and relief, and $0.7 million from the Strengthening Institutions Program. The University is continuing to ramp up efforts to source grant funding to combat the pandemic impact while every effort to ensure the safety of students is also undertaken. In FY2021, the University was awarded $5.3 million of CARES Act funding through the State of NJ's Governor's Education Emergency Relief Funds to assist with the coverage of a 10% tuition discount in FY2021 provided to undergraduate students in response to the pandemic. The University was also awarded $16.3 million of CARES Act funding through the State of NJ's Coronavirus Relief Fund, which is expected to be used to offset a portion of the salaries that were dedicated to responding to COVID-19 and additional costs that the University has and is expected to incurred as we continue to conduct COVID testing, purchase PPE and disinfectant, provide enhanced cleaning, install tents to increase outside space and acquire supplies needed to enforce social distancing guidelines and allow the University to continue to provide online instruction for our students.

As the University reacts to the evolving risks related to the COVID-19 pandemic, it has put together several scenarios for FY2021 dependent upon whether students are permitted to attend class in-person or remotely, with additional considerations regarding possible changes in enrollment and housing occupancy. Each of these scenarios results in differing levels of required adjustments in expenditures to achieve a balanced budget. Ultimately, the University cannot predict the duration, severity, or ultimate impact of the COVID-19 pandemic, or the intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including those of the University. Additionally, the University cannot predict the effect that the spread of COVID-19 will have on its respective operations in the future. Consequently, historical trends may not be indicative of future results for the foreseeable future.

State appropriations remain a vital source of funding for the University. While FY2021 appropriations for Rowan University increased from FY2020 levels, there remains uncertainty in the States future level of State support. With increasing costs, particularly resulting from contractual obligations with faculty and staff and debt service, the University faces critical funding issues. Additionally, the University's desire to increase institutionally funded scholarships, continue building its academic program excellence and improve its capital assets will also impact the University's financial outlook.

The University continues to monitor local and national economic conditions as well as demographic changes that may impact the student-age population and the percentage of that population that pursues a college degree. The University will continue to meet the goals of its mission by monitoring operating costs and capital expenditures while seeking additional revenue sources. The University will continue to monitor the situation and maintain a close watch over resources so as to provide the University with the ability to react to potential budgetary challenges that may occur.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)
Statement of Net Position
June 30, 2020

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:				
Cash and cash equivalents (notes 2 and 13)	$ 70,580,970	6,499,480	1,402,107	78,482,557
Restricted cash and cash equivalents (notes 2 and 13)	2,174,356	3,797,346	—	5,971,702
Receivables:				
Students, less allowance of $2,395,203	7,703,644	—	—	7,703,644
Contributions, less allowance of $20,383	—	8,547	—	8,547
Restricted contributions, less allowance of $98,628	—	305,174	—	305,174
Grants	17,059,889	—	—	17,059,889
State of New Jersey	5,161,903	—	—	5,161,903
Professional services and contracts receivable, less allowance of $2,858,128	5,776,953	—	—	5,776,953
Due from Rowan component unit	2,638,618	—	123,670	2,762,288
Interest and other	3,257,089	261,922	—	3,519,011
Total receivables	41,598,096	575,643	123,670	42,297,409
Restricted deposits held by trustees (note 3)	27,758,575	—	—	27,758,575
Investments, at fair value (note 2)	82,118,732	—	—	82,118,732
Other current assets	5,582,807	—	1,933	5,584,740
Total current assets	229,813,536	10,872,469	1,527,710	242,213,715
Noncurrent assets:				
Restricted deposits held by trustees (note 3)	43,067,331	—	—	43,067,331
Investments, at fair value (notes 2 and 13)	91,723,576	42,814,640	—	134,538,216
Restricted investments, at fair value (note 13)	—	25,014,614	—	25,014,614
Restricted nonexpendable investments, at fair value (note 13)	—	159,381,507	—	159,381,507
Loans receivable	2,885,889	—	—	2,885,889
Other non current assets	800,000	—	—	800,000
State of New Jersey receivable	3,312,844	—	—	3,312,844
Contributions receivable, less allowance of $6,095	—	115,806	—	115,806
Due from Rowan component unit	727,121	—	—	727,121
Restricted contributions receivable, less allowance of $134,320	—	2,552,075	—	2,552,075
Capital assets, net (notes 4 and 12)	925,455,104	—	10,327,483	935,782,587
Total noncurrent assets	1,067,971,865	229,878,642	10,327,483	1,308,177,990
Total assets	1,297,785,401	240,751,111	11,855,193	1,550,391,705
Deferred Outflows of Resources				
Deferred outflows of resources:				
Pensions related (note 6)	42,933,034	—	—	42,933,034
Loss on bond refinancing	17,511,944	—	—	17,511,944
Total deferred outflows of resources	60,444,978	—	—	60,444,978
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses (note 7)	69,111,818	76,165	35,387	69,223,370
Due to University/ component units	123,670	2,319,596	319,022	2,762,288
Unearned revenue	37,804,481	15,000	—	37,819,481
Annuities payable – current portion	—	29,230	—	29,230
Long-term debt – current portion (notes 8 and 10)	21,411,402	—	219,292	21,630,694
Derivative instruments – swap liability (note 9)	10,347,465	—	—	10,347,465
Total current liabilities	138,798,836	2,439,991	573,701	141,812,528
Noncurrent liabilities (note 10):				
Compensated absences – noncurrent portion (note 12)	2,955,117	—	—	2,955,117
Due to University/ component units	—	—	727,121	727,121
Unearned revenue	2,450,572	—	—	2,450,572
Other liabilities	4,693,895	—	—	4,693,895
Repurchase liability	3,220,000	—	—	3,220,000
Deposits held in custody for others	2,937,252	—	—	2,937,252
Annuities payable – noncurrent portion	—	213,869	—	213,869
Net pension liabilities (note 6)	288,130,773	—	—	288,130,773
Long-term debt – noncurrent portion (note 8)	632,570,600	—	4,122,196	636,692,796
Total noncurrent liabilities	936,958,209	213,869	4,849,317	942,021,395
Total liabilities	1,075,757,045	2,653,860	5,423,018	1,083,833,923
Deferred Inflows of Resources				
Deferred inflows of resources:				
Pensions related (note 6)	63,379,184	—	—	63,379,184
Gain on bond refinancing	120,032	—	—	120,032
Developer contribution	5,976,667	—	—	5,976,667
Service concession arrangement (note 12)	125,648,490	—	—	125,648,490
Split interest agreements	—	92,933	—	92,933
Total deferred inflows of resources	195,124,373	92,933	—	195,217,306
Net Position				
Net investment in capital assets	210,059,716	—	4,963,992	215,023,708
Restricted:				
Nonexpendable (note 13)	—	159,381,507	—	159,381,507
Expendable:				
Debt service and reserve	18,958,447	—	—	18,958,447
Other scholarships	—	11,348,161	—	11,348,161
Other	3,964,621	20,246,938	—	24,211,559
Unrestricted	(145,633,823)	47,027,712	1,468,183	(97,137,928)
Total net position	$ 87,348,961	238,004,318	6,432,175	331,785,454

See accompanying notes to basic financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Net Position

June 30, 2019

Assets		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:					
Cash and cash equivalents (notes 2 and 13)	$	49,699,504	5,181,332	1,264,169	56,145,005
Restricted cash and cash equivalents (notes 2 and 13)		1,401,012	2,814,142	—	4,215,154
Receivables:					
Students, less allowance of $1,678,589		8,292,069	—	—	8,292,069
Contributions, less allowance of $21,525		—	71,664	—	71,664
Restricted contributions, less allowance of $76,802		—	734,729	—	734,729
Grants		15,021,214	—	—	15,021,214
State of New Jersey		3,980,575	—	—	3,980,575
Professional services and contracts receivable, less allowance of $2,801,073		3,599,871	—	—	3,599,871
Due from Rowan component unit		86,910	—	9,558	96,468
Interest and other		2,579,996	—	—	2,579,996
Total receivables		33,560,635	806,393	9,558	34,376,586
Restricted deposits held by trustees (note 3)		27,823,790	—	—	27,823,790
Investments, at fair value (note 2)		78,836,463	—	—	78,836,463
Other current assets		2,875,492	—	2,876	2,878,368
Total current assets		194,196,896	8,801,867	1,276,603	204,275,366
Noncurrent assets:					
Restricted deposits held by trustees (note 3)		71,051,750	—	—	71,051,750
Investments, at fair value (notes 2 and 13)		92,977,761	49,672,329	—	142,650,090
Restricted investments, at fair value (note 13)		—	26,978,584	—	26,978,584
Restricted nonexpendable investments, at fair value (note 13)		—	151,168,226	—	151,168,226
Loans receivable		3,536,053	—	—	3,536,053
Other non current assets		800,000	—	—	800,000
Contributions receivable, less allowance of $1,651		—	31,364	—	31,364
Restricted contributions receivable, less allowance of $49,577		—	941,958	—	941,958
Capital assets, net (notes 4 and 12)		917,427,243	—	9,717,576	927,144,819
Total noncurrent assets		1,085,792,807	228,792,461	9,717,576	1,324,302,844
Total assets		1,279,989,703	237,594,328	10,994,179	1,528,578,210
Deferred Outflows of Resources					
Deferred outflows of resources:					
Pensions related (note 6)		55,926,370	—	—	55,926,370
Loss on bond refinancing		18,984,090	—	—	18,984,090
Total deferred outflows of resources		74,910,460	—	—	74,910,460
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses (note 7)		48,605,748	53,237	41,685	48,700,670
Due to University/ component units		9,558	86,910	—	96,468
Unearned revenue		28,161,014	—	—	28,161,014
Other current liabilities		812,400	—	—	812,400
Annuities payable – current portion		—	29,230	—	29,230
Long-term debt – current portion (notes 8 and 10)		19,219,979	—	211,780	19,431,759
Total current liabilities		96,808,699	169,377	253,465	97,231,541
Noncurrent liabilities (note 10):					
Compensated absences – noncurrent portion (note 12)		2,774,285	—	—	2,774,285
Unearned revenue		2,280,595	—	—	2,280,595
Other liabilities		1,716,534	—	—	1,716,534
Repurchase liability		3,220,000	—	—	3,220,000
Deposits held in custody for others		2,136,370	—	—	2,136,370
Annuities payable – noncurrent portion		—	224,574	—	224,574
Net pension liabilities (note 6)		292,091,658	—	—	292,091,658
Long-term debt – noncurrent portion (note 8)		656,663,961	—	4,341,046	661,005,007
Derivative instruments -- swap liability (note 9)		3,618,344	—	—	3,618,344
Total noncurrent liabilities		964,501,747	224,574	4,341,046	969,067,367
Total liabilities		1,061,310,446	393,951	4,594,511	1,066,298,908
Deferred Inflows of Resources					
Deferred inflows of resources:					
Pensions related (note 6)		67,752,252	—	—	67,752,252
Gain on bond refinancing		144,038	—	—	144,038
Developer contribution		6,248,333	—	—	6,248,333
Service concession arrangement (note 12)		119,012,684	—	—	119,012,684
Split interest agreements		—	105,397	—	105,397
Total deferred inflows of resources		193,157,307	105,397	—	193,262,704
Net Position					
Net investment in capital assets		210,173,808	—	5,164,750	215,338,558
Restricted:					
Nonexpendable (note 13)		—	151,168,226	—	151,168,226
Expendable:					
Debt service and reserve		20,013,341	—	—	20,013,341
Other scholarships		—	13,759,210	—	13,759,210
Other		4,419,609	17,351,002	—	21,770,611
Unrestricted		(134,174,348)	54,816,542	1,234,918	(78,122,888)
Total net position	$	100,432,410	237,094,980	6,399,668	343,927,058

See accompanying notes to basic financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:					
Net student revenues:					
Tuition and fees	$	294,254,230	—	—	294,254,230
Auxiliary enterprises		44,434,000	—	—	44,434,000
Less scholarship allowances		(61,244,420)	—	—	(61,244,420)
Net student revenues		277,443,810	—	—	277,443,810
Grants		89,638,170	—	—	89,638,170
Self-funded programs		5,935,079	—	—	5,935,079
Fundraising events		—	84,694	—	84,694
Contributions		—	8,000,375	—	8,000,375
Professional services and contracts, net (note 11)		53,448,301	—	—	53,448,301
Rental income (note 14)		—	—	1,186,384	1,186,384
Other operating revenues		4,235,220	94,895	—	4,330,115
Other auxiliary		874,488	—	—	874,488
Total operating revenues		431,575,068	8,179,964	1,186,384	440,941,416
Operating expenses:					
Instruction		175,565,161	—	—	175,565,161
Research		23,255,460	—	—	23,255,460
Public service		14,279,553	—	—	14,279,553
Academic support		48,448,853	—	—	48,448,853
Student services		33,620,093	—	—	33,620,093
Institutional support		84,515,068	345,098	598,539	85,458,705
Operation and maintenance of plant		36,306,641	—	—	36,306,641
Student aid		21,653,905	—	—	21,653,905
Professional services and contracts		51,494,321	—	—	51,494,321
Auxiliary enterprises		37,732,673	—	—	37,732,673
Other Postemployment Benefits (OPEB) (note 6)		2,282,301	—	—	2,282,301
Depreciation and amortization		42,586,959	—	442,008	43,028,967
Total operating expenses		571,740,988	345,098	1,040,547	573,126,633
Operating (loss) income		(140,165,920)	7,834,866	145,837	(132,185,217)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		26,795,832	—	—	26,795,832
State of New Jersey appropriations – CMSRU		12,464,019	—	—	12,464,019
State of New Jersey appropriations – Rowan SOM		23,663,304	—	—	23,663,304
State of New Jersey appropriations – OPEB (note 6)		2,282,301	—	—	2,282,301
State of New Jersey fringe benefits (note 5)		80,520,345	—	—	80,520,345
Student scholarships		—	(3,062,212)	—	(3,062,212)
Gifts from Rowan University Foundation (note 13)		10,547,769	(10,547,769)	—	—
Other grants		—	(13,594)	—	(13,594)
Investment (loss) income, net		(1,549,129)	(1,510,149)	12,391	(3,046,887)
Interest on capital asset related debt		(43,366,948)	—	(155,721)	(43,522,669)
Other nonoperating revenues, net		12,416,724	—	30,000	12,446,724
Net nonoperating revenues (expenses)		123,774,217	(15,133,724)	(113,330)	108,527,163
(Loss) income before other revenues		(16,391,703)	(7,298,858)	32,507	(23,658,054)
Capital grants and gifts		3,308,254	—	—	3,308,254
Additions to permanent endowments		—	8,208,196	—	8,208,196
(Decrease) increase in net position		(13,083,449)	909,338	32,507	(12,141,604)
Net position as of beginning of year		100,432,410	237,094,980	6,399,668	343,927,058
Net position as of end of year	$	87,348,961	238,004,318	6,432,175	331,785,454

