NEW JERSEY INSTITUTE OF TECHNOLOGY

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

June 30, 2019 and 2018

NEW JERSEY INSTITUTE OF TECHNOLOGY
June 30, 2019 and 2018
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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, 2019 and 2018, 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, 2019 and 2018, 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 12 and the Schedules of Proportionate Share of the Net Pension Liability – Last 10 Years, the Schedules of Employer Contributions – Last 10 Years, and the Schedules of Proportionate Share of the Total Other Postemployment Benefits Liability – Last 10 Years included on pages 48 through 50 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 – Last 10 Years, the Schedules of Employer Contributions – Last 10 Years, and the Schedules of Proportionate Share of the Total Other Postemployment Benefits Liability – Last 10 Years because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Iselin, New Jersey
December 20, 2019

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 (Foundation), New Jersey Innovation Institute, Inc. (NJII), and ten urban renewal limited liability companies (UREs) (collectively, the University) at and for the years ended June 30, 2019 and 2018. 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.

Since its founding in 1881, NJIT has been transformed from a local technical school to one of America's top tier national research universities. While moving steadily to increasingly higher levels of excellence in educational performance, NJIT has become a research and development hub, participating in entrepreneurial development and building business partnerships through research and development initiatives. NJIT'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.

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 11,400 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.

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.

(Dollars in thousands)

The Financial Statements

The University's financial statements include a statement of net position at June 30, 2019 and 2018, 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, 2019 and 2018 was sound, with total assets of $853,985 and $851,899, deferred outflows of resources of $36,956 and $41,804, total liabilities of $575,856 and $590,054, and deferred inflows of resources of $31,940 and $23,818, 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 $283,145 and $279,831 at June 30, 2019 and 2018, respectively. The University's net position increased $3,314 in fiscal year 2019 and decreased $466 in fiscal year 2018.

Statement of Net Position

The statement of net position presents the University's financial position at June 30, 2019 and 2018, and is summarized as follows. The summarized statement of net position at June 30, 2017, is also presented for comparative purposes.

	June 30,		
	2019	2018	2017
Current assets	$ 178,965	$ 168,981	$ 138,768
Endowment investments	122,812	113,638	108,353
Capital assets, net	525,106	520,224	476,822
Other assets	27,102	49,056	126,533
Total assets	853,985	851,899	850,476
Deferred outflows of resources	36,956	41,804	44,834
Current liabilities	69,255	72,985	81,754
Long-term debt, noncurrent portion	342,203	346,723	352,058
Other liabilities	164,398	170,346	177,107
Total liabilities	575,856	590,054	610,919
Deferred inflows of resources	31,940	23,818	4,094
Net investment in capital assets	186,635	176,307	175,132
Restricted nonexpendable	83,012	77,528	74,891
Restricted expendable	39,873	45,376	47,690
Unrestricted	(26,375)	(19,380)	(17,416)
Total net position	$ 283,145	$ 279,831	$ 280,297

(continued)

Current assets consist principally of cash and cash equivalents, grants and accounts receivable, net of allowances, deposits held with trustees, and short-term investments. The increase in current assets at June 30, 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. The increase in current assets at June 30, 2018 as compared to June 30, 2017 of $30,213 principally relate to increases in short-term investments, primarily due to a change in investment strategy, and grants and contracts receivable, net, due to the timing of cash receipts, partially offset by a decrease in cash and cash equivalents.

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 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. The decrease in current liabilities at June 30, 2018 as compared to June 30, 2017 of $8,769 results from decreases in accounts payable and accrued liabilities, principally resulting from the winding down of construction and renovation activities, due to affiliates, and current portion of long-term debt, partially offset by an increase in 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 $105,660 and $93,010 at June 30, 2019 and 2018, respectively. The University had $114,159 and $100,002 in cash and cash equivalents and short-term investments to fund current operations, facilities rehabilitation projects, and other activities at June 30, 2019 and 2018, respectively. The net increase of 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. The net increase in cash and cash equivalents and short-term investments at June 30, 2018 of $10,229 principally relates to the decrease in noncurrent investments, due to a change in investment strategy, gifts and bequests for other than capital purposes, advance payments from grants, and reimbursement from capital grants of a portion of the expenditures for the rehabilitation and renovation of Makerspace at NJIT, partially offset by an increase in grants and contracts receivable.

