NEW JERSEY INSTITUTE OF TECHNOLOGY

Financial Statements
and Management's Discussion and Analysis
Together with
Report of Independent Certified Public Accountants

June 30, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
New Jersey Institute of Technology

Report on the financial statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of New Jersey Institute of Technology (the University), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 4 through 17 and the Schedules of Proportionate Share of the Net Pension Liability, the Schedules of Employer Contributions, and the Schedules of Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability includes on pages 57 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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 US GAAS. These limited procedures 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.

Grant Thornton LLP

Philadelphia, Pennsylvania
February 22, 2023

Introduction

This Management's Discussion and Analysis section provides an analytical overview of the financial position and activities of New Jersey Institute of Technology (NJIT), Foundation at New Jersey Institute of Technology (the Foundation), New Jersey Innovation Institute, Inc. (NJII), and ten urban renewal limited liability companies (the UREs) (collectively, the University) at and for the years ended June 30, 2022 and 2021. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

As New Jersey's public polytechnic university, NJIT has earned a solid reputation as one of the nation's preeminent STEM-based educational and research institutions. NJIT is a student-centered, urban research university, committed to the pursuit of excellence in undergraduate, graduate, and executive education and professional development programs, in the conduct of research, in contributing to the economic development of the State of New Jersey (the State), and in service to both its local communities and the broader society of the State and the nation. With enrollment of more than 11,900 undergraduate and graduate students, NJIT offers small-campus intimacy with the resources of a major public research university. NJIT offers over fifty undergraduate degree programs and over sixty-five graduate degree programs, including twenty programs leading to a Ph.D. degree in a professional discipline. The University also operates a small business incubator whose mission is to accelerate the successful development of entrepreneurial companies through an array of business support resources and services.

Since its founding in 1881, NJIT has been transformed from a local technical school to one of America's top tier national research universities. One of only 32 polytechnic universities in the United States, NJIT prepares students to become leaders in the technology-dependent economy of the 21st century. NJIT's multidisciplinary curriculum and computing-intensive approach to education provide technological proficiency, business acumen, and leadership skills. While moving steadily to increasingly higher levels of excellence in educational performance, NJIT has become a research and development hub, participating in entrepreneurial development and building business partnerships through research and development initiatives. NJIT's designation as an R1 research university by the Carnegie Classification places the University among the 131 most prolific research universities in the nation. NJIT has evolved into an international presence, both in the scope of its educational programs, including on-site and distance learning offerings, attraction of international students to its programs, and through the reach of its educational, scientific, and technological influence at international forums and in international research projects.

NJIT was formally recognized as a body corporate and politic by The New Jersey Institute of Technology Act of 1995. The Foundation is a separately incorporated 501(c)(3) tax-exempt resource development organization that encourages private philanthropy on behalf of NJIT. NJII is a separately incorporated 501(c)(3) tax-exempt charitable organization that applies the intellectual and technological resources of NJIT to challenges identified by industry partners. NJII, the sole shareholder, established Healthcare Innovation Solutions, Inc. (HCIS), a New Jersey for-profit corporation, on July 25, 2017. HCIS commenced operations on July 1, 2018. In September of 2020, HCIS changed its name to Highlander Factory, Inc. (HF). In May 2022, in connection with the sale of HF to Green Cross Corporation, HF changed its name to BioCentriq, Inc., one of the two operating divisions of HF. After the sale of HF (dba BioCentriq, Inc.) in May 2022, NJII established a New Jersey for-profit corporation using the same original name of Healthcare Innovation Solutions (HCIS) for the remaining operating division. The UREs operate residential buildings for NJIT student Greek organizations.

CHF-Newark, LLC (CHF-Newark), an Alabama limited liability company, whose sole member is Collegiate Housing Foundation, was formed in January 2021 for the purpose of funding the development of a residence hall, on land leased to it by NJIT, with proceeds from bonds issued through the Essex County Improvement Authority. At the end of a fifty year ground lease or full repayment of the bonds (which have a final maturity as of August 1, 2060), ownership of the residence hall will transfer to NJIT. Because of the nature and significance of its relationship with NJIT, CHF-Newark is reported under the Governmental Accounting Standards Board (GASB) requirements as a discretely presented component unit of NJIT. This Management's Discussion and Analysis discusses the University's financial statements and not that of its discrete component unit.

The Financial Statements

The University's financial statements include statement of net position at June 30, 2022 and 2021, and statement of revenues, expenses, and changes in net position and of cash flows for the years then ended. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB.

GASB Statement No. 87, *Leases* (GASB 87) became effective in fiscal year 2022. This Statement increases the usefulness of government and government-related entity 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 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. The University adopted the new standard effective July 1, 2021. This Statement created an impact to the June 30, 2022 financial statements, adding $4,567 right-to-use lease assets, $2,690 in lease receivables, $4,681 in lease payables, and $2,420 in additional deferred inflows of resources.

Financial Highlights

The University's financial position at June 30, 2022 and 2021 was sound, with total assets of $924,755 and $895,077, deferred outflows of resources of $19,330 and $23,871, total liabilities of $555,736 and $568,593, and deferred inflows of resources of $38,348 and $36,715, respectively. Net position, which represents the excess of the University's assets and deferred outflows of resources over its liabilities and deferred inflows of resources, totaled $350,001 and $313,640 at June 30, 2022 and 2021, respectively.

During fiscal year 2022, NJIT utilized $18,332 of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP) funds, which is reflected in other non-operating revenues, net in the statement of revenues, expenses and changes in net position. These funds provided emergency grants to students as well as covered pandemic related institutional expenses and lost revenue related to the disruption of campus operations caused by the pandemic.

(Dollars in thousands)

Statements of Net Position

The statement of net position presents the University's financial position at June 30, 2022 and 2021, and is summarized as follows. The summarized statement of net position at June 30, 2020, is also presented for comparative purposes.

	June 30,		
	2022	2021	2020
Current assets	$ 272,377	$ 204,581	$ 165,100
Endowment investments	145,484	166,087	129,183
Capital assets, net	487,049	505,260	528,671
Other assets	19,845	19,149	14,550
Total assets	$ 924,755	895,077	837,504
Deferred outflows of resources	19,330	23,871	26,755
Current liabilities	94,091	83,261	74,224
Long-term debt, noncurrent portion	318,946	331,479	338,952
Other liabilities	142,699	153,853	154,302
Total liabilities	555,736	568,593	567,478
Deferred inflows of resources	38,348	36,715	34,584
Net investment in capital assets	158,410	163,548	181,178
Restricted nonexpendable	98,770	95,353	85,702
Restricted expendable	43,361	63,468	38,878
Unrestricted	49,460	(8,729)	(43,561)
Total net position	$ 350,001	$ 313,640	$ 262,197

Current assets consist principally of cash and cash equivalents, grants and accounts receivable, net of allowances, deposits held with trustees, and short-term investments. The increase in current assets at June 30, 2022 as compared to June 30, 2021 of $67,796 is primarily due to increases in short-term investments and grants and accounts receivable, net, partially offset by a decrease in cash and cash equivalents. The net increase of cash and cash equivalents and short-term investments at June 30, 2022 of $63,720 results primarily from sale of HF to Green Cross Corporation, an increase in unearned advance payments; partially offset by a decrease in unrestricted investment income due to unfavorable market conditions. The increase in current assets at June 30, 2021 as compared to June 30, 2020 of $39,481 is primarily due to an increase in cash and cash equivalents, partially offset by decreases in grants and accounts receivable, net and short-term investments. The net increase of cash and cash equivalents and short-term investments at June 30, 2021 of $48,050 results primarily from reduced unrestricted expenses due to a combination of cost-containing measures and expense savings as a result of pandemic restrictions, including use of restricted CARES Act and CRRSAA funds; deferral of capital projects and renovations; improved grants and contracts receivable collections; timing of State of New Jersey FICA reimbursement; an increase in unearned advance payments; and an increase in unrestricted investment income due to favorable market conditions.

Current liabilities are comprised of accounts payable and accrued liabilities, the current portion of long-term debt, the current portion of lease payable, unearned advance payments, and amounts due to affiliates. The increase in current liabilities at June 30, 2022 as compared to June 30, 2021 of $10,830 is due to an increase in the current portion of long-term debt, primarily due to entering into master lease purchase agreements to finance upgrades to the University's information technology infrastructure, the first principal payment due on the 2020 Series Direct Placement issue, and an increase in unearned advance payments, primarily due to grant-related payments; partially offset by a decrease in salary and fringe benefit accruals. The increase in current liabilities at June 30, 2021 as compared to June 30, 2020 of $9,037 is due to an increase in accounts payable and accrued liabilities, primarily due to accruals for salaries and fringe benefits, and an increase in unearned advance payments, primarily due to grant-related payments, partially offset by a decrease in tuition deposits; partially offset by decreases in accounts payable – construction and the current portion of long-term debt, primarily due to the forgiveness of the majority of the NJII Paycheck Protection Program (PPP) loan and payment of a note payable in connection with a strategic property acquisition.

Excluding deposits held with trustees, which can only be used for debt service payments, and the current portion of long-term debt, current assets exceeded current liabilities by $180,152 and $119,349 at June 30, 2022 and 2021, respectively. The University had $216,029 and $152,309 in cash and cash equivalents and short-term investments to fund current operations, facilities rehabilitation projects, and other activities at June 30, 2022 and 2021, respectively.

Endowment investments include gifts from donors, the corpus of which is to be invested in perpetuity, annuity funds, unrestricted funds established by NJIT as quasi-endowment, and the related investment income. Endowment investments decreased 12.4% during fiscal year 2022, reflecting growth from new gifts more than offset by investment losses and endowment distributions. Endowment investments increased 28.6% in fiscal year 2021 reflecting growth from new gifts and investment income, partially offset by endowment distributions. In fiscal year 2021, The Independent Alumni Association (the Association), formerly known as the Alumni Association of New Jersey Institute of Technology, dissolved their organization and transferred its endowment investment assets, totaling $3,845, to NJIT, through the Foundation, who will maintain and steward the funds on an on-going basis as part of its endowment investments.

Capital assets, at cost, increased 1.3% and 1.2% during fiscal years 2022 and 2021, respectively. The fiscal year 2022 increase primarily results from the completion of the Green at University Park and the Cullimore Hall Lecture Hall renovation; continued work on Medical Devices Innovation Cluster; the return of possession and ownership of a Greek House to the University; and rehabilitation and renovation of various campus facilities; partially offset by the write-off of equipment and other assets no longer in service. The fiscal year 2021 increase primarily results from the completion of Makerspace at NJIT Phase II renovation and The Cell and Gene Therapy Development Center; continued work on the Medical Devices Innovation Cluster and Mueller property site remediation; and rehabilitation and renovation of various campus facilities; partially offset by the write-off of equipment and other assets no longer in service.

Other assets are comprised of investments, beneficial interest trusts, noncurrent portion of deposits held with trustees, right-to-use lease assets, net of accumulated amortization and other noncurrent assets as of June 30, 2022, as well as investments – capital construction as of June 30, 2021. The increase in other assets of $696 at June 30, 2022 was principally due to increases in deposits held with trustees relating to the master lease purchase agreements discussed above and the recording of right-to-use lease assets and noncurrent lease receivable due to the implementation of GASB 87; partially offset by decreases in investments and beneficial interest trusts. The increase in other assets of $4,599 at June 30, 2021 was primarily due to an increase in investments, partially offset by the utilization of investments – capital construction.

Deferred outflows of resources consist of loss on defeasance of debt and certain changes in the net pension liability. The decrease in deferred outflows of resources of $4,541 and $2,884 at June 30, 2022 and 2021, respectively, principally relates to changes in contributions made on behalf of the University subsequent to the measurement date and certain changes in the net pension liability.

Total long-term debt at June 30, 2022 and 2021 was $330,433 and $338,046, respectively. The decrease in fiscal year 2022 includes the principal payment of $4,660 of 2015 Series A Step Coupon Bonds. During the fiscal year 2022, the University issued 2022 Series General Obligation Bonds in the amount of $10,420 for the purpose of current refunding of a portion of the 2015 Series A Step Coupon Bonds. The debt is comprised of term bonds bearing an interest rate of 2.79% and maturing in fiscal year 2035. Additionally, the University entered into master lease purchase agreements, as discussed above. The debt is noninterest bearing and with final maturity in fiscal year 2026.

At June 30, 2022, the University's bond ratings by Moody's Investors Service and Standard & Poor's were A1 and A, respectively. In October 2022, Standard & Poor's affirmed its A rating, while raising its financial outlook to stable. In January 2023, Moody's Investors Service affirmed its A1 rating and stable outlook.

