

**NEW JERSEY INSTITUTE OF TECHNOLOGY**

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

June 30, 2015 and 2014

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**June 30, 2015 and 2014**  
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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of  
**New Jersey Institute of Technology:**

We have audited the accompanying financial statements of the business-type activities of New Jersey Institute of Technology (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the business-type activities of New Jersey Institute of Technology as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1(a) to the financial statements, in fiscal year 2015, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 3 through 13 and the Schedules of Proportionate Share of the Net Pension Liability – Last 10 Years and the Schedules of Employer Contributions – Last 10 Years included on pages 45 and 46, respectively, be presented to supplement the basic financial statements. Such information, 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. 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. However, we do not express an opinion or provide any assurance on the Management's Discussion and Analysis, the Schedules of Proportionate Share of the Net Pension Liability – Last 10 Years and the Schedules of Employer Contributions – Last 10 Years information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Iselin, New Jersey  
January 11, 2016

# **NEW JERSEY INSTITUTE OF TECHNOLOGY**

## **Management's Discussion and Analysis**

**(Dollars in thousands)**

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### **Introduction**

The following discussion and analysis 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 that provide residential buildings for NJIT student Greek organizations (the UREs) (collectively, the University) at and for the years ended June 30, 2015 and 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Since its founding in 1881, NJIT has been transformed from a local technical school to one of America's top tier national research universities. 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 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 is a public, student-centered, urban research university, committed to the pursuit of excellence in undergraduate, graduate, and continuing professional education, in the conduct of research with emphasis on applied and multi-disciplinary areas, in contributing to the economic development of New Jersey (the State), and in service to both its local communities and the broader society of the State and the nation. In fiscal year 2015, approximately 400 full-time faculty members served over 10,640 students. NJIT offers a diverse range of degree programs in an array of engineering and technology disciplines, computer and information science, architecture, applied sciences, management, statistics and actuarial science, including Ph.D. programs in nineteen professional areas, masters programs in fifty-nine specialties, and fifty baccalaureate degree programs. NJIT 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.

Established pursuant to an 1881 New Jersey statute, 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. The UREs operate residential buildings for NJIT student Greek organizations.

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**The Financial Statements**

The University's financial statements include a statement of net position at June 30, 2015 and 2014, and statements 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 U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, GASB 68), which address accounting and financial reporting for pensions that are provided to employees of governmental employers through pension plans that are administered through trusts. The University participates in several pension plans. The effect of the adoption of GASB 68 was the recording of a cumulative effect of change in accounting principle at July 1, 2014; the recognition of net pension expense and additional State appropriations in fiscal year 2015; and increases in deferred outflows of resources, net pension liability, and deferred inflows of resources at June 30, 2015. The fiscal year 2014 financial statements have not been restated to reflect the provisions of GASB 68.

GASB 68 does not result in any change to the State's budget practice of paying for the University's pension costs.

**Financial Highlights**

The University's financial position at June 30, 2015 and 2014 was sound, with total assets of \$770,653 and \$611,484, total deferred outflows of resources of \$6,534 and \$2,362, total liabilities of \$521,464 and \$293,153, and total deferred inflows of resources of \$4,571 and \$418, 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 \$251,152 and \$320,275 at June 30, 2015 and 2014, respectively. The University's net position decreased \$69,123 in fiscal year 2015, primarily due to the cumulative effect of change in accounting principle as a result of the impact of the adoption of GASB 68, partially offset by an excess of net nonoperating and other revenues over the operating loss. Net position increased \$93,614 in fiscal year 2014 due to an excess of net nonoperating and other revenues over the operating loss, principally due to the New Jersey Educational Facilities Authority and State of New Jersey Secretary of Education capital grants as well as a net increase in the fair value of investments at June 30, 2014.

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**Statement of Net Position**

The statement of net position presents the University's financial position at June 30, 2015 and 2014, and is summarized as follows. The summarized statement of net position at June 30, 2013, restated for the fiscal year 2014 adoption of GASB No. 65, *Items Previously Reported as Assets and Liabilities*, is also presented for comparative purposes.

	<b>June 30,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 (restated)</b>
Current assets	\$ 115,743	\$ 101,594	\$ 92,726
Endowment investments	99,233	98,197	82,925
Capital assets, net	338,984	318,194	292,144
Other assets	<u>216,693</u>	<u>93,499</u>	<u>45,637</u>
Total assets	<u>770,653</u>	<u>611,484</u>	<u>513,432</u>
Deferred outflows of resources	<u>6,534</u>	<u>2,362</u>	<u>2,767</u>
Current liabilities	56,740	56,035	55,634
Long term debt, noncurrent portion	343,361	223,474	222,121
Other liabilities	<u>121,363</u>	<u>13,644</u>	<u>11,783</u>
Total liabilities	<u>521,464</u>	<u>293,153</u>	<u>289,538</u>
Deferred inflows of resources	<u>4,571</u>	<u>418</u>	<u>-</u>
Net investment in capital assets	118,359	104,903	75,469
Restricted nonexpendable	67,766	64,748	58,952
Restricted expendable	79,636	77,674	21,443
Unrestricted	<u>(14,609)</u>	<u>72,950</u>	<u>70,797</u>
Total net position	<u>\$ 251,152</u>	<u>\$ 320,275</u>	<u>\$ 226,661</u>

Current assets consist principally of cash and cash equivalents, grants and accounts receivable, deposits held with trustees, and short term investments. The increase in current assets at June 30, 2015 as compared to June 30, 2014 of \$14,149 relates principally to increases in short term investments, grants and accounts receivable, deposits held with trustees, and cash and cash equivalents. The increase in current assets at June 30, 2014 as compared to June 30, 2013 of \$8,868 relates principally to increases in cash and cash equivalents and grants and accounts receivable, partially offset by a decrease in deposits held with trustees.

Current liabilities are comprised of accounts payable and accrued liabilities, the current portion of long term debt, unearned advance payments, and amounts due to affiliates. The increase in current liabilities at June 30, 2015 of \$705 principally relates to increases in unearned advance payments, current portion of long term debt, and due to affiliates, partially offset by a decrease in accounts payable and accrued liabilities. The increase in current liabilities at June 30, 2014 of \$401 principally relates to an increase in due to affiliates, partially offset by decreases in current portion of long term debt and unearned advance payments.

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## Management's Discussion and Analysis

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Excluding deposits held with trustees, which can only be used for debt service and facilities construction, and the current portion of long term debt, current assets exceeded current liabilities by \$57,365 and \$45,341 at June 30, 2015 and 2014, respectively. The University had \$70,877 and \$63,935 in cash and cash equivalents and short term investments to fund current operations, facilities rehabilitation projects, and other activities at June 30, 2015 and 2014, respectively. The net increase in cash and cash equivalents and short term investments at June 30, 2015 and 2014 of \$6,942 and \$7,535, respectively, principally relates to increased tuition and fees cash collections in both fiscal years, and reimbursement from capital grants of a portion of the expenditures for the rehabilitation and renovation of an academic facility in fiscal year 2014.

Endowment investments include gifts from donors that are to be invested in perpetuity, life income and annuity funds, unrestricted funds designated by management as quasi-endowment, and the related income and appreciation. Only the realized income and appreciation can be spent for the purposes specified by the donors in the gift documents. During fiscal years 2015 and 2014, endowment investments increased 1.1% and 18.4%, respectively, reflecting growth from new gifts, realized net investment gains, and a net decrease and a net increase in the fair value of investments at June 30, 2015 and 2014, respectively.

Capital assets increased 6.4% at cost during both fiscal years 2015 and 2014. The fiscal year 2015 and 2014 increases are primarily the result of continued work on the rehabilitation and renovation of an academic facility and campus facilities renovations, partially offset by the write-off of equipment and other assets no longer in service in both fiscal years, and the sale of two newly constructed Warren Street Village houses to student Greek organizations in fiscal year 2014. During the latter part of fiscal year 2015, two capital construction projects commenced, a parking facility and a wellness and events center, with expected completion in fiscal years 2017 and 2018, respectively.

Other assets are comprised of investments, investments – capital construction, deposits held with trustees, and other noncurrent assets. The increase in other assets at June 30, 2015 of \$123,194 principally relates to an increase in investments - capital construction, attributable to the 2015 Series A bond proceeds, partially offset by a decrease in deposits held with trustees. The increase in other assets at June 30, 2014 of \$47,862 principally relates to increases in deposits held with trustees and other noncurrent assets, attributable to Building Our Future program proceeds, partially offset by a decrease in investments related to the construction of Warren Street Village.

Deferred outflows of resources consist of loss on defeasance of debt and certain changes in the net pension liability. The increase in deferred outflows of resources of \$4,172 and decrease of \$405 at June 30, 2015 and 2014, respectively, relates to the impact of GASB 68 in fiscal year 2015, and the amortization of deferred financing costs in both years.

Total long term debt at June 30, 2015 and 2014 totaled \$353,327 and \$232,541, respectively. In fiscal year 2015, the University issued 2015 Series A General Obligation Bonds in the amount of \$116,680. The proceeds of the bonds will finance, in part, the construction of the parking facility and the wellness and events center referred to above. The debt is composed of \$12,520 in serial bonds bearing interest rates from 3.0% to 5.0% maturing at various dates through fiscal year 2032, \$15,080 in step coupon bonds bearing interest rates from 2.5% to 5.5% with final maturity in fiscal year 2036, and \$89,080 in term bonds bearing an interest rate at 5.0% with final maturity in fiscal year 2046.

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In fiscal year 2014, the University was awarded a total of \$79,843 under the State's Building Our Future program, of which \$30,000 came from the Higher Education Capital Improvement Fund (HECIF), \$7,108 came from the Equipment Leasing Fund (ELF), \$3,076 came from the Technology Infrastructure Fund (TIF), and \$39,659 came from general obligation bonds issued by the State. In addition, \$13,082 of the previously existing HECIF debt was refunded, resulting in a gain on defeasance of \$433, which is included in deferred inflows of resources.

