

# NEW JERSEY INSTITUTE OF TECHNOLOGY

**Financial Statements  
and Management's Discussion and Analysis**

**Together with  
Report of Independent Certified Public Accountants**

**June 30, 2020 and 2019**



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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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 University'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 University'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 financial position of the business-type activities of New Jersey Institute of Technology as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 17 and the Schedules of Proportionate Share of the Net Pension Liability, the Schedules of Employer Contributions, and the Schedules of Proportionate Share of the Total Other Postemployment Benefits Liability (OPEB) included on pages 54 through 58 be presented to supplement the basic financial statements. Such supplementary information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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. 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, the Schedules of Employer Contributions, and the Schedules of Proportionate Share of the Total Other Postemployment Benefits Liability (OPEB) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania  
February 11, 2021

## **Management's Discussion and Analysis (unaudited)** **(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 (the UREs) (collectively, the University) at and for the years ended June 30, 2020 and 2019. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

As New Jersey's science, technology and design university, NJIT has earned a solid reputation as one of the nation's preeminent STEM-based educational and research institutions. NJIT is a student-centered, urban research university, committed to the pursuit of excellence in undergraduate, graduate, and executive education and professional development programs, in the conduct of research, in contributing to the economic development of the State of New Jersey (the State), and in service to both its local communities and the broader society of the State and the nation. With enrollment of more than 11,500 undergraduate and graduate students, NJIT offers small-campus intimacy with the resources of a major public research university. NJIT offers over fifty undergraduate degree programs and over sixty-five graduate degree programs, including twenty programs leading to a Ph.D. degree in a professional discipline. 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.

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

NJIT was formally recognized as a body corporate and politic by The New Jersey Institute of Technology Act of 1995. The Foundation is a separately incorporated 501(c)(3) tax-exempt resource development organization that encourages private philanthropy on behalf of NJIT. NJII is a separately incorporated 501(c)(3) tax-exempt charitable organization that applies the intellectual and technological resources of NJIT to challenges identified by industry partners. NJII includes the activities of Healthcare Innovation Solutions, Inc. (HCIS), a separately incorporated for-profit entity that provides consulting services to the healthcare industry. NJII is the sole shareholder of HCIS, which commenced operations on July 1, 2018. The UREs operate residential buildings for NJIT student Greek organizations.

## Management's Discussion and Analysis (unaudited) (Dollars in thousands)

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### The Financial Statements

The University's financial statements include a statement of net position at June 30, 2020 and 2019, 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).



### Financial Highlights

The University's financial position at June 30, 2020 and 2019 was sound, with total assets of \$837,504 and \$853,985, deferred outflows of resources of \$26,755 and \$36,956, total liabilities of \$567,478 and \$575,856, and deferred inflows of resources of \$34,584 and \$31,940, 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 \$262,197 and \$283,145 at June 30, 2020 and 2019, respectively.

Fiscal year 2020 proved to be a challenging time for the University due to the effects and economic disruption caused by the novel coronavirus disease 2019 (COVID-19). Due to the rapidly evolving impact of COVID-19, the University swiftly reacted to keep the University community safe while addressing the impact on financial operations.

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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As a result of the World Health Organization declaring the outbreak of COVID-19 as a pandemic in March 2020, the University went to a virtual teaching and learning environment as well as a remote work environment, for non-essential employees, in mid-March 2020. In late March 2020, the State of New Jersey deappropriated \$5.9 million of NJIT's fiscal year 2020 appropriation. The University instituted cost-containing measures, including a vacation bank giveback of \$2,565 and a voluntary furlough program offered between June 8, 2020 and July 31, 2020. In addition, the University sought Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funds through the Higher Education Emergency Relief Fund (HEERF). The purpose of these funds was to provide emergency grants to students as well as cover institutional expenses or lost revenue related to the disruption of campus operations caused by the pandemic.



In April 2020, the University was awarded HEERF funds totaling \$8,111, all of which were drawn down as of June 30, 2020, and \$4,094 of which were earned and reflected in other non-operating revenues, net in the statement of revenues, expenses, and changes in net position. The University disbursed \$2,047 of emergency financial aid grants to students and this amount is included as an increase to scholarships and fellowships expense. The University has reflected \$2,047 of institutional funds to offset lost residence hall and parking revenues. Unexpended funds of \$4,017 are reflected in unearned advance payments in the statement of net position.

As a result of moving to a virtual teaching and learning environment, the University issued housing and parking credits totaling \$4,335 during the year ended June 30, 2020, of which \$3,051 are reflected as a reduction of auxiliary revenue in the statement of revenues, expenses, and changes in net position and

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## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

non-refunded amounts to students are reflected in unearned advance payments in the statement of net position and will be applied to fall 2020 semester charges. The remaining credits are reflected as a reduction of auxiliary revenue and scholarships and fellowships expense in the statement of revenues, expenses, and changes in net position for the year ended June 30, 2020.

### Statement of Net Position

The statement of net position presents the University's financial position at June 30, 2020 and 2019, and is summarized as follows. The summarized statement of net position at June 30, 2018, is also presented for comparative purposes.

		June 30,		
		2020	2019	2018
Current assets		\$ 165,100	\$ 178,965	\$ 168,981
Endowment investments		129,183	122,812	113,638
Capital assets, net		528,671	525,106	520,224
Other assets		14,550	27,102	49,056
Total assets		837,504	853,985	851,899
Deferred outflows of resources		26,755	36,956	41,804
Current liabilities		74,224	69,255	72,985
Long-term debt, noncurrent portion		338,952	342,203	346,723
Other liabilities		154,302	164,398	170,346
Total liabilities		567,478	575,856	590,054
Deferred inflows of resources		34,584	31,940	23,818
Net investment in capital assets		181,178	186,635	176,307
Restricted nonexpendable		85,702	83,012	77,528
Restricted expendable		38,878	39,873	45,376
Unrestricted		(43,561)	(26,375)	(19,380)
Total net position		\$ 262,197	\$ 283,145	\$ 279,831

Current assets consist principally of cash and cash equivalents, grants and accounts receivable, net of allowances, deposits held with trustees, and short-term investments. The decrease in current assets at June 30, 2020 as compared to June 30, 2019 of \$13,865 is primarily due to a decrease in cash and cash equivalents as well as grants and accounts receivable, net, partially offset by an increase in short-term investments. The net decrease of cash and cash equivalents and short-term investments at June 30, 2020 of \$9,900 principally relates to facilities project spending; reduction in State appropriations; timing of student receivable payments and State of New Jersey FICA reimbursement; and a decrease in investment income; partially offset by unexpended CARES Act funds and restricted gifts; and grants and contracts receivable payments. The increase in current assets at June 30, 2019 as compared to June 30, 2018 of \$9,984 principally relates to a net increase in cash and cash equivalents and short-term investments, partially offset by a decrease in grants and accounts receivable, net. The large shift from short-term investments to cash and cash equivalents at June 30, 2019 as compared to June 30, 2018 was the result of a strategic decision related to investment goals.

## Management's Discussion and Analysis (unaudited)

### (Dollars in thousands)

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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, 2020 as compared to June 30, 2019 of \$4,969 results from increases in unearned advance payments, primarily due to unexpended CARES Act funds and student housing, parking, and meal plan credits, resulting from moving to a virtual learning environment, to be applied to future semesters; current portion of long-term debt, primarily due to a NJII Paycheck Protection Program (PPP) loan and a note payable in connection with a strategic property acquisition; partially offset by a decrease in accounts payable and accrued liabilities, primarily from a decrease in accounts payable - construction. The decrease in current liabilities at June 30, 2019 as compared to June 30, 2018 of \$3,730 results from a decrease in cash held for NJEDge.Net, an affiliate, and a reduction in the current portion of long-term debt as a result of the repayment of a master lease, partially offset by an increase in accounts payable and accrued liabilities and unearned advance payments.

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 \$90,883 and \$105,660 at June 30, 2020 and 2019, respectively. The University had \$104,259 and \$114,159 in cash and cash equivalents and short-term investments to fund current operations, facilities rehabilitation projects, and other activities at June 30, 2020 and 2019, respectively. The net decrease of cash and cash equivalents and short-term investments at June 30, 2020 of \$9,900 is due to a decrease in cash and cash equivalents, partially offset by an increase in short-term investments, as described above. The net increase in cash and cash equivalents and short-term investments at June 30, 2019 of \$14,157 principally relates to the timing of cash receipts relating to State grants, State accounts receivables, student accounts receivables, and gifts and bequests for other than capital purposes.

Endowment investments include gifts from donors, the corpus of which is to be invested in perpetuity, annuity funds, unrestricted funds established by NJIT as quasi-endowment, and the related income and appreciation. Endowment investments increased 5.2% and 8.1% during fiscal years 2020 and 2019, respectively, reflecting growth from new gifts, realized net investment gains, and a net (decrease) increase in the fair value of investments at June 30, 2020 and 2019, respectively, offset by endowment distributions in both fiscal years.

During August 2019, the Foundation transferred management of the pooled endowment to a new investment manager, resulting in the sale and purchase of endowment investments.

Capital assets, at cost, increased 3.8% and 3.7% during fiscal years 2020 and 2019, respectively. The fiscal year 2020 increase primarily results from the completion of the soccer field; several strategic property acquisitions; continued work on Phase II of the renovation of Makerspace at NJIT and construction of The Cell and Gene Therapy Development Center, both with anticipated completion in fiscal year 2021; and rehabilitation and renovation of various campus facilities; partially offset by the write-off of equipment and other assets no longer in service. The fiscal year 2019 increase primarily results from construction of the soccer field, continued work on the renovation of Makerspace at NJIT, with the completion of Phase I in fiscal year 2019; and rehabilitation and renovation of various campus facilities; partially offset by the write-off of equipment and other assets no longer in service.

Other assets are comprised of investments, investments – capital construction, beneficial interest trusts, and other noncurrent assets at June 30, 2020 and 2019 and deposits held with trustees at June 30, 2019.

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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The decrease in other assets of \$12,552 and \$21,954 at June 30, 2020 and 2019, respectively, was principally due to the utilization of investments – capital construction as well as a decrease in deposits held with trustees, resulting from the reimbursement of capital expenditures.



Deferred outflows of resources consist of loss on defeasance of debt and certain changes in the net pension liability. The decrease in deferred outflows of resources of \$10,201 and \$4,848 at June 30, 2020 and June 30, 2019, respectively, principally relates to changes in contributions made on behalf of the University subsequent to the measurement date and certain changes in the net pension liability.

Total long-term debt at June 30, 2020 and 2019 was \$347,011 and \$346,723, respectively. During fiscal year 2020, the University issued 2020 Series A Bonds in the amount of \$16,385 for the purpose of advance refunding the 2010 Series I Bonds; 2020 Series B Bonds in the amount of \$53,100 for the purpose of advance refunding the 2012 Series A Bonds and a portion of the 2015 Series A Bonds; and 2020 Series Direct Placement Bonds in the amount of \$28,360 for the purpose of advance refunding all but \$980 of the 2010 Series H Bonds. The debt is comprised of both serial and term bonds bearing interest rates from 3.014% to 5.0% maturing at various dates through fiscal year 2043. Additionally, the University financed \$1,000 of the purchase price of a strategic property acquisition with an interest-free note to be paid in fiscal year 2021 and NJIT received loan proceeds of \$2,671 under the Paycheck Protection Program payable over two years at an interest rate of 1.0%.