Other liabilities consist of net pension liability, other noncurrent liabilities, noncurrent portion of lease payable, and U.S. government grants refundable. The decrease in other liabilities of $11,154 at June 30, 2022 principally relates to reductions in the pension liability; partially offset by an increase in the pollution remediation liability and the recording of a lease payable due to the implementation of GASB 87. The decrease in other liabilities of $449 at June 30, 2021 is primarily due to reductions in the pension liability, retirement incentive programs, and the pollution remediation liability, largely offset by a long-term advance lease payment.

Deferred inflows of resources consist of gain on defeasance of debt, certain changes in the net pension liability, certain changes in annuity funds liability, and lessor leases. The increase in deferred inflows of resources of $1,633 at June 30, 2022, principally relates to the implementation of GASB 87. The increase in deferred inflows of $2,131 at June 30, 2021, principally relates to certain changes in the net pension liability.

Net investment in capital assets represents the University's interests in land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress, less related depreciation and amortization, and the debt incurred to finance their acquisition. Net investment in capital assets decreased $5,138 and $17,630 during fiscal years 2022 and 2021, respectively, principally due to the increase in capital assets discussed above and a net decrease in long-term debt related to capital assets, more than offset by depreciation expense.

Restricted nonexpendable net position represents the original value of additions to the University's donor-restricted endowments and the fair value of beneficial interest in perpetual trusts. Restricted expendable net position includes gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income, and other restricted resources. As discussed above, donor-restricted endowment funds represent gifts from donors that are to be invested in perpetuity.

Restricted net position decreased $16,690 during fiscal year 2022, primarily due to a decrease in expendable scholarships and fellowships, principally resulting from endowment related investment losses. Restricted net position increased $34,241 during fiscal year 2021, primarily due to an increase in nonexpendable restricted net position for scholarships and fellowships and instructional and other resulting from additions to permanent endowments, as well as an increase in expendable scholarships and fellowships and instructional and other primarily resulting from an increase in endowment-related investment income.

Unrestricted net position is all other net position that is available for general operations in support of the University's mission. The fiscal year 2022 increase is principally due to the sale of HF to Green Cross Corporation and a decrease in the pension related net position deficit; partially offset by unrestricted and quasi-endowment related investment losses due to unfavorable market conditions. The fiscal year 2021 increase is principally due to reduced unrestricted expenditures due to cost containment measures and pandemic restrictions, including the use of CARES Act and CRRSAA funds for pandemic related expenses and lost revenue, increases in unrestricted and quasi-endowment related investment income, and deferral of capital and renovation projects. Even though unrestricted net position is not subject to external restrictions, management, with the approval of the Board, has designated a portion of the unrestricted net position for the following specified purposes. The June 30, 2020 unrestricted net position is also presented for comparative purposes.

(Dollars in thousands)

	June 30,		
	2022	**2021**	**2020**
Designated unrestricted net position:			
University strategic reserve	$ 33,870	$ -	$ -
Quasi-endowments	26,100	30,713	25,202
Instructional and other	15,835	8,995	6,107
Construction and capital programs	22,512	39,392	31,233
Debt service	-	19,066	18,508
Outstanding purchase orders	4,833	5,267	2,847
	103,150	103,433	83,897
Undesignated unrestricted net position:			
Pension related	(138,341)	(148,748)	(148,578)
Operations	84,651	36,586	21,120
	$ 49,460	$ (8,729)	$ (43,561)

(Dollars in thousands)

Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the operating results and the non-operating and other revenues and expenses of the University.

The components of revenues for the fiscal years ended June 30, 2022 and 2021 are as follows. The components of revenues for the fiscal year ended June 30, 2020 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2022	2021	2020
Operating revenues:			
Student tuition and fees, net	$ 147,487	$ 134,536	$ 139,319
Federal, State, and other grants and contracts	137,780	142,531	134,887
Auxiliary enterprises, net	18,242	9,729	13,341
Other operating revenues	16,951	10,215	6,542
Total operating revenues	320,460	297,011	294,089
Non-operating and other revenues:			
State appropriations	127,585	109,409	91,560
Gifts and bequests, capital grants and gifts, and additions to permanent endowments	9,127	12,325	7,778
Investment (loss) income	(33,630)	42,526	7,059
Other non-operating revenues, net	83,660	34,803	7,984
Total non-operating revenues	186,742	199,063	114,381
Total revenues	$ 507,202	$ 496,074	$ 408,470

The components of expenses for the fiscal years ended June 30, 2022 and 2021 are as follows. The components of expenses for the fiscal year ended June 30, 2020 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2022	2021	2020
Operating expenses:			
Instruction	$ 129,135	$ 123,005	$ 115,325
Research and programs	85,176	93,659	88,470
Public service	2,494	4,803	2,458
Academic support	38,809	33,817	32,253
Student services	33,973	29,580	31,704
Institutional support	66,488	56,179	57,989
Operation and maintenance of plant	30,063	25,048	28,803
Scholarships and fellowships	22,679	18,830	12,309
Depreciation and amortization	38,937	37,719	36,522
Auxiliary enterprises	9,910	9,090	9,292
Total operating expenses	457,664	431,730	415,125
Non-operating expenses – interest expense	13,177	12,901	14,293
Total expenses	$ 470,841	$ 444,631	$ 429,418

Student tuition and fees; Federal, State, and other grants and contracts; and State appropriations are the primary sources of funding for the University's operating expenses.

Student tuition and fees totaled $147,487, $134,536, and $139,319, net of scholarship allowances of $72,854, $73,177, and $69,528 in fiscal years 2022, 2021, and 2020, respectively. The fiscal year 2022 increase was primarily due to growth in student enrollment and tuition and mandatory fees increase. The fiscal year 2021 decrease was primarily due to the composition of student enrollment as well as an increase in scholarship allowance. In light of the impact of the pandemic, there was no increase to tuition and mandatory fees during fiscal year 2021.

Auxiliary enterprises revenues, net of scholarship allowances of $5,740, $4,247, and $4,811 in fiscal years 2022, 2021, and 2020, respectively, increased 87.5% to $18,242 in fiscal year 2022 and decreased 27.1% to $9,729 in fiscal year 2021. The fiscal year 2022 increase is primarily due to increases in residence halls occupancy, food service and catering commissions, and parking fees, partially offset by an increase in scholarship allowance. The fiscal year 2021 decrease is primarily due to decreases in residence halls occupancy, food service and catering commissions, and parking fees due to NJIT's virtual teaching and learning environment, partially offset by a decrease in scholarship allowance.

In accordance with GASB requirements, State appropriations are reported as non-operating revenues despite the fact that their purpose is to fund operating activities.

(Dollars in thousands)

The components of State appropriations are as follows:

	Fiscal Years Ended June 30,		
	2022	2021	2020
Direct appropriation for general operating purposes	$ 39,164	$ 36,676	$ 30,684
Direct appropriation for Medical Devices Innovation Cluster	3,700	3,700	3,700
FICA and fringe benefits paid by the State for University employees	40,137	40,268	40,824
Other postemployment benefits	2,999	5,227	1,128
Fringe benefit equalization adjustment	41,585	23,538	15,224
	$ 127,585	$ 109,409	$ 91,560

The fiscal year 2022 State appropriations increase was the result of the equalization adjustment to the State's fringe benefit rate, an increase in the direct appropriation for general operating purposes resulting from an increase in the outcomes-based allocation, which includes the Garden State Guarantee program, partially offset by a decrease in other postemployment benefits (OPEB). The fiscal year 2021 State appropriations increase was the result of the equalization adjustment to the State's fringe benefit rate, a return of the direct appropriations to a pre-pandemic level, and an increase in OPEB.

Federal, State, and other grants and contracts revenues, which include facilities and administrative costs recovery, primarily fund the University's research and development activities and student financial assistance programs, and are comprised of the following:

	Fiscal Years Ended June 30,		
	2022	2021	2019
Federal grants and contracts	$ 88,558	$ 96,797	$ 103,673
State grants and contracts	45,242	42,231	27,416
Other grants and contracts	3,980	3,503	3,798
	$ 137,780	$ 142,531	$ 134,887

Federal grants and contracts revenues decreased 8.5% and 6.6% in fiscal years 2022 and 2021, respectively, primarily due to a decrease in both research and non-research related grants; partially offset by an increase in student financial assistance grants. State grants and contracts revenues increased 7.1% and 54.0% in fiscal 2022 and 2021, respectively, primarily due to an increase in non-research grants. Other grants and contracts revenues increased 13.6% in fiscal year 2022 and decreased 7.8% in fiscal year 2021.

Private support from corporations, foundations, alumni, and other donors is an important factor in the University's growth and development. In fiscal years 2022 and 2021, respectively, the University received gifts and bequests totaling $4,738 and $3,337, capital grants and gifts of $62 and $765, and additions to permanent endowments of $4,327 and $8,223. The fiscal year 2021 increase in additions to permanent endowments is primarily due to the transfer of the Association's endowment investment assets.

Investment (loss) income includes interest and dividends, as well as realized and unrealized gains and losses. During fiscal years 2022 and 2021, the performance of the investment portfolio yielded a net return of ($33,630) and $42,526, respectively.

Other non-operating revenues, net totaled $83,660 and $34,803 in fiscal years 2022 and 2021, respectively. The fiscal year 2022 increase is primarily the result of the sale of HF to Green Cross Corporation; partially offset by a decrease in CARES Act and CRRSAA funds. The fiscal year 2021 increase is primarily due to an increase of $26,131 in CARES Act and CRRSAA funds as well as NJII's PPP loan forgiveness, partially offset by a decrease in facility rental revenue.

Instruction, academic support, student services, and scholarships and fellowships expenses totaled $224,596, $205,232, and $191,591 in fiscal years 2022, 2021, and 2020, respectively. The increase of 9.4% in fiscal year 2022 is primarily due to increases in University funded scholarships and fellowships expense, payroll and fringe benefit expense, and purchase of non-capital equipment, partially offset by decreases in pension expense and OPEB expense. The increase of 7.1% in fiscal year 2021 is primarily due to increases in CARES Act, CRRSAA, and University funded scholarships and fellowships expense as well as payroll and fringe benefit expense, as a result of increases in the State fringe benefit equalization adjustment, OPEB expense, and the fiscal year vacation accrual, partially offset by decreases in travel related expenses due to the pandemic and pension expense.

Research and programs expense decreased 9.1% to $85,176 in fiscal years 2022, primarily due to decreases in expenditures for federal and state related grants and contracts and pension expense, partially offset by an increase in unrestricted salaries and benefits expense. Research and programs expense increased 5.9% to $93,659 in fiscal year 2021, primarily due to increases in State research and program expenditures and OPEB expense, partially offset by decreases in Federal research and program expenditures and pension expense.

Public service expense decreased 48.1% to $2,494 in fiscal year 2022 primarily due to a decrease in noncredit course program expenditures and increased 95.4% to $4,803 in fiscal year 2021, primarily due to the growth of the noncredit course program, partially offset by a decrease in travel related expenses due to the pandemic.

Institutional support expense increased 18.4% to $66,488 and decreased 3.1% to $56,179 in fiscal years 2022 and 2021, respectively. The increase in fiscal year 2022 is primarily due to increases in fringe benefit expense, NJII's strategic investment in its Biopharma division, and investment fees, partially offset by decreases in pension expense and OPEB expense. The decrease in fiscal year 2021 is primarily due to decreases in salary and fringe benefit expense as a result of turnover and hiring delays, partially offset by increases in the State fringe benefit equalization adjustment, OPEB expense, and other operating expenses.

Operation and maintenance of plant expense increased 20.0% to $30,063 in fiscal year 2022 and decreased 13.0% to $25,048 in fiscal year 2021. The increase in fiscal year 2022 is primarily due to increases in environmental obligation expense as well as repairs and maintenance expense; partially offset by decreases in pension expense, OPEB expense, and pandemic related testing services. The fiscal year 2021 decrease was primarily due to decreases in repairs and maintenance expense, utility expense, and pension expense, partially offset by increases in the State fringe benefit equalization adjustment, OPEB expense, and pandemic related testing and services.

Auxiliary enterprises expense increased 9.0% to $9,910 in fiscal year 2022 and decreased 2.2% to $9,090 in fiscal year 2021. The increase in fiscal year 2022 is primarily due to increases in repair and maintenance costs for residence halls, partially offset by a decrease in consulting and other professional services and pandemic related expenses. The decrease in fiscal year 2021 was primarily due to decreases in repair and maintenance costs for residence halls and salary and fringe benefit expense, partially offset by an increase in pandemic related expenses.