See accompanying notes to basic financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019

		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:					
Net student revenues:					
Tuition and fees	$	275,274,481	—	—	275,274,481
Auxiliary enterprises		51,798,395	—	—	51,798,395
Less scholarship allowances		(60,353,513)	—	—	(60,353,513)
Net student revenues		266,719,363	—	—	266,719,363
Grants		85,155,628	—	—	85,155,628
Self-funded programs		6,351,133	—	—	6,351,133
Fundraising events		—	175,232	—	175,232
Contributions		—	4,967,113	—	4,967,113
Professional services and contracts, net (note 11)		51,613,599	—	—	51,613,599
Rental income (note 14)		—	—	1,161,544	1,161,544
Other operating revenues		3,718,118	225,666	—	3,943,784
Other auxiliary		707,009	—	—	707,009
Total operating revenues		414,264,850	5,368,011	1,161,544	420,794,405
Operating expenses:					
Instruction		174,195,603	—	—	174,195,603
Research		21,033,033	—	—	21,033,033
Public service		11,695,346	—	—	11,695,346
Academic support		44,154,793	—	—	44,154,793
Student services		33,524,883	—	—	33,524,883
Institutional support		87,858,869	665,696	648,717	89,173,282
Operation and maintenance of plant		38,058,522	—	—	38,058,522
Student aid		14,238,555	—	—	14,238,555
Professional services and contracts		50,792,767	—	—	50,792,767
Auxiliary enterprises		35,194,300	—	—	35,194,300
Other Postemployment Benefits (OPEB) (note 6)		22,327,935	—	—	22,327,935
Depreciation and amortization		49,916,282	—	410,564	50,326,846
Total operating expenses		582,990,888	665,696	1,059,281	584,715,865
Operating (loss) income		(168,726,038)	4,702,315	102,263	(163,921,460)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		29,807,000	—	—	29,807,000
State of New Jersey appropriations – CMSRU		18,415,860	—	—	18,415,860
State of New Jersey appropriations – Rowan SOM		29,050,299	—	—	29,050,299
State of New Jersey appropriations – OPEB (note 6)		22,327,935	—	—	22,327,935
State of New Jersey fringe benefits (note 5)		82,596,246	—	—	82,596,246
Student scholarships		—	(2,414,001)	—	(2,414,001)
Gifts from Rowan University Foundation (note 13)		10,928,523	(10,928,523)	—	—
Other grants		—	(15,813)	—	(15,813)
Investment income, net		2,802,134	10,316,620	14,240	13,132,994
Interest on capital asset related debt		(36,696,510)	—	(162,586)	(36,859,096)
Other nonoperating revenues, net		2,450,774	—	1,060	2,451,834
Net nonoperating revenues (expenses)		161,682,261	(3,041,717)	(147,286)	158,493,258
(Loss) income before other revenues		(7,043,777)	1,660,598	(45,023)	(5,428,202)
Capital grants and gifts		9,692,822	—	—	9,692,822
Additions to permanent endowments		—	7,899,039	—	7,899,039
Increase (decrease) in net position		2,649,045	9,559,637	(45,023)	12,163,659
Net position as of beginning of year		97,783,365	227,535,343	6,444,691	331,763,399
Net position as of end of year	$	100,432,410	237,094,980	6,399,668	343,927,058

See accompanying notes to basic financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

(Business-Type Activities – Rowan University only)

Years ended June 30, 2020 and 2019

		2020	2019
Cash flows from operating activities:			
Student revenues	$	286,291,859	269,406,794
Government and private grants		87,599,495	83,549,979
Professional services and contract		51,271,219	58,985,284
Payments to suppliers		(128,729,585)	(111,028,709)
Payments for employee salaries and benefits		(295,977,198)	(304,078,513)
Self-funded programs and other receipts		5,935,079	6,351,133
Net cash provided by operating activities		6,390,869	3,185,968
Cash flows from noncapital financing activities:			
State of New Jersey appropriations		62,923,155	77,273,159
Gifts		10,547,769	10,928,523
Receipts for other noncapital assets		6,154,457	8,302,391
Receipts for other nonoperating expenses		8,474,778	2,450,774
Net cash provided by noncapital financing activities		88,100,159	98,954,847
Cash flows from capital and related financing activities:			
Proceeds from bond issuance		—	65,942,096
Drawdown of restricted deposits held by trustees		28,049,634	(45,166,603)
Capital grants		3,478,231	2,822,315
Costs of issuance		—	(4,979,596)
Purchases of capital assets		(51,619,737)	(35,023,637)
Principal paid on capital debt		(19,219,978)	(23,635,637)
Interest paid on capital debt		(36,807,800)	(37,122,224)
Net cash used by capital and related financing activities		(76,119,650)	(77,163,286)
Cash flows from investing activities:			
Purchase of investments		(436,959,887)	(369,111,384)
Sale of investments		434,421,016	322,055,993
Interest on investments		5,822,303	4,456,349
Net cash provided by (used by) investing activities		3,283,432	(42,599,042)
Net increase (decrease) in cash and cash equivalents		21,654,810	(17,621,513)
Cash and cash equivalents as of beginning of the year		51,100,516	68,722,029
Cash and cash equivalents as of end of the year	$	72,755,326	51,100,516
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$	(140,165,920)	(168,726,038)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
State paid fringe benefits		80,520,345	82,596,246
State paid postemployement benefits		2,282,301	22,327,935
Depreciation and amortization expense		42,586,959	49,916,282
Changes in assets and liabilities:			
Receivables		(6,950,504)	5,234,422
Other current assets		(2,707,315)	(242,278)
Accounts payable and accrued expenses		13,946,921	422,624
Unearned revenue		9,072,024	5,361,321
Student deposits		(812,400)	32,350
Other liabilities		2,977,361	(945,191)
Deposits held in custody for others		800,882	1,942
Compensated absences – noncurrent portion		180,832	420,721
Net pension liability, net of deferred amounts		4,659,383	6,785,632
Net cash provided by operating activities	$	6,390,869	3,185,968
Noncash transaction:			
Unrealized loss on investments	$	(7,285,248)	(1,896,970)
(Decrease) increase in deferred inflows of resources		(8,681,564)	12,967,502
State of New Jersey paid fringe benefits		80,520,345	82,596,246
State of New Jersey paid other postemployment benefits		2,282,301	22,327,935

See accompanying notes to basic financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Rowan University (the University), formerly Rowan College of New Jersey, was founded in 1923 and effective July 1, 1967, came under the general policy control of the New Jersey Board of Higher Education. Under the Higher Education Act of 1966, the University and all the other New Jersey State colleges became multipurpose institutions of higher education with an emphasis on the liberal arts and sciences and various professional areas including the science of education and the art of teaching. The operation and management of the University is vested in the University's board of trustees.

The University is recognized as a public institution by the State of New Jersey (the State). Under the law, the University is an instrumentality of the State with a high degree of autonomy. However, the University is considered a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the University are included in the State's Comprehensive Annual Financial Report.

On August 22, 2012 Governor Christie signed the "New Jersey Medical and Health Sciences Education Restructuring Act" (the Law) into law. Effective July 1, 2013, the School of Osteopathic Medicine (SOM) in Stratford, NJ (formerly under the University of Medicine and Dentistry of New Jersey (UMDNJ)) was integrated with the University. The Law also establishes the University as a public research institution.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to public colleges and universities. The University reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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 and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted:

  Nonexpendable – Net position subject to externally imposed stipulations that must be maintained permanently by the University.

  Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

- *Unrestricted*: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees.

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

(ii) *Measurement Focus and Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting utilizing the economic resources measurement focus. The University reports as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

(iii) *Cash and Cash Equivalents*

The University classifies as cash equivalents, funds that are in short-term, highly liquid investments, and are readily convertible to known amounts of cash with a portfolio maturity of one year or less.

The University maintains portions of its cash with three custodians, one bank and the State of New Jersey Cash Management Fund (NJCMF). All are interest-bearing accounts from which the funds are available upon demand.

(iv) *Investments*

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

(v) *Capital Assets*

Capital assets include land, land improvements, buildings, and equipment. Such assets are recorded at historical cost. Land improvements and building improvements costing over $50,000, as well as equipment with a unit cost over $5,000 are capitalized. Donated capital assets, including artwork, are recorded at the acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Artwork is considered inexhaustible and is not depreciated. Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset	Useful lives
Land improvements	20 years
Buildings	20–40 years
Equipment	3–20 years

(vi) *Deposits Held in Custody for Others*

The University holds cash and cash equivalents as custodian for the Student Government Association.

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

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

(viii) Financial Dependency

One of the University's largest sources of revenue is appropriations from the State, which include state paid fringe benefits. The University is economically dependent on these appropriations to carry on its operations.

(ix) Student Tuition and Fees

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as unearned revenue in the accompanying statements of net position.

(x) Professional Services and Contract Revenues

Professional services and contract revenues include the operations of SOM faculty practice plans and affiliated hospital billings. The professional services and contract revenues are recorded on an accrual basis and reported at the estimated net realizable amounts from patients, third party payers and others for services rendered. The house staff and affiliations revenues are recorded on an actual basis based on contracts with various affiliated hospitals for reimbursement of salary, fringe and malpractice charges incurred by SOM.

(xi) Grants and Contracts

All grants and contracts are recognized when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants and contracts for which eligibility requirements have not been met under the terms of the agreement, are recorded as unearned revenue in the accompanying statements of net position.

(xii) Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University'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 (1) student tuition and fees and auxiliary enterprises, net of scholarship allowances, (2) most Federal, State, and private grants and contracts, and (3) professional services and contract revenue. Nonoperating revenues include activities that have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as operating appropriations from the state, private gifts, and investment income.

(xiii) New Accounting Standard Adopted

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement delayed the effective dates for previously issued GASB statements which would now cause undue hardship on governmental entities as a result of the COVID-19 pandemic. The University has assessed the impact of this statement and determined the new effective dates for GASB Statement No. 84 – Fiduciary Activities are fiscal years beginning after December 15, 2019 (fiscal year 2021), GASB Statement No. 87 – Leases are fiscal years beginning after June 15, 2021 (fiscal year 2022), GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period are fiscal years beginning after December 15, 2020 (fiscal year 2022), GASB Statement No. 90 – Majority Equity Interest are fiscal years beginning after December 15, 2019 (fiscal year 2021), GASB Statement No. 91 – Conduit Debt Obligations are fiscal years beginning after December 15, 2021 (fiscal year 2023), GASB Statement No. 92 – Omnibus 2020 are fiscal years beginning after June 15, 2021 (fiscal year 2022), and GASB Statement No. 93 – Replacement of Interbank Offered Rates are fiscal years beginning after June 15, 2021 (fiscal year 2021). The standard is effective immediately upon issuance.

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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (fiscal year 2021). The University has reviewed this pronouncement and determined that it is inapplicable due a lack of majority equity interest in any investments.

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) per the issuance of GASB Statement No. 95. The University is evaluating the impact of this new standard.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for periods beginning after June 15, 2021 (fiscal year 2022) per the issuance of GASB Statement No. 95. The University is evaluating the impact of this new standard.

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. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (fiscal year 2022) per the issuance of GASB Statement No. 95. As a result of this Standard, the University will no longer capitalize interest cost related to debt-financed construction projects beginning in fiscal year 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues identified during implementation of certain GASB statements. The requirements of this standard are effective for fiscal years beginning after June 15, 2020 (fiscal year 2021). The University 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*. The statement improves the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private or public-public partnerships and availability payment arrangements by enhancing the understandability, reliability, relevance, and consistency of information. The requirements of this standard are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023). The University is evaluating the impact of this new standard.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement improves the financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions meeting that definition. It defines SBITAs as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement a government entity is required to establish a right-of-use subscription asset and a corresponding subscription liability. The requirements of this standard are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023). The University 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*. This statement improves the consistency of financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements of this standard that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2022). The University is assessing the impact of this new standard.

(xv) Use of Estimates

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

(xvi) Tax Status

The University is exempt from income taxes on related income pursuant to federal and state tax laws as an instrumentality of the State.