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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At June 30, 2020 and 2019, the University's bond ratings and outlook were as follows:

	Moody's Investors Service	Standard & Poor's
Long-Term Rating	A1	A
Rating Outlook	Stable	Stable

Other liabilities consist of net pension liability, other noncurrent liabilities, and U.S. government grants refundable. The decrease in other liabilities of \$10,096 and \$5,948 at June 30, 2020 and June 30, 2019, respectively, principally relates to the reduction in the net pension liability in both years, partially offset by an increase in the pollution remediation liability in fiscal year 2020.

Deferred inflows of resources consist of gain on defeasance of debt, certain changes in the net pension liability, and certain changes in annuity funds liability. The increase in deferred inflows of resources of \$2,644 and \$8,122 at June 30, 2020 and 2019, respectively, principally relates to certain changes in the net pension liability.

Net investment in capital assets represents the University's interests in land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress, less related depreciation and amortization, and the debt incurred to finance their acquisition. Net investment in capital assets decreased \$5,457 during fiscal year 2020 principally due to the increase in capital assets discussed above and a net decrease in long-term debt related to capital assets, more than offset by depreciation expense. The increase of \$10,328 during fiscal year 2019 was principally due to an increase in capital assets and a net decrease in long-term debt, partially offset by depreciation expense.



## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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

Restricted net position increased \$1,695 during fiscal year 2020, primarily due to an increase in nonexpendable restricted net position for scholarships and fellowships and instructional and other, resulting from additions to permanent endowments, as well as an increase in expendable instructional and other, partially offset by a decrease in restricted expendable capital projects, resulting from expenditures of capital grant funds. Restricted net position decreased \$19 during fiscal year 2019, primarily due to a decrease in restricted expendable net position for capital projects as a result of expenditures of capital grant funds, largely offset by an increase in both nonexpendable and expendable restricted net position for scholarships and fellowships, resulting from additions to permanent endowments and unexpended restricted gifts for scholarships and fellowships, respectively.

Unrestricted net position is all other net position that is available for general operations in support of the University's mission. The decrease in unrestricted net position is principally due to decreases in designated unrestricted net position for construction and capital projects due to expenditures on capital projects, such as the completion of the soccer field and continued work on Phase II of the renovation of Makerspace at NJIT, and renovation of various campus facilities, as described above; undesignated unrestricted-operations activity; and pension related activity; partially offset by an increase in quasi-endowments. Even though unrestricted net position is not subject to external restrictions, management, with the approval of the Board, has designated a portion of the unrestricted net position for the following specified purposes. The June 30, 2018 unrestricted net position is also presented for comparative purposes.

	June 30,		
	2020	2019	2018
Designated unrestricted net position:			
Quasi-endowments	\$ 25,202	\$ 21,739	\$ 18,091
Instructional and other	6,107	4,616	4,513
Construction and capital programs	31,233	41,098	38,106
Wellness and Events Center construction	-	-	11,963
State bond funds required match	-	38	92
Debt service	18,508	17,710	12,228
Pollution remediation	2,412	2,035	2,259
Outstanding purchase orders	2,847	4,626	8,558
	86,309	91,862	95,810
Undesignated unrestricted net position:			
Pension related	(148,578)	(144,828)	(137,953)
Operations	18,708	26,591	22,763
	<u>\$ (43,561)</u>	<u>\$ (26,375)</u>	<u>\$ (19,380)</u>

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

### 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 non-operating and other revenues and expenses of the University.

The components of revenues for the fiscal years ended June 30, 2020 and 2019 are as follows. The components of revenues for the fiscal year ended June 30, 2018 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2020	2019	2018
Operating revenues:			
Student tuition and fees, net	\$ 139,319	\$ 136,286	\$ 131,796
Federal, State, and other grants and contracts	134,887	136,492	131,120
Auxiliary enterprises, net	13,341	16,953	16,389
Other operating revenues	6,542	6,909	5,561
Total operating revenues	294,089	296,640	284,866
Non-operating and other revenues:			
State appropriations	91,560	109,440	124,010
Gifts and bequests, capital grants and gifts, and additions to permanent endowments	7,778	12,569	7,738
Investment income	7,059	12,086	12,157
Other non-operating and other revenues, net	7,984	4,776	2,125
Total non-operating and other revenues	114,381	138,871	146,030
Total revenues	\$ 408,470	\$ 435,511	\$ 430,896

The components of expenses for the fiscal years ended June 30, 2020 and 2019 are as follows. The components of expenses for the fiscal year ended June 30, 2018 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2020	2019	2018
Operating expenses:			
Instruction	\$ 115,325	\$ 116,451	\$ 118,983
Research and programs	88,470	92,619	90,223
Public service	2,458	2,153	2,286
Academic support	32,253	34,374	34,804
Student services	31,704	31,513	30,280
Institutional support	57,989	58,291	61,160
Operation and maintenance of plant	28,803	26,259	30,668
Scholarships and fellowships	12,309	10,455	10,045
Depreciation	36,522	35,166	31,073
Auxiliary enterprises	9,292	9,927	9,397
Total operating expenses	415,125	417,208	418,919
Non-operating expenses – interest expense	14,293	14,989	12,443
Total expenses	\$ 429,418	\$ 432,197	\$ 431,362

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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

Student tuition and fees totaled \$139,319, \$136,286, and \$131,796, net of scholarship allowances of \$69,528, \$64,419, and \$60,272 in fiscal years 2020, 2019, and 2018, respectively. The fiscal year 2020 increase was attributable to growth in enrollment and tuition and mandatory fees increase of 1.9%, partially offset by an increase in scholarship allowance. The fiscal year 2019 increase was attributable to a tuition and mandatory fees increase of 2.6% as well as the composition of student enrollment, partially offset by an increase in scholarship allowances.

Auxiliary enterprises revenues, net of scholarship allowances of \$4,811, \$5,875, and \$5,463 in fiscal years 2020, 2019, and 2018, respectively, decreased 21.3% to \$13,341 in fiscal year 2020 and increased 3.4% to \$16,953 in fiscal year 2019. The fiscal year 2020 decrease is principally due to residence hall and parking fee credits totaling \$4,335 resulting from NJIT moving to a virtual teaching and learning environment in mid-March 2020 due to COVID-19, partially offset by a decrease in scholarship allowance. The fiscal year 2019 increase was principally due to increased occupancy and residence hall charges.

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

The components of State appropriations are as follows:

	Fiscal Years Ended June 30,		
	2020	2019	2018
Direct appropriation for general operating purposes	\$ 30,684	\$ 35,440	\$ 35,440
Direct appropriation for Makerspace operating support	-	-	10,000
Direct appropriation for Medical Devices Innovation Cluster	3,700	3,700	-
FICA and fringe benefits paid by the State for University employees	40,824	41,361	40,971
Other postemployment benefits	1,128	11,386	17,417
Fringe benefit equalization adjustment	15,224	17,553	20,182
	<u>\$ 91,560</u>	<u>\$ 109,440</u>	<u>\$ 124,010</u>

The fiscal year 2020 State appropriations decrease was primarily due to a \$5,971 reduction in funding, attributable to COVID-19, as well as a decrease in other postemployment benefits (OPEB) and the fringe benefit equalization adjustment. The fiscal year 2019 State appropriations decrease was primarily due to an additional appropriation in fiscal year 2018 for Makerspace operating support as well as decreases in OPEB and the fringe benefit equalization adjustment, partially offset by the Medical Devices Innovation Cluster appropriation in fiscal year 2019.

## Management's Discussion and Analysis (unaudited) (Dollars in thousands)

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

	Fiscal Years Ended June 30,		
	2020	2019	2018
Federal grants and contracts	\$ 103,673	\$ 106,754	\$ 100,769
State grants and contracts	27,416	26,109	25,297
Other grants and contracts	3,798	3,629	5,054
	<u>\$ 134,887</u>	<u>\$ 136,492</u>	<u>\$ 131,120</u>



Federal grants and contracts revenues decreased 2.9% and increased 5.9% in fiscal years 2020 and 2019, respectively. The fiscal year 2020 decrease was due to a decrease in research grants and contracts, partially offset by an increase in student financial assistance grants. The fiscal year 2019 increase results from increases in research grants and contracts and student financial assistance grants. State grants and contracts revenues increased 5.0% and 3.2% in fiscal years 2020 and 2019, respectively, due to an increase in student financial assistance grants, partially offset by a decrease in research grants and contracts. Other grants and contracts revenues increased 4.7% in fiscal year 2020 and decreased 28.2% in fiscal year 2019.

## Management's Discussion and Analysis (unaudited)

### (Dollars in thousands)

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Private support from corporations, foundations, alumni, and other donors is an important factor in the University's growth and development. In fiscal years 2020 and 2019, respectively, the University received gifts and bequests totaling \$3,630 and \$7,146, capital grants and gifts of \$1,247 and \$162, and additions to permanent endowments of \$2,901 and \$5,261. The fiscal year 2020 decrease and fiscal year 2019 increase in gifts and bequests is principally due to a fiscal year 2019 pledge of approximately \$3,000 in support of scholarships. The fiscal year 2020 increase in capital grants and gifts is due to donated equipment for The Cell and Gene Therapy Development Center. The fiscal year 2020 decrease in additions to permanent endowments is principally due to a \$1,756 bequest received in fiscal year 2019.

Investment income includes interest and dividends, as well as realized and unrealized gains and losses. During fiscal years 2020 and 2019, investment income of \$7,059 and \$12,086 was due to interest and dividends, realized net gain on sale of investments, and a net (decrease) increase in the fair value of investments at June 30, 2020 and 2019, respectively. Fiscal year 2020 realized net gain on sale of investments is primarily due to the sale of investments resulting from the transfer of endowment investments to a new investment manager and the full redemption of two alternative investments. The fiscal year 2020 decrease in the fair value of investments is primarily due to the sale and full redemption of endowment investments, as noted above, and market volatility as a result of COVID-19, partially offset by a net increase in the fair value of investments during the first seven months of fiscal year 2020.

Other non-operating revenues, net totaled \$7,984 and \$4,776 in fiscal years 2020 and 2019, respectively. The fiscal year 2020 increase is primarily the result of CARES Act funds, partially offset by cost of issue expenses related to the fiscal year 2020 bond advance refundings.

Instruction, academic support, student services, and scholarships and fellowships expenses totaled \$191,591, \$192,793, and \$194,112 in fiscal years 2020, 2019, and 2018, respectively. The decrease of 0.6% in fiscal year 2020 is primarily due to decreases in OPEB expense and pension expense, partially offset by increases in salary and fringe benefit expense, CARES Act funded student financial assistance, and expenses associated with the change of intercollegiate athletic program conference. Expenses remained relatively constant in fiscal year 2019 with a decrease of less than one percent, comprised of decreases in OPEB expense and pension expense, nearly offset by increases in salaries and fringe benefit expense and consulting services, primarily relating to student recruiting and academic support.

Research and programs expense decreased 4.5% to \$88,470 and increased 2.7% to \$92,619 in fiscal years 2020 and 2019, respectively, primarily due to decreases in Federal and State research and program expenditures, OPEB expense, and pension expense in fiscal year 2020 and an increase in Federal research and program expenditures in fiscal year 2019, partially offset by decreases in OPEB expense and pension expense.