During fiscal years 2022 and 2021, the University incurred debt and lease related interest costs of $13,177 and $12,901, respectively.

Summary and Outlook

The University is in a sound financial position at June 30, 2022. The University saw a slight increase in enrollment for the fiscal 2022 academic year, with an increase in students seeking undergraduate degrees, postbaccalaureate certificates and masters degrees and a decrease in doctoral students. The University continues to pursue its strategy of enhancing its research and development activities. The University's fundraising activities are successful, and have generated a considerable endowment.

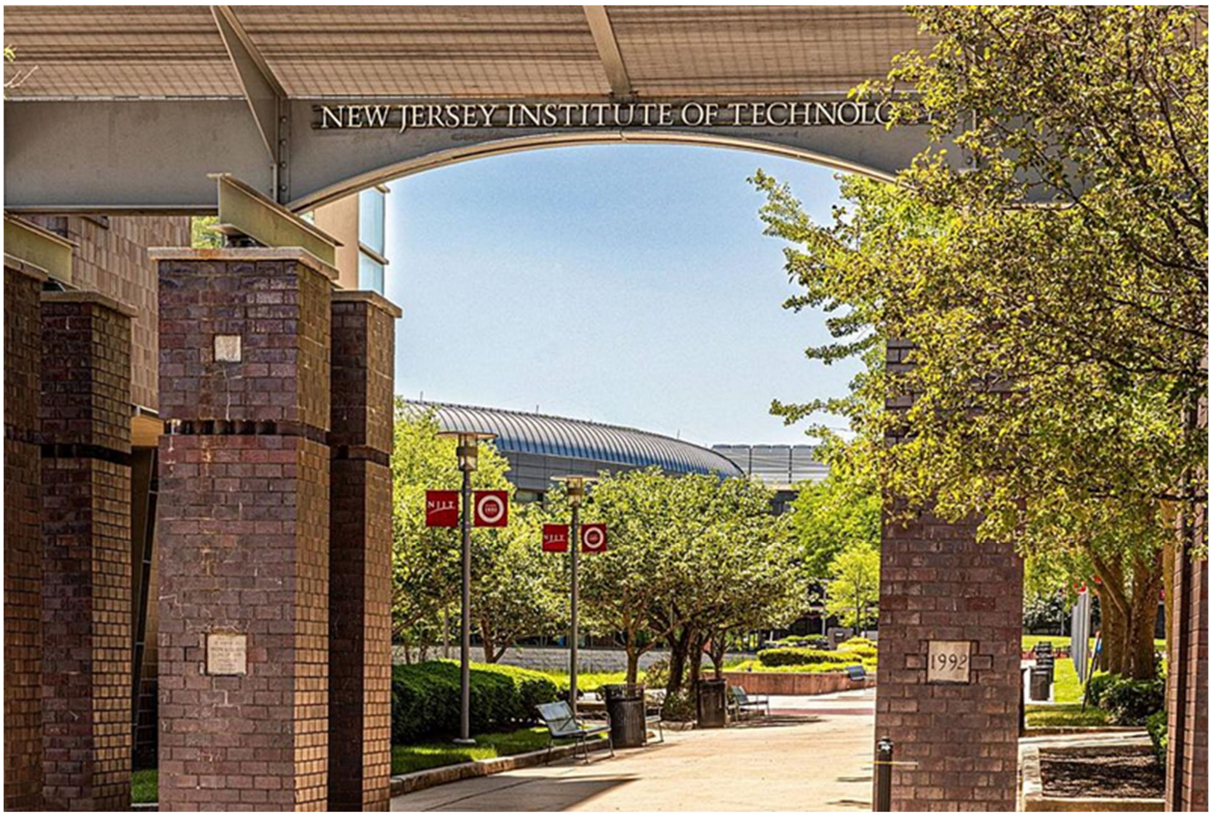
As part of the approved State budget for fiscal year 2023, the University will receive $52,404 of State appropriations funding including $9,500 for public polytechnic adjustment aid and $8,319 for outcomes-based allocation, which includes the Garden State Guarantee program.

As part of the State's annual budget development process, the University's management actively engages in dialogue with the State, in order to ensure that its voice is heard and the University's needs are properly presented and considered in the State's financial deliberations.

Union contracts with UCAN for Adjunct and Graduate Student & Research Employees expired on June 30, 2022. The University commenced negotiations in fiscal year 2023. The remaining six bargaining unit contracts are due to expire on June 20, 2023.

As part of its long-range plan, the University expects that its activities will continue to increase the total operating budget. The University's strategic plan includes a greater emphasis on expanded outreach programs, increased scholarships, the establishment of new programs and extension sites in order to generate increases in enrollment, and the hiring of new faculty members who have a stronger inclination to become involved in research activities in addition to their teaching responsibilities in order to expand the University's research and development program. The University's efforts in these resource generating and expense management initiatives have been and are anticipated to continue to be successful.

All in all, the University's management is of the opinion that the University's financial condition is strong.



Statements of Net Position
(Dollars in thousands)
At June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 107,555	$ 113,329
Short-term investments	108,474	38,980
Grants and accounts receivable, net	44,404	41,387
Deposits held with trustees	9,621	8,538
Other current assets	2,323	2,347
Total current assets	272,377	204,581
Noncurrent assets:		
Endowment investments	145,484	166,087
Investments	2,034	7,362
Beneficial interest trusts	5,429	6,846
Investments – capital construction	-	834
Deposits held with trustees, noncurrent	2,439	-
Other assets	5,376	4,107
Right-to-use lease assets, net of accumulated amortization of $1,383	4,567	-
Capital assets, net of accumulated depreciation of $525,486 and $494,370, respectively	487,049	505,260
Total noncurrent assets	652,378	690,496
Total assets	924,755	895,077
Deferred outflows of resources	19,330	23,871
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	48,768	51,286
Long-term debt, current portion	11,487	6,567
Unearned advance payments	31,427	23,860
Lease payable, current portion	760	-
Due to affiliates	1,649	1,548
Total current liabilities	94,091	83,261
Noncurrent liabilities:		
Long-term debt	318,946	331,479
Lease payable, noncurrent portion	3,921	-
Other noncurrent liabilities	17,650	18,293
Net pension liability	121,039	135,400
U.S. government grants refundable	89	160
Total noncurrent liabilities	461,645	485,332
Total liabilities	555,736	568,593
Deferred inflows of resources	38,348	36,715
Net Position		
Net investment in capital assets	158,410	163,548
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	81,220	78,825
Instructional and other	17,550	16,528
Expendable:		
Capital projects	-	2,365
Scholarships and fellowships	25,339	40,655
Instructional and other	11,846	15,342
Research and programs	2,082	2,048
Debt service	4,040	3,005
Loans	54	53
Unrestricted (see Note 12)	49,460	(8,729)
Total net position	$ 350,001	$ 313,640

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
For the years ended June 30, 2022 and 2021

	2022	2021
Operating revenues		
Student tuition and fees, net of scholarship allowances of $72,854 and $73,177, respectively	$ 147,487	$ 134,536
Federal grants and contracts	88,558	96,797
State grants and contracts	45,242	42,231
Other grants and contracts	3,980	3,503
Auxiliary enterprises, net of scholarship allowances of $5,740 and $4,247, respectively	18,242	9,729
Other operating revenues	16,951	10,215
Total operating revenues	320,460	297,011
Operating expenses		
Instruction	129,135	123,005
Research and programs	85,176	93,659
Public service	2,494	4,803
Academic support	38,809	33,817
Student services	33,973	29,580
Institutional support	66,488	56,179
Operation and maintenance of plant	30,063	25,048
Scholarships and fellowships	22,679	18,830
Depreciation and amortization	38,937	37,719
Auxiliary enterprises	9,910	9,090
Total operating expenses	457,664	431,730
Operating loss	(137,204)	(134,719)
Non-operating revenues (expenses)		
State appropriations	127,585	109,409
Gifts and bequests	4,738	3,337
Interest expense	(13,177)	(12,901)
Investment (loss) income	(33,630)	42,526
Other non-operating revenues, net	83,660	34,803
Net non-operating revenues	169,176	177,174
Income before other revenues	31,972	42,455
Other revenues		
Capital grants and gifts	62	765
Additions to permanent endowments	4,327	8,223
Total other revenues	4,389	8,988
Increase in net position	36,361	51,443
Net position, beginning of year	313,640	262,197
Net position, end of year	$ 350,001	$ 313,640

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
(Dollars in thousands)
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Student tuition and fees	$ 146,130	$ 133,420
Grants and contracts	138,970	167,515
Payments for salaries and benefits	(227,240)	(203,535)
Payments for goods and services	(114,627)	(104,070)
Payments for scholarships and fellowships	(22,679)	(18,830)
Loans collected from students	66	159
Auxiliary enterprises	16,150	9,722
University programs	3,451	285
Affiliates	92	331
Other receipts	17,446	11,278
Net cash and cash equivalents used by operating activities	(42,241)	(3,725)
Cash flows from noncapital financing activities		
State appropriations	60,504	52,759
Gifts and bequests for other than capital purposes	3,704	2,342
Additions to permanent endowments	4,132	7,790
Proceeds from sale of Highlander Factory (HF)	67,770	-
Other receipts	21,221	24,283
Net cash and cash equivalents provided by noncapital financing activities	157,331	87,174
Cash flows from capital financing activities		
Proceeds from capital debt	10,420	-
Mortgage payments received	1,649	83
Capital grants and gifts	-	765
Purchase of capital assets	(21,412)	(17,021)
Principal paid on long-term debt	(11,314)	(8,084)
Refunding of bonds	(10,420)	-
Interest paid on long-term debt	(13,221)	(13,760)
Purchase of investments – capital construction	(2)	(5,914)
Sale of investments – capital construction	7,513	9,667
Deposits with trustees	(24,368)	(21,356)
Withdrawals from trustees	23,285	20,871
Net cash and cash equivalents used by capital financing activities	(37,870)	(34,749)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	270,517	223,472
Interest and dividends on investments	6,803	4,815
Purchase of investments	(360,314)	(219,385)
Net cash and cash equivalents (used) provided by investing activities	(82,994)	8,902
Net (decrease) increase in cash and cash equivalents	(5,774)	57,602
Cash and cash equivalents, beginning of year	113,329	55,727
Cash and cash equivalents, end of year	$ 107,555	$ 113,329
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (137,204)	$ (134,719)
Adjustments to reconcile operating loss to net cash and cash equivalents used by operating activities:		
Depreciation/amortization	38,937	37,719
Noncash operating expenses, net	65,438	66,346
Changes in assets and liabilities:		
Accounts receivable	(3,017)	13,152
Other assets, current and noncurrent	(1,245)	(800)
Accounts payable and accrued liabilities	2,518	7,553
Unearned advance payments	(7,567)	6,705
Due to affiliates	(101)	319
Net cash and cash equivalents used by operating activities	$ (42,241)	$ (3,725)
Noncash transactions:		
State appropriations for fringe benefits	$ 66,064	$ 58,596
Gifts and bequests for other than capital purposes	220	681
Gifts for capital purposes	-	133
Additions to permanent endowments	195	433
Capital assets	(709)	(2,631)
Master lease purchase agreements and PPP loan forgiveness	4,608	2,464

The accompanying notes are an integral part of these financial statements.

CHF-Newark, LLC
Discrete Component Unit Statements of Financial Position
(Dollars in thousands)
At June 30, 2022 and 2021

Assets	**2022**	**2021**
Noncurrent assets:		
Investments – capital construction	$ 28,647	$ 88,861
Prepaid ground lease	5,467	5,611
Construction in progress	81,207	14,297
Total assets	115,321	108,769
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	11,319	4,348
Noncurrent liabilities:		
Long-term debt	104,002	104,421
Total liabilities	$ 115,321	$ 108,769

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

New Jersey Institute of Technology (NJIT), a public research university, includes six collegiate units: Newark College of Engineering, Ying Wu College of Computing, Hillier College of Architecture and Design, College of Science and Liberal Arts, Martin Tuchman School of Management, and Albert Dorman Honors College; a graduate division; an executive education and professional development program; and a number of research centers. Fields of study include engineering, computer science, architecture, applied sciences, management, statistics, and actuarial science. NJIT offers programs and courses leading to bachelors, masters, and doctoral degrees, and also conducts an extensive research program.

The New Jersey Institute of Technology Act of 1995 established NJIT as a body corporate and politic and determined that the exercise of NJIT's powers was a public and essential government function. NJIT has its origins in an 1881 New Jersey statute.