(xvii) Reclassifications

Certain reclassifications have been made to the 2019 financial statement disclosures in order to conform to the presentation of the current year's financial statement disclosures.

(2) Cash, Cash Equivalents, and Investments

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2020 and 2019:

Cash and Cash Equivalents		2020	2019
Cash	$	62,288,601	43,004,493
State of New Jersey Cash Management Fund		650,195	640,397
Money market accounts		9,816,530	7,455,626
Total cash and cash equivalents	$	72,755,326	51,100,516

Cash and money market accounts were held at a depository and bank balances amounted to $73,640,394 and $56,120,367, respectively, as of June 30, 2020 and 2019. Of these amounts, $250,000 was FDIC insured, and $72,740,199 and $55,229,970 were collateralized pursuant to Chapter 64 of Title 18A of New Jersey Statutes as of June 30, 2020 and 2019, respectively.

The University participates in NJCMF wherein amounts also contributed by other State entities are combined in a large-scale investment program. The University's deposits in the NJCMF were $650,195 and $640,397 as of June 30, 2020 and 2019, respectively. These amounts are collateralized in accordance with New Jersey Statute 52:18-16-1, but not in the University's name.

The operations of the NJCMF are governed by statutes of the State and the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. The fair value of the NJCMF is based on the number of shares held by the University and the market price of those shares as of June 30, 2020 and 2019. The NJCMF is unrated with an average portfolio maturity of less than one year.

(b) Investments

The University's investments consist of the following as of June 30, 2020 and 2019:

Investments		2020	2019
U.S. government treasury securities	$	11,080,501	10,144,608
U.S. government agency securities		2,367,339	5,592,055
U.S. corporate bonds		81,437,615	88,742,957
International bonds		1,606,453	6,442,814
Foreign corporate bonds		14,629,665	18,423,294
Commercial paper		7,744,454	349,727
Asset-backed securities		21,963,691	21,061,329
Commercial mortgage-backed securities		6,035,662	6,349,189
Municipal bonds		3,875,484	1,745,203
Collateralized mortgage obligations		7,459,727	5,371,999
Mutual funds – equity		15,454,398	7,412,166
Common stock – equity		187,319	178,883
Total investments	$	173,842,308	171,814,224

The University has an investment policy, which establishes guidelines for permissible investments. Short-term investment options include, but are not limited to, the funds, municipal obligations, etc. that are deemed appropriate and within the risk parameters as determined by the University Board of Trustees and the University Executive Staff.

The University's long-term investment options include, but are not limited to, the purchase of U.S. Government agency obligations, U.S. government treasury securities, corporate bonds, and other investment vehicles (i.e. mutual funds, asset backed securities, etc.) that are deemed appropriate and within the University's investment policy.

The University'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) and Standard and Poors (S&P). The University's investment policy requires that fixed income securities are rated Baa3/BBB – or higher by at least one rating agency. At June 30, 2020 and 2019, the University does not have investments in a single issuer of more than 5% of its total investments and therefore does not have a concentration of credit risk.

The following tables summarize the agency ratings of the fixed income securities included in the University's investments as of June 30, 2020 and 2019:

	2020								
	S&P Rated					Moody's Rated		Fitch Rated	
	AAA	AA	A	BBB	BB	Aaa	Aa	AAA	Total
U.S. government treasury securities	$ —	7,249,277	—	—	—	3,831,224	—	—	11,080,501
U.S. government agency securities	—	2,367,339	—	—	—	—	—	—	2,367,339
U.S. corporate bonds	2,062,570	11,824,191	39,594,000	26,989,337	967,517	—	—	—	81,437,615
International bonds	1,190,901	—	—	—	—	415,552	—	—	1,606,453
Foreign corporate bonds	206,546	4,686,481	7,941,523	—	—	1,795,115	—	—	14,629,665
Commercial paper	—	—	7,744,454	—	—	—	—	—	7,744,454
Asset-backed securities	15,325,218	1,492,755	—	—	—	4,927,636	218,082	—	21,963,691
Commercial mortgage-backed securities	1,125,330	107,005	—	—	—	3,869,940	450,872	482,515	6,035,662
Municipal bonds	407,072	1,097,983	1,383,755	—	—	—	986,674	—	3,875,484
Collateralized mortgage obligations	141,783	7,207,404	—	—	—	110,540	—	—	7,459,727
Total	$ 20,459,420	36,032,435	56,663,732	26,989,337	967,517	14,950,007	1,655,628	482,515	158,200,591

	2019								
	S&P Rated				Moody's Rated			Fitch Rated	
	AAA	AA	A	BBB	Aaa	Aa3	A1	AAA	Total
U.S. government treasury securities	$ —	6,428,632	—	—	3,715,976	—	—	—	10,144,608
U.S. government agency securities	—	2,253,969	—	—	3,338,086	—	—	—	5,592,055
U.S. corporate bonds	2,017,290	12,900,622	49,317,856	24,507,189	—	—	—	—	88,742,957
International bonds	2,200,726	—	121,036	—	4,121,052	—	—	—	6,442,814
Foreign corporate bonds	—	7,926,739	6,266,811	1,066,794	1,780,836	—	1,382,114	—	18,423,294
Commercial paper	—	—	349,727	—	—	—	—	—	349,727
Asset-backed securities	14,049,780	1,257,473	43,550	—	5,710,526	—	—	—	21,061,329
Commercial mortgage-backed securities	1,281,825	—	—	—	4,503,863	100,188	—	463,313	6,349,189
Municipal bonds	73,935	1,235,678	210,426	—	—	225,164	—	—	1,745,203
Collateralized mortgage obligations	—	5,371,999	—	—	—	—	—	—	5,371,999
Total	$ 19,623,556	37,375,112	56,309,406	25,573,983	23,170,339	325,352	1,382,114	463,313	164,223,175

At June 30, 2020 the University held a single U.S. Corporate bond issue, rated BB by S&P, below the investment policy rating threshold at June 30, 2020. The bond issue was downgraded on March 27, 2020 and in accordance with the University investment policy the bond was held for a determined price point. The bond issue was fully divested on July 6, 2020 and July 16, 2020 in the face amounts of $130,000 and $860,000, respectively.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The University's investment policy does not specifically address limitations in the maturities of investments. For the University, the following tables summarize the maturities of the fixed income security investments as of June 30, 2020 and 2019:

		2020			
		Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 11,080,501	3,642,074	7,438,427	—	—
U.S. government agency securities	2,367,339	—	1,032,700	31,049	1,303,590
U.S. corporate bonds	81,437,615	42,622,924	38,814,691	—	—
International bonds	1,606,453	—	1,606,453	—	—
Foreign corporate bonds	14,629,665	9,540,679	5,088,986	—	—
Commercial paper	7,744,454	7,744,454	—	—	—
Asset-backed securities	21,963,691	50,734	14,873,625	4,396,080	2,643,252
Commercial mortgage-backed securities	6,035,662	47,249	—	207,253	5,781,160
Municipal bonds	3,875,484	2,281,268	1,124,216	—	470,000
Collateralized mortgage obligations	7,459,727	547,634	2,646,209	1,554,423	2,711,461
Total	$ 158,200,591	66,477,016	72,625,307	6,188,805	12,909,463

		2019 Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 10,144,608	7,261,359	2,883,249	—	—
U.S. government agency securities	5,592,055	3,606,776	1,156,592	—	828,687
U.S. corporate bonds	88,742,957	46,327,254	42,415,703	—	—
International bonds	6,442,814	—	6,442,814	—	—
Foreign corporate bonds	18,423,294	11,104,115	7,319,179	—	—
Commercial paper	349,727	349,727	—	—	—
Asset-backed securities	21,061,329	82,980	15,145,484	3,692,037	2,140,828
Commercial mortgage-backed securities	6,349,189	—	75,024	101,888	6,172,277
Municipal bonds	1,745,203	1,420,531	250,737	73,935	—
Collateralized mortgage obligations	5,371,999	1,092,671	3,346,345	259,592	673,391
Total	$ 164,223,175	71,245,413	79,035,127	4,127,452	9,815,183

(c) Fair Value Measurement

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

- Level 1 – quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

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.

The categorization of a financial instrument within the hierarchy is based upon pricing transparency and is not necessarily an indication of the University's perceived risk of that instrument.

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

- U. S. government treasury securities and agency securities – The fair value of government securities and agencies are based on institutional bond quotes and evaluations based on various market and industry inputs.
- U. S., international, and foreign corporate bonds – The fair value of corporate bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.

- Common stocks and mutual funds – equity – The fair value of mutual funds are based on quoted or published market prices, when available, or market prices provided by recognized broker-dealers.
- Asset backed securities, commercial paper, commercial mortgage-backed securities and collateralized mortgage obligations – The fair value of asset backed securities, mortgages, commercial mortgage-backed securities, and collateralized mortgage obligations are based on various market and industry inputs and quotes from market makers and other brokers recognized to be market participants.
- Municipal bonds – The fair value of municipal bonds are based on various market and industry inputs.

The University's financial instruments as of June 30, 2020 are summarized in the following table by their fair value hierarchy:

2020 Investments Measured at Fair Value	Total	Level 1	Level 2	Level 3
Investment:				
U. S. government treasury securities	$ 11,080,501	11,080,501	—	—
U. S. government agency securities	2,367,339	—	2,367,339	—
U. S. corporate bonds	81,437,615	—	81,437,615	—
International bonds	1,606,453	—	1,606,453	—
Foreign corporate bonds	14,629,665	—	14,629,665	—
Commercial paper	7,744,454	—	7,744,454	—
Asset-backed securities	21,963,691	—	21,963,691	—
Commercial mortgage-backed securities	6,035,662	—	6,035,662	—
Municipal bonds	3,875,484	—	3,875,484	—
Collateralized mortgage obligations	7,459,727	—	7,459,727	—
Mutual funds – equity	15,454,398	15,454,398	—	—
Common stock – equity	187,319	187,319	—	—
Total investments	$ 173,842,308	26,722,218	147,120,090	—

The University's financial instruments as of June 30, 2019 are summarized in the following table by their fair value hierarchy:

2019 Investments Measured at Fair Value		Total	Level 1	Level 2	Level 3
Investment:					
U. S. government treasury securities	$	10,144,608	10,144,608	—	—
U. S. government agency securities		5,592,055	—	5,592,055	—
U. S. corporate bonds		88,742,957	—	88,742,957	—
International bonds		6,442,814	—	6,442,814	—
Foreign corporate bonds		18,423,294	—	18,423,294	—
Commercial paper		349,727	—	349,727	—
Asset-backed securities		21,061,329	—	21,061,329	—
Commercial mortgage-backed securities		6,349,189	—	6,349,189	—
Municipal bonds		1,745,203	—	1,745,203	—
Collateralized mortgage obligations		5,371,999	—	5,371,999	—
Mutual funds – equity		7,412,166	7,412,166	—	—
Common stock – equity		178,883	178,883	—	—
Total investments	$	171,814,224	17,735,657	154,078,567	—

(3) Restricted Deposits Held by Trustees

Restricted deposits held by trustees include restricted funds held by three Board approved trustees. Deposits held by trustees consist of cash and money market investments, which are measured at amortized cost. The money market investments were unrated. Restricted deposits held by trustees include funds for construction, debt service reserve, and debt service and consist of the following as of June 30, 2020 and 2019:

Restricted Deposits Held by Trustees		2020	2019
Construction funds	$	43,067,331	71,051,750
Debt service and debt service reserve funds		27,758,575	27,823,790
		70,825,906	98,875,540
Less current portion		27,758,575	27,823,790
Noncurrent restricted deposits held by trustees	$	43,067,331	71,051,750

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2020 and 2019 is as follows:

2020		Capital Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	50,921,926	—	—	50,921,926
Artwork		2,719,490	4,271	—	2,723,761
Construction in progress		22,119,245	42,628,333	(21,891,859)	42,855,719
Total nondepreciable assets		75,760,661	42,632,604	(21,891,859)	96,501,406
Depreciable assets:					
Land improvements		61,113,922	675,544	—	61,789,466
Buildings		1,216,672,550	21,132,201	—	1,237,804,751
Equipment		77,222,545	9,624,349	(915,935)	85,930,959
Total depreciable assets		1,355,009,017	31,432,094	(915,935)	1,385,525,176
Less accumulated depreciation:					
Land improvements		29,500,097	3,148,980	—	32,649,077
Buildings		439,042,481	31,849,456	—	470,891,937
Equipment		44,799,857	9,094,008	(863,401)	53,030,464
Total accumulated depreciation		513,342,435	44,092,444	(863,401)	556,571,478
Total capital assets, net	$	917,427,243	29,972,254	(21,944,393)	925,455,104

2019		Capital Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	50,733,561	188,365	—	50,921,926
Artwork		3,164,490	—	(445,000)	2,719,490
Construction in progress		13,434,967	25,788,227	(17,103,949)	22,119,245
Total nondepreciable assets		67,333,018	25,976,592	(17,548,949)	75,760,661
Depreciable assets:					
Land improvements		57,625,634	3,488,288	—	61,113,922
Buildings		1,200,860,770	15,841,891	(30,111)	1,216,672,550
Equipment		67,228,641	10,382,843	(388,939)	77,222,545
Total depreciable assets		1,325,715,045	29,713,022	(419,050)	1,355,009,017
Less accumulated depreciation:					
Land improvements		26,367,711	3,132,386	—	29,500,097
Buildings		399,375,690	39,696,902	(30,111)	439,042,481
Equipment		36,841,820	8,314,477	(356,440)	44,799,857
Total accumulated depreciation		462,585,221	51,143,765	(386,551)	513,342,435
Total capital assets, net	$	930,462,842	4,545,849	(17,581,448)	917,427,243

Depreciation expense for the year ending June 30, 2020 and 2019 is $44,092,444 and $51,143,765, respectively. The decrease in depreciation is primarily due to the adjustment of the useful life of one building from 20 to 40 years, resulting in a credit to depreciation in the current year. The estimated cost to complete capital projects included in construction in progress as of June 30, 2020 approximates $76,632,000. Anticipated financing for these projects is approximately $1,483,000 in grant funds, $34,540,000 in bond funding and $40,609,000 in University funds.