Public service expense increased 14.2% to \$2,458 in fiscal year 2020 primarily as a result of increases in salary and fringe benefit expense in fiscal year 2020, partially offset by decreases in OPEB expense and pension expense, and decreased 5.8% to \$2,153 in fiscal year 2019 primarily due to decreases in legal fees and pension expense.

Institutional support expense decreased 0.5% to \$57,989 in fiscal year 2020 primarily due to decreases in OPEB expense, pension expense, travel expense due to the pandemic, and tax expense as a result of the IRS repealing the fringe benefit transportation tax in December 2019, partially offset by increases

## **Management's Discussion and Analysis (unaudited)**

### **(Dollars in thousands)**

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in salary and fringe benefit expense and advertising expense. The fiscal year 2019 decrease of 4.7% to \$58,291 was primarily due to decreases in OPEB expense, pension expense, salary and fringe benefit expense, and legal fees, partially offset by an increase in consulting services, primarily relating to marketing.

Operation and maintenance of plant expense increased 9.7% in fiscal year 2020 to \$28,803 and decreased 14.4% in fiscal year 2019 to \$26,259. The fiscal year 2020 increase was primarily due to increases in both repairs and maintenance expense and utility expense, partially offset by decreases in OPEB expense and pension expense. The fiscal year 2019 decrease was primarily due the recording of a pollution remediation liability in fiscal year 2018 and decreases in pension expense, OPEB expense, consulting services, and disposal costs, partially offset by an increase in repair services.

Auxiliary enterprises expense decreased 6.4% to \$9,292 in fiscal year 2020, primarily due to a decrease in repair and maintenance costs for residence halls as well as a reduction in resident assistant room and board awards, as a result of COVID-19, and increased 5.6% to \$9,927 in fiscal 2019, primarily due to an increase in repairs and maintenance costs for residence halls.

During fiscal years 2020 and 2019, the University incurred long-term debt interest costs of \$14,293 and \$14,989.

### **Summary and Outlook**

Despite the challenges of fiscal year 2020 as a result of COVID-19, the University is in a sound financial position at June 30, 2020. Overall enrollment had a slight increase for the fiscal 2020 academic year, with a pre-COVID-19 increase in the residence hall census. 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.

While the disruption caused by COVID-19 is currently expected to be temporary, there is uncertainty around the duration. NJIT realized an increase in the summer 2020 enrollment while the fall 2020 enrollment decreased approximately three percent as compared to the prior year, primarily related to graduate enrollment. NJIT implemented three modes to deliver courses for fall 2020: converged learning mode; synchronous online mode; and online only mode. Residence hall census saw a decline in fall 2020. NJIT continues to take measures in fiscal year 2021 to mitigate the impact on its financial operations. A conservative initial six-month fiscal year 2021 budget was developed with continued cost-containing measures, including senior leadership compensation reductions, a salary program freeze, hiring pause, staff voluntary separation program, and voluntary and involuntary furloughs.

During fiscal year 2021, NJIT applied for and was awarded CARES Act funds of \$9.4 million under the Coronavirus Relief Fund (CRF), all of which was received by December 2020; \$13.8 million under the Coronavirus Response and Relief Supplemental Appropriation (CRRSA); and \$3.2 million under the Governor's Emergency Education Relief Fund (GEERF), half of which was received in August 2020. These funds will be used for emergency grant awards to students, to offset lost institutional revenue, and to cover specific expenses related to pandemic mitigation and/or continuity of operations.

As part of the approved State budget for fiscal year 2021, the University will receive \$40,376 of State appropriations funding, including \$3,700 for the Medical Devices Innovation Cluster.

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## Management's Discussion and Analysis (unaudited) (Dollars in thousands)

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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 eight bargaining unit contracts expired on June 30, 2019. Negotiations were successfully concluded with five of the unions in fiscal year 2020. In addition, wage and salary freezes as well as vacation giveback programs were negotiated with four of these five unions for fiscal year 2021. The collective bargaining agreements for two of the remaining three unions were extended for fiscal year 2020 and negotiations with all three remaining unions are ongoing. It is anticipated that the remaining negotiations will come to mutually favorable conclusions.



The University's endowment is 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, via a group of managers, each focused on their sector of the asset allocation. The endowment spending policy provides for appropriate funding of donors' purposes.

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, management initiated steps to increase alternative funding sources and to reduce expenses, including increases in enrollment, cost containment 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, the

## Management's Discussion and Analysis (unaudited) (Dollars in thousands)

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establishment of new programs and extension sites in order to generate increases in enrollment, and the hiring of new faculty members who have a stronger inclination to become involved in research activities in addition to their teaching responsibilities in order to expand the University's research and development program. The University's efforts in these resource generating and expense management initiatives have been and are anticipated to continue to be successful.

The Independent Alumni Association (the Association), an independent 501(c)(3) non-profit organization, formerly known as the Alumni Association of New Jersey Institute of Technology, worked actively and collegially in partnership with NJIT, its alumni and other members of the university community to provide and support NJIT as a leading public research university. The Association determined to dissolve their organization and transfer its assets and funds to NJIT, through the Foundation, who will undertake responsibility to maintain and steward the funds on an on-going basis as part of its endowment investments. In May 2020, the Superior Court of New Jersey authorized the dissolution of the Association. As of August 31, 2020, NJIT took ownership of \$3,816 of the Association's endowment investment assets.

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



**Statement of Net Position**  
**(Dollars in thousands)**  
**At June 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 55,727	\$ 88,636
Short-term investments	48,532	25,523
Grants and accounts receivable, net	51,045	54,203
Deposits held with trustees	8,052	8,570
Other current assets	1,744	2,033
Total current assets	165,100	178,965
Noncurrent assets:		
Endowment investments	129,183	122,812
Investments	1,933	1,816
Beneficial interest trusts	5,013	4,499
Investments – capital construction	4,140	14,872
Deposits held with trustees	-	2,244
Other assets	3,464	3,671
Capital assets, net of accumulated depreciation of \$459,368 and \$426,862, respectively	528,671	525,106
Total noncurrent assets	672,404	675,020
Total assets	837,504	853,985
<b>Deferred outflows of resources</b>	26,755	36,956
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	43,764	48,612
Long-term debt, current portion	8,059	4,520
Unearned advance payments	21,172	15,015
Due to affiliates	1,229	1,108
Total current liabilities	74,224	69,255
Noncurrent liabilities:		
Long-term debt	338,952	342,203
Other noncurrent liabilities	15,030	16,342
Net pension liability	139,186	147,616
U.S. government grants refundable	86	440
Total noncurrent liabilities	493,254	506,601
Total liabilities	567,478	575,856
<b>Deferred inflows of resources</b>	34,584	31,940
<b>Net Position</b>		
Net investment in capital assets	181,178	186,635
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	71,026	69,079
Instructional and other	14,676	13,933
Expendable:		
Capital projects	2,369	4,510
Scholarships and fellowships	21,182	21,470
Instructional and other	10,979	9,973
Research and programs	1,944	2,143
Debt service	2,355	1,445
Loans	49	332
Unrestricted (see note 12)	(43,561)	(26,375)
Total net position	\$ 262,197	\$ 283,145

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

**Statement of Revenues, Expenses, and Changes in Net Position**  
**(Dollars in thousands)**  
**For the years ended June 30, 2020 and 2019**

	2020	2019
<b>Operating revenues</b>		
Student tuition and fees, net of scholarship allowances of \$69,528 and \$64,419, respectively	\$ 139,319	\$ 136,286
Federal grants and contracts	103,673	106,754
State grants and contracts	27,416	26,109
Other grants and contracts	3,798	3,629
Auxiliary enterprises, net of scholarship allowances of \$4,811 and \$5,875, respectively	13,341	16,953
Other operating revenues	6,542	6,909
Total operating revenues	294,089	296,640
<b>Operating expenses</b>		
Instruction	115,325	116,451
Research and programs	88,470	92,619
Public service	2,458	2,153
Academic support	32,253	34,374
Student services	31,704	31,513
Institutional support	57,989	58,291
Operation and maintenance of plant	28,803	26,259
Scholarships and fellowships	12,309	10,455
Depreciation	36,522	35,166
Auxiliary enterprises	9,292	9,927
Total operating expenses	415,125	417,208
Operating loss	(121,036)	(120,568)
<b>Non-operating revenues (expenses)</b>		
State appropriations	91,560	109,440
Gifts and bequests	3,630	7,146
Interest expense	(14,293)	(14,989)
Investment income	7,059	12,086
Other non-operating revenues, net	7,984	4,776
Net non-operating revenues	95,940	118,459
Loss before other revenues	(25,096)	(2,109)
<b>Other revenues</b>		
Capital grants and gifts	1,247	162
Additions to permanent endowments	2,901	5,261
Total other revenues	4,148	5,423
(Decrease) increase in net position	(20,948)	3,314
<b>Net position, beginning of year</b>	283,145	279,831
<b>Net position, end of year</b>	\$ 262,197	\$ 283,145

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

**Statement of Cash Flows**  
**(Dollars in thousands)**  
**For the years ended June 30, 2020 and 2019**

	2020	2019
<b>Cash flows from operating activities</b>		
Student tuition and fees	\$ 138,939	\$ 136,674
Grants and contracts	140,210	133,272
Payments for salaries and benefits	(205,404)	(199,962)
Payments for goods and services	(106,473)	(102,201)
Payments for scholarships and fellowships	(12,309)	(10,455)
Loans collected from students	239	332
Auxiliary enterprises	13,199	16,950
University programs	(882)	406
Affiliates	114	(3,760)
Other receipts	7,822	2,398
Net cash used by operating activities	(24,545)	(26,346)
<b>Cash flows from noncapital financing activities</b>		
State appropriations	39,431	62,046
Gifts and bequests for other than capital purposes	6,046	7,643
Additions to permanent endowments	2,322	4,967
Other receipts	12,791	2,478
Net cash provided by noncapital financing activities	60,590	77,134
<b>Cash flows from capital financing activities</b>		
Proceeds from capital debt	103,560	-
Mortgage payments received	81	289
Capital grants and gifts	44	29
Purchase of capital assets	(43,016)	(40,918)
Principal paid on long-term debt	(3,849)	(4,721)
Refunding of bonds	(101,710)	-
Interest paid on long-term debt	(16,170)	(15,362)
Purchase of investments – capital construction	(10,093)	(22,356)
Sale of investments – capital construction	20,519	29,165
Deposits with trustees	(20,445)	(8,803)
Withdrawals from trustees	23,208	21,958
Net cash used by capital financing activities	(47,871)	(40,719)
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	286,552	338,596
Interest and dividends on investments	5,311	6,255
Purchase of investments	(312,946)	(279,761)
Net cash (used) provided by investing activities	(21,083)	65,090
Net (decrease) increase in cash and cash equivalents	(32,909)	75,159
<b>Cash and cash equivalents, beginning of year</b>	88,636	13,477
<b>Cash and cash equivalents, end of year</b>	\$ 55,727	\$ 88,636
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (121,036)	\$ (120,568)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	36,522	35,166
Noncash operating expenses	53,415	63,327
Changes in assets and liabilities:		
Accounts receivable	4,412	(2,969)
Other assets, current and noncurrent	459	887
Accounts payable and accrued liabilities	(579)	1,535
Unearned advance payments	2,141	29
Due to affiliates	121	(3,753)
Net cash used by operating activities	\$ (24,545)	\$ (26,346)
<b>Noncash transactions:</b>		
State appropriations for fringe benefits	\$ 48,128	\$ 57,637
Gifts and bequests for other than capital purposes	748	3,376
Gifts for capital purposes	1,203	133
Additions to permanent endowments	579	294
Capital assets	4,007	(911)

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

## Notes to the Financial Statements (Dollars in thousands)

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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, Ying Wu College of Computing, Hillier College of Architecture and Design, College of Science and Liberal Arts, Martin Tuchman School of Management, and Albert Dorman Honors College; a graduate division; an executive education and professional development program; and a number of research centers. Fields of study include engineering, computer science, architecture, applied sciences, management, statistics, and actuarial science. NJIT offers programs and courses leading to bachelors, masters, and doctoral degrees, and also conducts an extensive research program.