Foundation at New Jersey Institute of Technology (the Foundation) is a component unit of NJIT. The Foundation raises and manages funds to support the further development and growth of programs at NJIT. Because of the significance of its operational and financial relationships with NJIT and because it exclusively benefits NJIT, the Foundation's financial statements are combined and reported on a blended basis with those of NJIT. Copies of the Foundation's financial statements can be obtained by writing to Foundation at New Jersey Institute of Technology, University Heights, Newark, New Jersey 07102, Attention: Development and Alumni Relations.

New Jersey Innovation Institute, Inc. (NJII) is a component unit of NJIT. NJII applies the intellectual and technological resources of NJIT to challenges identified by industry partners in order to spur product creation and enhancement, develop solutions for sector-wide and/or company-focused challenges, and serve as a catalyst for regional economic growth. NJII, the sole shareholder, established Healthcare Innovation Solutions, Inc. (HCIS), a New Jersey for-profit corporation, on July 25, 2017. HCIS commenced operations on July 1, 2018. In September of 2020, HCIS changed its name to Highlander Factory, Inc. (HF). In May 2022, in connection with the sale of HF to Green Cross Corporation, HF changed its name to BioCentriq, Inc., one of the two operating divisions of HF. After the sale of HF (dba BioCentriq, Inc.) in May 2022, NJII established a New Jersey for-profit corporation using the same original name of Healthcare Innovation Solutions (HCIS) for the remaining operating division. Because of the significance of their operational and financial relationships with NJII, HF and HCIS financial statements are combined and reported on a blended basis with those of NJII and are referred to collectively as NJII. Because of the significance of its operational and financial relationships with NJIT, NJII's financial statements are combined and reported on a blended basis with those of NJIT. Copies of NJII's financial statements can be obtained by writing to New Jersey Innovation Institute, Inc., c/o New Jersey Institute of Technology, University Heights, Newark, New Jersey 07102.

Ten urban renewal limited liability companies (the UREs) are component units of NJIT. The UREs operate residential buildings for NJIT student Greek organizations. Because of the significance of their operational and financial relationships with NJIT, the UREs' financial statements are combined and reported on a blended basis with those of NJIT.

Pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, NJIT, which is financially dependent on the State of New Jersey (the State), is considered to be a component unit of the State for its financial reporting purposes. Accordingly, the financial statements of NJIT, the Foundation, NJII, and the UREs (collectively, the University) are included in the State's Comprehensive Annual Financial Report.

The University's financial statements also includes the financial information of the University's discretely presented component unit, CHF-Newark, LLC (CHF-Newark), an Alabama limited liability company, whose sole member is Collegiate Housing Foundation. CHF-Newark was formed for the purpose of funding the development of a residence hall, on land leased to it by NJIT under a ground lease agreement, with proceeds from bonds issued through the Essex County Improvement Authority. At the end of a fifty year ground lease or full repayment of the bonds (which have a final maturity as of August 1, 2060), ownership of the residence hall will transfer to NJIT. CHF-Newark is included in the financial statements due to the nature and significance of its financial relationship with the University and is separately presented as a discrete component unit on page 21 of these financial statements.

Basis of Presentation

The University's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB. All significant transactions between NJIT, the Foundation, NJII, and the UREs have been eliminated.

GASB Statement No. 87, *Leases* (GASB 87) became effective in fiscal year 2022. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under GASBS 87, a lessee is required to recognize a lease liability and an intangible right-to-use 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. The University adopted the new standard effective July 1, 2021.

Use of Estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the statement of net position dates, as well as the reported amounts of revenues and expenses for the fiscal years then ended. Actual results could differ from those estimates.

Cash and Cash Equivalents

The University considers money market funds, investments with original maturities of three months or less, and investments in sweep accounts with original maturities of twelve months or less to be cash equivalents, except for those included in endowment investments and deposits held with trustees.

Fair Value Measurement

The University's investments are measured at fair value using valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are based on market assumptions. The fair value hierarchy is comprised of the following three levels of inputs, of which the first two are considered observable and the last unobservable:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices in markets that are not as active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that are supported by little or no market activity.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input significant to the fair value measurement. The categorization of an investment is based upon its pricing transparency and liquidity and does not necessarily correspond to the University's perceived risk of that investment.

Investments and Deposits Held with Trustees

Investments and deposits held with trustees include investments in marketable equity securities, debt instruments, and mutual funds and are carried at fair value, based on quoted market prices. Hedge and other investment funds are carried at estimated fair value based principally on the net asset values (NAV) reported by the fund managers, which are reviewed by management for reasonableness. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment securities could occur. Such changes could materially affect the amounts reported in the statement of net position.

Beneficial Interest Trusts

Beneficial interest trusts are donor-established and funded trusts, which are not in the possession of, nor under the control of the University. Under the terms of the trusts, the University has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity or for the life of the trust. Annual distributions from the trusts are reported as investment income in the statement of revenues, expenses, and changes in net position. The assets are carried at fair value ($4,600 and $5,530 at June 30, 2022 and 2021, respectively) based on the NAV reported by the trusts' managers. The University also has beneficial interest in charitable remainder annuity trusts, with a present value of $829 and $1,316 at June 30, 2022 and 2021, respectively.

(Dollars in thousands)

Capital Assets

Capital assets are carried at cost or, in the case of gifts, fair value at date of donation. Expenditures for replacements are capitalized, and the replaced items are retired. Gains or losses resulting from disposal of property are included in other non-operating revenues, net.

Depreciation is calculated on the straight-line basis. The University's capital assets policy establishes the following capitalization thresholds and estimated useful lives**:**

	Capitalization Threshold	Estimated Useful Life
Land improvements	$ 50	20 years
Buildings and building improvements	50	20 to 40 years
Software	50	5 to 10 years
Equipment and other assets	5	3 to 10 years

Due to Affiliates

Due to affiliates consists of amounts the University is holding as agent for the following entities:

	June 30, 2022	June 30, 2021
Student organizations	$ 1,403	$ 1,421
Other organizations	246	127
	$ 1,649	$ 1,548

Classification of Net Position

The University classifies its resources into the following net position categories:

- Net investment in capital assets is comprised of land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress of the University, net of depreciation and amortization and the indebtedness incurred to finance their acquisition and construction. Title to capital assets acquired through research grants and contracts remains with the University at the conclusion of the grant or contract period with the permission of the grantor.

- Restricted nonexpendable net position is comprised of endowment and beneficial interest in perpetual trusts funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. Beneficial interest in perpetual trusts represent funds for which the University is the beneficiary whose assets are not under its control.

  Restricted expendable net position includes gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income and appreciation, and other restricted resources. Funds that are restricted are utilized only for the specified purposes.

- Unrestricted net position is derived principally from student tuition and fees, gifts and bequests, and investment income, and is expended to meet the objectives of the University. The University designates portions of its unrestricted net position for certain specific purposes (see Note 12).

The University's policy is to first utilize available restricted expendable, and then unrestricted, resources in the conduct of its operations.

Classification of Revenue and Expense

Operating revenues are those that result from the provision of services related to the University's principal purposes of instruction and research, and are generally associated with exchange transactions. Non-operating revenues result from activities that are not directly related to the University's principal purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other revenues arise from nonexchange transactions, which provide funding for acquisitions of capital assets and additions to permanent endowments.

Interest expense is reported as a non-operating activity.

Revenue Recognition

Student tuition and fees revenues are recognized in the period earned. Student tuition and fees collected in advance of the fiscal year-end are recorded as unearned advance payments in the statement of net position.

Grants and contracts revenues are recognized when the related expenses are incurred. The unexpended portion of advance grant payments is recorded as unearned advance payments in the statement of net position.

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recognized on the accrual basis. Gains and losses on investments are determined using specific identification, except for mutual funds, which are based on average cost.

Gifts and bequests are recorded upon receipt by the University. Pledges, other than endowment, are recognized as gift income and recorded at their present value. Additions to permanent endowments are recognized upon their receipt.

Facilities and Administrative Costs Recovery

Facilities and administrative costs are recovered at rates specified under the various grants and contracts or at a predetermined rate negotiated with the U.S. Department of Health and Human Services, the University's cognizant Federal agency, and are recorded as grants and contracts revenues as expenses are incurred.

Auxiliary Activities

Auxiliary activities consist primarily of residence hall, parking operations, and food service commissions.

Fringe Benefits Paid by the State

Certain fringe benefits for the University's employees are paid by the State. Such amounts ($84,721 and $69,033 in fiscal years 2022 and 2021, respectively) are included in State appropriations. The offsetting expenses are recorded within the appropriate operating expense categories.

Risk Management

The University carries commercial insurance covering its risks of loss related to real and personal property, personal injuries, torts, errors and omissions, environmental damage, and natural and other unforeseen disasters.

Tax Status

NJIT is a public research university that is exempt from income tax as a governmental organization under Section 115(a)(2) of the Internal Revenue Code. The Foundation and NJII are both recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code). All three organizations are exempt from Federal income taxes under Section 501(a) of the Code on income generated from activities that are substantially related to their tax-exempt purposes. NJIT, the Foundation, and NJII have determined that they do not generate any material revenues from an unrelated trade or business. Both HF and HCIS are for-profit corporations subject to both federal and New Jersey state income taxes. For the year ended June 30, 2022, NJII recorded an income tax provision of $315 based on taxable income of HF prior to its sale in May 2022, which is included in accounts payable and accrued liabilities on the statement of net position. The UREs are limited liability companies wholly-owned by NJIT that are treated as disregarded entities for Federal income tax purposes.

Pending Accounting Pronouncements

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). Additionally, in May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of these statements, as amended, are effective for financial statements for periods beginning after June 15, 2022. NJIT is evaluating the impact of adopting these statements.

(Dollars in thousands)

2. Cash and Cash Equivalents, Investments, and Deposits Held with Trustees

Cash and cash equivalents, comprised of cash and money market funds, total $107,555 and $113,329 at June 30, 2022 and 2021, respectively.

The investments and deposits held with trustees, and their fair value measurements within the fair value hierarchy, are as follows:

	June 30, 2022				
		Fair Value Measurements			
	Total	Level 1	Level 2	Level 3	NAV
Investments:					
Money market funds	$ 9,984	$ 9,935	$ 49	$ -	$ -
Corporate debt securities	113	-	113	-	-
Corporate equity securities	50,104	50,104	-	-	-
Mutual equity funds	107,072	75,824	31,248	-	-
Mutual bond funds	76,706	36,056	40,650	-	-
Hedge and other investment funds	12,013	-	-	66	11,947
	255,992	171,919	72,060	66	11,947
Deposits held with trustees:					
Money market funds	12,060	-	12,060	-	-
	$ 268,052	$ 171,919	$ 84,120	$ 66	$ 11,947

	June 30, 2021				
		Fair Value Measurements			
	Total	Level 1	Level 2	Level 3	NAV
Investments:					
Money market funds	$ 9,739	$ 9,333	$ 406	$ -	$ -
Corporate debt securities	192	-	192	-	-
Corporate equity securities	55	4	51	-	-
Mutual equity funds	110,612	69,538	41,074	-	-
Mutual bond funds	84,102	43,743	40,359	-	-
Hedge and other investment funds	8,563	-	-	73	8,490
	213,263	122,618	82,082	73	8,490
Deposits held with trustees:					
Money market funds	8,538	-	8,538	-	-
	$ 221,801	$ 122,618	$ 90,620	$ 73	$ 8,490

Hedge and other investment funds are comprised of private equity, real assets, and private debt. At June 30, 2022, the University is committed to invest an additional $11,175 in these funds over the next several fiscal years.

Deposits held with trustees represent restricted funds held by U.S. Bank under terms of the general obligation bond agreements as well as funds held by Bank of New York Mellon under terms of the master lease purchase agreements (see Note 6).