(5) State of New Jersey Fringe Benefits

The State, through separate appropriations, pays certain fringe benefits, principally health benefits and FICA taxes, on behalf of University employees and retirees. The costs of these benefits, $80,520,345 and $82,596,246, respectively, for fiscal years 2020 and 2019, were paid directly by the State on behalf of the University and are included in the accompanying financial statements as State of New Jersey fringe benefits revenue and as operating expenses.

(6) Retirement Plans

The University participates in several retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the Division), covering its employees – the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the Teachers' Pension and Annuity Fund (TPAF), the Alternate Benefit Program (ABP), and the Defined Contribution Retirement Program (DCRP). PERS, PFRS and TPAF are cost-sharing, multiple-employer defined benefit retirement plans, while ABP and DCRP are defined contribution retirement plans. Generally all employees, except certain part-time employees, participate in one of these plans. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included with the State of New Jersey fringe benefits in the accompanying financial statements (see note 5).

A publicly available 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's, PFRS's, and TPAF'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.

(a) Defined Benefit Pension Plans

General Information

(i) Public Employees' Retirement System

Plan description – PERS was established under the provisions of N.J.S.A. 43:15A to provide retirement, death and disability benefits to substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Benefits provided – 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

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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years 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.

Contributions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate at June 30, 2020 and 2019 was 7.5% of pensionable wages. The State contributes the employer's share on behalf of the University. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The University's contributions to PERS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2020 and 2019 was $10,282,861 and $9,320,515, respectively.

(ii) Police and Firemen's Retirement System

Plan description – PFRS was established under the provisions of N.J.S.A 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944.

Benefits provided – 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, as defined, 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.

Contributions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The State contributes the employer's share on behalf of the University. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The member contribution rate at June 30, 2020 and 2019 was 10% of pensionable wages. The University's contributions to PFRS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2020 and 2019 were $1,491,764 and $1,248,845, respectively.

(iii) *Teachers' Pension and Annuity Fund*

Plan description – TPAF was established under the provisions of N.J.S.A. 18A:66 to provide retirement, death and disability benefits to substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the State of New Jersey, Department of Education, who have titles that are unclassified, professional, and certified. Certain faculty members of the University participate in the TPAF. Under the provisions of N.J.S.A. 18A:66-33, the State is legally obligated to make contributions on behalf of all participating employers to the plan, therefore TPAF meets the definition of a special funding situation as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Benefits provided – The vesting and benefit provisions are set by N.J.S.A. 18A:66. 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 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The full normal contribution rate at June 30, 2020 and 2019 was 7.5%. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense related to PERS and PFRS are calculated by the Division. At June 30, 2020, the University reported a liability of $271,842,274 and $16,288,499 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. At June 30, 2019, the University reported a liability of $274,241,746 and $17,849,912 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of net pension liability at June 30, 2020 and 2019 of $1,205,870 and $1,310,288, respectively, is recognized by the State. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2020, were determined by actuarial valuations as of July 1, 2018 and rolled forward to the measurement date of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2019, were determined by actuarial valuations as of July 1, 2017 and rolled forward to the measurement date of June 30, 2018. For PERS and PFRS, the University's proportionate share of the respective net pension liabilities for the fiscal years 2020 and 2019 were based on the actual contributions made by the State on behalf of the University relative to the total contributions of participating employers of the State Group for each plan for fiscal years 2019 and 2018, respectively. For TPAF, the University's proportionate share of the respective net pension liability for the fiscal year was based on the actual contributions made by the State on behalf of the University relative to the total contributions made by the State for fiscal year 2019 and 2018. The University's allocation percentages and pension expense for each plan are as follows:

2019 Summary of Pension Amounts		PERS	PFRS	TPAF
2019 Allocation percentage – State Group/Nonemployer Group[1]		1.181 %	0.388 %	0.002 %
2019 Allocation percentage – Total Plan[2]		0.661 %	0.089 %	0.002 %
Pension expense for the measurement date June 30, 2019	$	16,047,959	1,098,320	71,125

2018 Summary of Pension Amounts		PERS	PFRS	TPAF
2018 Allocation percentage – State Group/Nonemployer Group[1]		1.157 %	0.412 %	0.002 %
2018 Allocation percentage – Total Plan[2]		0.632 %	0.091 %	0.002 %
Pension expense for the measurement date June 30, 2018	$	15,962,800	1,551,412	76,385

[1] – Allocation percentage for PERS and PFRS based on total State Group. Allocation percentage for TPAF based on total Nonemployer Group.

[2] – Allocation percentage calculated as the University's respective net pension liability as a percentage of the total plan's net pension liability.

As TPAF is a special funding situation, the University recognized revenue related to the support provided by the State as of June 30, 2020 and 2019 of $71,125 and $76,385, respectively, in the State of New Jersey fringe benefits amount on the statements of revenue, expenses and changes in net position.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2020 and 2019:

2020 Deferred Outflows and Inflows of Resources from Pensions				
		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	15,093,708	215,704	15,309,412
Changes in proportionate share		12,037,127	534,140	12,571,267
Differences between expected and actual experience		2,807,747	—	2,807,747
Net differences between projected and actual investment earnings on pension plan investments		263,102	206,881	469,983
Contributions subsequent to the measurement date		10,282,861	1,491,764	11,774,625
Total	$	40,484,545	2,448,489	42,933,034
Deferred inflows of resources:				
Changes in proportionate share	$	3,199,438	1,051,743	4,251,181
Differences between expected and actual experience		1,946,438	383,294	2,329,732
Changes of assumptions		54,518,147	2,280,124	56,798,271
Total	$	59,664,023	3,715,161	63,379,184

2019 Deferred Outflows and Inflows of Resources from Pensions		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	26,796,471	657,121	27,453,592
Changes in proportionate share		11,249,273	843,114	12,092,387
Differences between expected and actual experience		4,773,752	—	4,773,752
Net differences between projected and actual investment earnings on pension plan investments		775,589	261,690	1,037,279
Contributions subsequent to the measurement date		9,320,515	1,248,845	10,569,360
Total	$	52,915,600	3,010,770	55,926,370
Deferred inflows of resources:				
Changes in proportionate share	$	7,643,104	271,182	7,914,286
Differences between expected and actual experience		2,287,773	249,795	2,537,568
Changes of assumptions		55,195,738	2,104,660	57,300,398
Total	$	65,126,615	2,625,637	67,752,252

As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of deferred outflows of resources and deferred inflows of resources are recognized by the State.

At June 30, 2020, $11,774,625 was reported as deferred outflows of resources related to pensions resulting from contributions made on behalf of the University by the State subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future Net Deferred Outflows (Inflows) of Resources		PERS	PFRS	Total
Years ending:				
2021	$	(2,666,508)	(466,525)	(3,133,033)
2022		(10,045,814)	(729,796)	(10,775,610)
2023		(11,464,835)	(680,161)	(12,144,996)
2024		(4,899,472)	(511,368)	(5,410,840)
2025		(385,710)	(370,586)	(756,296)
	$	(29,462,339)	(2,758,436)	(32,220,775)

Actuarial Assumptions

The total pension liabilities related to PERS, PFRS, and TPAF measured as of June 30, 2019 and 2018 were based on actuarial valuations as of July 1, 2018 and 2017, respectively, using the following actuarial assumptions:

2019 Actuarial Assumptions	PERS	PFRS	TPAF
Inflation rate:			
Price	2.75%	2.75%	2.75%
Wage	3.25%	3.25%	3.25%
Salary increases:			
Through 2026	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	3.25 – 15.25% based on years of service	2.75 – 5.65% based on years of service
Investment rate of return	7.00%	7.00%	7.00%

2018 Actuarial Assumptions	PERS	PFRS	TPAF
Inflation rate	2.25%	2.25%	2.25%
Salary increases:			
Through 2026	1.65 – 4.15% based on age	2.10 – 8.98% based on age	Varies based on experience
Thereafter	2.65 – 5.15% based on age	3.10 – 9.98% based on age	Varies based on experience
Investment rate of return	7.00%	7.00%	7.00%

2019

For 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. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

2018

For PERS, pre-retirement 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. Post-retirement 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).

2019

For 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. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

2018

For PFRS, pre-retirement 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 on the RP-2000 Combines 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 base year of 2000 to 2013 using Projection Scale BB and the Conduent modifies 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

2019

For 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. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

2018

For TPAF, pre-retirement mortality rated 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 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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% June 30, 2019 and 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 the arithmetic real rates of return for each major asset class included in PERS's, PFRS's and TPAF's target asset allocations as of June 30, 2019 and 2018 are summarized in the following tables:

2019
Target Asset Allocation and Long-Term Expected Rate of Return

	PERS PFRS 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

2018 Target Asset Allocation and Long-Term Expected Rate of Return		
	PERS PFRS TPAF	
	Target allocation	Long-term expected real rate of return
Absolute return/risk mitigation	5.00 %	5.51 %
Cash equivalents	5.50	1.00
U.S. Treasuries	3.00	1.87
Investment grade credit	10.00	3.78
Public 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 market equities	6.50	11.64
Buyouts/venture capital	8.25	13.08

Discount Rate

The discount rates used to measure the total pension liabilities were 6.28%, 6.85% and 5.60% for PERS, PFRS, and TPAF, respectively, as of June 30, 2019. These single blended discount rates were 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 discount rates used to measure the total pension liabilities were 5.66%, 6.51% and 4.86% for PERS, PFRS, and TPAF, respectively, as of June 30, 2018. These single blended discount rates were 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.

In fiscal year 2020, 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 70% of the actuarially determined contribution for the State. Based on those assumptions, the plan's fiduciary net position as of June 30, 2019 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.

In fiscal year 2019, 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 for PERS, PFRS and TPAF and the local employers contributed 100% of their actuarially determined contributions for PERS and PFRS. Based on those assumptions, the plan's fiduciary net position as of June 30, 2018 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.

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

The following presents the net pension liability of the University as of the June 30, 2019, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2019 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(5.28%, 6.28%, 7.28%)	$	312,753,704	271,842,274	237,463,893
PFRS(5.85%, 6.85%, 7.85%)		19,051,356	16,288,499	14,003,580

The following presents the net pension liability of the University as of the June 30, 2018, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2018 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(4.66%, 5.66%, 6.66%)	$	317,149,280	274,241,746	238,296,262
PFRS(5.51%, 6.51%, 7.51%)		20,987,542	17,849,912	15,266,007

(b) Defined Contribution Retirement Plans

Alternative Benefit Program (ABP)

ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law. Contributions can be invested with up to six investment carriers available under the plan. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. The University assumes no liability for ABP members other than payment of contributions.

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis.

Employer contributions are 8%. During the year ended June 30, 2020 and 2019, ABP investment carriers received employer and employee contributions as follows:

ABP Employer and Employee Contributions			
		2020	2019
Employer contributions	$	12,890,374	12,069,066
Employee contributions		14,937,303	14,931,242
Basis for contributions:			
Participating employee salaries	$	161,129,674	150,863,320

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as State of New Jersey fringe benefit revenue and as expenses.

Effective July 1, 2010, Governor Christie signed Chapter 31, P.L. 2010 into law, which only allowed employer contributions to ABP for salaries up to $141,000. Effective July 1, 2018, Chapter 14, P.L. 2018 increased the salary cap allowing for employer contributions to ABP for salaries up to $175,000.

Defined Contribution Retirement Plan

DCRP was established under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage. DCRP enrollment eligibility criteria includes employees who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of the established “maximum contribution” limits. Participating eligibility, as well as contributory and noncontributory requirements, is established by the State of New Jersey Retirement and Social Security Law.

DCRP has one investment carrier, Prudential, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The University assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not in PERS. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating University employees contribute 5.5% of their eligible wages. Employer contributions are 3%. During the years ended June 30, 2020 and 2019, Prudential received employer and employee contributions as follows:

DCRP Employer and Employee Contributions			
		2020	2019
Employer contributions	$	43,617	32,059
Employee contributions		79,964	58,775
Basis for contributions:			
Participating employee salaries	$	1,453,868	1,068,610

(c) Post-Employment Benefits Other than Pensions

The University'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 of New Jersey (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: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

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 $382,327,565 and $486,974,034, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2020, the University's share was 6.96% and 2.10% of the special funding situation and of the Plan, respectively. At June 30, 2019, the University's share was 6.81% and 2.06% of the special funding situation and of the Plan, respectively.

For the year ended June 30, 2020 and 2019, the University recognized OPEB expense of $2,282,301 and $22,327,935, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of $2,282,301 and $22,327,935 in 2020 and 2019, respectively.

Actuarial assumptions and other inputs – The State's liability associated with the University 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 University 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. These valuations used the following assumptions:

OPEB Valuation Assumption	2020	2019
Inflation	2.50 %	2.50 %
Discount rate	3.50 %	3.87 %
Salary increases		
Through 2026	1.55 – 15.25%	1.55 – 8.98%
Thereafter	1.55 – 7.00%	2.00 – 9.98%

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 years of service and age in 2020 and 2019, respectively.