The University is responsible for one-third of the HECIF debt service payments and related program expenses. The HECIF debt bears interest rates between 4.0% and 5.0%, and matures in fiscal year 2034. The remaining two-thirds of the fiscal year 2014 HECIF award was recorded as a capital grant, of which \$82 and \$15,416 are included in deposits held with trustees at June 30, 2015 and 2014, respectively.

The University is responsible for twenty-five percent of the ELF debt service payments and related program expenses. The remaining seventy-five percent was recorded as a capital grant in fiscal year 2014. The entire ELF proceeds are included in deposits held with trustees at both June 30, 2015 and 2014. The University is not responsible for any of the TIF or the general obligation bonds debt service payments and related program expenses. The TIF proceeds were recorded as a capital grant in fiscal year 2014, of which \$3,032 and \$3,076 are included in deposits held with trustees at June 30, 2015 and 2014, respectively. The general obligation award amount was recorded as a capital grant in fiscal year 2014, and is included as a receivable in other noncurrent assets at both June 30, 2015 and 2014.

Other liabilities consist of net pension liability, other noncurrent liabilities, and U.S. government grants refundable. The increase in other liabilities at June 30, 2015 of \$107,719 principally relates to the impact of the adoption of GASB 68, partially offset by a decrease in other noncurrent liabilities.

Deferred inflows of resources consist of gain on defeasance of debt and certain changes in the net pension liability. The increase in deferred inflows of resources of \$4,153 at June 30, 2015 relates to the impact of the adoption of GASB 68, partially offset by the amortization of the gain on refunding of debt. The increase of \$418 at June 30, 2014 relates to the gain on refunding of HECIF debt.

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 increased \$13,456 and \$29,434 during fiscal years 2015 and 2014, respectively, principally due to the increase in capital assets discussed above, partially offset by depreciation expense and a net increase in long term debt.

Restricted net position represents the original value of additions to the University's endowment, the remainder of life income and annuity funds, gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income, and other restricted sources. As discussed above, endowment funds represent gifts from donors that are to be invested in perpetuity. Life income and annuity funds are given to the University to be invested with the stipulation that the University pay an agreed-upon sum to designated individuals for a period of time or for the beneficiary's lifetime, after which period the remaining funds become part of the University's endowment or are used for the purpose designated by the donor. Restricted net position increased \$4,980 during fiscal year 2015,

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primarily due to increases in restricted nonexpendable net position for scholarships and fellowships as a result of gifts and bequests and additions to permanent endowments; net realized investment gains; restricted expendable net position for capital projects, primarily resulting from a capital grant; and restricted expendable net position for debt service; partially offset by a decrease in restricted expendable net position for scholarships and fellowships, primarily due to the net decrease in the fair value of investments at June 30, 2015. Restricted net position increased \$62,027 during fiscal year 2014, primarily due to increases in restricted expendable net position for capital projects as a result of capital grants, and restricted net position for scholarships and fellowships as a result of gifts and bequests and additions to permanent endowments; an increase in the fair value of investments at June 30, 2014; and realized net investment gains.

Unrestricted net position is all other net position that is available for general operations. Even though unrestricted net position is not subject to external restrictions, management has designated a portion of the unrestricted net position for the following specified purposes. The June 30, 2013 unrestricted net position, restated for the fiscal year 2014 adoption of GASB No. 65, *Items Previously Reported as Assets and Liabilities*, is also presented for comparative purposes.

	<b>June 30,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 (restated)</b>
Designated unrestricted net position:			
Scholarships and fellowships	\$ 6,369	\$ 6,496	\$ 5,752
Instructional and other	10,562	9,495	7,819
Debt service	4,804	4,558	3,879
Outstanding purchase orders	5,000	4,000	3,594
Construction and capital programs	22,265	18,655	16,652
State bond funds required match	16,140	6,000	6,000
Wellness and Events Center construction	5,000	-	-
Warren Street Village construction	-	-	10,000
	<u>70,140</u>	<u>49,204</u>	<u>53,696</u>
Undesignated unrestricted net position:			
Pension related	(109,399)	-	-
Operations	24,650	23,746	17,101
	<u>\$ (14,609)</u>	<u>\$ 72,950</u>	<u>\$ 70,797</u>

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**Statement of Revenues, Expenses, and Changes in Net Position**

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

The components of revenues for the fiscal years ended June 30, 2015 and 2014 are as follows. The components of revenues for the fiscal year ended June 30, 2013, restated for the fiscal year 2014 adoption of GASB No. 65, *Items Previously Reported as Assets and Liabilities*, are also presented for comparative purposes:

	<u>2015</u>	<u>2014</u>	<u>2013</u> <u>(restated)</u>
Operating revenues:			
Student tuition and fees, net	\$ 122,749	\$ 112,253	\$ 103,442
Federal, State, and other grants and contracts	94,091	91,877	92,403
Auxiliary enterprises, net	14,357	13,337	12,492
Other operating revenues	3,267	3,070	2,396
Total operating revenues	<u>234,464</u>	<u>220,537</u>	<u>210,733</u>
Nonoperating and other revenues:			
State appropriations	80,890	92,086	80,795
Gifts and bequests, capital grants and gifts, and additions to permanent endowments	28,113	78,789	8,268
Investment income	2,294	14,701	6,555
Other nonoperating revenues, net	3,411	820	2,267
Total nonoperating and other revenues	<u>114,708</u>	<u>186,396</u>	<u>97,885</u>
Total revenues	<u>\$ 349,172</u>	<u>\$ 406,933</u>	<u>\$ 308,618</u>

The components of expenses for the fiscal years ended June 30, 2015 and 2014 are as follows. The components of expenses for the fiscal year ended June 30, 2013, restated for the fiscal year 2014 adoption of GASB No. 65, *Items Previously Reported as Assets and Liabilities*, are also presented for comparative purposes:

	<u>2015</u>	<u>2014</u>	<u>2013</u> <u>(restated)</u>
Operating expenses:			
Instruction	\$ 91,111	\$ 97,995	\$ 88,002
Research and programs	56,243	56,938	59,955
Public service	1,989	1,612	1,507
Academic support	27,091	27,294	23,944
Student services	21,444	20,426	18,566
Institutional support	45,683	40,522	39,137
Operation and maintenance of plant	20,449	19,751	14,827
Scholarships and fellowships	10,175	10,936	9,965
Depreciation	22,178	19,406	18,363
Auxiliary enterprises	8,569	9,937	10,811
Total operating expenses	<u>304,932</u>	<u>304,817</u>	<u>285,077</u>
Nonoperating expenses - interest expense	<u>9,386</u>	<u>8,502</u>	<u>6,198</u>
Total expenses	<u>\$ 314,318</u>	<u>\$ 313,319</u>	<u>\$ 291,275</u>

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Student tuition and fees, auxiliary enterprises, and State appropriations are the primary sources of funding for the University's operating expenses.

Student tuition and fees totaled \$122,749, \$112,253 and \$103,442, net of scholarship allowances of \$46,588, \$42,885 and \$40,704 in fiscal years 2015, 2014 and 2013, respectively. The fiscal year 2015 and 2014 increases are principally attributable to 2.5% and 3.2% increases in tuition and fees, respectively, and increases in student enrollment in both years.

Auxiliary enterprises revenues, net of scholarship allowances of \$4,227, \$3,936, and \$3,782 in fiscal years 2015, 2014 and 2013, respectively, increased 7.6% to \$14,357 in fiscal year 2015 and 6.8% to \$13,337 in fiscal year 2014, principally due to increased occupancy as a result of the reopening of Redwood Hall in fiscal year 2015 and the opening of Warren Street Village in fiscal year 2014 and increased residence hall charges in both years.

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

The components of State appropriations are as follows:

	<b>Fiscal year ended June 30,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Direct appropriations for general operating purposes	\$ 37,696	\$ 37,696	\$ 37,696
FICA and fringe benefits paid by the State for University employees	37,551	33,661	29,362
Fringe benefit equalization adjustment	<u>5,643</u>	<u>20,729</u>	<u>13,737</u>
	<u>\$ 80,890</u>	<u>\$ 92,086</u>	<u>\$ 80,795</u>

The decrease in State appropriations in fiscal year 2015 and the increase in State appropriations in fiscal year 2014 was primarily the result of an equalization adjustment to the State's fringe benefit rate.

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 aid programs, and are comprised of the following:

	<b>Fiscal year ended June 30,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Federal grants and contracts, including ARRA awards of \$1,059, \$8,666, and \$11,377, respectively	\$ 67,804	\$ 66,908	\$ 68,649
State grants and contracts	22,092	21,012	19,219
Other grants and contracts	<u>4,195</u>	<u>3,957</u>	<u>4,535</u>
	<u>\$ 94,091</u>	<u>\$ 91,877</u>	<u>\$ 92,403</u>

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Federal grants and contracts revenues increased 1.3% in fiscal year 2015 due to increases in research and program grants and contracts and student financial assistance grants and decreased 2.5% in fiscal year 2014 primarily due to a decrease in research and program grants and contracts, partially offset by an increase in student financial assistance grants. State grants and contracts revenues increased 5.1% and 9.3% in fiscal years 2015 and 2014, respectively, due to increases in student financial assistance grants in both fiscal years, an increase in research grants and contracts in fiscal year 2015, and a decrease in research grants and contracts in fiscal year 2014. Other grants and contracts revenues increased 6.0% and decreased 12.7% in fiscal years 2015 and 2014, respectively.

Private support from corporations, foundations, alumni and other donors is an important factor in the University's growth and development. Gifts and bequests during fiscal years 2015 and 2014 totaled \$3,672 and \$4,777, respectively. Capital grants and gifts generated another \$21,470 and \$69,091, respectively, for the acquisition of capital assets. The decrease in capital grants and gifts was principally due to the receipt of the Building Our Future awards in fiscal year 2014. Additions to permanent endowments were \$2,971 and \$4,921 in fiscal years 2015 and 2014, respectively.