The University invests its endowment funds in accordance with applicable limitations set forth in gift instruments or guidelines established by NJIT's Board of Trustees and the Foundation's Board of Overseers. The University's investment strategy is to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return, as well as provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries. The following are the University's allocation guidelines by asset class and specific investment categories within each asset class:

(Dollars in thousands)

Asset Class	Range
Equity Assets:	
Domestic equity	6% - 56%
International equity	0% - 39%
Other equity	0% - 20%
Income Assets:	
Fixed income	10% - 50%
Other income	0% - 20%
Alternative Assets:	
Private equity	0% - 25%
Private debt	0% - 25%
Real assets	0% - 25%
Hedge funds	0% - 20%
Cash equivalents	0% - 20%

Custodial credit risk – deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in that institution's possession. The University's investment policy does not address custodial credit risk – deposits. Cash and cash equivalents have a bank balance of $109,528 and $114,626, including cash held by depositories of $30,416 and $9,498 at June 30, 2022 and 2021, respectively, of which $750 and $889 are insured by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk – investments is the risk that, in the event of the failure of a counterparty, the University will not be able to recover the value of the investments that are in that counterparty's possession. The University's investment policy does not address custodial credit risk – investments. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in the University's name. At June 30, 2022 and 2021, $268,052 and $221,801, respectively, of investments and deposits held with trustees are either insured or held by the University or its agent in the University's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy places no limitation on the ratings for debt instruments. The money market funds and mutual bond funds included in the University's investment portfolio are not rated. The University's investments in corporate debt securities at June 30, 2022 and 2021 are convertible bonds and are not rated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. There is a limit on the amount the University may invest in any issuer. The University's investments are diversified.

(Dollars in thousands)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2022 and 2021, fixed income investments included in cash and cash equivalents, investments, and deposits held with trustees have the following maturities:

	June 30, 2022		June 30, 2021	
Maturing in Years	**Money market funds**	**Corporate debt securities**	**Money market funds**	**Corporate debt securities**
Less than 1	$ 101,156	$ -	$ 122,915	$ -
1 to 5	-	113	-	192
	$ 101,156	$ 113	$ 122,915	$ 192

A portion of the University's endowment investments are held in an endowment investment pool, as follows:

	June 30,	
	2022	**2021**
Money market funds	$ 9,719	$ 3,714
Corporate equity securities	-	4
Corporate debt securities	113	192
Mutual equity funds	85,458	108,593
Mutual bond funds	36,189	42,823
Hedge and other investment funds	11,947	8,490
	$ 143,426	$ 163,816

For the years ended June 30, 2022 and 2021, the average return for the endowment investment pool was (12.0%) and 26.0%, respectively.

The spending policy for endowment funds requires an annual calculation based on a three year rolling average of the fair value per pool unit. The spending rate for the years ended June 30, 2022 and 2021 was 4.56% and 4.60%, respectively. The University complies with the State's Uniform Prudent Management of Institutional Funds Act, which governs the management and use of funds held by it.

(Dollars in thousands)

3. Capital Assets

The activity in capital assets and accumulated depreciation for the years ended June 30, 2022 and 2021 was as follows:

	June 30, 2021	Additions	Retirements	Placed Into Service	June 30, 2022
Depreciable assets:					
Land improvements	$ 20,194	$ -	$ -	$ 4,433	$ 24,627
Buildings and building improvements	786,735	3,512	(339)	3,242	793,150
Equipment and other assets	159,049	5,365	(8,662)	386	156,138
Total depreciable assets	965,978	8,877	(9,001)	8,061	973,915
Accumulated depreciation:					
Land improvements	7,555	1,098	-	-	8,653
Buildings and building improvements	366,067	24,779	(314)	-	390,532
Equipment and other assets	120,748	11,677	(6,124)	-	126,301
Total accumulated depreciation	494,370	37,554	(6,438)	-	525,486
Net depreciable assets	471,608	(28,677)	(2,563)	8,061	448,429
Nondepreciable assets:					
Land	23,614	-	-	-	23,614
Construction in progress	10,038	13,029	-	(8,061)	15,006
Capital assets, net	$ 505,260	$ (15,648)	$ (2,563)	$ -	$ 487,049

	June 30, 2020	Additions	Retirements	Placed Into Service	June 30, 2021
Depreciable assets:					
Land improvements	$ 20,194	$ -	$ -	$ -	$ 20,194
Buildings and building improvements	768,944	3,166	-	14,625	786,735
Equipment and other assets	155,218	6,114	(2,844)	561	159,049
Total depreciable assets	944,356	9,280	(2,844)	15,186	965,978
Accumulated depreciation:					
Land improvements	6,568	987	-	-	7,555
Buildings and building improvements	341,635	24,432	-	-	366,067
Equipment and other assets	111,165	12,300	(2,717)	-	120,748
Total accumulated depreciation	459,368	37,719	(2,717)	-	494,370
Net depreciable assets	484,988	(28,439)	(127)	15,186	471,608
Nondepreciable assets:					
Land	22,353	1,261	-	-	23,614
Construction in progress	21,330	3,894	-	(15,186)	10,038
Capital assets, net	$ 528,671	$ (23,284)	$ (127)	$ -	$ 505,260

(Dollars in thousands)

4. Supplementary Statements of Net Position Detail

	June 30, 2022	June 30, 2021
Grants and accounts receivable:		
Federal and state grants and accounts receivable	$ 36,130	$ 34,836
Student accounts receivable	7,711	7,482
Program services accounts receivable	1,836	1,705
Other grants and accounts receivable	2,174	2,000
Pledges receivable, current portion	1,821	1,352
Lease receivable, current portion	230	-
Student loans receivable, current portion	103	126
Mortgages receivable, current portion	42	76
Accrued interest receivable	7	-
	50,054	47,577
Less: allowance for doubtful accounts	5,650	6,190
	$ 44,404	$ 41,387
Other assets, noncurrent:		
Student loans receivable, net	$ -	$ 43
Mortgages receivable	948	2,565
Pledges receivable, net	1,419	745
Lease receivable	2,460	-
Other	549	754
	$ 5,376	$ 4,107
Deferred outflows of resources:		
Loss on defeasance of debt	$ 2,792	$ 3,333
Pension related	16,538	20,538
	$ 19,330	$ 23,871
Accounts payable and accrued liabilities:		
Salaries and fringe benefits	$ 12,768	$ 19,681
Accrued interest expense	5,929	5,766
Accounts payable – construction	4,624	3,164
Accounts payable – other	24,407	21,221
Other noncurrent liabilities, current portion	1,040	1,454
	$ 48,768	$ 51,286
Deferred inflows of resources:		
Gain on defeasance of debt	$ 108	$ 200
Annuity funds related	1,980	2,629
Pension related	33,840	33,886
Lessor leases related	2,420	-
	$ 38,348	$ 36,715

(Dollars in thousands)

5. Noncurrent Liabilities

The activity in noncurrent liabilities for the years ended June 30, 2022 and 2021 was as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Long-term debt	$ 323,481	$ 14,749	$ (21,734)	$ 316,496	$ 10,483
Unamortized net premium	14,565	286	(914)	13,937	1,004
Total long-term debt	338,046	15,035	(22,648)	330,433	11,487
Retirement incentive programs	2,846	132	(1,465)	1,513	333
Annuity funds liability	656	162	(343)	475	116
Insurance liability reserve	1,997	-	(1,997)	-	-
Pollution remediation liability	1,599	3,713	-	5,312	-
Compensated absences	2,502	40	(164)	2,378	460
Other	10,147	172	(1,307)	9,012	131
Total other noncurrent liabilities	19,747	4,219	(5,276)	18,690	1,040
Net pension liability	135,400	-	(14,361)	121,039	-
U.S. government grants refundable	160	752	(823)	89	-
	$ 493,353	$ 20,006	$ (43,108)	$ 470,251	$ 12,527

	June 30, 2020	Additions	Reductions	June 30, 2021	Current Portion
Long-term debt	$ 331,565	$ -	$ (8,084)	$ 323,481	$ 5,675
Unamortized net premium	15,446	-	(881)	14,565	892
Total long-term debt	347,011	-	(8,965)	338,046	6,567
Retirement incentive programs	4,230	179	(1,563)	2,846	681
Annuity funds liability	606	441	(391)	656	110
Insurance liability reserve	1,497	500	-	1,997	-
Pollution remediation liability	2,412	-	(813)	1,599	-
Compensated absences	2,997	60	(555)	2,502	420
Other	5,240	6,226	(1,319)	10,147	243
Total other noncurrent liabilities	16,982	7,406	(4,641)	19,747	1,454
Net pension liability	139,186	1,965	(5,751)	135,400	-
U.S. government grants refundable	86	206	(132)	160	-
	$ 503,265	$ 9,577	$ (19,489)	$ 493,353	$ 8,021

The current portion of other noncurrent liabilities is included in accounts payable and accrued liabilities.

(Dollars in thousands)

6. Long-Term Debt

Long-term debt is comprised of:

	June 30, 2022	June 30, 2021
General Obligation Bonds:		
2022 Series Direct Placement issue:		
Term bonds (interest rate at 2.79%, final maturity in fiscal year 2036)	$ 10,420	$ -
2020 Series Direct Placement issue:		
Serial bonds (interest rates from 3.75% to 4.00%, due on various dates through fiscal year 2026)	7,155	7,155
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	21,205	21,205
2020 Series A issue:		
Serial bonds (interest rate at 5.00%, due on various dates through fiscal year 2034)	16,385	16,385
2020 Series B issue:		
Serial bonds (interest rate at 3.064%, due on various dates through fiscal year 2036)	5,560	5,560
Term bonds (interest rates from 3.014% to 3.415%, final maturity in fiscal year 2043)	47,540	47,540
2017 Series A issue:		
Term bonds (interest rates from 3.887% to 4.357%, final maturity in fiscal year 2048)	77,995	77,995
2015 Series A issue:		
Serial bonds (interest rates from 3.00% to 5.00%, due on various dates through fiscal year 2032)	9,425	9,425
Step coupon bonds (interest rates from 3.75% to 5.50%, final maturity in fiscal year 2036)	-	15,080
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2046)	89,080	89,080
2012 Series B issue:		
Serial bonds (interest rates from 2.17% to 3.723%, due on various dates through fiscal year 2026)	5,615	8,620
Term bond (interest rate at 3.323%, maturity in fiscal year 2025)	5,630	5,630
Other Long-Term Debt:		
Higher Education Capital Improvement Fund	16,085	18,207
Equipment Leasing Fund	211	411
New Jersey Economic Development Authority note	841	981
Paycheck Protection Program loan	-	207
Master Lease Purchase Agreements	3,349	-
	316,496	323,481
Unamortized net premium on obligations	13,937	14,565
	330,433	338,046
Less: current portion	11,487	6,567
	$ 318,946	$ 331,479

The interest rates on all of the University's long-term debt are fixed.

The 2022 Series Direct Placement Bonds were issued by the University for the purpose of currently refunding a portion of the 2015 Series A Step Coupon Bonds. The 2022 Series Direct Placement Bonds are subject to optional redemption prior to maturity, as defined in the bond documents.

The 2020 Series Direct Placement Bonds were issued by the University for the purpose of currently refunding various bonds. The 2020 Series Direct Placement Bonds are subject to optional redemption prior to maturity, as defined in the bond documents.

The 2020 Series A Bonds were issued by the University for the purpose of advance refunding various bonds. The 2020 Series A bonds were issued at a premium of $4,715, which is being amortized against interest expense over the life of the bonds. The 2020 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2029 at a price of 100%.

The 2020 Series B Bonds were issued by the University for the purpose of advance refunding various bonds. The 2020 Series B Bonds are subject to optional redemption prior to maturity on any business day, in order of maturity and pro rata within a maturity, at the Make-Whole Redemption Price, as defined in the bond documents.

The 2017 Series A Bonds were issued by the University for the purpose of financing the acquisition of certain capital projects and advance refunding various bonds. The 2017 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2027 at a price of 100%.

The 2015 Series A Bonds were issued by the University to provide funds to partially finance the costs of constructing a wellness and events center and a parking facility. The bonds were issued at a premium of $11,148 which is being amortized against interest expense over the life of the bonds. The 2015 Series A Serial Bonds and Term Bonds are subject to optional redemption prior to maturity on or after July 1, 2025.

The 2012 Series B Bonds were issued by the University for the purpose of advance refunding various bonds. The 2012 Series B Bonds are subject to optional redemption prior to maturity at any time at a price equal to the greater of 100% or the sum of the present value of the remaining scheduled payments of principal and interest.

The Higher Education Capital Improvement Fund (HECIF) debt was issued by New Jersey Educational Facilities Authority (NJEFA) to provide funds for certain construction and facilities improvements at the State’s public institutions of higher education. The University is responsible for one-third of its allocated debt service payments and related program service expenses. The HECIF debt bears interest rates from 3.0% to 5.5% and matures at various dates through fiscal year 2037.

The Equipment Leasing Fund (ELF) debt was issued by NJEFA to provide funds to finance certain equipment at the State’s public institutions of higher education. The University is responsible for twenty-five percent of the debt service payments and related program expenses. The ELF debt matures in fiscal year 2023.