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

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

New Jersey Innovation Institute, Inc. (NJII) is a component unit of NJIT. NJII applies the intellectual and technological resources of NJIT to challenges identified by industry partners in order to spur product creation and enhancement, develop solutions for sector-wide and/or company-focused challenges, and serve as a catalyst for regional economic growth. NJII, the sole shareholder, established Healthcare Innovation Solutions, Inc. (HCIS) on July 25, 2017. HCIS, which commenced operations on July 1, 2018, provides consulting services to the healthcare industry. The financial position and activities of HCIS are included with the financial position and activities of NJII. Because of the significance of its operational and financial relationships with NJIT, NJII's financial statements are combined and reported on a blended basis with those of NJIT. Copies of NJII's financial statements can be obtained by writing to New Jersey Innovation Institute, Inc., c/o New Jersey Institute of Technology, University Heights, Newark, New Jersey 07102.

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

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

## Notes to the Financial Statements

### (Dollars in thousands)

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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, NJIT, and the UREs have been eliminated.

#### ***(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.

#### ***(d) Fair Value Measurement***

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

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices in markets that are not as active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that are supported by little or no market activity.

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

#### ***(e) Investments and Deposits Held with Trustees***

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

## Notes to the Financial Statements

### (Dollars in thousands)

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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.

#### **(f) Beneficial Interest Trusts**

Beneficial interest trusts are donor-established and funded trusts, which are not in the possession of, nor under the control of the University. Under the terms of the trusts, the University has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity or for the life of the trust. Annual distributions from the trusts are reported as investment income and adjustments to the beneficial interest to reflect changes in the fair value (if any) are reported as net increase (decrease) in the fair value of investments in the statement of revenues, expenses, and changes in net position. The assets are carried at fair value (\$4,212 and \$4,400 at June 30, 2020 and 2019, respectively) based on the NAV reported by the trusts' managers. The University also has beneficial interest in charitable remainder annuity trusts, with a present value of \$801 and \$99 at June 30, 2020 and 2019, respectively.

#### **(g) Capital Assets**

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

Depreciation is calculated on the straight-line basis. The University's capital assets policy establishes the following capitalization thresholds and estimated useful lives, respectively: land improvements - \$50 and 20 years; building and building improvements - \$50 and 20 to 40 years; software - \$50 and 5 to 10 years; and equipment and other assets - \$5 and 3 to 10 years.

#### **(h) Due to Affiliates**

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

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
NJEDge.net	\$ -	\$ 116
Student organizations	1,097	859
Other organizations	132	133
	<u>\$ 1,229</u>	<u>\$ 1,108</u>

#### **(i) Classification of Net Position**

The University classifies its resources into three net position categories:

- Net investment in capital assets is comprised of land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress of the University, net of depreciation and amortization and the indebtedness incurred to finance

## Notes to the Financial Statements (Dollars in thousands)

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their acquisition and construction. Title to capital assets acquired through research grants and contracts remains with the University at the conclusion of the grant or contract period with the permission of the grantor.

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

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

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

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

### ***(j) Classification of Revenue and Expense***

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

Interest expense is reported as a non-operating activity.

### ***(k) Revenue Recognition***

Student tuition and fees revenues are recognized in the period earned. Student tuition and fees collected in advance of the fiscal year-end are recorded as unearned advance payments in the statement of net position. As a result of the University moving to a virtual teaching and learning environment commencing mid-March 2020, the University issued credits for housing, meal plans, and parking in the amounts of \$2,551, \$1,401, and \$494, respectively. These credits, if not refunded to the students, will be applied to fall 2020 semester charges. The University also reversed housing and meal plan charges and corresponding scholarship awards in the amounts of \$1,290 and \$187, respectively.

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.

## Notes to the Financial Statements

### (Dollars in thousands)

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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.

#### ***(l) Facilities and Administrative Costs Recovery***

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

#### ***(m) Auxiliary Activities***

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

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

Certain fringe benefits for the University's employees are paid by the State. Such amounts (\$57,176 and \$70,300 in fiscal years 2020 and 2019, respectively) are included in State appropriations. The offsetting expenses are recorded within the appropriate operating expense categories.

#### ***(o) 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.

#### ***(p) Tax Status***

NJIT is a public research university that is exempt from income tax as a governmental organization under Section 115(a)(2) of the Internal Revenue Code. The Foundation and NJIT are both recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code). All three organizations are exempt from Federal income taxes under Section 501(a) of the Code on income generated from activities that are substantially related to their tax-exempt purposes.

While none of the organizations has historically generated unrelated business income, NJIT did pay income tax on transportation fringe benefits as required by Section 512(a)(7) of the Code. Section 512(a)(7) was repealed in December of 2019; accordingly, NJIT has applied for a refund of previously paid tax and has an income tax receivable of \$196 as of June 30, 2020.

HCIS is a New Jersey for-profit company that is subject to Federal and New Jersey state income taxes. HCIS has incurred losses since inception and determined that its tax exposure is immaterial

## Notes to the Financial Statements

(Dollars in thousands)

and therefore, no income tax provision has been recorded. The UREs are limited liability companies wholly-owned by NJIT that are treated as disregarded entities for Federal income tax purposes.

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

Cash and cash equivalents, comprised of cash and money market funds, total \$55,689 and \$55,727 at cost and fair value, respectively, at June 30, 2020 and \$88,636 at cost and fair value at June 30, 2019.

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

		June 30, 2020				
		Fair Value Measurements				
	Cost	Fair Value	Level 1	Level 2	Level 3	NAV
Investments:						
Money market funds	\$ 9,694	\$ 9,694	\$ 9,315	\$ 379	\$ -	\$ -
Corporate equity securities	6	5	5	-	-	-
Mutual equity funds	71,807	74,209	7,948	66,261	-	-
Mutual bond funds	92,233	93,251	46,471	46,780	-	-
Hedge and other investment funds	8,180	6,629	-	-	79	6,550
	181,920	183,788	63,739	113,420	79	6,550
Deposits held with trustees:						
Money market funds	8,052	8,052	-	8,052	-	-
	\$ 189,972	\$ 191,840	\$ 63,739	\$ 121,472	\$ 79	\$ 6,550

		June 30, 2019				
		Fair Value Measurements				
	Cost	Fair Value	Level 1	Level 2	Level 3	NAV
Investments:						
Money market funds	\$ 15,710	\$ 15,710	\$ -	\$ 15,710	\$ -	\$ -
Commercial paper	735	746	746	-	-	-
Corporate debt securities	4,809	4,845	4,845	-	-	-
Corporate equity securities	55,898	68,603	53,260	15,343	-	-
Mutual equity funds	18,678	19,044	17,636	1,408	-	-
Mutual bond funds	27,905	28,051	16,392	11,659	-	-
Hedge and other investment funds	24,552	28,024	-	-	3,675	24,349
	148,287	165,023	92,879	44,120	3,675	24,349
Deposits held with trustees:						
Money market funds	10,814	10,814	-	10,814	-	-
	\$ 159,101	\$ 175,837	\$ 92,879	\$ 54,934	\$ 3,675	\$ 24,349

## Notes to the Financial Statements

(Dollars in thousands)

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Hedge and other investment funds are comprised of directional, private equity, real assets, and private debt. The University is committed to invest an additional \$6,867 in these funds over the next several fiscal years.

Investments – capital construction represent the proceeds of the 2017 Series a bonds (see Note 6). These funds are separately invested and are designated for the acquisition and rehabilitation of certain capital projects.

Deposits held with trustees represent restricted funds held by The Bank of New York Mellon under terms of the revenue bond and debt agreements with the New Jersey Educational Facilities Authority (NJEFA) and by U.S. Bank under terms of the general obligation bond agreements (see Note 6).

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

Asset Class	Range
Equity Assets:	
Domestic equity	6% - 56%
International equity	0% - 9%
Other equity	0% - 20%
Income Assets:	
Fixed income	10% - 50%
Other income	0% - 20%
Alternative Assets:	
Private equity	0% - 25%
Private debt	0% - 25%
Real assets	0% - 25%
Hedge funds	0% - 20%
Cash Equivalents	0% - 20%

Custodial credit risk – deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in that institution's possession. The University's investment policy does not address custodial credit risk - deposits. Cash and cash equivalents have a bank balance of \$56,401 and \$94,050, including cash held by depositories of \$270 and \$639 at June 30, 2020 and 2019, respectively, of which \$270 and \$356 are insured by the Federal Deposit Insurance Corporation (FDIC).

## Notes to the Financial Statements

(Dollars in thousands)

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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, 2020 and 2019, \$191,840 and \$175,837, respectively, of investments and deposits held with trustees are either insured or held by the University or its agent in the University's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy places no limitation on the ratings for debt instruments. The money market funds and mutual bond funds included in the University's investment portfolio are not rated. At June 30, 2020, the University had no investments in commercial paper or corporate debt securities. The University's investments in commercial paper and corporate debt securities at June 30, 2019 are rated as follows by Standard & Poor's:

	<u>Rating</u>	<u>2019</u>
Commercial paper	A-1	\$ 746
Corporate debt securities	AA+	749
Corporate debt securities	AA-	748
Corporate debt securities	A+	749
Corporate debt securities	A	1,499
Corporate debt securities	A-	750
Corporate debt securities	BBB+	350
Total corporate debt securities		<u>4,845</u>
		<u>\$ 5,591</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 a limit on the amount the University may invest in any issuer. The University's investments are diversified.

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

## Notes to the Financial Statements

(Dollars in thousands)

At June 30, 2020 and 2019, fixed income investments included in cash and cash equivalents, investments, and deposits held with trustees have the following maturities:

	June 30, 2020			
	Investment Maturities (in years)			Fair Value
	Less than 1	1 to 5	5 to 10	
Money market funds	\$ 73,175	\$ -	\$ -	\$ 73,175
Mutual bond funds	93,251	16,816	76,435	93,251
	\$ 166,426	\$ 16,816	\$ 76,435	\$ 166,426

	June 30, 2019			
	Investment Maturities (in years)			Fair Value
	Less than 1	1 to 5	5 to 10	
Money market funds	\$ 114,457	\$ -	\$ -	\$ 114,457
Commercial paper	746	-	-	746
Corporate debt securities	4,845	4,845	-	4,845
Mutual bond funds	28,051	6,607	21,424	28,051
	\$ 148,099	\$ 11,452	\$ 21,424	\$ 148,099

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:

	June 30,			
	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 4,946	\$ 4,946	\$ 6,214	\$ 6,214
Corporate equity securities	-	-	40,786	53,242
Mutual equity funds	70,836	73,184	17,305	17,541
Mutual bond funds	41,935	42,356	16,012	15,749
Hedge and other investment funds	8,095	6,550	24,476	27,948
	\$ 125,812	\$ 127,036	\$ 104,793	\$ 120,694

For the years ended June 30, 2020 and 2019, the average return for the endowment investment pool was 3.7% and 5.6%, respectively.