Investment income includes interest and dividends, realized net gain on the sale of investments, and net increase (decrease) in the fair value of investments. During fiscal years 2015 and 2014, investment income of \$2,294 and \$14,701 was due to realized net gain on sale of investments, interest and dividends, and a net decrease and a net increase in the fair value of investments at June 30, 2015 and 2014, respectively.

Instruction, academic support, student services, and scholarships and fellowships expenses totaled \$149,821, \$156,651, and \$140,477 in fiscal years 2015, 2014, and 2013, respectively. The decrease of 4.4% in fiscal year 2015 is primarily due to decreased salaries and fringe benefits due to the fringe benefit equalization adjustment and the faculty separation incentive program expense recorded in the prior year, as well as a decrease in scholarships and fellowships, partially offset by an increase in pension expense. The increase of 11.5% in fiscal year 2014 is primarily the result of increased salaries and fringe benefits, primarily due to the faculty separation incentive program and the fringe benefit equalization adjustment, as well as increases in non-capital equipment purchases and computer software maintenance and license agreements.

Research and programs expense decreased 1.2% to \$56,243 in fiscal year 2015 primarily as a result of decreases in salaries and fringe benefits, due to the fringe benefit equalization adjustment, and consulting and professional services expense; and a reclassification of pre-college program expenses to public service expense; partially offset by increases in pension expense and Federal and State research and programs expenditures, and decreased 5.0% to \$56,938 in fiscal year 2014 primarily as a result of the decrease in Federal and State research and programs grants and contracts.

Public service expense increased 23.4 % to \$1,989 and 7.0% to \$1,612 in fiscal years 2015 and 2014, respectively, primarily due to a reclassification of pre-college program expenses from research and programs expense and an increase in pension expense for fiscal year 2015, an increase in salaries and fringe benefits in fiscal year 2014, partially offset by a reduction in service center expenses in both fiscal years.

# **NEW JERSEY INSTITUTE OF TECHNOLOGY**

## **Management's Discussion and Analysis**

**(Dollars in thousands)**

**June 30, 2015 and 2014**

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Institutional support expense increased 12.7% to \$45,683 in fiscal year 2015, primarily due to increases in salaries and fringe benefits, due to increased personnel, pension expense, consulting and professional services expense, and student accounts receivable write-offs. Institutional support expense increased 3.5% to \$40,522 in fiscal year 2014, primarily due to an increase in salaries and fringe benefits, partially offset by decreases in student accounts receivable write-offs, legal expenses, and collection agency costs.

Operation and maintenance of plant expense increased 3.5% to \$20,449 in fiscal year 2015, primarily due to an increase in pension expense and increased 33.2% to \$19,751 in fiscal year 2014, primarily due to increases in facilities repairs and maintenance costs, salaries and fringe benefits, and real estate taxes.

Auxiliary enterprises expense decreased 13.8% to \$8,569 in fiscal year 2015, primarily due to a decrease in operation and maintenance costs, partially offset by an increase in pension expense, and decreased 8.1% to \$9,937 in fiscal year 2014, primarily due to a decrease in off-campus student housing costs, partially offset by an increase in operation and maintenance costs for residence halls.

During fiscal years 2015 and 2014, the University incurred long term debt interest costs of \$10,431 and \$9,019, of which \$1,045 and \$517, respectively, was capitalized and will be amortized over the estimated useful lives of the associated capital assets.

### **Summary and Outlook**

The University finds itself in a sound financial position at June 30, 2015. Overall enrollment increased for the fiscal 2015 academic year. 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 significant endowment.

The University's debt is rated A1 by Moody's Investors Service and A by Standard & Poor's. In late fiscal year 2015, Moody's affirmed its rating with a negative outlook, noting "the negative outlook reflects uncertainty around state funding and a heightened risk that NJIT will have to cover an increasing portion of fringe benefits." Moody's further noted the University's "A1 rating reflects the University's niche market as the sole public stand-alone technical research university in the state, resulting in strong student demand. NJIT is relatively well positioned to absorb some funding cuts due to its positive operations, growing enrollment, and net tuition revenue. The rating also incorporates relatively moderate financial resources and liquidity." Standard & Poor's revised its rating in March 2015, noting "The outlook is stable. The rating reflects the University's strong enterprise profile with a niche in engineering and research, the steady enrollment growth, and a stable and proactive management team. In addition, the University's rating reflects a limited dependence on ongoing funding from New Jersey for operations since it receives considerable state support; we, however, believe that other revenue sources provide the majority of revenue and that these other sources are of sufficient strength and breadth to allow us to rate the University at the same rating as the state."

The University's relations with its employees are good. All seven union contracts with NJIT employees expired on June 30, 2015. Negotiations have successfully concluded with two of the

# **NEW JERSEY INSTITUTE OF TECHNOLOGY**

## **Management's Discussion and Analysis**

**(Dollars in thousands)**

**June 30, 2015 and 2014**

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unions, are ongoing with four of the unions, and have not commenced with another. It is anticipated that remaining negotiations will come to mutually favorable conclusions.

The University's endowment is prudently managed, with a broad-based asset allocation. The University's endowment investment strategy is designed to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return. A group of managers, each focused on their sector of the asset allocation, limited exposure to sub-prime investments, and use of alternative investments, including timber, to implement the investment strategy have, to date, been reasonably effective.

As part of its long range plan, the University expects that its activities will continue to increase the total operating budget. As a result of the State's reduction in funding for higher education over the past several fiscal years, management initiated steps to increase alternative funding sources and to reduce expenses, including increases in enrollment, cost cutting initiatives, a more aggressive research and development program, a more intensive fund raising program, and increases in tuition and fees. Included in the University's strategic plan are a greater emphasis on expanded outreach programs, increased scholarships for desirable students, 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 its research and development program. The University's efforts in these resource generating and expense reduction initiatives have been and are anticipated to continue to be successful.

Management has been and will continue to be an active participant in the State's planning process, 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.

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

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Statement of Net Position**  
**(Dollars in thousands)**  
**At June 30, 2015 and 2014**

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Current assets:		
Cash and cash equivalents	\$ 60,660	\$ 58,747
Short term investments	10,217	5,188
Grants and accounts receivable, net	31,626	26,894
Deposits held with trustees	11,604	9,285
Other current assets	<u>1,636</u>	<u>1,480</u>
Total current assets	<u>115,743</u>	<u>101,594</u>
Noncurrent assets:		
Endowment investments	99,233	98,197
Investments	18,819	17,285
Investments - capital construction	129,069	-
Deposits held with trustees	22,070	30,163
Other assets	46,735	46,051
Capital assets, net of accumulated depreciation of \$331,499 and \$311,898, respectively	<u>338,984</u>	<u>318,194</u>
Total noncurrent assets	<u>654,910</u>	<u>509,890</u>
Total assets	<u>\$ 770,653</u>	<u>\$ 611,484</u>
<b>Deferred outflows of resources</b>		
Loss on defeasance of debt, net	\$ 1,972	\$ 2,362
Pension related	<u>4,562</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 6,534</u>	<u>\$ 2,362</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,708	\$ 33,102
Long term debt, current portion	9,966	9,067
Unearned advance payments	10,714	9,311
Due to affiliates	<u>5,352</u>	<u>4,555</u>
Total current liabilities	<u>56,740</u>	<u>56,035</u>
Noncurrent liabilities:		
Long term debt	343,361	223,474
Other noncurrent liabilities	9,687	11,736
Net pension liability	109,736	-
U.S. government grants refundable	<u>1,940</u>	<u>1,908</u>
Total noncurrent liabilities	<u>464,724</u>	<u>237,118</u>
Total liabilities	<u>\$ 521,464</u>	<u>\$ 293,153</u>
<b>Deferred inflows of resources</b>		
Gain on defeasance of debt, net	\$ 346	\$ 418
Pension related	<u>4,225</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 4,571</u>	<u>\$ 418</u>
<b>Net position</b>		
Net investment in capital assets	\$ 118,359	\$ 104,903
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	57,515	54,797
Instructional and other	10,251	9,951
Expendable:		
Capital projects	50,697	48,296
Scholarships and fellowships	11,610	12,962
Instructional and other	9,060	8,844
Research and programs	934	1,502
Debt service	6,275	5,020
Loans	1,060	1,050
Unrestricted (see note 11)	<u>(14,609)</u>	<u>72,950</u>
Total net position	<u>\$ 251,152</u>	<u>\$ 320,275</u>

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

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**(Dollars in thousands)**  
**For the years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$46,588 and \$42,885, respectively	\$ 122,749	\$ 112,253
Federal grants and contracts	67,804	66,908
State grants and contracts	22,092	21,012
Other grants and contracts	4,195	3,957
Auxiliary enterprises, net of scholarship allowances of \$4,227 and \$3,936, respectively	14,357	13,337
Other operating revenues	<u>3,267</u>	<u>3,070</u>
Total operating revenues	<u>234,464</u>	<u>220,537</u>
Operating expenses:		
Instruction	91,111	97,995
Research and programs	56,243	56,938
Public service	1,989	1,612
Academic support	27,091	27,294
Student services	21,444	20,426
Institutional support	45,683	40,522
Operation and maintenance of plant	20,449	19,751
Scholarships and fellowships	10,175	10,936
Depreciation	22,178	19,406
Auxiliary enterprises	<u>8,569</u>	<u>9,937</u>
Total operating expenses	<u>304,932</u>	<u>304,817</u>
Operating loss	<u>(70,468)</u>	<u>(84,280)</u>
Nonoperating revenues (expenses):		
State appropriations	80,890	92,086
Gifts and bequests	3,672	4,777
Interest expense	(9,386)	(8,502)
Investment income	2,294	14,701
Other nonoperating revenues, net	<u>3,411</u>	<u>820</u>
Net nonoperating revenues	<u>80,881</u>	<u>103,882</u>
Income before other revenues	<u>10,413</u>	<u>19,602</u>
Other revenues:		
Capital grants and gifts	21,470	69,091
Additions to permanent endowments	<u>2,971</u>	<u>4,921</u>
Total other revenues	<u>24,441</u>	<u>74,012</u>
Increase in net position	34,854	93,614
Net position, beginning of year	320,275	226,661
Cumulative effect of change in accounting principle	<u>(103,977)</u>	<u>-</u>
Net position, end of year	<u>\$ 251,152</u>	<u>\$ 320,275</u>

