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FY 2020 WISS Financial Statements Audit - Management's Responsibilities

Abstract

FY 2020 WISS Financial Statements Audit - Management's Responsibilities

Keywords

financial statements, finance, letter



KEAN UNIVERSITY

**REPORT ON THE UNIVERSITY'S ACCOUNTING
SYSTEM, MANAGEMENT'S RESPONSIBILITIES**

JUNE 30, 2020



To the Board of Trustees and Management
Kean University

We have audited the financial statements of Kean University (the “University”) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 15, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 29, 2020.

Our Responsibilities in Relation to Our Audit of Your Financial Statements

As stated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management, with your oversight, are prepared in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We considered the entity’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Professional standards also require that we communicate to you the following information related to our audit.

WISS & COMPANY, LLP

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the University's audited financial statements and report does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. Management informed us and to our knowledge, the University's audited financial statements were not included in any other document.

Independence

Professional standards require us to be independent in order to audit the financial statements of the University. We do not believe that there are any circumstances or relationships that create threats to our independence.

Qualitative Aspects of Accounting Practices

- ***Significant Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. The application of existing policies was not changed during fiscal year 2020. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the University's financial statements were:

Management's estimate of the allowance for doubtful accounts and depreciable lives of capital assets. Management's estimate of the allowance for doubtful accounts is based on its history of write-offs and level of past-due accounts. Management's estimate of the depreciable lives of capital assets is based on the useful lives used by many Universities. We evaluated the key factors and assumptions used to develop these estimates and have determined that they are reasonable in relation to the financial statements taken as a whole.

- ***Financial Statement Disclosures***

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. Management noted that there were no sensitive disclosures in the University's financial statements as of and for the year ended June 30, 2020. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements identified during our audit.

Professional standards also require us to communicate to you all corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements identified as a result of our audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Component Auditor of Kean University Foundation, Inc. and Subsidiaries

As you are aware, we did not audit the financial statements of the Kean University Foundation, Inc. and subsidiaries (the "Foundation"), the discretely presented component unit of Kean University as of and for the years ended June 30, 2020 and 2019. The Foundation's financial statements represent 10% of total assets, 27% of total net position and 4% of total revenues for the year ended June 30, 2020 and 6% of total assets, 17% of total net position and 3% of total revenues for the year ended June 30, 2019. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the use of the Board of Trustees and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

We would be pleased to discuss the matters in the attached report or to respond to any questions, at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Wiss & Company".

WISS & COMPANY, LLP

Florham Park, New Jersey
February 15, 2021



February 15, 2021

Wiss & Company, LLP
100 Campus Drive
Suite 400
Florham Park, New Jersey 07932

This representation letter is provided in connection with your audits of the financial statements of the business-type activities of Kean University (the "University"), which comprise the respective financial position as of June 30, 2020 and 2019, and the respective changes in financial position, and where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission of misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 1, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified financial information of the primary government and its component unit required by generally accepted accounting principles to be included in the financial reporting entity.

OFFICE OF FINANCIAL SERVICES

3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value are reasonable.
6. Related party relationships and transactions, including revenues, expenses, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the statements of net position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs other than the disclosure of information pertaining to the COVID-19 Pandemic.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts. There were no unadjusted audit differences not recorded in the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments, if any, have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the University is contingently liable, if any, have been properly recorded or disclosed.
11. We have reviewed long-lived assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and, if necessary, have appropriately recorded the adjustment. We do not have any assets that are impaired.
12. Except as disclosed in the notes to the financial statements and aside from normal sales, purchase and union contracts, there were no employment contracts with officers or employees or other contracts with labor unions or other outside parties.
13. We have no knowledge of any default, which could accelerate the maturity of debt classified in the statements of net position as due after one year. In addition, we have complied with all respects of all other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Information Provided

14. We have provided you with—
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audits.
 - c. Unrestricted access to persons within the University from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Information relating to all statutes, laws, or regulations that have a direct effect on our financial statements.
 - f. All significant contracts and agreements, as well as results of work performed by specialists.
15. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal awards and state financial assistance.
 - a. Receivables represent valid claims against the debtors indicated and do not include amounts for tuition or other related receivables or for services provided subsequent to the statements of net position date. Adequate provision has been made for all uncollectible accounts and the allowance for doubtful accounts is accurate.
 - b. All significant invoices and payments that pertain to the 2020 and 2019 fiscal years have been properly recorded in the correct fiscal year.
16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. The University has not identified any fraud that would result in a material misstatement of the financial statements.
17. We have no knowledge of any fraud or suspected fraud that affects the University and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements communicated by employees, former employees, regulators, or others.

19. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
20. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing financial statements.
21. We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.
22. Wiss did not perform any management functions or make management decisions on behalf of the University.

Government—Specific

23. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have a process to track the status of audit findings and recommendations. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
25. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
26. The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.
27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to audit objectives, including legal and contractual provisions for reporting specific activities.
28. The University is in compliance with post issuance requirements as specified in the Internal Revenue Code, including but not limited to the areas of arbitrage, private business use and continuing disclosure, for each of its outstanding bond and capital lease issues.
29. We have no knowledge of significant deficiencies, including material weaknesses, in the design of operation of internal controls that could adversely affect the University's ability to record, process, summarize, and report financial data. There have been no significant changes in internal control.
30. We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit

objectives, and any other instances that warrant the attention of those charged with governance. None were identified by the University pertaining to the 2020 and 2019 fiscal years.

31. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives. None were identified by the University pertaining to the 2020 and 2019 fiscal years.
32. There are no violations or possible violations of budget, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
33. The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
34. The University has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
35. The University does not have any retroactive salaries due to its employees that have not been recorded as of June 30, 2020 and 2019, related to services rendered through June 30, 2020 and 2019.
36. We have properly classified all net position components and provided the applicable disclosures in accordance with GASB 34 and 35.
37. The financial statements have been properly prepared in accordance with GASB Statement No. 34 and 35.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
39. Provisions for uncollectible receivables have been properly identified and recorded.
40. Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
41. Revenues are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues and non-operating revenues.
42. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
43. Deposits and investment securities are properly classified as to risk, properly valued and are properly disclosed.

44. Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
45. We have appropriately disclosed the University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
46. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
47. The University has included all material component units in its financial statements as of June 30, 2020 and 2019, which includes the Foundation and subsidiaries. The University is also considered a component unit of the State of New Jersey. The financial statements properly disclose all other related organizations and component units.
48. The special item is appropriately classified and reported.
49. With respect to the supplementary information as identified in the table of contents of the financial statements,
 - a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
50. The University has complied with the terms of its capital lease and grant agreements with the New Jersey Educational Facilities Authority.

51. With respect to federal and state award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08, including requirements relating to the preparation of the schedules of expenditures of federal awards (SEFA) and state financial assistance (SESA).
- b. We acknowledge our responsibility for preparing and presenting the schedules of expenditures of federal awards (SEFA) and state financial assistance (SESA) in accordance with the requirements of the Uniform Guidance and State of New Jersey 15-08, and we believe the SEFA and SESA, including their form and content, are fairly presented in accordance with the Uniform Guidance and State of New Jersey 15-08, respectively. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
- c. If the SEFA and SESA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issue the SEFA and SESA and the auditors' report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and State OMB 15-08 compliance audits and have included in the SEFA and SESA, expenditures made during the audit period for all awards provided by federal or state agencies in the form of grants, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance, if applicable.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards and state financial assistance related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards and state financial assistance that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control.

- g. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud affecting federal or state programs involving management or other employees who have a significant role in internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the federal or state programs. There were no allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by “whistle – blowers”) where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the federal and state program.
- h. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to federal and state programs and related activities.
- i. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- j. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and *New Jersey State Compliance Supplement*, relating to federal and state awards and have identified and disclosed to you any amounts questioned and any known noncompliance with direct and material compliance requirements of federal and state awards or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- k. We have disclosed any communications from federal or state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors’ report.
- l. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report.
- m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB’s Uniform Guidance (2 CFR part 200, subpart E) and State OMB 15-08.
- n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- o. We have made available to you all documentation related to and compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
 - p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - q. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
 - r. No changes have been made in internal control over compliance or other factors that might significantly affect internal control.
 - s. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - t. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
 - u. We have charged costs to federal and state awards in accordance with applicable cost principles.
 - v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - x. The University did not use the 10% de minimis indirect cost rate and did not charge any indirect costs to federal or state grant programs, other than those separately identified to you.
 - y. The University does not have any grant subrecipients.
52. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
53. The University has complied with the State requirements related to health insurance withholdings of employee salaries.
54. The University does not own any Solar Renewable Energy Credits ("SRECS") that are eligible for sale by the University at June 30, 2020 and 2019 and we did not earn or sell any SRECS during the years then ended.