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 Pub-2010 "Safety", "Teachers", and "General" 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.

Health Care Trend Assumptions – For pre-Medicare medical benefits, the trend rate is initially is 5.7% and 5.8% for the June 30, 2018 and 2017 valuations, respectively, and decreases to a 4.5% and 5.0% long-term trend rate after eight years, respectively. For prescription drug benefits, the initial trend rate is 7.5% and 8.0% for the June 30, 2018 and 2017 valuations, respectively, decreasing to a 4.5% and 5.0% long-term trend rate after eight and seven years, respectively. For post-65 medical benefits, the actually fully-insured Medicare Advantage trend rate for fiscal year are reflected. The Medicare Advantage trend rate is 4.5% for the June 30, 2017 valuation and will continue in all future years. For the Medicare Part B reimbursement, the trend rate is 5.0% for the June 30, 2018 and 2017 valuations.

(7) Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses as of June 30, 2020 and 2019 are as follows:

Accounts Payable and Accrued Expenses			
		2020	2019
Vendors and other	$	23,793,901	17,547,504
Salaries and benefits		12,230,290	9,711,428
Due to State of New Jersey		7,601,894	5,216,879
Compensated absences – current portion		11,086,432	8,289,784
Accrued interest payable		14,399,301	7,840,153
Total accounts payable and accrued expenses	$	69,111,818	48,605,748

(8) Long-term Debt

(a) Bonds Payable

Capital assets are financed through revenue bonds of the New Jersey Educational Facilities Authority (NJEFA), the Camden County Improvement Authority (CCIA) and the Gloucester County Improvement Authority (GCIA). The following obligations were outstanding as of June 30, 2020 and 2019:

Outstanding Bonds Payable				
	Interest rate		2020	2019
CCIA Series 2010 A Build America Bonds, due serially to 2035	5.055%–7.847%	$	83,660,000	87,185,000
NJEFA Series 2011 C Revenue Refunding Bonds, due serially to 2025	3.000%–5.000%		12,550,000	15,120,000
CCIA Series 2013 A Rowan SOM Revenue Refunding Bonds, due serially to 2032	3.000%–5.000%		21,980,000	23,040,000
CCIA Series 2013 B Rowan SOM Revenue Refunding Bonds due serially to 2032	0.890%–5.160%		19,175,000	20,640,000
GCIA Series 2015 A Revenue Bonds, due serially to 2036	3.250%–5.000%		34,745,000	34,745,000
GCIA Series 2015 B Revenue Refunding Bonds, due serially to 2031	1.500%–5.000%		53,860,000	59,290,000
GCIA Series 2015 C Revenue Bonds, due serially to 2044	4.000%–5.000%		51,550,000	51,550,000
NJEFA Series 2016 C Revenue Refunding, due serially to 2031	2.500%–5.000%		41,595,000	43,200,000
GCIA Series 2017 A Revenue Bonds, due serially to 2033	3.000%–5.000%		71,370,000	73,475,000
GCIA Series 2017 B Revenue Bonds, due serially to 2019	1.850%–2.100%		—	415,000
GCIA Series 2019 Revenue Bonds, due serially to 2048	4.000%-5.000%		56,600,000	56,600,000
			447,085,000	465,260,000
Plus:				
Bond premium			36,990,227	39,672,185
Total bonds payable		$	484,075,227	504,932,185

Future annual debt service requirements approximate the following:

Bonds Payable Principal and Interest Repayments		Principal amount	Interest amount	Total amount
Year ending June 30:				
2021	$	20,085,000	22,075,474	42,160,474
2022		23,665,000	20,925,934	44,590,934
2023		21,395,000	19,806,559	41,201,559
2024		23,235,000	18,630,488	41,865,488
2025		24,185,000	17,357,009	41,542,009
2026-2030		127,935,000	66,529,812	194,464,812
2031-2035		96,430,000	36,613,084	133,043,084
2036-2040		47,955,000	18,199,150	66,154,150
2041-2045		50,500,000	8,048,750	58,548,750
2046-2050		11,700,000	948,000	12,648,000
	$	447,085,000	229,134,260	676,219,260

In May 2019, The Gloucester County Improvement Authority (GCIA) issued Rowan University Series 2019 Bonds. The 2019 tax exempt revenue refunding bonds totaling $56,600,000 with coupon rates ranging from 4.000% to 5.000% and maturing through 2048. The proceeds from this bond series were used to finance a new academic building, design of the Fossil Park, renovations of various facilities, and cover the issuance cost of the Series 2019 Bonds. The principal amounts of these bonds were $56,600,000 as of June 30, 2020 and 2019.

(b) Capital Lease Obligation

In 2008, the University entered into a lease agreement with SORA Housing LLC (SORA Housing). SORA Housing constructed two four story student housing facilities with a total of 242 units, consisting of 884 total beds, on a leasehold interest in land that was conveyed to SORA by the Borough of Glassboro. SORA agreed to lease the land, the facilities and the facilities equipment together with the fixtures, improvements and equipment to the University. Rental payments are due in semiannual installments on September 1 and February 1, each year. The University has a capital lease payable as of June 30, 2020 and 2019 in the amount of $73,449,020 and $72,781,720, respectively.

In 2008, the University entered into a lease agreement with SORA Retail LLC (SORA Retail). SORA Retail constructed an approximately thirty six thousand square foot two story building for use as a university bookstore and other uses compatible with a university bookstore. The bookstore, which also contains a coffee shop, is being sub-leased to Barnes & Noble College Booksellers, Inc. Rental payments are due in monthly installments. The University has a capital lease payable as of June 30, 2020 and 2019 in the amount of $12,037,305 and $11,908,506, respectively.

In 2011, the University entered into a lease agreement with SORA A-1 Housing Urban Renewal Entity, LLC (SORA A-1). SORA A-1 constructed a mixed-use building on land it owns in Glassboro, New Jersey. The building consists of a five-story, mid-rise apartment building with ground floor retail. Within this building, on the second through fifth floor, SORA constructed apartment units, classrooms, offices and other administrative spaces. The administrative space, in addition to classrooms and offices, includes lounges, study rooms, recreational rooms together with all common elements, including elevators, laundry facilities, recreational and fitness facilities and other amenities. The University's lease pertains to the apartment units and administrative areas only. The apartment units are being occupied by

University honor students and consist of 280 beds. Rental payments are due in semi-annual installments on September 1 and February 1, each year. The University has a capital lease payable as of June 30, 2020 and 2019 in the amount of $34,705,329 and $34,498,291, respectively.

In 2012, the University entered into a Master Lease Agreement to restructure the three leases above into a single lease. The Master Lease will be for a thirty-year term through 2042. The University has the option to purchase all, but not less than all, of the Premises at any time during the Term of the Lease in accordance with terms listed in the Agreement. If no election to purchase the Premises occurs during the term, upon the payment in full of all rent and other charges due under the Lease, the Premises shall be conveyed to the University at the conclusion of the term without additional consideration. The University received a landlord contribution of $8,150,000 to help defray the costs of implementation of the property to its intended use.

In April 2012, the University entered into a lease agreement with Nexus Holdings, LLC (Nexus). Nexus constructed a multi-level parking garage consisting of approximately 1,200 parking spaces. The construction started in July 2012 and was completed for the Fall 2013 semester. The University's lease pertains to the use of 900 parking spaces as well as the use of all common areas of the parking garage. The term of the lease shall be for a period of thirty years and started on the date when the facility became ready for occupancy. At the completion of the lease term, the University will have the option of extending the lease for an additional four terms of ten years each. The University will have the option to purchase 900 spaces in the garage at fair market value at any time within the first five years after the expiration of the initial term of the lease. The University has a capital lease payable as of June 30, 2020 and 2019 in the amount of $21,325,257 and $21,424,348, respectively.

In April 2012, the University entered into a second lease agreement with Nexus to construct a five-story retail, classroom and office building. The construction started in July 2012 and was completed for the Fall 2013 semester. The University's lease pertains to the second through fifth floors, which will contain classrooms and office space, as well as the central lobby of the building and the lobby and stairwells connecting the building to an adjacent parking garage. The first floor of the building will be for retail operations. The term of the lease will be for a period of twenty years and started on the date when the facility became ready for occupancy. The University will have the option to purchase the leased portion of the property, at the end of the term, for $1.00 consideration. The University has a capital lease payable as of June 30, 2020 and 2019 in the amount of $14,000,800 and $14,544,868, respectively.

Future minimum lease payments under the capital leases are as follows:

Capital Lease Principal and Interest Payments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2021	$	(125,746)	14,795,419	14,669,673
2022		157,100	14,805,217	14,962,317
2023		484,670	14,787,565	15,272,235
2024		917,612	14,735,555	15,653,167
2025		1,342,458	14,643,240	15,985,698
2026-2030		15,161,213	70,210,238	85,371,451
2031-2035		34,088,149	59,139,888	93,228,037
2036-2040		63,449,097	37,732,477	101,181,574
2041-2045		40,043,158	5,158,710	45,201,868
	$	155,517,711	246,008,309	401,526,020

(c) Other Long-Term Debt

Other long-term debt consists of the following:

(A) The Higher Educational Capital Improvement Fund Act was established to finance capital improvements and related costs at public and private institutions of higher education within the State. Funding was provided from bonds issued by the New Jersey Educational Facilities Authority (Authority). The total University allocation for this program was $23,887,250. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds, plus administrative fees of the trustees and the Authority. The outstanding balance as of June 30, 2020 and 2019 is $2,479,801 and $3,026,003, respectively, with maturities through August 15, 2022.

(B) As a result of the New Jersey Medical and Health Sciences Education Restructuring Act, Higher Educational Capital Improvement Fund Act outstanding debt of UMDNJ, related to SOM, was transferred to the University on July 1, 2013. The outstanding balance on this debt, as of June 30, 2020 and 2019 is $349,372 and $684,957, respectively.

(C) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $26.6 million from the Higher Educational Capital Improvement Fund Act. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the Authority. The outstanding balance as of June 30, 2020 and 2019 is $6,736,081 and $7,064,199, respectively, with maturities through August 15, 2033.

(D) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $0.75 million from the Higher Education Equipment Leasing Fund. The University is required to pay 1/4 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the Authority. The outstanding balance as of June 30, 2020 and 2019 is $63,524 and $82,721, respectively.

(E) In July 2016, the University was notified by the State that it was awarded a $16 million dollar grant under the Higher Education Capital Improvement Fund Act. Funding was provided from bonds issued by the New Jersey Educational Facilities Authority. The grant is to be used to fund two projects: (1) Facilities Adaptive Reuse Program for Academic Space Expansions and (2) Joint Health Sciences Center Expansion. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds. The outstanding balance as of June 30, 2020 and 2019 is $4,760,286 and $4,936,140, respectively, with maturities through August 15, 2036.

(F) In August 2017, the University entered into a loan with NEXUS Properties in the amount of $2,693,846 with an interest rate of 4.88% for a term of 15 years. The loan is for the fit-out of the classroom portion of the A-3 building situated at Victoria Street and Mick Drive in the Borough of Glassboro. The University paid the outstanding balance in the amount of $2,504,137 for this loan on January 14, 2019. There was no outstanding balance as of June 30, 2020 and 2019.

Principal and interest payments for these obligations are as follows:

Other Long Term Debt Principle and Interest Repayments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2021	$	1,452,148	606,208	2,058,356
2022		1,526,455	551,892	2,078,347
2023		1,587,236	493,231	2,080,467
2024		615,777	446,992	1,062,769
2025		646,286	416,564	1,062,850
2026-2030		3,702,142	1,611,149	5,313,291
2031-2035		4,062,831	667,895	4,730,726
2036-2038		796,189	40,306	836,495
	$	14,389,064	4,834,237	19,223,301

(d) Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2020 and 2019 are as follows:

2020 Long-term Obligations Rollforward						
		Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable, including swap liability	$	508,550,530	6,729,121	20,856,959	494,422,692	30,432,465
Other long-term debt		15,794,020	—	1,404,956	14,389,064	1,452,148
Capital lease obligation		155,157,734	—	(359,977)	155,517,711	(125,746)
Total long-term obligations	$	679,502,284	6,729,121	21,901,938	664,329,467	31,758,867

2019 Long-term Obligations Rollforward						
		Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable, including swap liability	$	464,280,177	70,014,460	25,744,107	508,550,530	18,175,000
Other long-term debt		19,730,173	1,338,355	5,274,508	15,794,020	1,404,955
Capital lease obligation		154,546,728	—	(611,006)	155,157,734	(359,976)
Total long-term obligations	$	638,557,078	71,352,815	30,407,609	679,502,284	19,219,979

The University does not have any direct borrowings or direct placements related to governmental activities or business-type activities. The University does not have any open lines of credit.

The GCIA 2015 A, GCIA 2015 B, GCIA 2015C, NEFA 2016C, GCIA 2017A, GCIA 2017B, GCIA 2019 series contain provisions that, in the event of default, the bondholders have the right to request all outstanding amounts of their respective bond in default immediately. The CCIA 2010A, NEFA 2011C, CCIA 2013 A, and CCIA 2013B series are secured with the collateral of their respective financed projects.