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

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Statement of Cash Flows**  
(Dollars in thousands)  
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Student tuition and fees	\$ 124,843	\$ 112,781
Grants and contracts	90,401	89,373
Payments for salaries and benefits	(165,970)	(156,075)
Payments to suppliers	(70,817)	(70,773)
Payments for scholarships and fellowships	(10,175)	(10,936)
Loans issued to students	(519)	(576)
Loans collected from students	289	342
Auxiliary enterprises	14,440	13,304
University programs	2,484	3,297
Affiliates	789	958
Other (payments) receipts	(194)	128
Net cash used by operating activities	<u>(14,429)</u>	<u>(18,177)</u>
Cash flows from noncapital financing activities:		
State appropriations	49,444	47,570
Gifts and bequests for other than capital purposes	2,599	2,536
Additions to permanent endowments	2,832	4,279
Other receipts	2,803	2,706
Net cash provided by noncapital financing activities	<u>57,678</u>	<u>57,091</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	130,236	23,501
Mortgage payments received	253	277
Capital grants and gifts	21,050	29,432
Purchase of capital assets	(45,920)	(50,059)
Principal paid on long term debt	(8,815)	(9,239)
Refunding of bonds and other long term debt	-	(13,377)
Interest paid on long term debt	(9,589)	(9,466)
Purchase of investments - capital construction	(129,128)	(101)
Sale of investments - capital construction	-	26,755
Deposits with trustees	(36,310)	(52,610)
Withdrawals from trustees	42,084	28,360
Net cash used by capital financing activities	<u>(36,139)</u>	<u>(26,527)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	35,001	35,663
Interest and dividends on investments	1,662	1,886
Purchase of investments	(41,860)	(42,469)
Net cash used by investing activities	<u>(5,197)</u>	<u>(4,920)</u>
Net increase in cash and cash equivalents	1,913	7,467
Cash and cash equivalents, beginning of year	58,747	51,280
Cash and cash equivalents, end of year	<u>\$ 60,660</u>	<u>\$ 58,747</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (70,468)	\$ (84,280)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	22,178	19,406
Noncash operating expenses	37,609	45,272
Changes in assets and liabilities:		
Grants and accounts receivable	(4,507)	(1,850)
Other assets, current and noncurrent	(145)	(3)
Accounts payable and accrued liabilities	(1,288)	2,442
Unearned advance payments	1,403	(122)
Due to affiliates	789	958
Net cash used by operating activities	<u>\$ (14,429)</u>	<u>\$ (18,177)</u>
Noncash transactions:		
State appropriations for fringe benefits	\$ 31,346	\$ 44,329
Gifts and bequests for other than capital purposes	1,073	2,241
New annuity agreements - marketable securities	-	230
Investment income	(32)	102
Gifts for capital purposes	420	-
Additions to permanent endowments	139	642
Capital assets	(4,000)	1,313
Capital leases	101	-

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

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

(Dollars in thousands)

June 30, 2015 and 2014

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### 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, College of Computing Sciences, College of Architecture and Design, College of Science and Liberal Arts, School of Management, and Albert Dorman Honors College; a graduate division; a continuing education 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: University Advancement Office.

New Jersey Innovation Institute, Inc. (NJII), which commenced operations in fiscal year 2015, 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. Because of the significance of its operational and financial relationships with NJIT, the NJII 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), which commenced operations in fiscal year 2014, 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, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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.

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Notes to Financial Statements**  
(Dollars in thousands)  
**June 30, 2015 and 2014**

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*(a) 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 U.S. generally accepted accounting principles as promulgated by the GASB. All significant transactions between NJIT, the Foundation, NJII, and the UREs have been eliminated.

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, GASB 68), which address accounting and financial reporting for pensions that are provided to employees of governmental employers through pension plans that are administered through trusts. The University participates in several pension plans.

The effect of the adoption of GASB 68 was the recording of a cumulative effect of change in accounting principle at July 1, 2014; the recognition of net pension expense and additional State appropriations in fiscal year 2015; and increases in deferred outflows of resources, net pension liability and deferred inflows of resources at June 30, 2015, as follows:

	<b>Prior to Adoption of GASB 68</b>	<b>Adoption of GASB 68</b>	<b>Subsequent to Adoption of GASB 68</b>
Statement of Net Position at June 30, 2015:			
Deferred outflows of resources - pension related	\$ -	\$ 4,562	\$ 4,562
Net pension liability	-	109,736	109,736
Deferred inflows of resources - pension related	-	4,225	4,225
Net position - unrestricted	94,790	(109,399)	(14,609)
Total net position	360,551	(109,399)	251,152
Statement of Revenues, Expense, and Changes in Net Position for the year ended June 30, 2015:			
Operating Expenses			
Instruction	89,551	1,560	91,111
Research and programs	55,919	324	56,243
Public service	1,952	37	1,989
Academic support	26,468	623	27,091
Student services	20,912	532	21,444
Institutional support	43,386	2,297	45,683
Operation and maintenance of plant	19,584	865	20,449
Auxiliary enterprises	8,539	30	8,569
State appropriations	80,437	453	80,890
Other nonoperating revenues, net	3,018	393	3,411
Cumulative effect of change in accounting principle	-	(103,977)	(103,977)

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

(Dollars in thousands)

June 30, 2015 and 2014

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*(b) 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.

*(c) 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. Investments in sweep accounts with original maturities greater than twelve months are classified as noncurrent assets, even though their purpose is to be used for operating activities.

*(d) 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 on the net asset values 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.

*(e) 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. Expenses resulting from disposal of property are included in other nonoperating 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:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Lives</u>
Land improvements	\$ 50,000	20 years
Buildings and building improvements	50,000	20 to 40 years
Software	50,000	5 to 10 years
Equipment and other assets	5,000	3 to 10 years

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

(Dollars in thousands)

June 30, 2015 and 2014

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*(f) Due to Affiliates*

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

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
NJEDge.Net	\$ 4,291	\$ 3,506
Student organizations	873	715
Other organizations	188	334
	<u>\$ 5,352</u>	<u>\$ 4,555</u>

*(g) Classification of Net Position*

The University classifies its resources into three net position categories:

- Net investment in capital assets contains the land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress of the University, net of depreciation, 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 life income and annuity funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. Life income and annuity funds consist of annuity and unitrust funds which are given to the University to be invested with the stipulation that the University pay an agreed-upon sum to designated individuals for a period of time or for the beneficiary's lifetime. At the termination of the agreement, the remaining funds either become part of the University's endowment or are used for the purpose designated by the donor.

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 spent to meet the objectives of the University. The University designates portions of its unrestricted net position for certain specific purposes (see Note 11).

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

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

(Dollars in thousands)

June 30, 2015 and 2014

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### *(h) 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. Nonoperating 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 nonoperating activity.

### *(i) Revenue Recognition*

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

Grants and contracts revenues are recognized when the related expenditures 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.

### *(j) 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.

### *(k) Auxiliary Activities*

Auxiliary activities consist primarily of residence hall and parking operations.

### *(l) Fringe Benefits Paid by the State*

Certain fringe benefits for the University's employees are paid by the State. Such amounts (\$43,194 and \$54,390 in fiscal years 2015 and 2014, respectively) are included in State appropriations. The offsetting expenses are recorded within the appropriate operating expense categories.

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

(Dollars in thousands)

June 30, 2015 and 2014

### (m) 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.

### (n) Tax Status

NJIT, the Foundation, and NJII have received determination letters from the Internal Revenue Service stating that they are organizations as described in Sections 115(a)(2), 501(c)(3), and 501(c)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from Federal income taxes under Section 501(a) of the Code on income generated by activities that are substantially related to their tax-exempt purposes. The UREs, which are wholly-owned limited liability companies, have the same tax status as NJIT.

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

The cost and fair value of cash and cash equivalents, investments, and deposits held with trustees are as follows:

	June 30,			
	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents:				
Cash	\$ 1,617	\$ 1,617	\$ 963	\$ 963
Money market funds	59,043	59,043	57,784	57,784
	<u>60,660</u>	<u>60,660</u>	<u>58,747</u>	<u>58,747</u>
Investments:				
Money market funds	8,234	8,234	3,388	3,388
Certificates of deposit	22,350	22,344	500	500
U.S. Treasury and government agency bonds	34,647	34,680	6,504	6,518
Commercial paper	32,070	32,083	-	-
Corporate equity securities	32,847	39,997	36,805	46,176
Corporate debt securities	43,996	43,951	2,939	2,966
Mutual equity funds	25,778	27,055	20,410	23,804
Mutual bond funds	23,197	23,332	15,194	15,925
Hedge and other investment funds	22,362	25,662	18,116	21,393
	<u>245,481</u>	<u>257,338</u>	<u>103,856</u>	<u>120,670</u>
Deposits held with trustees:				
Money market funds	32,363	32,363	38,138	38,138
U.S. Treasury and government agency bonds	1,310	1,311	1,310	1,310
	<u>33,673</u>	<u>33,674</u>	<u>39,448</u>	<u>39,448</u>
	<u>\$ 339,814</u>	<u>\$ 351,672</u>	<u>\$ 202,051</u>	<u>\$ 218,865</u>

# NEW JERSEY INSTITUTE OF TECHNOLOGY

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Endowment investments totaling \$3,876 and \$3,918 at fair value (\$3,393 and \$3,385 at cost) at June 30, 2015 and 2014, respectively, are held and administered by external trustees, while the remainder are held and administered by the University.

Hedge and other investment funds are comprised of directional and multi-strategy funds and private equity, real estate, commodity, and timber funds. The University is committed to invest an additional \$3,039 in these funds over the next several fiscal years.