The spending policy for endowment funds requires an annual calculation based on a three year rolling average of the fair value per pool unit. The spending rate for the years ended June 30, 2020 and 2019 was 4.7%. 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.

## Notes to the Financial Statements

(Dollars in thousands)

### 3. Capital Assets

The activity in capital assets and accumulated depreciation for the years ended June 30, 2020 and 2019 was as follows:

	June 30, 2019	Additions	Retirements	Placed Into Service	June 30, 2020
Depreciable assets:					
Land improvements	\$ 12,322	\$ -	\$ -	\$ 7,872	\$ 20,194
Buildings and building improvements	729,295	15,238	-	24,411	768,944
Equipment and other assets	149,670	6,564	(4,054)	3,038	155,218
	891,287	21,802	(4,054)	35,321	944,356
Accumulated depreciation:					
Land improvements	5,778	790	-	-	6,568
Buildings and building improvements	318,210	23,425	-	-	341,635
Equipment and other assets	102,874	12,307	(4,016)	-	111,165
	426,862	36,522	(4,016)	-	459,368
	464,425	(14,720)	(38)	35,321	484,988
Nondepreciable assets:					
Land	18,375	3,678	-	300	22,353
Construction in progress	42,306	14,645	-	(35,621)	21,330
	\$ 525,106	\$ 3,603	\$ (38)	\$ -	\$ 528,671

	June 30, 2018	Additions	Retirements	Placed Into Service	June 30, 2019
Depreciable assets:					
Land improvements	\$ 12,322	\$ -	\$ -	\$ -	\$ 12,322
Buildings and building improvements	714,825	-	-	14,470	729,295
Equipment and other assets	148,863	6,103	(6,225)	929	149,670
	876,010	6,103	(6,225)	15,399	891,287
Accumulated depreciation:					
Land improvements	5,185	593	-	-	5,778
Buildings and building improvements	296,135	22,075	-	-	318,210
Equipment and other assets	96,585	12,498	(6,209)	-	102,874
	397,905	35,166	(6,209)	-	426,862
	478,105	(29,063)	(16)	15,399	464,425
Nondepreciable assets:					
Land	18,375	-	-	-	18,375
Construction in progress	23,744	33,961	-	(15,399)	42,306
	\$ 520,224	\$ 4,898	\$ (16)	\$ -	\$ 525,106

## Notes to the Financial Statements

(Dollars in thousands)

### 4. Supplementary Statement of Net Position Detail

	June 30,	
	2020	2019
Grants and accounts receivable:		
Federal and state grants and accounts receivable	\$ 43,156	\$ 45,264
Student accounts receivable	7,660	3,077
Program services accounts receivable	2,252	3,417
Other grants and accounts receivable	2,567	2,407
Pledges receivable, current portion	1,283	3,584
Student loans receivable, current portion	131	304
Mortgages receivable, current portion	73	70
Accrued interest receivable	1	189
	57,123	58,312
Less: allowance for doubtful accounts	6,078	4,109
	<u>\$ 51,045</u>	<u>\$ 54,203</u>
Other assets, noncurrent:		
Building Our Future Bonds proceeds receivable	\$ 24	\$ 113
Student loans receivable, net	-	66
Mortgages receivable	2,652	2,736
Pledges receivable, net	214	149
Other	574	607
	<u>\$ 3,464</u>	<u>\$ 3,671</u>
Deferred outflows of resources:		
Loss on defeasance of debt	\$ 3,687	\$ 3,749
Pension related	23,068	33,207
	<u>\$ 26,755</u>	<u>\$ 36,956</u>
Accounts payable and accrued liabilities:		
Salaries and fringe benefits	\$ 11,820	\$ 11,498
Accrued interest expense	6,010	7,451
Accounts payable – construction	5,795	9,802
Accounts payable – other	18,187	17,487
Other noncurrent liabilities, current portion	1,952	2,374
	<u>\$ 43,764</u>	<u>\$ 48,612</u>
Deferred inflows of resources:		
Gain on defeasance of debt	\$ 292	\$ 396
Annuity funds related	1,832	1,125
Pension related	32,460	30,419
	<u>\$ 34,584</u>	<u>\$ 31,940</u>

## Notes to the Financial Statements

(Dollars in thousands)

### 5. Noncurrent Liabilities

The activity in noncurrent liabilities for the years ended June 30, 2020 and 2019 was as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020	Current Portion
Long-term debt	\$ 331,188	\$101,516	\$ (101,139)	\$ 331,565	\$ 7,178
Unamortized net premium	15,535	4,715	(4,804)	15,446	881
Total long-term debt	346,723	106,231	(105,943)	347,011	8,059
Retirement incentive programs	6,026	139	(1,935)	4,230	1,433
Annuity funds liability	646	252	(292)	606	99
Insurance liability reserve	1,417	186	(106)	1,497	-
Pollution remediation liability	2,035	377	-	2,412	-
Compensated absences	3,274	85	(362)	2,997	360
Other	5,318	98	(176)	5,240	60
Total other noncurrent liabilities	18,716	1,137	(2,871)	16,982	1,952
Net pension liability	147,616	10,232	(18,662)	139,186	-
U.S. government grants refundable	440	15	(369)	86	-
	\$ 513,495	\$ 117,615	\$ (127,845)	\$ 503,265	\$ 10,011
	June 30, 2018	Additions	Reductions	June 30, 2019	Current Portion
Long-term debt	\$ 335,909	\$ -	\$ (4,721)	\$ 331,188	\$ 3,884
Unamortized net premium	16,149	-	(614)	15,535	636
Total long-term debt	352,058	-	(5,335)	346,723	4,520
Retirement incentive programs	7,652	323	(1,949)	6,026	1,820
Annuity funds liability	758	62	(174)	646	96
Insurance liability reserve	1,417	-	-	1,417	-
Pollution remediation liability	2,259	-	(224)	2,035	-
Compensated absences	2,977	714	(417)	3,274	416
Other	4,253	2,078	(1,013)	5,318	42
Total other noncurrent liabilities	19,316	3,177	(3,777)	18,716	2,374
Net pension liability	153,057	9,007	(14,448)	147,616	-
U.S. government grants refundable	451	58	(69)	440	-
	\$ 524,882	\$ 12,242	\$ (23,629)	\$ 513,495	\$ 6,894

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

Included in annuity funds liability is a net decrease and a net increase in the fair value of investments of (\$188) and \$20 at June 30, 2020 and 2019, respectively.

## Notes to the Financial Statements

(Dollars in thousands)

### 6. Long-Term Debt

Long-term debt is comprised of:

	June 30,	
	2020	2019
General Obligation Bonds:		
2020 Series Direct Placement issue:		
Serial bonds (interest rates from 3.75% to 4.00%, final maturity in fiscal year 2026)	\$ 7,155	\$ -
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	21,205	-
2020 Series A issue:		
Serial bonds (interest rate at 5.00%, final maturity in fiscal year 2034)	16,385	-
2020 Series B issue:		
Serial bonds (interest rate at 3.064%, final maturity in fiscal year 2036)	5,560	-
Term bonds (interest rates from 3.014% to 3.415%, final maturity in fiscal year 2043)	47,540	-
2017 Series A issue:		
Term bonds (interest rates from 3.887% to 4.357%, final maturity in fiscal year 2048)	77,995	77,995
2015 Series A issue:		
Serial bonds (interest rates from 3.00% to 5.00%, due on various dates through fiscal year 2032)	9,425	12,520
Step coupon bonds (interest rates from 2.50% to 5.50%, final maturity in fiscal year 2036)	15,080	15,080
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2046)	89,080	89,080
2012 Series A issue:		
Serial bonds (interest rates of 4.00% and 5.00%, due on various dates through fiscal year 2028)	-	3,795
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2043)	-	41,685
2012 Series B issue:		
Serial bonds (interest rates from 2.17% to 3.723%, due on various dates through fiscal year 2026)	9,995	11,345
Term bond (interest rate at 3.323%, maturity in fiscal year 2025)	5,630	5,630
Revenue Bonds:		
2010 Series H issue:		
Serial bonds (interest rates from 3.75% to 5.00%, due on various dates through fiscal year 2026)	980	8,135
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	-	21,205
2010 Series I issue:		
Term bonds (interest rate at 6.41%, final maturity in fiscal year 2041)	-	20,450
Other Long-Term Debt:		
Higher Education Capital Improvement Fund	20,142	21,962
Equipment Leasing Fund	602	784
New Jersey Economic Development Authority note	1,120	1,226
Paycheck Protection Program loan	2,671	-
Other	1,000	296
	331,565	331,188
Unamortized net premium on obligations	15,446	15,535
	347,011	346,723
Less: current portion	8,059	4,520
	<u>\$ 338,952</u>	<u>\$ 342,203</u>

## Notes to the Financial Statements

### (Dollars in thousands)

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

The 2020 Series Direct Placement Bonds were issued by the University for the purpose of advance refunding a portion of the 2010 Series H Bonds. The advance refunding resulted in a fiscal year loss on defeasance of \$7. Aggregate debt service payments over the next eleven fiscal years will be increased by \$4,352, representing an economic loss (difference between the present value of the old and new debt service payments) of \$3,236.

The University defeased portions of the 2010 Series H Bonds by depositing funds into escrow accounts totaling \$28,360, which is sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. These defeased bonds are not considered outstanding obligations of the University, and, therefore, neither the escrow account nor the defeased indebtedness are included in the accompanying statement of net position. At June 30, 2020, there was approximately \$28,360 of defeased debt outstanding to bondholders, which was fully redeemed in July 2020.

The 2020 Series Direct Placement Bonds are subject to optional redemption prior to maturity, as defined in the bond documents.

The 2020 Series A Bonds were issued by the University for the purpose of advance refunding the 2010 Series I Bonds. The advance refunding resulted in a fiscal year loss on defeasance of \$411. Aggregate debt service payments over the next twenty fiscal years will be decreased by \$9,687, representing an economic gain (difference between the present value of the old and new debt service payments) of \$4,439. The bonds were issued at a premium of \$4,715, which is being amortized against interest expense over the life of the bonds.

The 2020 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2029 at a price of 100%.

The 2020 Series B Bonds were issued by the University for the purpose of advance refunding the 2012 Series A Bonds, and portions of the 2015 Series A Bonds. The advance refunding resulted in a fiscal year loss on defeasance of \$430. Aggregate debt service payments over the next twenty-two fiscal years will be decreased by \$455, representing an economic gain (difference between the present value of the old and new debt service payments) of \$4,659.