55. We are not aware of any instances where an “officer or director” of the University (or any member of their immediate family) has a direct or material indirect business relationship with Wiss & Company, LLP, or has an ownership interest in, or serves as an officer or director of, any company (public or private) that has any direct or material indirect business relationship with Wiss & Company, LLP.
56. We are not aware of any reason Wiss & Company, LLP would not be considered to be independent. There are no instances where any officer, Board member or employee of the University has an interest in a company with which the University does business that would be considered a “conflict of interest.” Such an interest would be contrary to University policy.
57. Where required by New Jersey statutes, all expenses in excess of the applicable threshold have been properly subject to public advertisement for bids during the years ended June 30, 2020 and 2019.
58. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions include revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties. Transactions with related parties have been properly recorded or disclosed in the financial statements. With the exception of transactions with and for organizations related to the Kean University Foundation, federal government, the State of New Jersey, the County of Union we know of no material related party transactions or services occurring during the years ended June 30, 2020 or 2019. There are no material related amounts receivable or payable at June 30, 2020 or 2019 not reflected in the statements of net position or balance sheet.
 - b. All accounting estimates, (including fair value measurements), that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed. There are no risks and uncertainties related to significant estimates and current vulnerabilities due to material concentrations that have not been disclosed.
59. All accounts payable at June 30, 2020 and 2019 are considered valid and pertain to the appropriate fiscal year.
60. On February 1, 2017, the University entered into a 40 year Project Development agreement with The Provident Group – Kean Properties LLC to undertake the design, finance, and construction of a student housing facility on the University’s campus. The Provident Group will be entitled to all of the housing revenues during the term of the 40 year agreement. At the end of the term, the residence hall facility and its operations will be transferred to the University. Construction was completed during fiscal year 2019 and the building operational as of June 30, 2019 and therefore the University capitalized the costs in accordance with GASB 60 and continues to depreciate.
61. The University has complied with all laws and regulations governing the awarding of contracts with vendors.

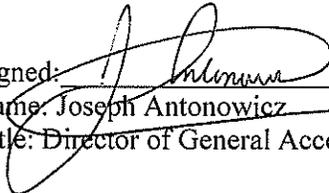
62. The University has not been notified by the State of New Jersey that they have been offering unauthorized employer sponsored retirement incentive programs.
63. The University has followed GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* during the 2020 and 2019 fiscal years and agree with the financial statement presentation and disclosures. We believe the census data and payroll/pension information reported to the State of New Jersey Division of Pensions is accurate and reliable for their use in determining the University's pension obligation and costs.
64. The University has made available to you all information related to the actions of the Middle States Commission on Higher Education. We believe that the disclosure in the financial statements adequately describes the actions taken by the Commission to date. We believe, to the best of our knowledge, that the University is in compliance with all accreditation standards required by the Commission.
65. All transactions and activities related to operations in the Peoples Republic of China have been properly recorded and/or disclosed.
66. We agree with the findings of specialists in evaluating the net pension liability and related deferred inflows and outflows of resources and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give cause or any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
67. We agree with the findings of specialists in evaluating the net pension liability and related deferred inflows and outflows of resources and OPEB information related to State health benefits for University retirees and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give cause or any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
68. We have followed the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75") and has properly disclosed the information required by the GASB.
69. To the extent our normal procedures and controls related to our financial close process at our University was adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with U.S GAAP. Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.
70. We have fully disclosed to you any concerns associated with COVID-19 and potential impact on our University's financial statements and operations.

71. We are not aware of vendors/contractors/agencies filing for bankruptcy or disruption of services from our vendors/contractors/agencies.

We understand that your audits were conducted in accordance with “auditing standards generally accepted in the United States as defined and described by the American Institute of Certified Public Accountants” and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the University taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

To the best of our knowledge and belief, except as disclosed in the financial statements, no events, including instances of noncompliance, have occurred subsequent to the statements of net position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: Andrew Brannen
Name: Andrew Brannen
Title: Vice President for Administration
and Finance

Signed: 
Name: Joseph Antonowicz
Title: Director of General Accounting