Investments – capital construction represent the proceeds of the 2015 Series A bonds (see Note 6). These funds are separately invested, and are designated for the costs of construction of a wellness and events center and a parking facility.

Deposits held with trustees represent restricted funds held by U.S. Bank and The Bank of New York Mellon under terms of the revenue bond and debt agreements with the New Jersey Educational Facilities Authority (NJEFA), by U.S. Bank under terms of the general obligation bond agreements, and by TD Equipment Finance, Inc. under the TD Master Leases (see Note 6). Of the total deposits held at June 30, 2015 and 2014, \$1,310 for both fiscal years is required to be maintained in accordance with the mortgage bond indenture agreements.

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. The following are the University's aggregate allocation guidelines by asset class: equities, up to 70%; real assets, up to 20%; multi-strategy hedges, up to 25%; and fixed income instruments, up to 35%. There are further allocation guidelines for specific investment categories within each asset class. The University may also invest in below investment grade bonds as equity substitutes within the overall allocation for equities.

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 \$63,265 and \$60,966, including cash held by depositories of \$1,697 and \$1,377 at June 30, 2015 and 2014, respectively, of which \$841 and \$539 are insured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents of \$500 and \$548 at June 30, 2015 and 2014, respectively, are insured by the Securities Investor Protection Corporation (SIPC); amounts in excess are neither collateralized nor insured.

# NEW JERSEY INSTITUTE OF TECHNOLOGY

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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, 2015 and 2014, \$287,135 and \$156,200, 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. U.S. Treasury and government agency bonds are considered to have no credit risk. The money market funds and mutual bond funds included in the University's investment portfolio are not rated. The University's investments in commercial paper and corporate debt securities are rated as follows by Standard & Poor's:

	<u>Rating</u>	<u>2015</u>	<u>2014</u>
Commercial paper	A-1	\$ 32,083	\$ -
Corporate debt securities	AA+	4,317	255
Corporate debt securities	AA	4,355	-
Corporate debt securities	AA-	6,396	51
Corporate debt securities	A+	5,098	10
Corporate debt securities	A	13,989	70
Corporate debt securities	A-	5,761	1,192
Corporate debt securities	BBB+	3,240	600
Corporate debt securities	BBB	792	788
Corporate debt securities	BBB-	3	-
Total corporate debt securities		<u>43,951</u>	<u>2,966</u>
		<u>\$ 76,034</u>	<u>\$ 2,966</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. There is no limit on the amount the University may invest in any issuer. The University's investments are diversified and are not currently exposed to this risk.

# NEW JERSEY INSTITUTE OF TECHNOLOGY

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Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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, 2015 and 2014, fixed income investments included in cash and cash equivalents, investments, and deposits held with trustees have the following maturities:

	<b>June 30, 2015</b>			
	<b>Investment Maturities (in years)</b>			
	<b>Fair Value</b>	<b>Less Than 1</b>	<b>1 to 5</b>	<b>5 to 10</b>
Money market funds	\$ 99,640	\$ 99,640	\$ -	\$ -
Commercial paper	32,083	32,083	-	-
Certificates of deposit	22,344	22,344	-	-
U.S. Treasury and government agency bonds	35,991	1,870	30,157	3,964
Corporate debt securities	43,951	5,705	38,221	25
Mutual bond funds	23,332	10,422	12,752	158
	<u>\$ 257,341</u>	<u>\$ 172,064</u>	<u>\$ 81,130</u>	<u>\$ 4,147</u>
	<b>June 30, 2014</b>			
	<b>Investment Maturities (in years)</b>			
	<b>Fair Value</b>	<b>Less Than 1</b>	<b>1 to 5</b>	<b>5 to 10</b>
Money market funds	\$ 99,310	\$ 99,310	\$ -	\$ -
Certificate of deposit	500	500	-	-
U.S. Treasury and government agency bonds	7,828	1,330	2,588	3,910
Corporate debt securities	2,966	117	1,314	1,535
Mutual bond funds	15,925	8,534	6,853	538
	<u>\$ 126,529</u>	<u>\$ 109,791</u>	<u>\$ 10,755</u>	<u>\$ 5,983</u>

A portion of the University's endowment investments are held in an endowment investment pool. The cost and fair value of the pooled investments are as follows:

	<b>June 30,</b>			
	<b>2015</b>		<b>2014</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money market funds	\$ 1,701	\$ 1,701	\$ 2,908	\$ 2,908
Corporate equity securities	27,638	34,279	31,896	40,840
Mutual equity funds	17,472	18,382	14,024	16,027
Mutual bond funds	11,870	12,029	8,845	9,523
Hedge and other investment funds	22,011	25,288	17,970	21,207
	<u>\$ 80,692</u>	<u>\$ 91,679</u>	<u>\$ 75,643</u>	<u>\$ 90,505</u>

Endowment investment pool units are assigned to new gifts based upon the value of the pool at the end of the quarter in which the gifts are received. There were 408,426 and 395,303 pool units with a fair unit value of \$224.47 and \$228.95 at June 30, 2015 and 2014, respectively.

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
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For the years ended June 30, 2015 and 2014, the average return for the endowment investment pool was 1.6% and 17.6%, respectively.

The spending policy for endowment funds requires an annual calculation based on a three year rolling average of the market value per pool unit. The spending rates for the years ended June 30, 2015 and 2014 were 5.0% and 5.2%, 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.

**3. Capital Assets**

The activity in capital assets and accumulated depreciation for the years ended June 30, 2015 and 2014 was as follows:

	<b>June 30, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Placed Into Service</b>	<b>June 30, 2015</b>
Depreciable assets:					
Land improvements	\$ 11,479	\$ -	\$ -	\$ 739	\$ 12,218
Buildings and building improvements	456,155	-	-	64,031	520,186
Equipment and other assets	98,026	5,609	(2,583)	5,675	106,727
	<u>565,660</u>	<u>5,609</u>	<u>(2,583)</u>	<u>70,445</u>	<u>639,131</u>
Accumulated depreciation:					
Land improvements	4,402	626	-	-	5,028
Buildings and building improvements	235,846	14,614	-	-	250,460
Equipment and other assets	71,650	6,938	(2,577)	-	76,011
	<u>311,898</u>	<u>22,178</u>	<u>(2,577)</u>	<u>-</u>	<u>331,499</u>
	253,762	(16,569)	(6)	70,445	307,632
Nondepreciable assets:					
Land	18,375	-	-	-	18,375
Construction in progress	46,057	37,365	-	(70,445)	12,977
	<u>\$ 318,194</u>	<u>\$ 20,796</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ 338,984</u>

	<b>June 30, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Placed Into Service</b>	<b>June 30, 2014</b>
Depreciable assets:					
Land improvements	\$ 8,822	\$ -	\$ (620)	\$ 3,277	\$ 11,479
Buildings and building improvements	388,056	1,110	(5,650)	72,639	456,155
Equipment and other assets	95,325	3,289	(7,069)	6,481	98,026
	<u>492,203</u>	<u>4,399</u>	<u>(13,339)</u>	<u>82,397</u>	<u>565,660</u>
Accumulated depreciation:					
Land improvements	3,990	613	(201)	-	4,402
Buildings and building improvements	223,649	12,197	-	-	235,846
Equipment and other assets	72,170	6,206	(6,726)	-	71,650
	<u>299,809</u>	<u>19,016</u>	<u>(6,927)</u>	<u>-</u>	<u>311,898</u>
	192,394	(14,617)	(6,412)	82,397	253,762
Nondepreciable assets:					
Land	17,870	505	-	-	18,375
Construction in progress	81,880	46,574	-	(82,397)	46,057
	<u>\$ 292,144</u>	<u>\$ 32,462</u>	<u>\$ (6,412)</u>	<u>\$ -</u>	<u>\$ 318,194</u>

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In fiscal year 2014, the University sold two newly-constructed Warren Street Village residential units to the student Greek organizations occupying them. The sales resulted in a loss of \$1,898, which is included in other nonoperating revenues, net.

**4. Supplementary Statement of Net Position Detail**

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
Grants and accounts receivable:		
Federal and State grants and accounts receivable	\$ 27,446	\$ 23,460
Student accounts receivable	4,365	5,308
Program services accounts receivable	673	640
Other grants and accounts receivable	1,393	1,133
Pledges receivable, current portion	1,107	722
Student loans receivable, current portion	289	340
Accrued interest receivable	327	37
	<u>35,600</u>	<u>31,640</u>
Less: allowance for doubtful accounts	3,974	4,746
	<u>\$ 31,626</u>	<u>\$ 26,894</u>
Other assets, noncurrent:		
Building Our Future Bonds proceeds receivable	\$ 39,659	\$ 39,659
Student loans receivable, net	1,981	1,700
Mortgages receivable	3,682	3,935
Pledges receivable, net	1,022	509
Other	391	248
	<u>\$ 46,735</u>	<u>\$ 46,051</u>
Accounts payable and accrued liabilities:		
Salaries and fringe benefits	\$ 13,236	\$ 11,812
Accrued interest expense	5,659	4,400
Accounts payable - construction	3,087	7,087
Accounts payable - other	6,419	7,730
Other noncurrent liabilities, current portion	2,307	2,073
	<u>\$ 30,708</u>	<u>\$ 33,102</u>

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**5. Noncurrent Liabilities**

The activity in noncurrent liabilities for the years ended June 30, 2015 and 2014 was as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Current Portion</u>
Long term debt	\$ 225,193	\$ 116,781	\$ (8,815)	\$ 333,159	\$ 9,185
Unamortized net premium	7,348	13,556	(736)	20,168	781
Total long term debt	<u>232,541</u>	<u>130,337</u>	<u>(9,551)</u>	<u>353,327</u>	<u>9,966</u>
Retirement incentive programs	7,519	134	(1,740)	5,913	1,801
Annuity funds liability	1,116	473	(612)	977	165
Insurance liability reserve	1,441	2	(1)	1,442	-
Compensated absences	3,295	140	(258)	3,177	260
Other	438	3,154	(3,107)	485	81
Total other noncurrent liabilities	<u>13,809</u>	<u>3,903</u>	<u>(5,718)</u>	<u>11,994</u>	<u>2,307</u>
Net pension liability	-	109,736	-	109,736	-
U.S. government grants refundable	1,908	47	(15)	1,940	-
	<u>\$ 248,258</u>	<u>\$ 244,023</u>	<u>\$ (15,284)</u>	<u>\$ 476,997</u>	<u>\$ 12,273</u>