The 2020 Series B Bonds are subject to optional redemption prior to maturity on any business day, in order of maturity and pro rata within a maturity, at the Make-Whole Redemption Price, as defined in the bond documents.

The University defeased all of the 2010 Series I Bonds and 2012 Series A Bonds and portions of the 2015 Series A Bonds by depositing funds into escrow accounts totaling \$68,930, which is sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. These defeased bonds are not considered outstanding obligations of the University, and, therefore, neither the escrow account nor the defeased indebtedness are included in the accompanying statement of net position. At June 30, 2020 there was approximately \$68,930 of defeased debt outstanding to bondholders, which is expected to be fully redeemed by July 2026.

## Notes to the Financial Statements

### (Dollars in thousands)

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The 2017 Series A Bonds were issued by the University for the purpose of financing the acquisition of certain capital projects and advance refunding portions of the 2010 Series H Bonds, the 2012 Series A Bonds, and the 2012 Series B Bonds.

The University defeased portions of the 2010 Series H Bonds, 2012 Series A Bonds, and 2012 Series B Bonds by depositing funds into escrow accounts totaling \$63,604, which is sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. These defeased bonds are not considered outstanding obligations of the University, and, therefore, neither the escrow account nor the defeased indebtedness are included in the accompanying statement of net position. At June 30, 2020 and 2019, there was approximately \$31,470 and \$34,325, respectively, of defeased debt outstanding to bondholders, which is expected to be fully redeemed by July 2022.

The 2017 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2027 at a price of 100%.

The 2015 Series A Bonds were issued by the University to provide funds to partially finance the costs of constructing a wellness and events center and a parking facility. The bonds were issued at a premium of \$13,556, of which \$11,148 remains after the advance refunding in fiscal year 2020 of a portion of the 2015 Series A Bonds, 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 partially finance the costs of constructing the Warren Street Village.

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 I Bonds were designated as "Build America Bonds". Up to thirty-five percent of the interest payments were paid by the Federal government. For the fiscal years ended June 30, 2020 and 2019, \$216 and \$430, respectively, of Federal government interest payments are included in interest expense and in other non-operating revenues, net in the statement of revenues, expenses, and changes in net position.

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. The University is responsible for one-third of its allocated debt service payments

## Notes to the Financial Statements

(Dollars in thousands)

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and related program service expenses. The HECIF debt bears interest rates from 3.00% to 5.50% and matures at various dates through fiscal year 2037.

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

The New Jersey Economic Development Authority note, which matures in fiscal year 2028, is noninterest bearing and payable monthly. Imputed interest expense totaled \$40 and \$58 in fiscal years 2020 and 2019, respectively.

The University acquired strategic property and financed \$1,000 of the purchase price with an interest-free note to be paid to the seller in fiscal year 2021.

NJIT received loan proceeds of \$2,671 under the Paycheck Protection Program (PPP) from Mid Penn Bank in April 2020. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1.0%, with a deferral of payments for the first six months.

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

At June 30, 2020, deposits held with trustees included \$2,355 for principal payments on revenue bonds due on July 1, 2020. Payments due on long-term debt, including mandatory sinking fund payments on the bonds, are as follows for the fiscal years ending June 30:

	Principal	Interest	Total
2021	\$ 7,829	\$ 13,549	\$ 21,378
2022	7,615	12,779	20,394
2023	7,092	12,546	19,638
2024	7,014	12,313	19,327
2025	6,882	12,085	18,967
2026 to 2030	41,454	56,478	97,932
2031 to 2035	68,425	47,205	115,630
2036 to 2040	64,884	35,683	100,567
2041 to 2045	80,250	20,339	100,589
2046 to 2047	37,765	2,486	40,251
	<u>\$ 329,210</u>	<u>\$ 225,463</u>	<u>\$ 554,673</u>

The University has a line of credit agreement with a bank permitting it to borrow up to \$8,000 at the London Interbank Offered Rate (LIBOR) plus the applicable margin (from 0.9% to 1.2%) at

## Notes to the Financial Statements

### (Dollars in thousands)

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the time of utilization. There were no borrowings against the agreement in fiscal year 2020 nor in fiscal year 2021 as of the date of financial statement issuance.

Deferred loss on refunding associated with the University's long-term debt totaled \$3,687 and \$3,749, net of accumulated amortization of \$2,207 and \$2,145, at June 30, 2020 and 2019, respectively.

Deferred gain on refunding associated with the University's long-term debt totaled \$292 and \$396, net of accumulated amortization of \$614 and \$510, at June 30, 2020 and 2019, respectively.

Interest charges incurred in fiscal years 2020 and 2019 totaled \$14,293 and \$14,989, 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, 2020 and 2019, accounts payable and accrued liabilities include accrued vacation and related fringe benefits of \$5,089 and \$7,399, respectively, and unused sick time of \$360 and \$416, respectively. At June 30, 2020 and 2019, other noncurrent liabilities include \$2,637 and \$2,858, respectively, of unused sick time. In fiscal years 2020 and 2019, payments for unused sick time totaled \$362 and \$417, 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 Teachers Insurance and Annuity Association (TIAA) governed by NJIT's Board of Trustees; and the NJII 401(k) Plan (the NJII Plan) administered by Principal Life Insurance Company. PERS, PFRS, and TPAF are defined benefit pension plans; ABP, the Supplemental Program, and the NJII Plan are defined contribution pension plans. Generally, all employees, except certain part-time employees, are eligible to participate in one of these plans.

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

## Notes to the Financial Statements (Dollars in thousands)

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### *Defined Benefit Plans*

#### *Public Employees' Retirement System*

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

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

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The current employee contribution rate is 7.50% of base salary. Employer contributions are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State's contribution on behalf of NJIT (State Contribution) to PERS was \$4,535 and \$4,025 for the fiscal years ended June 30, 2020 and 2019, respectively, which is recognized as deferred outflows of resources in the statement of net position.

NJIT participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to PERS, which were \$227 and \$221 for the years ended June 30, 2020 and 2019, respectively.

#### *Police and Firemen's Retirement System*

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

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service. 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 was \$1,885 and \$1,460 for the fiscal years ended June 30, 2020 and 2019, respectively, which is recognized as deferred outflows of resources in the statement of net position.

## Notes to the Financial Statements (Dollars in thousands)

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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 NJIT's contributions, excluding any of NJIT's early retirement incentive contributions. NJIT does not have any active members in TPAF.

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provision of TPAF. Members are always fully vested in their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. Benefits are based on member's tier (based on date of enrollment), as defined in the TPAF plan documents, member's age, years of service, and final average salary.

The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The State Contribution is based on an actuarially determined rate, and includes funding for basic retirement allowances and noncontributory death benefits for all participating employers. For the fiscal years ended June 30, 2020 and 2019, NJIT recognized both state appropriation revenue and pension expense of \$84 and \$91, respectively, for contributions by the State.

NJIT participated in the State's early retirement incentive programs and is responsible for retirement incentive program contributions to TPAF, which were \$60 and \$59 for the years ended June 30, 2020 and 2019, respectively.

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

Net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources amounts are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2019 and 2018.

NJIT's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and net pension expense related to PERS and PFRS, at and for the fiscal years ended June 30, 2020 and 2019, are as follows:

	PERS	PFRS	Total
Proportionate share of the net pension liability (\$)			
2020	\$ 118,803	\$ 20,383	\$ 139,186
2019	\$ 124,450	\$ 23,166	\$ 147,616
Proportionate share of the net pension liability (%)			
2020	0.516%	0.485%	
2019	0.525%	0.535%	

## Notes to the Financial Statements

(Dollars in thousands)

	PERS	PFRS	Total
Deferred outflows of resources			
2020	\$ 19,651	\$ 3,417	\$ 23,068
2019	\$ 29,095	\$ 4,112	\$ 33,207
Deferred inflows of resources			
2020	\$ 26,745	\$ 5,715	\$ 32,460
2019	\$ 26,475	\$ 3,944	\$ 30,419
Net pension expense			
2020	\$ 4,067	\$ (318)	\$ 3,749
2019	\$ 6,022	\$ 853	\$ 6,875

NJIT's proportionate share of each respective plan's 2020 and 2019 net pension liability was based on the State Contribution to the respective plans from July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018, respectively, relative to the total contributions from all participating employers.

The components of pension related deferred outflows of resources and deferred inflows of resources as of June 30, 2020 and June 30, 2019 are as follows:

### *Deferred outflows of resources*

	June 30, 2020		
	PERS	PFRS	Total
Differences between expected and actual experience	\$ 1,227	\$ -	\$ 1,227
Net difference between projected and actual earnings on pension plan investments	115	259	374
Changes in assumptions	6,596	270	6,866
Changes in proportion	7,178	1,003	8,181
Contributions paid subsequent to June 30, 2019	4,535	1,885	6,420
	<u>\$ 19,651</u>	<u>\$ 3,417</u>	<u>\$ 23,068</u>

	June 30, 2019		
	PERS	PFRS	Total
Differences between expected and actual experience	\$ 2,166	\$ -	\$ 2,166
Net difference between projected and actual earnings on pension plan investments	352	340	692
Changes in assumptions	12,160	853	13,013
Changes in proportion	10,392	1,459	11,851
Contributions paid subsequent to June 30, 2018	4,025	1,460	5,485
	<u>\$ 29,095</u>	<u>\$ 4,112</u>	<u>\$ 33,207</u>

## Notes to the Financial Statements

(Dollars in thousands)

### *Deferred inflows of resources*

	June 30, 2020		
	PERS	PFRS	Total
Differences between expected and actual experience	\$ 851	\$ 480	\$ 1,331
Changes in assumptions	23,826	2,853	26,679
Changes in proportion	2,068	2,382	4,450
	<u>\$ 26,745</u>	<u>\$ 5,715</u>	<u>\$ 32,460</u>

	June 30, 2019		
	PERS	PFRS	Total
Differences between expected and actual experience	\$ 1,038	\$ 324	\$ 1,362
Changes in assumptions	25,047	2,732	27,779
Changes in proportion	390	888	1,278
	<u>\$ 26,475</u>	<u>\$ 3,944</u>	<u>\$ 30,419</u>

The State is legally obligated to fund TPAF on behalf of NJIT. NJIT's proportionate share of deferred outflows of resources, deferred inflows of resources, and the collective net pension liability of \$1,430 and \$1,553 as of June 30, 2020 and 2019, respectively, are reported by the State.