The default remedy allows the respective issuer to refit the building and sublet the property until all outstanding amounts have been recovered, including the refit costs. The capital lease arrangements with Nexus for a multi-level parking garage and a five-story retail, classroom, and office building contain provisions that, in the event of default, the leaseholder has the right to terminate the lease and sell privately or publicly, the goods, fixtures, or other personal property, as well as cancel the respective purchase options at the end of the lease. The 2016A and CIF 2016B grants from the Higher Education Capital Improvement Fund Act include provisions that, in the event of default, the issuer has the right to request the forfeiture of all the unused grant funds and the repayment of all used funds, with a credit for an any principal payments already made by the University, with respect to the issuance in default. The 2014 grant from the New Jersey Higher Education Capital Facilities Grant Program contains a provision that, in the event of a default, the State is allowed to withhold appropriations to recover the amount owed. The 2013 grant from the Higher Education Equipment Leasing Fund contains a provision that, in the event of a default, the State is allowed to sublet the equipment until it recovers the amounts owed. The 2002A long-term debt obligation transferred from UMDNJ contains a provision that, in the event of default, the bondholders have the right to request all outstanding amounts of their respective bond in default immediately.

(9) Derivative Instruments

The University has entered into a pay-fixed, receive-variable interest rate swap in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain. These swaps are valued using a market approach that considers benchmark interest rates and are classified in Level 2 of the fair value hierarchy.

The fair value and notional amounts of derivative instruments outstanding at June 30, 2020 and 2019 were as follows:

Derivative Instruments					
		2020		2019	
		Notional Amount	Fair Value	Notional Amount	Fair Value
Investment derivatives:					
Pay-fixed interest rate swaps	$	72,595,000	(10,347,465)	72,595,000	(3,618,344)
Total Derivative instruments - swap liability	$	72,595,000	(10,347,465)	72,595,000	(3,618,344)

In accordance with GASB Statement No. 53, an interest rate swap is considered an effective cash flow hedge if the swap payment received substantially offsets the payment made on the associated debt and changes in fair value are deferred as either a deferred outflow or a deferred inflow of resources. An interest rate swap that is not considered an effective cash flow hedge, in accordance with the provisions of the Statement, is deemed to be an investment derivative instrument and changes in fair value are recorded as net investment income (loss). For the fiscal year ending June 30, 2020 and 2019, the fair value of investment derivative instruments decreased $6,729,121 and $3,618,344, respectively.

For the year ended June 30, 2020, the University had one derivative instrument outstanding.

Swap #	Type	Objective	National Amount 2019	Effective Date	Termination Date	Terms	Counterparty Credit Rating (Moody's/S&P)	Fair value	Change in Fair Value from 2019
1	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on fixed-rate General Obligation Bond	$ 72,595,000	1/1/2021	7/1/2035	Pay fixed 2.2885%, receive 80% of 3 month LIBOR	Aa2/AA	$ (10,347,465)	(6,729,121)

For the year ended June 30, 2019, the University had one derivative instrument outstanding.

Swap #	Type	Objective	National Amount 2018	Effective Date	Termination Date	Terms	Counterparty Credit Rating (Moody's/S&P)	Fair value	Change in Fair Value from 2018
1	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on fixed-rate General Obligation Bond	$ 72,595,000	1/1/2021	7/1/2035	Pay fixed 2.2885%, receive 80% of 3 month LIBOR	Aa2/AA	$ (3,618,344)	(3,618,344)

Risk

The use of derivatives may introduce certain risks for the University, including the following:

Credit Risk:

As of June 30, 2020, the University was not exposed to credit risk with its swap counterparties because all of the swaps had negative fair values.

To mitigate credit risk, the University and the counterparty require the posting of collateral based on their respective credit rating. The amount of such collateral shall equal the market value of the swap in excess of the applicable collateral threshold based on the rating of such counterparty at such time. The collateral threshold for the University is $15,000,000.

As of June 30, 2020, the University's Credit ratings by Moody's and S&P was A2 and A, respectively. The market value of the swap, ($10,347,465) is below the $15.0 million threshold, as such there is no requirement for collateral at this time.

Basis Risk:

There is a risk that the variable payment received on interest rate swaps will not match the variable payment on the bonds or commercial paper. This risk is known as basis risk. Swaps have basis risk because the interest rates on the bonds and commercial paper are reset periodically by the remarketing agent or commercial paper dealer and may not exactly match the variable receipt on the interest rate swaps, which are based on a percentage of either LIBOR or SIFMA indexes.

Rollover Risk:

The University is exposed to rollover risk on swaps only if the counterparty exercises its termination option, in which case the University will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Termination Risk:

The University or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

(10) Noncurrent Liabilities

Noncurrent liabilities activity for the year ended June 30, 2020 and 2019 was as follows:

2020
Noncurrent Liabilities Activity

	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 11,064,069	11,267,263	8,289,784	14,041,548	11,086,431	2,955,117
Unearned revenue	30,441,609	37,974,458	28,161,014	40,255,053	37,804,481	2,450,572
Other liabilities	2,528,934	4,653,679	2,488,718	4,693,895	—	4,693,895
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	2,136,370	2,743,496	1,942,614	2,937,252	—	2,937,252
Net pension liability	292,091,658	23,096,244	27,057,129	288,130,773	—	288,130,773
Bonds payable	504,932,186	—	20,856,959	484,075,227	20,085,000	463,990,227
Other long-term debt	15,794,020	—	1,404,956	14,389,064	1,452,148	12,936,916
Capital lease obligation	155,157,734	—	(359,977)	155,517,711	(125,746)	155,643,457
Derivative instruments - swap	3,618,344	6,729,121	—	10,347,465	10,347,465	—
Total noncurrent liabilities	$ 1,020,984,924	86,464,261	89,841,197	1,017,607,988	80,649,779	936,958,209

2019
Noncurrent Liabilities Activity

	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 10,395,372	8,710,505	8,041,808	11,064,069	8,289,784	2,774,285
Unearned revenue	31,950,795	21,290,510	22,799,696	30,441,609	28,161,014	2,280,595
Other liabilities	2,661,725	—	132,791	2,528,934	812,400	1,716,534
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	2,134,428	2,739,054	2,737,112	2,136,370	—	— 2,136,370
Net pension liability	313,603,691	17,965,579	39,477,612	292,091,658	—	292,091,658
Bonds payable	464,280,177	65,942,096	25,290,087	504,932,186	18,175,000	486,757,186
Other long-term debt	19,730,173	1,338,355	5,274,508	15,794,020	1,404,955	14,389,065
Capital lease obligation	154,546,728	—	(611,006)	155,157,734	(359,976)	155,517,710
Derivative instruments - swap	—	3,618,344	—	3,618,344	—	3,618,344
Total noncurrent liabilities	$ 1,002,523,089	121,604,443	103,142,608	1,020,984,924	56,483,177	964,501,747

(11) Professional Services and Contract Revenues

The SOM Faculty Practice Plan revenues primarily consist of fee for service payments, inclusive of quality incentives and capitation payment, from the Centers for Medicare & Medicaid Services (CMS) and other third party insurance providers for inpatient and outpatient services provided by the SOM faculty. In addition, significant contract payments for medical directorships and other contracted service agreements, such as behavioral health and hospitalist services, account for approximately one-third of the revenues.

The components of net professional services and contract revenues for the year ended June 30, 2020 and 2019 are as follows:

Net Professional Services and Contracts Revenue		
	2020	2019
Faculty practice revenues:		
Gross charges	$ 55,420,315	53,496,439
Contractual and other allowances	(25,398,213)	(24,124,573)
Provision for bad debts	(1,079,087)	(971,956)
Bad debt recovery	185,513	172,281
Total faculty practice	29,128,528	28,572,191
House staff and affiliation revenues:		
House staff billings	21,704,053	20,443,158
Affiliation billings	2,615,720	2,598,250
Total house staff and affiliation	24,319,773	23,041,408
Total net professional services and contract revenues	$ 53,448,301	51,613,599

Gross charges pertain to the following payers:

Faculty Practice Plan Gross Charges		
	2020	2019
Medicare	36 %	36 %
Medicaid and Medicaid HMO	17	17
Contracts	13	15
Other third party payors	32	30
Uninsured, charity care and self pays	2	2
	100 %	100 %

Faculty practice gross accounts receivable pertain to the following payers:

Faculty Practice Plan Accounts Receivable		
	2020	2019
Medicare	31 %	35 %
Medicaid and Medicaid HMO	14	25
Contracts	24	21
Other third party payors	25	17
Self pays	6	2
	100 %	100 %

(12) Commitments and Contingencies

(a) Operating Leases

The University leases certain space and equipment used in general operations. Rental expense was approximately $4,750,614 and $3,451,000 during fiscal year 2020 and 2019, respectively. Future minimum annual rental commitments approximate the following:

Operating Lease Future Commitments		
		Amount
Year ending June 30:		
2021	$	4,209,814
2022		3,988,783
2023		2,602,527
2024		2,441,575
2025		1,755,410
2026 and thereafter		22,266,913
	$	37,265,022

(b) Compensated Absences

The University recorded a liability for accumulated vacation time in the amount of approximately $11,086,000 and $8,290,000 as of June 30, 2020 and 2019, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation leave as of the statements of net position date.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the University recorded a liability for accumulated sick leave balances in the amount of approximately $2,594,000 and $2,390,000 as of June 30, 2020 and 2019, respectively, which is included in compensated absences in the accompanying statements of net position.

During fiscal year 2010, bargaining unit employees were required to take seven unpaid furlough days. Three of these days were banked for either future use or pay out upon separation. A liability for the accumulated leave bank in the amount of approximately $360,764 and $385,000 as of June 30, 2020 and 2019, respectively, is recorded in compensated absences in the accompanying statements of net position.

(c) Risk Management

The University is exposed to various risks of loss. As an instrumentality of the State of New Jersey, the liability of the University is subject to all of the provisions of the New Jersey Tort Claims Act (N.J.S.A. 59:1 1 et seq.), the New Jersey Contractual Liability Act (N.J.S.A. 59:13 1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a Tort Claims Fund and provides for payment of eligible claims filed against the University or against its employees, whom the State is obligated to indemnify against tort claims which arise out of the performance of their duties. Therefore, the University's liability and employee benefit exposures are self funded programs maintained and administered by the State (including tort liability, employment liability, medical professional liability, auto liability, trustee's and officer's liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement programs). An annual appropriation is provided by the legislature for all statutory self funded programs.

The University purchases and maintains a commercial property insurance policy through a joint insurance program with the New Jersey Association of State Colleges and Universities (NJASCU a/k/a the Consortium). University buildings, contents, plant operations, boiler & machinery, business interruption, and lost revenue are insured on an all risk replacement cost basis with a per occurrence limit of $2.0 billion, subject to a $100,000 per occurrence deductible. A $500,000 combined per occurrence deductible applies to four University buildings due to flood exposure; the University's per occurrence policy deductible is capped at the $500,000.

In addition to the property insurance policy maintained through the consortium, the University maintains several policies of insurance to ensure a comprehensive approach to managing the risk of loss from exposures that are or may be ineligible for Tort Claims Protection. The following policies are maintained and these policies also extend coverage to the University's separately incorporated 501 (c) (3) auxiliary organizations: Crime insurance policy (moneys and securities coverage) in the amount of $2,000,000 with a per loss deductible of $25,000; Information Security & Privacy Liability in the amount of $10,000,000 with a per loss deductible of $100,000; and Pollution Legal Liability in the amount of $10,000,000 with a per loss deductible of $100,000. The University maintains a Student Professional Liability policy in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per loss deductible of $10,000 to cover students participating in professional internships (excludes medical students since they are provided protection through the Tort Claims Act). Effective July 1, 2019 the University maintains an Executive Plus Director's and Officer's Liability policy in the amount of $5,000,000.

The following policies of insurance are maintained for the University's separately incorporated 501 (c)(3) auxiliary organizations (New Jersey Statutes Title 18A Education provides each auxiliary organization with the power to "sue and be sued" (N.J.S.A. 18A:64 30) and directs them to procure their own legal representation because they will not be represented by the State of New Jersey Office of Attorney General (N.J.S.A. 18A:64 35), thereby exempting them from protection under the New Jersey Tort Claims Act): Director's and Officer's Liability in the amount of $5,000,000 with a per occurrence deductible of $25,000; General Liability in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per occurrence deductible of $100,000, which also extends coverage to Rowan student educational programs and activities; and excess liability in the amount of $20,000,000 which responds above the General Liability policy, and the University's Student Professional Liability policy referenced above, and also provides difference in conditions coverage to the University to cover any gaps in Tort Claims liability protection.

All commercial insurance policies are renewed on an annual basis. There has been no decrease in insurance coverage during the current year. There have been no settlements in excess of insurance coverage in the past three years.

(d) Medical Malpractice Self-Insurance Fund

The University participates in a fund administered by the State known as the Medical Malpractice Self-Insurance Fund (the Fund), which is used to pay malpractice claims and related insurance premiums. The University and the State approve the payment of claims and the University is required to make contributions to the Fund from the SOM Faculty Practice Plan and the Graduate Medical Education (GME) programs. Monies in the Fund, commercial excess liability insurance coverage, and coverage provided by the New Jersey Tort Claims Act are used to meet the cost of claims against SOM. The State has the ultimate liability for any claims in excess of the Fund's assets.

Payment of claims (indemnity and expenses) from the Fund totaled $1,807,918 and $2,805,194 in fiscal year 2020 and 2019, respectively, for SOM. The University contributes $3,250,000 per year to the fund. Of this amount for fiscal 2020, $2,437,500 was paid while the remaining $812,500 is included in accounts payable and accrued expenses as of June 30, 2020. Of the amount owed for fiscal 2019, $2,437,500 was paid while the remaining $812,500 is included in other liabilities at June 30, 2019. The final payment for fiscal year 2019 was made July 10, 2019.