  

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Long term debt	\$ 224,013	\$ 23,501	\$ (22,321)	\$ 225,193	\$ 8,800
Unamortized net premium	7,596	-	(248)	7,348	267
Total long term debt	<u>231,609</u>	<u>23,501</u>	<u>(22,569)</u>	<u>232,541</u>	<u>9,067</u>
Retirement incentive programs	4,027	5,189	(1,697)	7,519	1,676
Annuity funds liability	2,005	847	(1,736)	1,116	198
Insurance liability reserve	1,441	-	-	1,441	-
Compensated absences	3,223	321	(249)	3,295	180
Other	499	22	(83)	438	19
Total other noncurrent liabilities	<u>11,195</u>	<u>6,379</u>	<u>(3,765)</u>	<u>13,809</u>	<u>2,073</u>
U.S. government grants refundable	1,838	118	(48)	1,908	-
	<u>\$ 244,642</u>	<u>\$ 29,998</u>	<u>\$ (26,382)</u>	<u>\$ 248,258</u>	<u>\$ 11,140</u>

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

Included in annuity funds liability is a net decrease of \$325 and a net increase of \$441 in the fair value of investments at June 30, 2015 and 2014, respectively.

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**6. Long Term Debt**

Long term debt is composed of:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
General Obligation Bonds:		
2015 Series A issue:		
Serial bonds (interest rates from 3.00% to 5.00%, due on various dates through fiscal year 2032)	\$ 12,520	\$ -
Step coupon bonds (interest rates from 2.50% 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	-
2012 Series A issue:		
Serial bonds (interest rates of 4.00% and 5.00%, due on various dates through fiscal year 2028)	5,470	5,470
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2043)	60,025	60,025
2012 Series B issue:		
Serial bonds (interest rates from 0.90% to 3.723%, due on various dates through fiscal year 2026)	29,615	33,540
Term bond (interest rate at 3.323%, maturity in fiscal year 2025)	17,310	17,310
Revenue Bonds:		
2010 Series H issue:		
Serial bonds (interest rates from 3.00% to 5.00%, due on various dates through fiscal year 2026)	29,760	29,760
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	21,205	21,205
2010 Series I issue:		
Term bonds (interest rate at 6.41%, final maturity in fiscal year 2041)	20,450	20,450
2001 Series H issue:		
Term bonds (interest rate at 6.05%, final maturity in fiscal year 2017)	2,400	3,495
Other Long Term Debt:		
Higher Education Capital Improvement Fund	21,936	22,933
Equipment Leasing Fund	1,429	1,547
TD Master Leases	4,996	7,429
New Jersey Economic Development Authority note	1,797	1,937
Other	86	92
	<u>333,159</u>	<u>225,193</u>
Unamortized net premium on obligations	<u>20,168</u>	<u>7,348</u>
	353,327	232,541
Less: current portion	<u>9,966</u>	<u>9,067</u>
	<u>\$ 343,361</u>	<u>\$ 223,474</u>

# NEW JERSEY INSTITUTE OF TECHNOLOGY

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

The 2015 Series A Bonds were issued by the University to provide funds to finance, in part, the costs of constructing a wellness and events center and a parking facility. The bonds were issued at a premium of \$13,556, 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, and the 2015 Series A Step Coupon Bonds are subject to optional redemption prior to maturity on or after July 1, 2020, at a price of 100%.

The 2012 Series A Bonds were issued by the University to provide funds to finance, in part, the costs of constructing the Warren Street Village. The bonds were issued at a premium of \$6,463, which is being amortized against interest expense over the life of the bonds. The 2012 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2022 at a price of 100%.

The 2012 Series B Bonds were issued by the University for the purpose of advance refunding a prior issue of revenue 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 2010 Series H and 2010 Series I Bonds were issued by NJEFA pursuant to an agreement with the University for the purpose of advance refunding a prior issue of revenue bonds and financing, in whole or in part, the costs of the acquisition, rehabilitation, and renovation of an academic facility and of campus deferred maintenance. The 2010 Series H Bonds were issued at a premium of \$2,489, which is being amortized against interest expense over the life of the bonds.

The 2010 Series H Bonds maturing on or before July 1, 2020 are not subject to optional redemption prior to maturity. The 2010 Series H Bonds maturing on or after July 1, 2021 are subject to redemption prior to maturity on or after July 1, 2020 at a price of 100%.

The 2010 Series I Bonds have been designated as "Build America Bonds". Up to thirty-five percent of the interest payments will be paid by the Federal government. For the fiscal years ended June 30, 2015 and 2014, \$425 and \$426, respectively, of Federal government interest payments are included in interest expense and in other nonoperating revenues, net in the statement of revenues, expenses, and changes in net position. The 2010 Series I Bonds are subject to optional redemption prior to maturity on or after July 1, 2020 at a price of 100%.

The 2001 Series H Bonds were issued by NJEFA pursuant to an agreement with the University to provide funds to finance the costs of constructing a small business incubator facility. The University's mortgage obligations to NJEFA are collateralized by certain land, buildings and building improvements, and equipment. The 2001 Series H Bonds are not subject to optional redemption, except for extraordinary optional redemption as described in the debt agreement.

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The Higher Education Capital Improvement Fund (HECIF) debt was issued by NJEFA to provide funds for certain construction and facilities improvements at the State's public institutions of higher education. In fiscal year 2014, the State allocated \$9,305 of new HECIF debt to the University and refunded \$12,649 of the University's existing HECIF debt. The refunding resulted in a gain of \$433, which is included in deferred inflows of resources in the statement of net position. The University is responsible for one-third of its allocated debt service payments and related program expenses. The HECIF debt bears interest rates from 4.0% to 5.0% and matures at various dates through fiscal year 2034.

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 TD Master Leases were entered into for the purpose of repaying a prior master lease and financing the costs of an upgrade to the University's information technology and research infrastructure. The TD debt bears interest rates of 1.58% and 1.72% with final maturity in fiscal year 2019.

The New Jersey Economic Development Authority (NJEDA) note, which matures in fiscal year 2028, is noninterest bearing and payable monthly. Imputed interest expense totaled \$75 and \$78 in fiscal years 2015 and 2014, respectively.

At June 30, 2015, deposits held with trustees included \$6,275 for principal payments on revenue bonds due on July 1, 2015. Payments due on long term debt, including mandatory sinking fund payments on the revenue bonds, are as follows for the fiscal years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,355	\$ 14,746	\$ 24,101
2017	9,646	14,459	24,105
2018	9,828	14,155	23,983
2019	10,090	13,828	23,918
2020	9,231	13,473	22,704
2021 to 2025	55,059	62,244	117,303
2026 to 2030	38,031	53,278	91,309
2031 to 2035	47,919	43,036	90,955
2036 to 2040	60,655	29,157	89,812
2041 to 2045	77,070	11,936	89,006
	<u>\$ 326,884</u>	<u>\$ 270,312</u>	<u>\$ 597,196</u>

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The University has a credit agreement with a bank permitting it to borrow up to \$6,000, at the London Interbank Offered Rate (LIBOR) plus 1.0% (1.2% at June 30, 2015 and 2014) at the time of utilization. At June 30, 2015 and 2014, there were no outstanding borrowings against this agreement.

Deferred loss on refunding associated with the University's long term debt totaled \$1,972 and \$2,362, net of accumulated amortization of \$1,523 and \$1,133, at June 30, 2015 and 2014, respectively.

Deferred gain on refunding associated with the University's long term debt totaled \$346 and \$418, net of accumulated amortization of \$87 and \$15, at June 30, 2015 and 2014, respectively.

Interest charges incurred in fiscal years 2015 and 2014 totaled \$10,431 and \$9,019, respectively. Of these amounts, \$1,045 and \$517 were capitalized in fiscal years 2015 and 2014, respectively.

### 7. 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, 2015 and 2014, accounts payable and accrued liabilities include accrued vacation and related fringe benefits of \$6,143 and \$5,834, respectively, and unused sick time of \$260 and \$180, respectively. At June 30, 2015 and 2014, other noncurrent liabilities include \$2,917 and \$3,115, respectively, of unused sick time. In fiscal years 2015 and 2014, payments for unused sick time totaled \$258 and \$249, respectively.

### 8. 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 University's Board of Trustees, and the NJII SEP IRA (NJII Plan) administered by Security Benefits. PERS, PFRS, and TPAF are defined benefit pension plans and ABP, Supplemental Program, and NJII Plan are defined contribution pension plans. Generally, all employees, except certain part-time employees, 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,

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Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295, or obtained at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

### *Defined Benefit Plans*

#### *Public Employees' Retirement System*

PERS is a cost-sharing multiple-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 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, death, 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. Benefits are determined by member's tier (based on date of enrollment), as defined in the PERS plan documents, member's age, years of service, and final compensation.

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 7.06% 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 the University (State Contribution) to PERS for the fiscal year ended June 30, 2015 was \$736, which is recognized as a deferred outflow of resources in the statement of net position.

The University participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to PERS, which were \$199 and \$193 for the years ended June 30, 2015 and 2014, 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 firemen 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 for health care benefits, which vest after 25 years of service and disability benefits which vest after four years of service. 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 Contribution to PFRS for the fiscal year ended June 30, 2015 was \$545, which is recognized as a deferred outflow of resources in the statement of net position.

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### *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 the University's contributions, excluding any of the University's early retirement incentive contributions. The University 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 for health care benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. 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 compensation.