The \$6,420 and \$5,485 reported as deferred outflows of resources related to pensions resulting from State Contributions paid subsequent to June 30, 2019 and 2018, respectively, are recorded as deferred outflows of resources as of June 30, 2020 and 2019, respectively, and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021 and fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected in pension expense as follows:

	PERS	PFRS	Total
2021	\$ (77)	\$ (902)	\$ (979)
2022	(3,806)	(1,138)	(4,944)
2023	(4,583)	(893)	(5,476)
2024	(2,791)	(682)	(3,473)
2025	(372)	(568)	(940)
	<u>(11,629)</u>	<u>(4,183)</u>	<u>(15,812)</u>
Contributions paid subsequent to June 30, 2019	4,535	1,885	6,420
	<u>\$ (7,094)</u>	<u>\$ (2,298)</u>	<u>\$ (9,392)</u>

### *Defined Benefit Actuarial Assumptions*

NJIT's net pension liability as of June 30, 2020 for each plan was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. NJIT's net pension liability as of June 30, 2019 for each plan was determined by an actuarial valuation as of July 1,

## Notes to the Financial Statements

(Dollars in thousands)

2017, which was rolled forward to June 30, 2018. The total pension liability for each plan was determined using the following actuarial assumptions:

	2020		
	PERS	PFRS	TPAF
Valuation date	7/1/2018	7/1/2018	7/1/2018
Measurement date	6/30/2019	6/30/2019	6/30/2019
Inflation rate:			
Price	2.75%	2.75%	2.75%
Wage	3.25%	3.25%	3.25%
Salary increases:			
Through 2026	2.00% - 6.00% based on years of service	3.25% - 15.25% based on years of service	1.55% - 4.45% based on years of service
Thereafter	3.00% - 7.00% based on years of service	3.25% - 15.25% based on years of service	2.75% - 5.65% based on years of service
Investment rate of return	7.00%	7.00%	7.00%
Municipal bond rate – 2019	3.50%	3.50%	3.50%
Discount rate – 2019	6.28%	6.85%	5.60%
Experience study dates	7/1/2014-6/30/2018	7/1/2013-6/30/2018	7/1/2015-6/30/2018

  

	2019		
	PERS	PFRS	TPAF
Valuation date	7/1/2017	7/1/2017	7/1/2017
Measurement date	6/30/2018	6/30/2018	6/30/2018
Inflation rate	2.25%	2.25%	2.25%
Salary increases:			
Through 2026	1.65% - 4.15% based on age	2.10% - 8.98% based on age	1.55 - 4.55%
Thereafter	2.65% - 5.15% based on age	3.10% - 9.98% based on age	2.00 - 5.45%
Investment rate of return	7.00%	7.00%	7.00%
Municipal bond rate – 2018	3.87%	3.87%	3.87%
Discount rate – 2018	5.66%	6.51%	4.86%
Experience study dates	7/1/2011-6/30/2014	7/1/2010-6/30/2013	7/1/2012-6/30/2015

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

## Notes to the Financial Statements (Dollars in thousands)

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

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

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

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

## Notes to the Financial Statements

### (Dollars in thousands)

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Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

#### *Discount Rate*

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

For the June 30, 2019 measurement date, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State for PERS, PFRS, and TPAF. Based upon those assumptions, each plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057, 2076, and 2054 for PERS, PFRS, and TPAF, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 2076, and 2054 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 for each plan.

For the June 30, 2018 measurement date, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based upon those assumptions, each plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046, 2062, and 2040 for PERS, PFRS, and TPAF, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 2062, and 2040 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 for each plan.

## Notes to the Financial Statements

(Dollars in thousands)

### *Long-Term Expected Rate of Return*

The long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, each pension plan's board of trustees, and the actuaries. Best estimates of real rates of return for each major asset class included in each of PERS, PFRS, and TPAF's target asset allocations as of June 30, 2020 and 2019 are as follows:

Asset Class	June 30, 2020		June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%	5.00%	5.51%
Cash equivalents	5.00%	2.00%	5.50%	1.00%
U.S. treasuries	5.00%	2.68%	3.00%	1.87%
Investment grade credit	10.00%	4.25%	10.00%	3.78%
High yield	2.00%	5.37%	2.50%	6.82%
Private credit	6.00%	7.92%	-	-
Real assets	2.50%	9.31%	-	-
Real estate	7.50%	8.33%	-	-
U.S. equity	28.00%	8.26%	30.00%	8.19%
Non-U.S. developed markets equity	12.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.37%	6.50%	11.64%
Private equity	12.00%	10.85%	-	-
Buyouts/venture capital	-	-	8.25%	13.08%
Credit oriented hedge funds	-	-	1.00%	6.60%
Debt related private equity	-	-	2.00%	10.63%
Debt related real estate	-	-	1.00%	6.61%
Equity related real estate	-	-	6.25%	9.23%
Global diversified credit	-	-	5.00%	7.10%
Private real asset	-	-	2.50%	11.83%

### *Discount Rate Sensitivity*

NJIT's proportionate share of the net pension liability as of June 30, 2020 and 2019, calculated using the respective discount rate, as well as what NJIT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate are as follows:

	June 30, 2020			
	PERS		PFRS	
	Rate	Amount	Rate	Amount
1% decrease	5.28%	\$ 136,683	5.85%	\$ 23,840
Current discount rate	6.28%	118,803	6.85%	20,383
1% increase	7.28%	103,779	7.85%	17,523

## Notes to the Financial Statements (Dollars in thousands)

	June 30, 2019			
	PERS		PFRS	
	Rate	Amount	Rate	Amount
1% decrease	4.66%	\$ 143,922	5.51%	\$ 27,238
Current discount rate	5.66%	124,450	6.51%	23,166
1% increase	6.66%	108,138	7.51%	19,983

### *Defined Contribution Pension Plans*

#### *Alternate Benefits Program*

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

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

The current employee contribution rate is 5% of base salary. Employees may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions are 8% of base salary up to \$175. For the fiscal years ended June 30, 2020 and 2019, NJIT's contributions to ABP were \$8,760 and \$8,597, respectively.

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

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

Employer contributions are at the discretion of NJIT, while employees may not contribute. NJIT's contributions were \$356 and \$340 for the fiscal years ended June 30, 2020 and 2019, respectively.

#### *NJII SEP IRA and 401(k) Plans*

Employees eligible to participate in the NJII 401(k) Plan are able to contribute up to 5% of base salary, with an employer safe harbor matching contribution equal to 160% of the elective deferral that does not exceed the 5% of base compensation. The NJII 401(k) Plan is administered by Principal Life Insurance Company. Employee contributions and employer safe harbor contributions and earnings are immediately 100% vested. NJII's contributions to the NJII 401(k) Plan were \$629 and \$553 for the fiscal years ended June 30, 2020 and 2019, respectively.

## Notes to the Financial Statements (Dollars in thousands)

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### 9. Other Postemployment Benefits

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

The Plan is a single-employer defined benefit other postemployment benefits (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: PERS, ABP, or PFRS. In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the Plan, an employee of NJIT shall be deemed to be an employee of the State. As such, the State is legally obligated for the benefit payments on behalf of the retirees of NJIT; therefore, the Plan meets the definition of a special funding situation as defined in GASB 75.

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

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

#### *Total OPEB liability and OPEB expense*

At June 30, 2020 and 2019, the State recorded a liability for NJIT, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with NJIT (NJIT's share). NJIT's share was based on the ratio of its members to the total members of the Plan. As the State is legally obligated for benefit payments on behalf of NJIT, NJIT recognized revenue related to the support provided by the State as well as OPEB expense.

NJIT's share of the State liability, special funding situation, and the Plan as well as NJIT's OPEB revenue and expense as of June 30, 2020 and 2019 are as follows:

	2020	2019
NJIT's share of State liability	\$ 188,943	\$ 248,332
NJIT's share of special funding situation	3.440%	3.475%
NJIT's share of the Plan	1.038%	1.052%
NJIT's OPEB revenue and expense	\$ 1,128	\$ 11,386

## Notes to the Financial Statements

(Dollars in thousands)

### *Actuarial assumptions and other inputs*

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

	2020	2019
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55% - 15.25%	1.55% - 8.98%
Thereafter	1.55% - 15.25%	2.00% - 9.98%
Discount rate	3.50%	3.87%

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

### *Mortality Rate Assumptions*

Certain actuarial assumptions used in both the June 30, 2018 and June 30, 2017 valuations were based on the results of actuarial experience studies of the State's defined benefit plans as follows:

	Period	
	2020	2019
Pension Plan:		
ABP (using TPAF experience)	July 1, 2015 – June 30, 2018	July 1, 2012 – June 30, 2015
PERS	July 1, 2014 – June 30, 2018	July 1, 2011 – June 30, 2014
PFRS	July 1, 2013 – June 30, 2018	July 1, 2010 – June 30, 2013

For the June 30, 2019 measurement date, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

For the June 30, 2018 measurement date, preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female

## Notes to the Financial Statements

(Dollars in thousands)

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mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

### *Health Care Trend Assumptions*

For the June 30, 2019 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

For the June 30, 2018 measurement date, the trend rate for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%; the Medicare Advantage trend rate is 4.5% and will continue in all future years.

## 10. Investment Income

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

	2020	2019
Interest and dividends	\$ 5,051	\$ 6,398
Realized net gain on sale of investments	16,838	1,538
Net (decrease) increase in the fair value of investments	(14,830)	4,150
	<u>\$ 7,059</u>	<u>\$ 12,086</u>

## 11. 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, 2020 and for the year then ended are as follows:

## Notes to the Financial Statements

(Dollars in thousands)

	At June 30, 2020					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Cash and cash equivalents	\$ 55,647	\$ 2,823	\$ 80	\$ 2	\$ (2,825)	\$ 55,727
Other current assets	107,722	954	1,159	50	(512)	109,373
Due from NJIT	-	82	2,050	-	(2,132)	-
Capital assets, net	502,062	-	6,595	20,014	-	528,671
Other noncurrent assets	13,312	134,426	-	-	(4,005)	143,733
Investment in UREs	20,043	-	-	-	(20,043)	-
Total assets	698,786	138,285	9,884	20,066	(29,517)	837,504
Deferred outflows of resources	26,755	-	-	-	-	26,755
Due to NJII	2,050	-	-	-	(2,050)	-
Due to Foundation	2,905	-	-	-	(2,905)	-
Other current liabilities	68,896	107	5,712	23	(514)	74,224
Noncurrent liabilities	491,634	507	5,118	-	(4,005)	493,254
Total liabilities	565,485	614	10,830	23	(9,474)	567,478
Deferred inflows of resources	32,752	1,832	-	-	-	34,584
Net investment in capital assets	159,538	-	1,626	20,014	-	181,178
Restricted nonexpendable	-	85,702	-	-	-	85,702
Restricted expendable	16,835	22,038	5	-	-	38,878
Unrestricted	(49,069)	28,099	(2,577)	29	(20,043)	(43,561)
Total net position	\$ 127,304	\$ 135,839	\$ (946)	\$ 20,043	\$ (20,043)	\$ 262,197

	For the Year Ended June 30, 2020					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Gifts and bequests	\$ -	\$ 6,832	\$ 150	\$ -	\$ (6,982)	\$ -
Other operating revenues	285,011	2,634	20,436	1,383	(15,375)	294,089
Total operating revenues	285,011	9,466	20,586	1,383	(22,357)	294,089
Depreciation	35,495	-	138	889	-	36,522
Grants to NJIT	-	10,272	-	-	(10,272)	-
Grants to NJIT student fraternities	-	11	-	-	(11)	-
Other operating expenses	365,324	3,140	23,742	1,893	(15,496)	378,603
Total operating expenses	400,819	13,423	23,880	2,782	(25,779)	415,125
Operating (loss)	(115,808)	(3,957)	(3,294)	(1,399)	3,422	(121,036)
Gifts and bequests	10,193	-	-	-	(6,563)	3,630
Investment income	2,080	4,979	-	-	-	7,059
Other non-operating revenues, net	80,732	23	-	-	4,496	85,251
Capital grants and gifts	-	-	1,203	517	(473)	1,247
Additions to permanent endowments	-	2,901	-	-	-	2,901
(Decrease) increase in net position	(22,803)	3,946	(2,091)	(882)	882	(20,948)
Net position, beginning of year	150,107	131,893	1,145	20,925	(20,925)	283,145
Net position, end of year	\$ 127,304	\$ 135,839	\$ (946)	\$ 20,043	\$ (20,043)	\$ 262,197