The New Jersey Economic Development Authority note, which matures in fiscal year 2028, is noninterest bearing and payable monthly. Imputed interest expense totaled $49 and $47 in fiscal years 2022 and 2021, respectively.

(Dollars in thousands)

In April 2020, NJII received loan proceeds of $2,671 under the Paycheck Protection Program (PPP) from Mid Penn Bank. The PPP, established as part of the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act, provided loans to qualifying businesses. The loans and accrued interest are forgivable after twenty four weeks providing certain criteria are met. In fiscal year 2021, $2,464 of the PPP loan was forgiven. The unforgiven portion of the PPP loan is payable in fiscal year 2022 at an interest rate of 1.0%.

The Master Lease Purchase Agreements were entered into with Key Government Finance, Inc. for the purpose of financing upgrades to the University's information technology infrastructure. The debt is noninterest bearing with final maturity in fiscal year 2026.

All long-term debt agreements contain acceleration repayment clauses related to events of default whereby outstanding principal and related accrued interest may be immediately due and payable.

At June 30, 2022, deposits held with trustees included $4,040 for principal payments on bonds due on July 1, 2022. Payments due on long-term debt, including mandatory sinking fund payments on the bonds, are as follows for the fiscal years ending June 30:

	Principal	Interest	Total
2023	$ 7,893	$ 12,860	$ 20,753
2024	8,098	12,677	20,775
2025	8,002	12,416	20,418
2026	7,696	12,152	19,848
2027	8,588	11,879	20,467
2028 to 2032	49,343	54,327	103,670
2033 to 2037	64,331	43,190	107,521
2038 to 2042	70,405	30,167	100,572
2043 to 2047	88,100	12,513	100,613
	$ 312,456	$ 202,181	$ 514,637

Through December 9, 2022, the University had a line of credit agreement with a bank permitting it to borrow up to $8,000 at the Secured Overnight Financing Rate (SOFR) as administered by the New York Federal Reserve Bank (NYFRB) plus the applicable margin (1.65%) at the time of utilization. There were no borrowings against the agreement in fiscal year 2022 nor in fiscal year 2023 through December 9, 2022.

Deferred loss on refunding associated with the University's long-term debt totaled $2,792 and $3,333, net of accumulated amortization of $2,848 and $2,561, at June 30, 2022 and 2021, respectively.

Deferred gain on refunding associated with the University's long-term debt totaled $108 and $200, net of accumulated amortization of $798 and $706, at June 30, 2022 and 2021, respectively.

Debt related interest charges incurred in fiscal years 2022 and 2021 totaled $12,916 and $12,901, respectively.

(Dollars in thousands)

The University has defeased various bonds with the proceeds of new debt. The funds are deposited to an irrevocable escrow trust account for the payment of the principal and interest on the refunded bonds. The defeased bonds and the related trusts are not reflected in the accompanying financial statements. As of June 30, 2022, the University's defeased debt is as follows:

	Amount Defeased	Final Maturity	Amount Outstanding
2012 Series A General Obligation Bonds	$ 45,385	7/1/2022	$ 45,095
2015 Series A General Obligation Bonds	3,095	7/1/2025	2,535
	$ 48,480		$ 47,630

7. Leases

Leases Where the University is the Lessee

The University has entered into various leases for land, building, equipment, and vehicles. Right-to-use lease assets are recognized at the lease commencement date and represent the University's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

A summary of changes in the right-to-use lease assets, displayed by the nature of underlying assets, is as follows for the year ended June 30, 2022:

Asset Class	Right-to-use lease assets, gross	Accumulated amortization	Right-to-use lease assets, net
Building	$ 5,550	$ (1,132)	$ 4,418
Equipment	323	(189)	134
Land	28	(28)	-
Vehicles	49	(34)	15
Total	$ 5,950	$ (1,383)	$ 4,567

Lease payable represents the University's obligation to make lease payments arising from leases other than short term leases. Lease payable is recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on a borrowing rate determined by the University. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

Lease payable activity for the year ended June 30, 2022 is summarized as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Lease payable	$ -	$ 5,999	$ (1,318)	$ 4,681	$ 760

(Dollars in thousands)

The principal and interest expense for lease obligations as of the year ended June 30, are as follows:

	Cash	Interest Expense	Liability Reduction
2023	$ 908	$ 148	$ 760
2024	907	122	785
2025	833	95	738
2026	722	70	652
2027	624	46	578
2028 to 2032	1,216	48	1,168
	$ 5,210	$ 529	$ 4,681

Lease related interest charges incurred in fiscal year 2022 totaled $261.

Leases Where the University is the Lessor

Lease receivables are recorded by the University as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected.

For the year ended June 30, 2022, the University earned $207 in lease revenue and $87 in lease interest revenue, respectively.

Future building lease receipts as of the year ended June 30, are as follows:

	Lease Receivable	Interest	Total
2023	$ 230	$ 53	$ 283
2024	238	47	285
2025	224	41	265
2026	67	38	105
2027	71	36	107
2028 to 2032	432	158	590
2033 to 2037	573	110	683
2038 to 2042	715	46	761
2043 to 2047	140	3	143
	$ 2,690	$ 532	$ 3,222

8. Compensated Absences

Eligible employees accrue vacation leave based upon time employed with a maximum accumulation at June 30 of 10 to 50 days. In addition, eligible employees who retire are paid 50% of their unused sick time up to a maximum of $15 per employee.

At June 30, 2022 and 2021, accounts payable and accrued liabilities include accrued vacation and related fringe benefits of $4,369 and $7,101, respectively, and unused sick time of $460 and $420, respectively. At June 30, 2022 and 2021, other noncurrent liabilities include $1,918 and $2,082, respectively, of unused sick time. In fiscal years 2022 and 2021, payments for unused sick time totaled $164 and $555, respectively.

9. Retirement Programs

General Information about Pension Plans

The University participates in several retirement plans covering its employees – the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the Teachers' Pension and Annuity Fund (TPAF), and the Alternate Benefit Program (ABP), which are administered by the State of New Jersey, Division of Pensions and Benefits (the Division); New Jersey Institute of Technology Supplemental Benefit Program and Trust (the Supplemental Program) administered by the Teachers Insurance and Annuity Association (TIAA) governed by NJIT's Board of Trustees; and the NJII 401(k) Plan (the NJII Plan) administered by Principal Life Insurance Company. PERS, PFRS, and TPAF are defined benefit pension plans; ABP, the Supplemental Program, and the NJII Plan are defined contribution pension plans. Generally, all employees, except certain part-time employees, are eligible to participate in one of these plans.

The State issues a publicly available Comprehensive Annual Financial Report of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS, PFRS, and TPAF fiduciary net position. These reports can be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295, or obtained at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Defined Benefit Plans

Public Employees' Retirement System

PERS is a cost sharing multi-employer defined benefit pension plan, which provides coverage to substantially all full-time employees and certain part-time employees of the State or public agencies who generally are not members of another State-administered retirement system.

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, life insurance, and disability benefits, including post-retirement health care benefits. All benefits vest after ten years of service, except for health care benefits, which vest after 25 years of service, or under the disability provisions of PERS. Pension benefits are determined by a member's tier (based on date of enrollment), as defined in the PERS plan documents, member's age, years of service, and final average salary.

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The current employee contribution rate is 7.50% of base salary. Employer contributions are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State's contribution on behalf of NJIT (State Contribution) to PERS was $7,568 and $5,414 for the fiscal years ended June 30, 2022 and 2021, respectively, which is recognized as deferred outflows of resources in the statement of net position.

NJIT participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to PERS, which were $85 and $235 for the years ended June 30, 2022 and 2021, respectively.

Police and Firemen's Retirement System

PFRS is a cost sharing multiple-employer defined benefit pension plan, which provides coverage for substantially all permanent, full-time police officers and firefighters in the State.

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service. Pension benefits are determined by member's tier (based on date of enrollment), as defined in the PFRS plan documents, member's age, years of service, and final compensation.

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The current employee contribution rate is 10% of base salary. Employer contributions are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State's Contribution to PFRS was $2,896 and $2,156 for the fiscal years ended June 30, 2022 and 2021, respectively, which is recognized as deferred outflows of resources in the statement of net position.

Teachers' Pension and Annuity Fund

TPAF is a cost sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of NJIT's contributions, excluding any of NJIT's early retirement incentive contributions. NJIT does not have any active members in TPAF.

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provision of TPAF. Members are always fully vested in 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. Pension benefits are based on member's tier (based on date of enrollment), as defined in the TPAF plan documents, member's age, years of service, and final average salary.

(Dollars in thousands)

The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The State contribution is based on an actuarially determined rate, and includes funding for basic retirement allowances and noncontributory death benefits for all participating employers. For the fiscal years ended June 30, 2022 and 2021, NJIT recognized both state appropriation revenue and pension expense of $23 and $97, respectively, for contributions by the State.

NJIT participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to TPAF, which were $38 and $62 for the years ended June 30, 2022 and 2021, respectively.

Net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

Net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources amounts are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2021 and 2020.

NJIT's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and net pension expense related to PERS and PFRS, at and for the fiscal years ended June 30, 2022 and 2021, are as follows:

	PERS	PFRS	Total
Proportionate share of the net pension liability ($)			
2022	$ 100,589	$ 20,450	$ 121,039
2021	$ 113,053	$ 22,347	$ 135,400
Proportionate share of the net pension liability (%)			
2022	0.465%	0.503%	
2021	0.509%	0.520%	

	PERS	PFRS	Total
Deferred outflows of resources			
2022	$ 12,178	$ 4,360	$ 16,538
2021	$ 15,819	$ 4,719	$ 20,538
Deferred inflows of resources			
2022	$ 29,128	$ 4,712	$ 33,840
2021	$ 29,146	$ 4,740	$ 33,886
Net pension expense			
2022	$ (8,840)	$ (1,566)	$ (10,406)
2021	$ 481	$ (311)	$ 170

(Dollars in thousands)

NJIT's proportionate share of each respective plan's 2022 and 2021 net pension liability was based on the State Contribution to the respective plans from July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020, respectively, relative to the total contributions from all participating employers.

The components of pension related deferred outflows of resources and deferred inflows of resources as of June 30, 2022 and June 30, 2021 are as follows:

Deferred outflows of resources

	June 30, 2022		
	PERS	PFRS	Total
Differences between expected and actual experience	$ 2,445	$ -	$ 2,445
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in assumptions	205	27	232
Changes in proportion	1,960	1,437	3,397
Contributions paid subsequent to June 30, 2021	7,568	2,896	10,464
	$ 12,178	$ 4,360	$ 16,538

	June 30, 2021		
	PERS	PFRS	Total
Differences between expected and actual experience	$ 2,972	$ -	$ 2,972
Net difference between projected and actual earnings on pension plan investments	1,283	542	1,825
Changes in assumptions	1,886	16	1,902
Changes in proportion	4,264	2,005	6,269
Contributions paid subsequent to June 30, 2020	5,414	2,156	7,570
	$ 15,819	$ 4,719	$ 20,538

Deferred inflows of resources

	June 30, 2022		
	PERS	PFRS	Total
Differences between expected and actual experience	$ 348	$ 737	$ 1,085
Net difference between projected and actual earnings on pension plan investments	3,164	531	3,695
Changes in assumptions	14,256	1,622	15,878
Changes in proportion	11,360	1,822	13,182
	$ 29,128	$ 4,712	$ 33,840

	June 30, 2021		
	PERS	PFRS	Total
Differences between expected and actual experience	$ 609	$ 390	$ 999
Changes in assumptions	25,454	2,653	28,107
Changes in proportion	3,083	1,697	4,780
	$ 29,146	$ 4,740	$ 33,886

(Dollars in thousands)

The State is legally obligated to fund TPAF on behalf of NJIT. NJIT's proportionate share of deferred outflows of resources, deferred inflows of resources, and the collective net pension liability of $997 and $1,557 as of June 30, 2022 and 2021, respectively, are reported by the State.