(e) Voluntary Compliance Plan

UMDNJ had operated under a five year Corporate Integrity Agreement (CIA) with the Department of Health and Human Services Offices of the Inspector General (DHHS OIG) since September 2009. This agreement was assignable to successor organizations. Upon the integration of SOM into Rowan University, the Board of Trustees of Rowan University adopted a healthcare compliance program consistent with relevant laws and practices, and to fulfill the requirements of the CIA and the 15 remaining months of the agreement. The CIA requirements expired September 2014, but the compliance measures that have been developed and implemented will be continued. A Voluntary Compliance Program was implemented on September 26, 2014 and remains in place.

(f) Other Contingencies

The University is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the University.

(g) Service Concession Arrangement for the Student Housing Facility

(i) Ground Lease

On April 30, 2015, the University entered into a ground lease with Provident Group – Rowan Properties LLC (Provident) to develop, construct and operate a student housing facility (the Project), consisting of an approximately 1,415 bed student housing facility including a shell for a residential dining facility, with all buildings, improvements, fixtures, furnishing, equipment and amenities necessary for the operation thereof on certain real property located on the campus (the Land), along with associated site infrastructure and various related amenities, utilities and improvements within and outside the Land. The term of the ground lease is 37 years and commenced on April 30, 2015 with no option to renew or extend by Provident. Upon termination of the ground lease, all rights, title and interest to the Project shall automatically and immediately vest in the University. The base annual rent is equal to the net surplus cash flow for the immediately preceding period.

In connection with the ground lease, the New Jersey Economic Development Authority issued Revenue Bonds (the Bonds) and lent the proceeds to Provident in order to fulfill their obligations under the ground lease. The University has no obligation to pay debt service on the Bonds.

During the term of the ground lease, Provident shall use and operate the Land for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The University will act as an agent for Provident, entering into Residence License Agreements with students to reside in the student housing facility, collecting all amounts due and remitting them to the Bond Trustee and enforcing compliance with the Residence License Agreements in accordance with the management agreement. Under the terms of the Bond Trustee Indenture, the Bond Trustee will accumulate these fees to pay the annual debt service of Provident and reimburse the operating expenses of the student housing facilities on a monthly basis.

(ii) Management Agreement

On April 30, 2015, the University entered into a management agreement with Provident and University Student Living Management, LLC (the Manager) (collectively, the Management Agreement) to engage the Manager to manage, operate and maintain the student housing facility. The term of the Management Agreement is five years with extensions for two successive five year periods commencing with the expiration of the original five year engagement, unless either party provides notice of nonextension at least 120 days prior to such expiration. The original five year engagement began after the date of substantial completion of the student housing facility in which revenues are deposited to the Bond Trustee.

All fees due to the Manager are the responsibility of Provident. The University is responsible for the billing and collection of student housing fees, deposits, charges and other amounts under residence license agreements and remitting the funds to the Bond Trustee. The University will provide resident life services and staffing; marketing of the student housing facility; and cable, telephone and internet services, all of which will be reimbursed as operating expenses of the Project.

(iii) Dining Facility Sublease

On April 30, 2015, the University entered into a Dining Facility Sublease with Provident for the operation and management of a dining facility that was constructed under the project development agreement. The term began on the date that the Project is substantially completed and the University accepts possession of the dining facility. The end of the lease is concurrent with the ground lease with automatic renewal to the extent that the ground lease is extended or renewed. The base annual rent is $1.00.

(iv) Nature and Extent of Rights

During the term of the ground lease, Provident shall use and operate the Property for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The building shall be named as determined by the University in its sole and absolute discretion. The Manager shall manage, operate, and maintain the Student Housing Facility, with the advice and consultation of a project operations committee established by Provident under the Operating Agreement, pursuant to the Ground Lease, which shall at all times be composed of five (5) members, three (3) of whom shall be appointed by the University, one (1) of whom shall be appointed by the Manager, one (1) of whom shall be appointed by Provident. Under the ground lease, the University also have the right and option at any time after ten (10) years either (a) to purchase Provident's right, title, and interest in and to the Property, or (b) to terminate the Ground Lease, or (c) to acquire all the rights, titles and interests of Provident under the Loan Agreement and the other Bond Documents and any and all disbursements to be made. Upon the termination or expiration of the Ground Lease from any cause, all rights and interests of Provident shall immediately cease and terminate, and all of the Project and Property, including all buildings, structures, improvements, equipment, engines, machinery, dynamos, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Property, and all personality and any other personal property located thereon, shall thence forward constitute and belong to and be the absolute property of the University or the University's successors and assigns.

(h) Dining Services

In June 2014, the University entered into a dining services agreement with Gourmet Dining, LLC to provide dining services. The agreement also established a Capex Fund for the University related to the purchase of dining facility related equipment to be amortized over the life of the agreement. The University amended the agreement effective October 2018 which extended the agreement through June 30, 2033 and established an Investment Fund balance at the University to be funded by Gourmet Dining through annual deposits through October 2021, which the University will returned in monthly increments through June 30, 2035. The unamortized balance in the Capex Fund as of June 30, 2020 and 2019 was $10,058,683 and $10,355,161, respectively. The remaining balance in the Investment fund as of June 30, 2020 and 2019 was $11,623,377 and $971,387.

(i) Camden Housing Project

In April 2014, the University entered into an agreement regarding Development of Housing and Related Guaranty of Rental Payment with Broadway Housing Partners LLC (the Developer) to purchase and redevelop the properties in the immediate vicinity of the Cooper Medical School of Rowan University. These properties contain approximately fifty-six residential rental units, which the Developer intends to lease to University students as fair market rental housing, and, with regard to any units that are not leased to University students, to any other qualified renters, so as to maximize occupancy of the units in the project. As the University directly benefits from the redevelopment of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected. There is no cap of these shortfall payments during the initial term (years 1–10). During the second term (years 11–20), as the rent increases, in year 11 the shortfall payment shall not exceed $300,000; and in each calendar year thereafter the cap shall be increased by a percentage equal to the percentage increase in the CPI index. The University's shortfall payments will not exceed the aggregate amount of $2,500,000 over the course of the second term. The University shall have no obligation to pay any amounts to the Developer for the periods after the expiration of the second term. The first rental year began on August 1, 2015. The University made $153,442 and $312,266 shortfall payments during fiscal year 2020 and 2019, respectively.

(j) Glassboro Housing Project

In November 2016, December 2016, and April 2017 the University entered into agreements with Urban Renewal, LLC (the Developer) for affiliated student housing in Glassboro NJ. These three properties provide housing for approximately 1,619 students. As the University directly benefits from the development of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected for each agreement. The ninety-five percent annual guaranty amount for all three properties extends through the spring semester of 2024. The University is due a placement fee per bed up to the ninety-five percent of student units. This amount may be deducted from any shortfall payment the University may need to make. The University made a shortfall payment net of the placement fees to the Developer of $308,241 and received a $383,910 payment from the Developer for placement fees net of the shortfall obligation for the fiscal years 2020 and 2019, respectively.

(k) Inspira Health Network

The University entered into a Purchase and Sale Agreement with Inspira Health Network (Inspira) for certain property owned by the University for $11.5 million during fiscal year 2016. In conjunction with the transaction, the University and Inspira also entered into a Repurchase and Right of First Refusal Agreement, whereas the University has the option to repurchase the property if Inspira has not commenced efforts to develop the land by the fourth anniversary of the closing and further, the University has the option to repurchase undeveloped portions of the property after 20 years from the date of the closing. On May 24, 2017, Inspira broke ground on the medical center project planned for the 100-acre parcel property purchased from the University. The first phase of the medical center is expected be approximately 467,000 square feet which will allow for additional development over time. The portion of the property currently under construction represents approximately 72% of the overall property cost. As a result, the University recognized the partial land sale of $8,280,000, a gain of $830,817, as well as $900,000 in contribution revenue for the appraised market value of the donated land from Harrison Township and reduced the original repurchase liability from $12,400,000 as of June 30, 2016 to $3,220,000 as of June 30, 2017. As of June 30, 2020 and 2019, the University has a repurchase liability of $3,220,000.

(l) Camden Garage

On May 22, 2019, the University entered into a ground lease with The Camden County Improvement Authority (CCIA) for the sum of $1,500,000 to develop and construct a parking garage (the Project), consisting of an approximately 1,025 space parking facility to provide parking to, among others, students, faculty, staff, patients, and visitors of the Medical School and Cooper facilities and the expanding health sciences campus. In connection with the ground lease, CCIA issued revenue bonds to construct the Project and settle the lease payment to the University. The University has no obligation to pay debt service on the bonds. The term of the ground lease is from commencement of May 22, 2019 and shall terminate on the date fifteen years from the final maturity date of the Bonds, which shall occur on June 30, 2049. The lease may be extended should the issuance of additional bonds be required to complete the Project. The lease also has an early termination clause should all indebtedness issued in connection with the Project be paid and all monthly fees owed by the University or Cooper under the parking license agreements (noted below) are paid in full. During the term of the ground lease, CCIA shall use and operate the land for the sole and exclusive purpose of developing and constructing the Project and operating the Project as a parking facility.

(m) Parking License Agreement

On May 1, 2019, the University entered into a Parking License Agreement with CCIA to license parking spots within the parking facility. The University shall pay a monthly license fee, beginning on the date the parking facility commences business operations, for the entire current use equal to the University's pro rate allocation of debt service and all fees and costs associated with the operation of the parking facility. The term of the license agreement commenced on May 22, 2019, the effective date the financing was completed and shall expire at the lesser of 30 years from the effective date, or at the time all indebtedness issued to finance or refinance the parking facility are no longer outstanding.

(13) Rowan University Foundation

(a) Component Unit

Rowan University Foundation (the Foundation) is a legally separate, tax exempt component unit of the University with a fiscal year end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University in support of its programs. Although the University 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 University and its educational activities. Because these resources held by the Foundation can only be used by, or are for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented as part of the University's financial statements. The University provides accounting, accounts payable, and payroll services for the Foundation.

On August 14, 2014, the Rowan Innovation Venture Fund (the Fund) was formed as a legally separate, single member limited liability corporation whose sole member is the Foundation. The Fund is managed by or under the direction of the Fund's Board of Managers as appointed by the Foundation. Further, the

Foundation is able to impose its will on the Fund by influencing its activities and is legally entitled to or can otherwise access the Fund's resources. Because the Foundation is financially accountable for the Fund, the Fund is considered a component unit of the Foundation. The primary purpose of the Fund is establishing, developing, owning, managing, operating and administering a seed and early stage venture capital fund to support and leverage the innovation talents and ideas of the members of the Rowan University community and to accelerate the impact of the University on the economic development of Southern New Jersey. As the Fund is organized as a not-for-profit corporation for which the Foundation is the sole member, its activities are blended into the totals of the Foundation. The Fund is treated as a disregarded entity by the Foundation under Treasury Regulations Sections 301.7701-1 through 301.7701-3 as it is a limited liability corporation with a single owner. Accordingly, the Fund is recognized as a tax exempt entity as described in Section 501(c)(3).

During the year ended June 30, 2020 and 2019 the University received $10,547,769 and $10,928,523, respectively, from the Foundation. Complete financial statements of the Foundation can be obtained from the Office of the Chief Financial Officer, Rowan University, Glassboro, New Jersey.

(b) Cash, Cash Equivalents, Restricted Nonexpendable Investments and Investments

As of June 30, 2020 and 2019, the Foundation's cash, cash equivalents and investments are reported on the statements of net position as follows:

Cash, Cash Equivalents, and Investments			
		2020	2019
Cash and cash equivalents	$	6,499,480	5,181,332
Restricted cash and cash equivalents		3,797,346	2,814,142
	$	10,296,826	7,995,474
Investments	$	42,814,640	49,672,329
Restricted investments		25,014,614	26,978,584
Restricted nonexpendable investments		159,381,507	151,168,226
	$	227,210,761	227,819,139

Cash, cash equivalents, restricted nonexpendable investments and investments consist of the following as of June 30, 2020 and 2019:

Cash, Cash Equivalents, and Investments			
		2020	2019
Cash and cash equivalents:			
Cash	$	6,606,264	4,538,370
Money market funds		3,690,562	3,457,104
	$	10,296,826	7,995,474
Investments:			
Bond mutual funds (domestic)	$	28,328,294	27,480,235
Common stock mutual funds (domestic)		67,233,671	75,533,231
Common stock mutual funds (international)		42,143,036	47,749,263
Venture capital investments		3,000,000	2,643,800
Alternative investments		86,505,760	74,412,610
	$	227,210,761	227,819,139

For the year ended June 30, 2020 and 2019, the change in fair value on investments was a decrease of $7,601,303 and an increase of $6,669,041, respectively and the net realized gain on investments for June 30, 2020 and 2019 was $10,800,373 and $4,924,956, respectively. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year.

The Foundation has an investment policy, which establishes guidelines for permissible investments. The Foundation may invest in domestic equity securities, international equity securities, fixed income securities, real estate investments and venture capital investments. The Foundation's cash and cash equivalents and investments are subject to various risks. Among these risks are custodial credit risk, credit risk and interest rate risk. Each one of these risks is discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. Cash and money market accounts were held at a depository and bank balances amounted to $10,128,885 and $7,935,997 as of June 30, 2020 and 2019, respectively. Of this amount, $304,456 and $260,630 was FDIC insured, leaving an uninsured and uncollateralized balance of $9,824,429 and $7,675,367.