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 year ended June 30, 2015, the University recognized State appropriation revenue and pension expense of \$453 for contributions by the State.

The University participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to TPAF, which were \$56 and \$55 for the years ended June 30, 2015 and 2014, 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 recorded to reflect the provisions of GASB 68 are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2014 (Measurement Date).

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The University'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 year ended June 30, 2015, are as follows:

	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Proportionate share of the net pension liability (\$)			
2014	\$ 91,665	\$ 18,071	\$ 109,736
Proportionate share of the net pension liability (%)			
2014	0.455%	0.509%	
2013	0.450%	0.544%	
Deferred outflows of resources	\$ 3,649	\$ 913	\$ 4,562
Deferred inflows of resources	\$ 2,782	\$ 1,443	\$ 4,225
Net pension expense	\$ 4,743	\$ 679	\$ 5,422

The University's proportionate share of each respective plan's 2014 net pension liability was based on the State Contribution to the respective plans from July 1, 2013 to June 30, 2014 relative to the total contributions from all participating employers.

The components of pension related deferred outflows of resources and deferred inflows of resources at the Measurement Date are as follows:

**Deferred outflows of resources**

	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Changes in assumptions	\$ 2,022	\$ 368	\$ 2,390
Changes in proportion	891	-	891
Contributions paid subsequent to Measurement Date	<u>736</u>	<u>545</u>	<u>1,281</u>
	<u>\$ 3,649</u>	<u>\$ 913</u>	<u>\$ 4,562</u>

**Deferred inflows of resources**

	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,782	\$ 446	\$ 3,228
Changes in proportion	<u>-</u>	<u>997</u>	<u>997</u>
	<u>\$ 2,782</u>	<u>\$ 1,443</u>	<u>\$ 4,225</u>

The State is legally obligated to fund TPAF on behalf of the University. The University's proportionate share of deferred outflows of resources, deferred inflows of resources, and the collective net pension liability (\$8,415) at the Measurement Date are reported by the State.

The \$1,281 reported as deferred outflows of resources related to pensions resulting from State Contributions paid subsequent to the Measurement Date are recorded as deferred outflows of resources as of June 30, 2015, and will be recognized as a reduction of the net pension liability

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in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected in other nonoperating revenues, net, as (revenues) or expenses, in the statement of revenues, expenses, and changes in net position as follows:

	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ (160)	\$ (233)	\$ (393)
2017	(160)	(233)	(393)
2018	(160)	(233)	(393)
2019	(160)	(233)	(393)
2020	535	(122)	413
Thereafter	<u>236</u>	<u>(21)</u>	<u>215</u>
	131	(1,075)	(944)
Contributions paid subsequent to Measurement Date	<u>736</u>	<u>545</u>	<u>1,281</u>
	<u>\$ 867</u>	<u>\$ (530)</u>	<u>\$ 337</u>

### *Actuarial Assumptions*

The University's net pension liability at the Measurement Date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>	<u>PFRS</u>	<u>TPAF</u>
Inflation rate	3.01%	3.01%	2.50%
Salary increases:			
2012-2021	2.15 - 4.40% based on age	3.95 - 8.62% based on age	Varies based on experience
Thereafter	3.15 - 5.40% based on age	4.95 - 9.62% based on age	Varies based on experience
Investment rate of return	7.90%	7.90%	7.90%

PERS mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year 2012 based on Projection Scale AA. PERS actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

PFRS mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year 2011 based on Projection Scale AA. PFRS actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

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TPAF mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvements. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvements. TPAF actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

### *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 at the Measurement Date are as follows:

Asset Class	PERS and PFRS		TPAF	
	Target Allocation	Long term expected real rate of return	Target Allocation	Long term expected real rate of return
Cash	6.00%	0.80%	6.00%	0.50%
Core fixed income	-	-	0.00%	2.19%
Core bonds	1.00%	2.49%	1.00%	1.38%
Short term bonds	-	-	0.00%	1.00%
Intermediate term bonds	11.20%	2.26%	11.20%	2.60%
Long term bonds	-	-	0.00%	3.23%
Mortgages	2.50%	2.17%	2.50%	2.84%
High yield bonds	5.50%	4.82%	5.50%	4.15%
Non-U.S. fixed income	-	-	0.00%	1.41%
Inflation-indexed bonds	2.50%	3.51%	2.50%	1.30%
Broad U.S. equities	25.90%	8.22%	25.90%	5.88%
Large cap U.S. equities	-	-	0.00%	5.62%
Mid cap U.S. equities	-	-	0.00%	6.39%
Small cap U.S. equities	-	-	0.00%	7.39%
Developed foreign equities	12.70%	8.12%	12.70%	6.05%
Emerging market equities	6.50%	9.91%	6.50%	8.90%
Private equity	8.25%	13.02%	8.25%	9.15%
Hedge funds/absolute return	12.25%	4.92%	12.25%	3.85%
Real estate (property)	3.20%	5.80%	3.20%	4.43%
Real estate (REITS)	-	-	0.00%	5.58%
Commodities	2.50%	5.35%	2.50%	3.60%
Long credit bonds	-	-	0.00%	3.74%

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### *Discount Rate*

The discount rates used to measure the total pension liability for PERS, PFRS, and TPAF were 5.39%, 6.32%, and 4.68% at the Measurement Date and 5.55%, 6.45%, and 4.95% at June 30, 2013. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% at the Measurement Date, 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 PERS, PFRS, and TPAF. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, each plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, 2045, and 2027 for PERS, PFRS, and TPAF, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 2045, and 2027 for PERS, PFRS, and TPAF, respectively, and the municipal bond rate was applied to projected benefit payments after these dates in determining the total pension liability.

### *Discount Rate Sensitivity*

The University's proportionate share of the net pension liability calculated using the respective discount rate, as well as what the University'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:

	PERS		PFRS	
	Rate	Amount	Rate	Amount
1% decrease	4.39%	\$ 108,267	5.32%	\$ 21,847
Current discount rate	5.39%	91,665	6.32%	18,071
1% increase	6.39%	77,742	7.32%	14,961

### *Defined Contribution Pension Plans*

#### *Alternate Benefits 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, death, and disability benefits, including post-retirement health care benefits. 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 individual accumulations and the retirement income option selected.

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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 \$141. For the fiscal years ended June 30, 2015 and 2014, the University's contributions to ABP were \$7,071 and \$6,849.

### *New Jersey Institute of Technology Supplemental Benefit Program and Trust*

The Supplemental Program is a defined contribution plan administered by the University's Board of Trustees for ABP participants whose base salary is in excess of \$141, 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 the University, while employees may not contribute. No contribution was made in fiscal year 2015. The University's contribution was \$516 in fiscal year 2014.

### *NJII SEP IRA*

Eligible employees of NJII participate in the NJII SEP IRA, a simplified employee pension individual retirement arrangement that was started in fiscal year 2015. The NJII SEP IRA is a defined contribution plan and is administered by Security Benefits. Employer contributions are at the discretion of NJII and are immediately vested and non-forfeitable, while employees may not contribute. NJII's contribution was \$58 in fiscal year 2015.

## 9. Investment Income

Investment income is comprised of the following for the fiscal years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 1,827	\$ 1,895
Realized net gain on sale of investments	5,098	2,415
Net (decrease) increase in the fair value of investments	<u>(4,631)</u>	<u>10,391</u>
	<u>\$ 2,294</u>	<u>\$ 14,701</u>

Interest income of \$91 and \$10 was capitalized in fiscal years 2015 and 2014, respectively.

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**10. Condensed Combining Financial Statement 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, 2015 and for the year then ended are as follows:

	June 30, 2015					Combined
	NJIT	Foundation	NJII	UREs	Reclassifications/ Eliminations	
Cash and cash equivalents	\$ 60,284	\$ 2,915	\$ 374	\$ 2	\$ (2,915)	\$ 60,660
Other current assets	53,753	981	336	13	-	55,083
Due from NJII and UREs	120	-	-	-	(120)	-
Capital assets, net	314,437	-	-	24,547	-	338,984
Other noncurrent assets	216,155	100,271	-	-	(500)	315,926
Investment in UREs	24,499	-	-	-	(24,499)	-
Total assets	<u>669,248</u>	<u>104,167</u>	<u>710</u>	<u>24,562</u>	<u>(28,034)</u>	<u>770,653</u>
Deferred outflows of resources	<u>6,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,534</u>
Due to Foundation	2,915	-	-	-	(2,915)	-
Due to NJIT	-	-	95	25	(120)	-
Other current liabilities	56,311	167	224	38	-	56,740
Noncurrent liabilities	463,912	812	500	-	(500)	464,724
Total liabilities	<u>523,138</u>	<u>979</u>	<u>819</u>	<u>63</u>	<u>(3,535)</u>	<u>521,464</u>
Deferred inflows of resources	<u>4,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,571</u>
Net investment in capital assets	93,812	-	-	24,547	-	118,359
Restricted nonexpendable	-	67,766	-	-	-	67,766
Restricted expendable	58,897	20,639	100	-	-	79,636
Unrestricted	(4,636)	14,783	(209)	(48)	(24,499)	(14,609)
Total net position	<u>\$ 148,073</u>	<u>\$ 103,188</u>	<u>\$ (109)</u>	<u>\$ 24,499</u>	<u>\$ (24,499)</u>	<u>\$ 251,152</u>