The $10,464 and $7,570 reported as deferred outflows of resources related to pensions resulting from State Contributions paid subsequent to June 30, 2021 and 2020, respectively, are recorded as deferred outflows of resources as of June 30, 2022 and 2021, respectively, and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023 and fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected in pension expense in the fiscal years as follows:

	PERS	PFRS	Total
2023	$ (8,345)	$ (1,032)	$ (9,377)
2024	(8,077)	(821)	(8,898)
2025	(5,314)	(706)	(6,020)
2026	(2,500)	(243)	(2,743)
2027	(282)	(381)	(663)
Thereafter	-	(65)	(65)
	(24,518)	(3,248)	(27,766)
Contributions paid subsequent to June 30, 2021	7,568	2,896	10,464
	$ (16,950)	$ (352)	$ (17,302)

Defined Benefit Actuarial Assumptions

NJIT's net pension liability as of June 30, 2022 for each plan was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. NJIT's net pension liability as of June 30, 2021 for each plan was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for each plan was determined using the following actuarial assumptions:

	2022		
	PERS	PFRS	TPAF
Valuation date	7/1/2020	7/1/2020	7/1/2020
Measurement date	6/30/2021	6/30/2021	6/30/2021
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 %
Municipal bond rate – 2021	2.16%	2.16%	2.16 %
Discount rate – 2021	7.00%	7.00%	7.00%
Experience study dates	7/1/2014-6/30/2018	7/1/2014-6/30/2018	7/1/2015-6/30/2018

(Dollars in thousands)

	2021		
	PERS	PFRS	TPAF
Valuation date	7/1/2019	7/1/2019	7/1/2019
Measurement date	6/30/2020	6/30/2020	6/30/2020
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%
Municipal bond rate – 2020	2.21%	2.21%	2.21%
Discount rate – 2020	7.00%	7.00%	5.40%
Experience study dates	7/1/2014-6/30/2018	7/1/2013-6/30/2018	7/1/2015-6/30/2018

For the June 30, 2021 and 2020 measurement dates, 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 a 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-2021 and Scale MP-2020 for June 30, 2021 and 2020 measurement dates, respectively.

For the June 30, 2021 and 2020 measurement dates, PFRS pre-retirement mortality rates were based on the Pub-2010 amount-weighted 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 amount-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, 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 amount-weighted 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-2021 and Scale MP-2020 for June 30, 2021 and 2020 measurement dates, respectively.

For the June 30, 2021 and 2020 measurement dates, 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-2021 and Scale MP-2020 for June 30, 2021 and 2020 measurement dates, respectively.

Discount Rate

The discount rates in the above tables used to measure the total pension liabilities for PERS, PFRS, and TPAF, respectively, are single blended discount rates based on the long-term expected rate of return on pension plan investments and the municipal bond rates specified in the tables. The municipal bond rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

For the June 30, 2021 measurement date, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State for PERS, PFRS, and TPAF. Based upon those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for PERS, PFRS, and TPAF. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability for PERS and PFRS, and TPAF.

For the June 30, 2020 measurement date, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State for PERS, PFRS, and TPAF. Based upon those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for PERS and PFRS, and projected future benefit payments through 2062 for TPAF. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability for PERS and PFRS, and projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability for TPAF.

(Dollars in thousands)

Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, each pension plan's board of trustees, and the actuaries. Best estimates of real rates of return for each major asset class included in each of PERS, PFRS, and TPAF's target asset allocations as of June 30, 2022 and 2021 are as follows:

	June 30, 2022		June 30, 2021	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
U.S. equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.71%	13.50%	8.57%
Emerging markets equity	5.50%	10.96%	5.50%	10.23%
Private equity	13.00%	11.30%	13.00%	11.42%
Real assets	3.00%	9.15%	3.00%	9.73%
Real estate	8.00%	7.40%	8.00%	9.56%
High yield	2.00%	3.75%	2.00%	5.95%
Private credit	8.00%	7.60%	8.00%	7.59%
Investment grade credit	8.00%	1.68%	8.00%	2.67%
Cash equivalents	4.00%	0.50%	4.00%	0.50%
U.S. treasuries	5.00%	0.95%	5.00%	1.94%
Risk mitigation strategies	3.00%	3.35%	3.00%	3.40%

Discount Rate Sensitivity

NJIT's proportionate share of the net pension liability as of June 30, 2022 and 2021, calculated using the respective discount rate, as well as what NJIT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate are as follows:

	June 30, 2022			
	PERS		PFRS	
	Rate	**Amount**	**Rate**	**Amount**
1% decrease	6.0%	$ 115,449	6.0%	$ 23,935
Current discount rate	7.0%	100,589	7.0%	20,450
1% increase	8.0%	88,017	8.0%	17,548

	June 30, 2021			
	PERS		PFRS	
	Rate	**Amount**	**Rate**	**Amount**
1% decrease	6.0%	$ 128,974	6.0%	$ 25,985
Current discount rate	7.0%	113,053	7.0%	22,347
1% increase	8.0%	99,584	8.0%	19,326

Defined Contribution Pension Plans

Alternate Benefits Program

The Alternate Benefit Program (ABP) is a defined contribution retirement program administered by the Division for eligible full-time employees in accordance with N.J.S.A. 52:18A.

Membership is mandatory for eligible employees. ABP provides retirement benefits, life insurance, and long-term disability coverage. Employee contributions are immediately vested and non-forfeitable. Employer contributions vest after one year of service and become non-forfeitable. Disability benefits vest after one year of service, life insurance benefits vest after ten years of service, and health care benefits vest after 25 years of service. Benefits are determined by the amount of individuals' account accumulations and the retirement income option selected.

The current employee contribution rate is 5% of base salary. Employees may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions are 8% of base salary up to $175. For the fiscal years ended June 30, 2022 and 2021, NJIT's contributions to ABP were $9,326 and $8,672, respectively.

New Jersey Institute of Technology Supplemental Benefit Program and Trust

The Supplemental Program is a defined contribution plan administered by TIAA and governed by NJIT's Board of Trustees for ABP participants whose base salary is in excess of $175, but not in excess of the Federal limit. All plan assets are held in trust. Employer contributions vest after one year of service and become non-forfeitable.

Employer contributions are at the discretion of NJIT, while employees may not contribute. NJIT's contributions were $452 and $17 for the fiscal years ended June 30, 2022 and 2021, respectively.

NJII 401(k) Plan

Employees eligible to participate in the NJII 401(k) Plan are able to contribute up to 5% of base salary, with an employer safe harbor matching contribution equal to 160% of the elective deferral that does not exceed the 5% of base compensation. The NJII 401(k) Plan is administered by Security Benefits. Employee contributions and employer safe harbor contributions and earnings are immediately 100% vested. NJII's contributions to the NJII 401(k) Plan were $759 and $643 for the fiscal years ended June 30, 2022 and 2021, respectively.

(Dollars in thousands)

10. Other Postemployment Benefits

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

The Plan is a single-employer defined benefit other postemployment benefits (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 with N.J.S.A. 52:14-17.32, the State is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: PERS, ABP, or PFRS. In addition, N.J.S.A. 52-14-17.26 provides that for purposes of the Plan, an employee of NJIT shall be deemed to be an employee of the State. As such, the State is legally obligated for the benefit payments on behalf of the retirees of NJIT; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for 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

At June 30, 2022 and 2021, the State recorded a liability for NJIT, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with NJIT (NJIT's share). NJIT's share was based on the ratio of its members to the total members of the Plan. As the State is legally obligated for benefit payments on behalf of NJIT, NJIT recognized revenue related to the support provided by the State as well as OPEB expense.

NJIT's share of the State liability, special funding situation, and the Plan as well as NJIT's OPEB revenue and expense as of June 30, 2022 and 2021 are as follows:

	2022	2021
NJIT's share of State liability	$ 261,198	$ 298,235
NJIT's share of special funding situation	3.844%	3.729%
NJIT's share of the Plan	1.047%	1.054%
NJIT's OPEB revenue and expense	$ 2,999	$ 5,227

(Dollars in thousands)

Actuarial assumptions and other inputs

The State's liability associated with NJIT at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. The State's liability associated with NJIT at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. The following actuarial assumptions were utilized:

	2022	2021
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55% - 15.25%	1.55% - 15.25%
Thereafter	2.75% - 15.25%	1.55% - 15.25%
Discount rate	2.16%	2.21%

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

Mortality Rate Assumptions

Certain actuarial assumptions used in both the June 30, 2020 and June 30, 2019 valuations were based on the results of actuarial experience studies of the State's defined benefit plans. For both June 30, 2020 and June 30, 2019 valuations this included: ABP (using the experience of TPAF – July 1, 2016 through June 30, 2019), PERS (July 1, 2015 through June 30, 2019), and PFRS (July 1, 2014 through June 30, 2019).

For the June 30, 2021 measurement date, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

For the June 30, 2020 measurement date, preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions

For the June 30, 2021 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.65% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

For the June 30, 2020 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

(Dollars in thousands)

11. Condensed Combining Financial Statements Information

The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT, the Foundation, NJII, and the UREs at June 30, 2022 and for the year then ended are as follows:

	At June 30, 2022					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Cash and cash equivalents	$ 38,073	$ 3,095	$ 69,482	$ 76	$ (3,171)	$ 107,555
Other current assets	161,365	1,707	1,728	28	(6)	164,822
Due from NJIT	-	-	124	-	(124)	-
Capital assets, net	465,785	-	802	20,462	-	487,049
Right-to-use lease assets	3,734	-	833	-	-	4,567
Other noncurrent assets	8,368	152,348	46	-	-	160,762
Investment in UREs	20,493	-	-	-	(20,493)	-
Total assets	697,818	157,150	73,015	20,566	(23,794)	924,755
Deferred outflows of resources	19,330	-	-	-	-	19,330
Due to NJII	124	-	-	-	(124)	-
Due to Foundation	3,017	77	-	-	(3,094)	-
Other current liabilities	79,724	217	14,160	73	(83)	94,091
Noncurrent liabilities	460,599	359	687	-	-	461,645
Total liabilities	543,464	653	14,847	73	(3,301)	555,736
Deferred inflows of resources	36,369	1,979	-	-	-	38,348
Net investment in capital assets	137,146	-	802	20,462	-	158,410
Restricted nonexpendable	-	98,770	-	-	-	98,770
Restricted expendable	16,598	26,763	-	-	-	43,361
Unrestricted	(16,429)	28,985	57,366	31	(20,493)	49,460
Total net position	$ 137,315	$ 154,518	$ 58,168	$ 20,493	$ (20,493)	$ 350,001

(Dollars in thousands)

	For the Year Ended June 30, 2022					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Gifts and bequests	$ -	$ 5,006	$ -	$ -	$ (5,006)	$ -
Other operating revenues	301,881	2,998	31,178	3,957	(19,554)	320,460
Total operating revenues	301,881	8,004	31,178	3,957	(24,560)	320,460
Depreciation and amortization	37,403	-	696	838	-	38,937
Grants to NJIT	-	8,456	-	-	(8,456)	-
Grants to NJIT student fraternities	-	16	-	-	(16)	-
Other operating expenses	400,022	3,878	33,159	1,761	(20,093)	418,727
Total operating expenses	437,425	12,350	33,855	2,599	(28,565)	457,664
Operating income (loss)	(135,544)	(4,346)	(2,677)	1,358	4,005	(137,204)
Gifts and bequests	8,456	-	-	-	(3,718)	4,738
Investment loss	(13,702)	(19,928)	-	-	-	(33,630)
Other non-operating revenues, net	136,973	18	62,784	-	(1,707)	198,068
Capital grants and gifts	-	-	-	12	50	62
Additions to permanent endowments	-	4,327	-	-	-	4,327
Increase (decrease) in net position	(3,817)	(19,929)	60,107	1,370	(1,370)	36,361
Net position, beginning of year	141,132	174,447	(1,939)	19,123	(19,123)	313,640
Net position, end of year	$ 137,315	$ 154,518	$ 58,168	$ 20,493	$ (20,493)	$ 350,001

	For the Year Ended June 30, 2022					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Net cash and cash equivalents provided (used) by:						
Operating activities	$ (27,296)	$ (5,320)	$ 3,670	$ 62	$ (13,357)	$ (42,241)
Noncapital financing activities	73,346	4,150	67,563	12	12,260	157,331
Capital financing activities	(35,886)	-	(2,803)	-	819	(37,870)
Investing activities	(84,368)	1,374	-	-	-	(82,994)
Net increase (decrease) in cash and cash equivalents	(74,204)	204	68,430	74	(278)	(5,774)
Cash and cash equivalents, beginning of year	112,277	2,891	1,052	2	(2,893)	113,329
Cash and cash equivalents, end of year	$ 38,073	$ 3,095	$ 69,482	$ 76	$ (3,171)	$ 107,555

(Dollars in thousands)

The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT, the Foundation, NJII, and the UREs at June 30, 2021 and for the year then ended are as follows:

	At June 30, 2021					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Cash and cash equivalents	$ 112,277	$ 2,891	$ 1,052	$ 2	$ (2,893)	$ 113,329
Other current assets	89,656	1,233	1,578	19	(1,234)	91,252
Due from NJIT	-	-	4,361	-	(4,361)	-
Capital assets, net	478,703	-	7,433	19,125	(1)	505,260
Other noncurrent assets	15,544	173,694	27	-	(4,029)	185,236
Investment in UREs	19,123	-	-	-	(19,123)	-
Total assets	715,303	177,818	14,451	19,146	(31,641)	895,077
Deferred outflows of resources	23,871	-	-	-	-	23,871
Due to NJII	4,361	-	-	-	(4,361)	-
Due to Foundation	2,825	66	-	-	(2,891)	-
Other current liabilities	71,984	130	12,360	23	(1,236)	83,261
Noncurrent liabilities	484,786	546	4,030	-	(4,030)	485,332
Total liabilities	563,956	742	16,390	23	(12,518)	568,593
Deferred inflows of resources	34,086	2,629	-	-	-	36,715
Net investment in capital assets	142,255	-	2,168	19,125	-	163,548
Restricted nonexpendable	-	95,353	-	-	-	95,353
Restricted expendable	17,956	45,512	-	-	-	63,468
Unrestricted	(19,079)	33,582	(4,107)	(2)	(19,123)	(8,729)
Total net position	$ 141,132	$ 174,447	$ (1,939)	$ 19,123	$ (19,123)	$ 313,640

(Dollars in thousands)

	For the Year Ended June 30, 2021					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Gifts and bequests	$ -	$ 4,145	$ -	$ -	$ (4,145)	$ -
Other operating revenues	286,038	2,361	27,675	1,248	(20,311)	297,011
Total operating revenues	286,038	6,506	27,675	1,248	(24,456)	297,011
Depreciation	36,402	-	428	889	-	37,719
Grants to NJIT	-	8,924	-	-	(8,924)	-
Grants to NJIT student fraternities	-	10	-	-	(10)	-
Other operating expenses	379,319	2,746	30,704	1,997	(20,755)	394,011
Total operating expenses	415,721	11,680	31,132	2,886	(29,689)	431,730
Operating (loss) income	(129,683)	(5,174)	(3,457)	(1,638)	5,233	(134,719)
Gifts and bequests	8,595	-	-	-	(5,258)	3,337
Investment income	6,991	35,535	-	-	-	42,526
Other non-operating revenues, net	127,925	24	2,464	-	898	131,311
Capital grants and gifts	-	-	-	718	47	765
Additions to permanent endowments	-	8,223	-	-	-	8,223
Increase (decrease) in net position	13,828	38,608	(993)	(920)	920	51,443
Net position, beginning of year	127,304	135,839	(946)	20,043	(20,043)	262,197
Net position, end of year	$ 141,132	$ 174,447	$ (1,939)	$ 19,123	$ (19,123)	$ 313,640

	For the Year Ended June 30, 2021					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Net cash and cash equivalents provided (used) by:						
Operating activities	$ 14,026	$ (5,495)	$ 1,989	$ (718)	$ (13,527)	$ (3,725)
Noncapital financing activities	62,737	7,814	-	718	15,905	87,174
Capital financing activities	(31,286)	-	(1,017)	-	(2,446)	(34,749)
Investing activities	11,153	(2,251)	-	-	-	8,902
Net increase (decrease) in cash and cash equivalents	56,630	68	972	-	(68)	57,602
Cash and cash equivalents, beginning of year	55,647	2,823	80	2	(2,825)	55,727
Cash and cash equivalents, end of year	$ 112,277	$ 2,891	$ 1,052	$ 2	$ (2,893)	$ 113,329

(Dollars in thousands)

12. Net Position

The components of unrestricted net position are as follows:

	June 30, 2022	June 30, 2021
Designated unrestricted net position:		
University strategic reserve	$ 33,870	$ -
Quasi-endowments	26,100	30,713
Instructional and other	15,835	8,995
Construction and capital programs	22,512	39,392
Debt service	-	19,066
Outstanding purchase orders	4,833	5,267
	103,150	103,433
Undesignated unrestricted net position		
Pension related	(138,341)	(148,748)
Operations	84,651	36,586
	$ 49,460	$ (8,729)

13. Commitments and Contingencies

At June 30, 2022, open purchase orders totaled $68,589, primarily for research and construction and capital program expenditures.

In the normal course of business, the University is subject to various lawsuits and claims. Management believes that the ultimate resolution of these matters will not have a significant effect on the University’s financial position.

The University administers Federal and State grants and contracts, reimbursements from which are subject to review and audit by the respective sponsoring agencies. Such audits could result in disallowances and other adjustments. The University believes disallowances, if any, would not significantly affect the accompanying financial statements.

14. Discretely Presented Component Unit

Tax Status

CHF-Newark is an Alabama limited liability company, whose sole member is Collegiate Housing Foundation, an Alabama non-profit corporation. CHF-Newark is treated as a disregarded entity for Federal income tax purposes.

Investments – capital construction

CHF-Newark's proceeds from the sale of the 2021 Essex County Improvement Authority bonds for the design and construction of a residence hall are held by trustees. The fair value of these investments was $28,647 and $88,861 at June 30, 2022 and 2021, respectively. Substantially all of these investments are of a highly liquid, short-term nature.

Accounts payable and accrued liabilities

CHF-Newark's accounts payable and accrued liabilities in the amount of $11,319 and $4,348 at June 30, 2022 and 2021, respectively, consist of construction and retainage payables and accrued bond interest.

Prepaid ground lease and Long-term debt

In August 2021, NJIT entered into a ground lease with CHF-Newark, a legally separate entity that will develop and own a residence hall on land leased to it by NJIT. CHF-Newark, through the Essex County Improvement Authority, has outstanding $80,035 Series 2021A and $10,970 Series 2021B General Obligation Lease Revenue Bonds to finance the construction of the residence hall. CHF-Newark will manage the premises. All costs associated with the ownership, operation, and management of the improvements are the obligation of CHF-Newark. Student rental rates will be established in order to provide for operating expenses and maintain the required debt service coverage ratios. The bonds have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. They are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues of the student housing project, and do not constitute general obligations of NJIT.

The bonds mature at various dates through fiscal year 2061 and have a stated weighted average interest rate of 4.00% to 5.00%. Proceeds, including a bond premium of $15,155, are used to pay for project construction and issuance costs. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

Required Supplementary Information
(unaudited)

Schedules of Proportionate Share of the
Net Pension Liability

Schedules of Employer
Contributions

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

Schedules of Proportionate Share of the Net Pension Liability (unaudited)*
(Dollars in thousands)

	2022		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.465%	0.503%	0.00%
NJIT's proportionate share of the net pension liability	$ 100,589	$ 20,450	-
NJIT's covered payroll (for the year ended as of the measurement date)	$ 21,121	$ 2,599	-
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 997
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	476.25%	786.84%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.29%	29.72%	35.52%

	2021		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.509%	0.520%	0.00%
NJIT's proportionate share of the net pension liability	$ 113,053	$ 22,347	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 22,390	$ 2,809	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 1,557
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	504.93%	795.55%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	21.39%	24.81%	24.60%

	2020		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.516%	0.485%	0.00%
NJIT's proportionate share of the net pension liability	$ 118,803	$ 20,383	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 22,517	$ 2,502	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 1,430
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	527.62%	814.67%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.03%	26.06%	26.95%

	2019		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.525%	0.535%	0.00%
NJIT's proportionate share of the net pension liability	$ 124,450	$ 23,166	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 23,093	$ 2,249	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 1,553
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	538.91%	1,030.06%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.11%	25.84%	26.50%

	2018		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.508%	0.516%	0.00%
NJIT's proportionate share of the net pension liability	$ 130,378	$ 22,679	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 24,911	$ 2,625	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 1,754
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	523.38%	863.96%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	21.18%	25.99%	25.41%

Schedules of Proportionate Share of the Net Pension Liability (unaudited)*
(Dollars in thousands)

	2017		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.473%	0.498%	0.00%
NJIT's proportionate share of the net pension liability	$ 138,898	$ 23,455	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 24,111	$ 2,654	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 2,068
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	576.08%	883.76%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	19.02%	24.70%	22.33%

	2016		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.476%	0.535%	0.00%
NJIT's proportionate share of the net pension liability	$ 113,033	$ 22,966	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 24,038	$ 2,391	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 7,578
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	470.23%	960.52%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.96%	29.07%	28.71%

	2015		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.455%	0.509%	0.00%
NJIT's proportionate share of the net pension liability	$ 91,665	$ 18,071	$ -
NJIT's covered payroll (for the year ended as of the measurement date)	$ 23,781	$ 2,2491	$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	$ 8,415
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	385.45%	803.51%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	30.06%	34.70%	33.64%

** This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedules of Employer Contributions (unaudited)*
(Dollars in thousands)

	2022	
	PERS	PFRS
Contractually required contribution	$ 7,568	$ 2,896
Contributions in relation to the contractually required contribution	7,568	2,896
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 22,518	$ 2,517
Contributions as a percentage of covered payroll	33.61%	115.07%

	2021	
	PERS	PFRS
Contractually required contribution	$ 5,414	$ 2,156
Contributions in relation to the contractually required contribution	5,414	2,156
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 21,121	$ 2,599
Contributions as a percentage of covered payroll	25.63%	82.93%

	2020	
	PERS	PFRS
Contractually required contribution	$ 4,535	$ 1,885
Contributions in relation to the contractually required contribution	4,535	1,885
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 22,390	$ 2,809
Contributions as a percentage of covered payroll	20.25%	67.11%

	2019	
	PERS	PFRS
Contractually required contribution	$ 4,025	$ 1,460
Contributions in relation to the contractually required contribution	4,025	1,460
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 22,517	$ 2,502
Contributions as a percentage of covered payroll	17.88%	58.35%

	2018	
	PERS	PFRS
Contractually required contribution	$ 3,280	$ 1,266
Contributions in relation to the contractually required contribution	3,280	1,266
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 23,093	$ 2,249
Contributions as a percentage of covered payroll	14.20%	56.29%

	2017	
	PERS	PFRS
Contractually required contribution	$ 4,327	$ 881
Contributions in relation to the contractually required contribution	4,327	881
Contribution deficiency (excess)	$ -	$ -
NJIT’s covered payroll (as of fiscal year end)	$ 24,911	$ 2,625
Contributions as a percentage of covered payroll	17.37%	33.56%

Schedules of Employer Contributions (unaudited)*
(Dollars in thousands)

	2016	
	PERS	PERS
Contractually required contribution	$ 2,836	$ 551
Contributions in relation to the contractually required contribution	2,836	551
Contribution deficiency (excess)	$ -	$ -
NJIT's covered payroll (as of fiscal year end)	$ 24,111	$ 2,654
Contributions as a percentage of covered payroll	11.76%	20.76%

	2015	
	PERS	PERS
Contractually required contribution	$ 736	$ 545
Contributions in relation to the contractually required contribution	736	545
Contribution deficiency (excess)	$ -	$ -
NJIT's covered payroll (as of fiscal year end)	$ 24,038	$ 2,391
Contributions as a percentage of covered payroll	3.06%	22.79%

** This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedules of Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability (unaudited)*
(Dollars in thousands)

		2022
NJIT's proportion of the total OPEB liability		0.00%
NJIT's proportionate share of the total OPEB liability	$	-
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT		261,198
Total OPEB liability	$	261,198
NJIT's covered payroll (for the year ended as of the measurement date)	$	115,890
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll		0.00%

		2021
NJIT's proportion of the total OPEB liability		0.00%
NJIT's proportionate share of the total OPEB liability	$	-
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT		298,235
Total OPEB liability	$	298,235
NJIT's covered payroll (for the year ended as of the measurement date)	$	119,874
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll		0.00%

		2020
NJIT's proportion of the total OPEB liability		0.00%
NJIT's proportionate share of the total OPEB liability	$	-
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT		188,943
Total OPEB liability	$	188,943
NJIT's covered payroll (for the year ended as of the measurement date)	$	124,107
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll		0.00%

Schedules of Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability (unaudited)*
(Dollars in thousands)

	2019
NJIT's proportion of the total OPEB liability	0.00%
NJIT's proportionate share of the total OPEB liability	$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT	248,332
Total OPEB liability	$ 248,332
NJIT's covered payroll (for the year ended as of the measurement date)	$ 125,094
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	0.00%

	2018
NJIT's proportion of the total OPEB liability	0.00%
NJIT's proportionate share of the total OPEB liability	$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT	296,057
Total OPEB liability	$ 296,057
NJIT's covered payroll (for the year ended as of the measurement date)	$ 121,298
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	0.00%

** This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*