## Notes to the Financial Statements

(Dollars in thousands)

For the Year Ended June 30, 2020						
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Net cash provided (used) by:						
Operating activities	\$ (3,791)	\$ (909)	\$ (3,308)	\$ (517)	\$ (16,020)	\$ (24,545)
Noncapital financing activities	34,860	2,345	2,671	517	20,197	60,590
Capital financing activities	(43,907)	-	509	-	(4,473)	(47,871)
Investing activities	(19,943)	(1,140)	-	-	-	(21,083)
Net (decrease) increase in cash and cash equivalents	(32,781)	296	(128)	-	(296)	(32,909)
Cash and cash equivalents, beginning of year	88,428	2,527	208	2	(2,529)	88,636
Cash and cash equivalents, end of year	\$ 55,647	\$ 2,823	\$ 80	\$ 2	\$ (2,825)	\$ 55,727

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, 2019 and for the year then ended are as follows:

At June 30, 2019						
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Cash and cash equivalents	\$ 88,428	\$ 2,527	\$ 208	\$ 2	\$ (2,529)	\$ 88,636
Other current assets	83,113	3,532	3,651	33	-	90,329
Due from NJIT	-	136	-	-	(136)	-
Due from NJII	582	-	-	-	(582)	-
Capital Assets, net	502,328	-	1,874	20,904	-	525,106
Other noncurrent assets	22,438	127,476	-	-	-	149,914
Investment in UREs	20,925	-	-	-	(20,925)	-
Total assets	717,814	133,671	5,733	20,939	(24,172)	853,985
Deferred outflows of resources	36,956	-	-	-	-	36,956
Due to NJIT	-	-	582	-	(582)	-
Due to Foundation	2,663	-	-	-	(2,663)	-
Other current liabilities	65,134	103	4,006	14	(2)	69,255
Noncurrent liabilities	506,051	550	-	-	-	506,601
Total liabilities	573,848	653	4,588	14	(3,247)	575,856
Deferred inflows of resources	30,815	1,125	-	-	-	31,940
Net investment in capital assets	164,698	-	1,033	20,904	-	186,635
Restricted nonexpendable	-	83,012	-	-	-	83,012
Restricted expendable	15,366	24,502	5	-	-	39,873
Unrestricted	(29,957)	24,379	107	21	(20,925)	(26,375)
Total net position	\$ 150,107	\$ 131,893	\$ 1,145	\$ 20,925	\$ (20,925)	\$ 283,145

## Notes to the Financial Statements

(Dollars in thousands)

For the Year Ended June 30, 2019						
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Gifts and bequests	\$ -	\$ 10,802	\$ 32	\$ -	\$ (10,834)	\$ -
Other operating revenues	280,984	2,783	25,085	1,647	(13,859)	296,640
Total operating revenues	280,984	13,585	25,117	1,647	(24,693)	296,640
Depreciation	34,206	-	58	902	-	35,166
Grants to NJIT	-	9,326	-	-	(9,326)	-
Grants to NJII	-	120	-	-	(120)	-
Grants to NJIT student fraternities	-	56	-	-	(56)	-
Other operating expenses	364,222	3,276	26,276	1,960	(13,692)	382,042
Total operating expenses	398,428	12,778	26,334	2,862	(23,194)	417,208
Operating (loss) profit	(117,444)	807	(1,217)	(1,215)	(1,499)	(120,568)
Gifts and bequests	9,247	-	-	-	(2,101)	7,146
Investment income	5,920	6,144	-	-	22	12,086
Other non-operating revenues, net	94,577	19	-	-	4,631	99,227
Capital grants and gifts	-	-	-	320	(158)	162
Additions to permanent endowments	-	5,261	-	-	-	5,261
Increase (decrease) in net position	(7,700)	12,231	(1,217)	(895)	895	3,314
Net position, beginning of year	157,807	119,662	2,362	21,820	(21,820)	279,831
Net position, end of year	\$ 150,107	\$ 131,893	\$ 1,145	\$ 20,925	\$ (20,925)	\$ 283,145

For the Year Ended June 30, 2019						
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Net cash provided (used) by:						
Operating activities	\$ (3,549)	\$ (1,862)	\$ 517	\$ (320)	\$ (21,132)	\$ (26,346)
Noncapital financing activities	50,758	4,986	-	320	21,070	77,134
Capital financing activities	(39,998)	-	(750)	-	29	(40,719)
Investing activities	68,181	(3,113)	-	-	22	65,090
Net increase (decrease) in cash and cash equivalents	75,392	11	(233)	-	(11)	75,159
Cash and cash equivalents, beginning of year	13,036	2,516	441	2	(2,518)	13,477
Cash and cash equivalents, end of year	\$ 88,428	\$ 2,527	\$ 208	\$ 2	\$ (2,529)	\$ 88,636

## Notes to the Financial Statements

(Dollars in thousands)

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### 12. Net Position

The components of unrestricted net position are as follows:

	June 30,	
	2020	2019
Designated unrestricted net position:		
Quasi-endowments	\$ 25,202	\$ 21,739
Instructional and other	6,107	4,616
Construction and capital programs	31,233	41,098
State bonds funds required match	-	38
Debt service	18,508	17,710
Pollution remediation	2,412	2,035
Outstanding purchase orders	2,847	4,626
	<u>86,309</u>	<u>91,862</u>
Undesignated unrestricted net position		
Pension related	(148,578)	(144,828)
Operations	18,708	26,591
	<u>\$ (43,561)</u>	<u>\$ (26,375)</u>

### 13. Commitments and Contingencies

At June 30, 2020, open purchase orders totaled \$31,236, primarily for research and construction and capital program expenditures.

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

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

### 14. Subsequent Events

The Independent Alumni Association (the Association), an independent 501(c)(3) non-profit organization, formerly known as the Alumni Association of New Jersey Institute of Technology, worked actively and collegially in partnership with NJIT, its alumni and other members of the university community to provide and support NJIT as a leading public research university. The Association determined to dissolve their organization and transfer its assets and funds to NJIT, through Foundation at New Jersey Institute of Technology, who will undertake responsibility to maintain and steward the funds on an on-going basis as part of its endowment investments. In May 2020, the Superior Court of New Jersey authorized the dissolution of the Association. As of August 31, 2020, NJIT took ownership of \$3,816 of the Association's endowment investment assets.

**Required Supplementary Information**  
(unaudited)

Schedules of Proportionate Share of the  
Net Pension Liability

Schedules of Employer  
Contributions

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

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

	2020		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.516%	0.485%	0.00%
NJIT's proportionate share of the net pension liability	\$ 118,803	\$ 20,383	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 22,517	\$ 2,502	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 1,430
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	527.62%	814.67%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.03%	26.06%	26.95%
	2019		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.525%	0.535%	0.00%
NJIT's proportionate share of the net pension liability	\$ 124,450	\$ 23,166	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 23,093	\$ 2,249	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 1,553
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	538.91%	1,030.06%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.11%	25.84%	26.50%
	2018		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.508%	0.516%	0.00%
NJIT's proportionate share of the net pension liability	\$ 130,378	\$ 22,679	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 24,911	\$ 2,625	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 1,754
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	523.38%	863.96%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	21.18%	25.99%	25.41%
	2017		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.473%	0.498%	0.00%
NJIT's proportionate share of the net pension liability	\$ 138,898	\$ 23,455	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 24,111	\$ 2,654	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 2,068
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	576.08%	883.76%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	19.02%	24.70%	22.33%
	2016		
	PERS	PFRS	TPAF
NJIT's proportion of the net pension liability	0.476%	0.535%	0.00%
NJIT's proportionate share of the net pension liability	\$ 113,033	\$ 22,966	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 24,038	\$ 2,391	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 7,578
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	470.23%	960.52%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.96%	29.07%	28.71%

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

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	<b>2015</b>		
	<b>PERS</b>	<b>PFRS</b>	<b>TPAF</b>
NJIT's proportion of the net pension liability	0.455%	0.509%	0.00%
NJIT's proportionate share of the net pension liability	\$ 91,665	\$ 18,071	\$ -
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 23,781	\$ 2,249	\$ -
State's proportionate share of the net pension liability attributable to NJIT	N/A	N/A	\$ 8,415
NJIT's proportionate share of the net pension liability as a percentage of its covered payroll	385.45%	803.51%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	30.06%	34.70%	33.64%

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

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

	2020	
	PERS	PFRS
Contractually required contribution	\$ 4,535	\$ 1,885
Contributions in relation to the contractually required contribution	4,535	1,885
Contribution deficiency (excess)	\$ -	\$ -
NJIT's covered payroll (as of fiscal year end)	\$ 22,390	\$ 2,809
Contributions as a percentage of covered payroll	20.25%	67.11%
	2019	
	PERS	PFRS
Contractually required contribution	\$ 4,025	\$ 1,460
Contributions in relation to the contractually required contribution	4,025	1,460
Contribution deficiency (excess)	\$ -	\$ -
NJIT's covered payroll (as of fiscal year end)	\$ 22,517	\$ 2,502
Contributions as a percentage of covered payroll	17.88%	58.35%
	2018	
	PERS	PFRS
Contractually required contribution	\$ 3,280	\$ 1,266
Contributions in relation to the contractually required contribution	3,280	1,266
Contribution deficiency (excess)	\$ -	\$ -
NJIT's covered payroll (as of fiscal year end)	\$ 23,093	\$ 2,249
Contributions as a percentage of covered payroll	14.20%	56.29%
	2017	
	PERS	PFRS
Contractually required contribution	\$ 4,327	\$ 881
Contributions in relation to the contractually required contribution	4,327	881
Contribution deficiency (excess)	\$ -	\$ -
NJIT's covered payroll (as of fiscal year end)	\$ 24,911	\$ 2,625
Contributions as a percentage of covered payroll	17.37%	33.56%
	2016	
	PERS	PFRS
Contractually required contribution	\$ 2,836	\$ 551
Contributions in relation to the contractually required contribution	2,836	551
Contribution deficiency (excess)	\$ -	\$ -
NJIT's covered payroll (as of fiscal year end)	\$ 24,111	\$ 2,654
Contributions as a percentage of covered payroll	11.76%	20.76%

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

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

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

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

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	<b>2020</b>
NJIT's proportion of the total OPEB liability	0.00%
NJIT's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT	188,943
Total OPEB liability	<u>\$ 188,943</u>
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 124,107
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	0.00%
	<b>2019</b>
NJIT's proportion of the total OPEB liability	0.00%
NJIT's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT	248,332
Total OPEB liability	<u>\$ 248,332</u>
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 125,094
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	0.00%
	<b>2018</b>
NJIT's proportion of the total OPEB liability	0.00%
NJIT's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to NJIT	296,057
Total OPEB liability	<u>\$ 296,057</u>
NJIT's covered payroll (for the year ended as of the measurement date)	\$ 121,298
NJIT's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	0.00%

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