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	2015					
	NJIT	Foundation	NJII	UREs	Reclassifications/ Eliminations	Combined
Gifts and bequests	\$ -	\$ 5,269	\$ 573	\$ -	\$ (5,842)	\$ -
Grants from Foundation	6,372	-	-	-	(6,372)	-
Other operating revenues	<u>232,286</u>	<u>2,318</u>	<u>1,699</u>	<u>1,255</u>	<u>(3,094)</u>	<u>234,464</u>
Total operating revenues	<u>238,658</u>	<u>7,587</u>	<u>2,272</u>	<u>1,255</u>	<u>(15,308)</u>	<u>234,464</u>
Depreciation	21,264	-	-	914	-	22,178
Grants to NJIT	-	6,216	-	-	(6,216)	-
Grants to NJIT student fraternities	-	153	-	-	(153)	-
Other operating expenses	<u>280,402</u>	<u>3,132</u>	<u>2,381</u>	<u>819</u>	<u>(3,980)</u>	<u>282,754</u>
Total operating expenses	<u>301,666</u>	<u>9,501</u>	<u>2,381</u>	<u>1,733</u>	<u>(10,349)</u>	<u>304,932</u>
Operating (loss) profit	(63,008)	(1,914)	(109)	(478)	(4,959)	(70,468)
Gifts and bequests	-	-	-	-	3,672	3,672
Investment income	660	1,634	-	-	-	2,294
Other nonoperating revenues, net	74,565	55	-	(4,686)	4,981	74,915
Capital grants and gifts	20,000	-	-	-	1,470	21,470
Additions to permanent endowments	-	2,971	-	-	-	2,971
Increase (decrease) in net position	32,217	2,746	(109)	(5,164)	5,164	34,854
Net position, beginning of year	219,833	100,442	-	29,663	(29,663)	320,275
Cumulative effect of change in accounting principle	(103,977)	-	-	-	-	(103,977)
Net position, end of year	<u>\$ 148,073</u>	<u>\$ 103,188</u>	<u>\$ (109)</u>	<u>\$ 24,499</u>	<u>\$ (24,499)</u>	<u>\$ 251,152</u>

	2015					
	NJIT	Foundation	NJII	UREs	Reclassifications/ Eliminations	Combined
Net cash provided by (used by):						
Operating activities	\$ (14,588)	\$ (3,113)	\$ (126)	\$ 520	\$ 2,878	\$ (14,429)
Noncapital financing activities	59,354	2,887	500	(851)	(4,212)	57,678
Capital financing activities	(37,188)	-	-	-	1,049	(36,139)
Investing activities	<u>(6,041)</u>	<u>844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,197)</u>
Net increase (decrease) in cash and cash equivalents	1,537	618	374	(331)	(285)	1,913
Cash and cash equivalents, beginning of year	<u>58,747</u>	<u>2,297</u>	<u>-</u>	<u>333</u>	<u>(2,630)</u>	<u>58,747</u>
Cash and cash equivalents, end of year	<u>\$ 60,284</u>	<u>\$ 2,915</u>	<u>\$ 374</u>	<u>\$ 2</u>	<u>\$ (2,915)</u>	<u>\$ 60,660</u>

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The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT, the Foundation, and the UREs at June 30, 2014 and for the year then ended are as follows:

	<b>June 30, 2014</b>				
	<b>NJIT</b>	<b>Foundation</b>	<b>UREs</b>	<b>Reclassifications/ Eliminations</b>	<b>Combined</b>
Cash and cash equivalents	\$ 58,747	\$ 2,297	\$ 333	\$ (2,630)	\$ 58,747
Other current assets	42,183	541	123	-	42,847
Due from UREs	125	-	-	(125)	-
Capital assets, net	292,733	-	25,461	-	318,194
Other noncurrent assets	89,039	98,722	3,935	-	191,696
Investment in UREs	29,663	-	-	(29,663)	-
Total assets	<u>512,490</u>	<u>101,560</u>	<u>29,852</u>	<u>(32,418)</u>	<u>611,484</u>
Deferred outflows of resources	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
Due to Foundation	2,297	-	-	(2,297)	-
Due to UREs	333	-	-	(333)	-
Due to NJIT	-	-	125	(125)	-
Other current liabilities	55,771	200	64	-	56,035
Noncurrent liabilities	236,200	918	-	-	237,118
Total liabilities	<u>294,601</u>	<u>1,118</u>	<u>189</u>	<u>(2,755)</u>	<u>293,153</u>
Deferred inflows of resources	<u>418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418</u>
Net investment in capital assets	104,903	-	29,386	(29,386)	104,903
Restricted nonexpendable	-	64,748	-	-	64,748
Restricted expendable	55,807	21,867	-	-	77,674
Unrestricted	59,123	13,827	277	(277)	72,950
Total net position	<u>\$ 219,833</u>	<u>\$ 100,442</u>	<u>\$ 29,663</u>	<u>\$ (29,663)</u>	<u>\$ 320,275</u>

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	<b>2014</b>				
	<b>NJIT</b>	<b>Foundation</b>	<b>UREs</b>	<b>Reclassifications/ Eliminations</b>	<b>Combined</b>
Gifts and bequests	\$ -	\$ 5,024	\$ -	\$ (5,024)	\$ -
Grants from Foundation	5,364	-	-	(5,364)	-
Other operating revenues	219,195	-	1,342	-	220,537
Total operating revenues	<u>224,559</u>	<u>5,024</u>	<u>1,342</u>	<u>(10,388)</u>	<u>220,537</u>
Depreciation	18,949	-	457	-	19,406
Grants to NJIT	-	5,364	-	(5,364)	-
Grants to NJIT student fraternities	-	208	-	(208)	-
Other operating expenses	282,261	2,428	514	208	285,411
Total operating expenses	<u>301,210</u>	<u>8,000</u>	<u>971</u>	<u>(5,364)</u>	<u>304,817</u>
Operating (loss) profit	(76,651)	(2,976)	371	(5,024)	(84,280)
Gifts and bequests	-	-	-	4,777	4,777
Investment income	1,501	13,200	-	-	14,701
Other nonoperating revenues, net	84,608	20	(2,442)	2,218	84,404
Capital grants and gifts	68,991	-	31,734	(31,634)	69,091
Additions to permanent endowments	-	4,921	-	-	4,921
Increase (decrease) in net position	78,449	15,165	29,663	(29,663)	93,614
Net position, beginning of year	<u>141,384</u>	<u>85,277</u>	<u>-</u>	<u>-</u>	<u>226,661</u>
Net position, end of year	<u>\$ 219,833</u>	<u>\$ 100,442</u>	<u>\$ 29,663</u>	<u>\$ (29,663)</u>	<u>\$ 320,275</u>

	<b>2014</b>				
	<b>NJIT</b>	<b>Foundation</b>	<b>UREs</b>	<b>Reclassifications/ Eliminations</b>	<b>Combined</b>
Net cash provided by (used by):					
Operating activities	\$ (17,477)	\$ (4,903)	\$ 877	\$ 3,326	\$ (18,177)
Noncapital financing activities	55,156	4,310	-	(2,375)	57,091
Capital financing activities	(26,083)	-	(544)	100	(26,527)
Investing activities	(4,129)	(791)	-	-	(4,920)
Net increase (decrease) in cash and cash equivalents	7,467	(1,384)	333	1,051	7,467
Cash and cash equivalents, beginning of year	<u>51,280</u>	<u>3,681</u>	<u>-</u>	<u>(3,681)</u>	<u>51,280</u>
Cash and cash equivalents, end of year	<u>\$ 58,747</u>	<u>\$ 2,297</u>	<u>\$ 333</u>	<u>\$ (2,630)</u>	<u>\$ 58,747</u>

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Notes to Financial Statements**  
(Dollars in thousands)  
**June 30, 2015 and 2014**

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**11. Net Position**

The components of unrestricted net position are as follows:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
Designated unrestricted net position:		
Scholarships and fellowships	\$ 6,369	\$ 6,496
Instructional and other	10,562	9,495
Debt service	4,804	4,558
Outstanding purchase orders	5,000	4,000
Construction and capital programs	22,265	18,655
State bond funds required match	16,140	6,000
Wellness and Events Center construction	5,000	-
	<u>70,140</u>	<u>49,204</u>
Undesignated unrestricted net position:		
Pension related	(109,399)	-
Operations	24,650	23,746
	<u>\$ (14,609)</u>	<u>\$ 72,950</u>

**12. Commitments and Contingencies**

At June 30, 2015, open purchase orders totaled \$28,377, primarily for construction and capital program and research 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.

**Required Supplementary Information**

Schedules of Proportionate Share of the  
Net Pension Liability – Last 10 Years

Schedules of Employer  
Contributions – Last 10 Years

# NEW JERSEY INSTITUTE OF TECHNOLOGY

## Required Supplementary Information

### Schedules of Proportionate Share of the Net Pension Liability – Last 10 Years\*

(Dollars in thousands)

June 30, 2015

#### Public Employees' Retirement System (PERS)

Reporting fiscal year (Measurement Date, June 30,)	NJIT's proportion of the net pension liability		NJIT's covered employee payroll	NJIT's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	%	\$			
2015 (2014)	0.455%	\$ 91,665	\$ 23,781	385.45%	30.06%

#### Police and Firemen's Retirement System (PFRS)

Reporting fiscal year (Measurement Date, June 30,)	NJIT's proportion of the net pension liability		NJIT's covered employee payroll	NJIT's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	%	\$			
2015 (2014)	0.509%	\$ 18,071	\$ 2,249	803.51%	34.70%

#### Teachers' Pension and Annuity Fund (TPAF)

Reporting fiscal year (Measurement Date, June 30,)	NJIT's proportion of the collective net pension liability		State's proportionate share of the collective net pension liability attributable to NJIT	NJIT's covered employee payroll	NJIT's proportionate share of the collective net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	%	\$				
2015 (2014)	0.000%	\$ -	\$ 8,415	\$ -	0.00%	33.64%

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

**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**Required Supplementary Information**  
**Schedules of Employer Contributions – Last 10 Years\***  
(Dollars in thousands)  
June 30, 2015

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**Public Employees' Retirement System (PERS)**

<b>Reporting fiscal year</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>NJIT's covered employee payroll</b>	<b>Contributions as a percentage of employee covered payroll</b>
2015	\$ 736	\$ 736	\$ -	\$ 24,038	3.06%

**Police and Firemen's Retirement System (PFRS)**

<b>Reporting fiscal year</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>NJIT's covered employee payroll</b>	<b>Contributions as a percentage of employee covered payroll</b>
2015	\$ 545	\$ 545	\$ -	\$ 2,391	22.79%

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