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 Standard and Poors (S&P) and Moody's. The Foundation's investment policy requires fixed income securities to replicate the Barclays Capital Aggregate characteristics with regard to maturity, structure, duration, credit quality, sector distribution, etc. As of June 30, 2020 and 2019, the bond mutual funds (domestic) were unrated.

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 does not specifically address limitations in the maturities of investments.

The Foundation's investments' average effective duration for June 30, 2020 and 2019 are as follows:

2020 Foundation Investments' Average Duration			
Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	9,195,131	5.40 years
Bond mutual funds (domestic)		3,855,423	2.48 years
Bond mutual funds (domestic)		8,074,843	6.08 years
Bond mutual funds (domestic)		5,000,735	5.18 years
Bond mutual funds (domestic)		2,093,686	3.90 years
Bond mutual funds (domestic)		108,476	6.08 years
Total	$	28,328,294	

2019 Foundation Investments' Average Duration			
Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	7,457,251	5.31 years
Bond mutual funds (domestic)		8,430,248	5.71 years
Bond mutual funds (domestic)		7,366,190	5.68 years
Bond mutual funds (domestic)		4,105,215	-2.82 years
Bond mutual funds (domestic)		121,331	5.73 years
Total	$	27,480,235	

Fair Value Measurement

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

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

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.

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

- Bond and common stock mutual funds – The fair value of bond and common stock mutual funds are based on quotations obtained from national securities exchanges or the published price as of the measurement date.
- Venture capital investments – The fair value of the venture capital investments is based off of the initial cost of investments that are entered into during the current fiscal year and cost was determined to approximate fair value. Venture capital investments made in prior years are analyzed to determine if any adjustments to the cost basis of such investments is necessary.
- Alternative investments (including absolute return, private equity and realty investments) – The fair value is based off of the net asset value (NAV), which is provided by the investment managers and reviewed by the management for reasonableness.

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 Foundation's financial instruments at June 30, 2020 are summarized in the following table by their fair value hierarchy:

Foundation Financial Instruments Fair Value Hierarchy

	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic)	$ 28,328,294	28,328,294	—	—
Common stock mutual funds (domestic)	67,125,589	67,125,589	—	—
Common stock mutual funds (international)	42,143,036	42,143,036	—	—
Privately held common stock	108,082	—	—	108,082
Venture capital investments	3,000,000	—	—	3,000,000
Subtotal	140,705,001	$ 137,596,919	—	3,108,082
Investments measured at net asset value:				
Absolute return	38,956,729			
Private equity	35,043,523			
Realty investments	12,505,508			
Subtotal	86,505,760			
Total cash equivalents and investments	$ 227,210,761			

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

Foundation Financial Instruments Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic)	$ 27,480,235	27,480,235	—	—
Common stock mutual funds (domestic)	75,430,884	75,430,884	—	—
Common stock mutual funds (international)	47,749,263	47,749,263	—	—
Privately held common stock	102,347	—	—	102,347
Venture capital investments	2,643,800	—	—	2,643,800
Subtotal	153,406,529	$ 150,660,382	—	2,746,147
Investments measured at net asset value:				
Absolute return	32,455,426			
Private equity	27,491,854			
Realty investments	14,465,330			
Subtotal	74,412,610			
Total cash equivalents and investments	$ 227,819,139			

Investments Measured at NAV

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2020:

Investments Measured at NAV	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[a]	$ 38,956,729	None	Quarterly	65–100 days
Private equity[b]	35,043,523	52,856,608	Illiquid	Not applicable
Realty investments[c]	12,505,508	5,460,104	Illiquid	Not applicable
	$ 86,505,760			

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2019:

Investments Measured at NAV					
		Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[(a)]	$	32,455,426	None	Quarterly	65–100 days
Private equity[(b)]		27,491,854	25,251,000	Illiquid	Not applicable
Realty investments[(c)]		14,465,330	8,969,000	Illiquid	Not applicable
	$	74,412,610			

(a) Absolute return includes 5 and 4 hedge funds as of June 30, 2020 and 2019, respectively. The funds seek to achieve capital appreciations through various strategies, including long/short equity, long/short credit, relative value and other market neutral strategies. One of the investments, about 6.5% of the overall total, are being liquated and should be redeemed by March 2021. The remaining investments are redeemable as disclosed above.

(b) Private equity includes 21 and 16 funds as of June 30, 2020 and 2019, respectively. The funds seek to invest in nonpublicly traded investments that will eventually be sold at a return in excess of public markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 12 years with possible extensions for 14 funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Realty investments includes 8 and 9 funds as of June 30, 2020 and 2019, respectively. All of the funds seek to purchase real estate that can be improved and later sold to provide a return that is in excess of public real estate markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 10 years with possible extensions for four funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Restricted Nonexpendable Net Position

Restricted nonexpendable net position as of June 30, 2020 and 2019 consists of the following:

Restricted Nonexpendable Net Position		2020	2019
Henry and Betty Rowan for general operations	$	97,000,118	97,000,118
Henry M. Rowan College of Engineering Endowment		18,000,000	17,000,000
Jean & Ric Edelman Fossil Park Endowment		8,502,350	5,988,777
Rohrer College of Business		4,097,255	3,597,255
The Shreiber Family Pet Therapy Program		3,000,000	300,000
Keith and Shirley Campbell Endowment to support library operations		1,641,896	1,641,896
Thomas N. Bantivoglio Honors Program for scholarships		1,403,377	1,373,347
John B. Campbell Professorial Chair		1,176,282	1,176,282
Rohrer Scholars for scholarships		1,080,932	1,080,932
Lawrence & Rita Salva Medical School		1,000,000	1,010,250
William G. Rohrer Professorial Chair in the College of Business		1,000,000	1,000,000
King Family Professorial Chair		1,000,000	1,000,000
CMSRU Student Loan Assistance Program		1,000,000	1,000,000
Inspira Health Network Endowed Fund		1,000,000	1,000,000
Endowed Chair for Geriatrics		1,000,000	1,000,000
Henry M. Rowan Endowment for Engineering Scholarship		1,000,000	1,000,000
Other endowment funds		16,479,297	15,299,369
	$	159,381,507	151,468,226

(14) South Jersey Technology Park at Rowan University, Inc.

Component Unit

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the economic outreach vision of the University, its initial sole member. SJTP hopes to create jobs and job training and provide new and varied “hands-on” educational experiences for the University students as well as combat community deterioration. The goal of SJTP is to create job opportunities and job training for the under-employed and unemployed of the South Jersey region. SJTP is an organization described under Section 501(c) (3) of the Internal Revenue Code and therefore exempt from Federal income taxes under Section 501(a) of the Code. SJTP’s assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because the members of the SJTP Board of Directors are appointed by the Board of Trustees of the University, SJTP is considered a component unit of the University and is discretely presented as part of the University’s financial statements.

(a) Related Party Transactions

Lease Agreements

In fiscal year 2008, the University Board of Trustees approved a long-term lease agreement for the SJTP to use a parcel of land owned by the University. The lease commenced on January 1, 2008 and is for 50 years with a renewal term of 20 years. The rental payment was $50,000 and $1,000 per year as of June 30, 2020 and 2019. The rental payment is included in professional and other services expenses in the accompanying statement of revenues, expenses, and changes in net position for fiscal years 2020 and 2019.

The University Board of Trustees approved a lease agreement by and between the University and the SJTP to lease the first floor of the Samuel H. Jones Innovation Center to support its educational mission. Beginning July 16, 2016, the University also assumed the lease for the second floor of the Innovation Center and intends to conduct renovations to increase wet lab space for the University. For the year ended June 30, 2020 and 2019, SJTP recognized $1,186,384 and $1,161,544, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP $169,619 and $150,984 for utility charges associated with this lease for fiscal year 2020 and 2019.

Business Operating Agreement

SJTP and the University entered into a business operating agreement for the University to provide certain services and functions to SJTP. SJTP pays the University for these services and functions which include salaries and benefits of employees who perform functions for SJTP, accounting services, custodial services, repairs and maintenance, and other indirect charges. The charges amounted to $442,927 and $408,606 for fiscal year 2020 and 2019, respectively, and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

(15) COVID-19 Pandemic

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

In connection with this event, the University closed their campuses and transitioned to fully remote learning and staffing, with the exception of the limited staff whose physical presence was deemed necessary for operations to continue as well as continuity of care at the Rowan SOM Faculty Practice Plans. The campus closure resulted in the University issuing refunds to students for housing and food services in the amount of $16.9 million.

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The University recognized CARES Act related grants of $8.0 million, of which $3.6 million was used as grants for COVID-19 assistance to students (and is included in academic support on the statements of activities) and the balance was used to mitigate a portion of the financial losses incurred by the University for the numerous health and safety measures taken.

(16) Subsequent Events

The spread of the coronavirus (COVID-19) around the world has caused significant volatility in the U.S. 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 U.S and international economies and, as such, the University is unable to determine if it will have a material impact on its operations.

In July 2020, the Camden County Improvement Authority issued Rowan University Series 2020A, with a coupon rate of 5.000% maturing through 2035, and 2020B Bonds with coupon rates ranging from 1.125% to 1.330% maturing through 2023. The 2020 Series Bonds funds are being issued to: (i) refund or redeem all of the Series 2010A Bonds maturing on or after July 1, 2023, (ii) pay the cost of terminating the swap agreement dated February 6, 2019, by and between the University and the Royal Bank of Canada, in connection with the refunding of the Refunded 2010A Bonds, and (iii) pay the costs and expenses incurred by the Authority and the University in connection with the issuance of the Series 2020 Bonds.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Employer Contributions

June 30, 2020

Public Employees' Retirement System		**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$	10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contributions in relation to the contractually required contribution		10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contribution deficiency (excess)	$	—	—	—	—	—	—
University employee covered-payroll	$	53,894,207	53,123,772	50,762,197	52,135,711	50,275,748	51,495,300
Contributions as a percentage of employee covered payroll		19.08 %	17.54 %	14.43 %	10.23 %	7.34 %	4.63 %
Police and Firemen's Retirement System		**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$	1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contributions in relation to the contractually required contribution		1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contribution deficiency (excess)	$	—	—	—	—	—	—
University employee covered-payroll	$	2,214,424	1,974,471	1,901,881	1,960,579	1,918,325	2,066,181
Contributions as a percentage of employee covered payroll		67.37 %	63.25 %	56.24 %	41.08 %	28.42 %	13.00 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

June 30, 2020

Public Employees' Retirement System		**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability – state group		1.181 %	1.157 %	1.152 %	1.147 %	1.058 %	1.184 %
University proportion of the net pension liability – total plan		0.661	0.632	0.604	0.571	0.544	0.613
University proportionate share of the net pension liability	$	271,842,274	274,241,746	295,481,815	337,030,671	251,080,946	238,238,870
University employee covered-payroll		53,123,772	50,762,197	52,135,711	50,275,748	51,495,300	50,121,737
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		511.7 %	540.2 %	566.8 %	670.4 %	487.6 %	475.3 %
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**
University proportion of the net pension liability – state group		0.388 %	0.412 %	0.412 %	0.395 %	0.379 %	0.406 %
University proportion of the net pension liability – total plan		0.089	0.091	0.084	0.073	0.073	0.083
University proportionate share of the net pension liability	$	16,288,499	17,849,912	18,121,876	18,589,182	16,256,503	14,428,274
University employee covered-payroll		1,974,471	1,901,881	1,960,579	1,918,325	2,066,181	1,985,629
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		825.0 %	938.5 %	924.3 %	969.0 %	786.8 %	726.6 %
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**
University proportion of the net pension liability		0.002 %	0.002 %	0.002 %	0.002 %	0.010 %	0.012 %
University proportionate share of the net pension liability	$	—	—	—	—	—	—
State's proportionate share of the net pension liability associated with the University		1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
Total net pension liability	$	1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
University employee covered-payroll		—	—	—	—	7,656	7,656
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		— %	— %	— %	— %	— %	— %
Plan fiduciary net position as a percentage of the total pension liability		26.95 %	26.49 %	25.41 %	22.33 %	28.71 %	33.64 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to Required Supplementary Information

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

Changes in assumptions – The significant changes in assumptions and the annual change in the discount rate and the change in the long-term rate of return as follows:

PERS

For 2019, the mortality rates changed from RP-2006 tables to Pub-2010 tables. The discount rate changed to 6.28% from 5.66% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 4.90% from 5.39%.

PFRS

For 2019, the mortality rates changed from RP-2000 tables to Pub-2010 tables. The discount rate changed to 6.85% from 6.51% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 6.51% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 5.55% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 5.79% from 6.32%.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

June 30, 2020

		2020	2019	2018
University proportion of the collective total OPEB liability		— %	— %	— %
University proportionate share of the collective total OPEB liability	$	—	—	—
State's proportionate share of the total OPEB liability associated with the University		382,327,565	486,974,034	554,246,968
Total OPEB liability	$	382,327,565	486,974,034	554,246,968
University covered-employee payroll		210,927,281	196,319,174	172,658,885
University proportionate share of the total OPEB liability as a percentage of covered-employee payroll		— %	— %	— %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to the Schedule: 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.*

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.
For 2019, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP 2000 in 2018 to Pub-2010 in 2019.
For 2018, the discount rate changed to 3.87% from 3.58%

See accompanying independent auditors' report.