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 8.1% and 4.9% during fiscal years 2019 and 2018, respectively, reflecting growth from new gifts, realized net investment gains, a net increase in the fair value of investments at June 30, 2019 and 2018, offset by endowment distributions.

Capital assets, at cost, increased 3.7% and 7.6% during fiscal years 2019 and 2018, respectively. The fiscal year 2019 and 2018 increases primarily result from continued work on the renovation of Makerspace at NJIT, with the completion of Phase I in fiscal year 2019 and the expected completion of Phase II in fiscal year 2020; continued work on the construction of the soccer field, with an expected completion in fiscal year 2020, and rehabilitation and renovation of various campus facilities; partially

(continued)

(Dollars in thousands)

offset by the write-off of equipment and other assets no longer in service in both fiscal years. During fiscal year 2018, the Wellness and Events Center and a state-of-the-art research facility were completed. Other assets are comprised of investments, investments – capital construction, deposits held with trustees, beneficial interest trusts, and other noncurrent assets. The decrease in other assets of $21,954 and $77,477 at June 30, 2019 and 2018, respectively, was principally due to a decrease in deposits held with trustees, resulting from the reimbursement of capital expenditures, and the utilization of investments – capital construction in fiscal years 2019 and 2018, and the collection of Building Our Future receivables, recorded in other assets, for capital expenditures in fiscal year 2018.

Deferred outflows of resources consist of loss on defeasance of debt and certain changes in the net pension liability. The decrease in deferred outflows of resources of $4,848 and $3,030 at June 30, 2019 and June 30, 2018, respectively, principally relate 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, 2019 and 2018 was $346,723 and $352,058, respectively.

At June 30, 2019 and 2018, 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 $5,948 and $6,761 at June 30, 2019 and June 30, 2018, respectively, principally relates to the reduction in the net pension liability in both years, partially offset by the recording of a pollution remediation liability in fiscal year 2018.

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 $8,122 and $19,724 at June 30, 2019 and 2018, 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 increased $10,328 and $1,175 during fiscal years 2019 and 2018, respectively, principally due to the increase in capital assets discussed above and a net decrease in long-term debt in both fiscal years, partially offset by depreciation expense.

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

(continued)

(Dollars in thousands)

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. Restricted net position increased $323 during fiscal year 2018, primarily due to increases in restricted nonexpendable scholarships and fellowships and instructional and other as a result of additions to permanent endowments, and restricted expendable scholarships and fellowships and instructional and other, principally due to investment income; partially offset by a decrease in restricted expendable net position for capital projects, resulting from expenditures of capital grant funds.

Unrestricted net position is all other net position that is available for general operations in support of the University's mission. 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, 2017 unrestricted net position is also presented for comparative purposes.

	June 30,		
	2019	**2018**	**2017**
Designated unrestricted net position:			
Quasi-endowments	$ 21,739	$ 18,091	$ 15,452
Instructional and other	4,616	4,513	3,811
Construction and capital programs	41,098	38,106	29,600
Wellness and Events Center construction	-	11,963	15,308
State bond funds required match	38	92	256
Debt service	17,710	12,228	6,542
Pollution remediation	2,035	2,259	-
Outstanding purchase orders	4,626	8,558	8,558
	91,862	95,810	79,527
Undesignated unrestricted net position:			
Pension related	(144,828)	(137,953)	(124,766)
Operations	26,591	22,763	27,823
	$ (26,375)	$ (19,380)	$ (17,416)

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(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, 2019 and 2018 are as follows. The components of revenues for the fiscal year ended June 30, 2017 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2019	**2018**	**2017**
Operating revenues:			
Student tuition and fees, net	$ 136,286	$ 131,796	$ 132,660
Federal, State, and other grants and contracts	136,492	131,120	121,104
Auxiliary enterprises, net	16,953	16,389	15,927
Other operating revenues	6,909	5,561	5,823
Total operating revenues	296,640	284,866	275,514
Non-operating and other revenues:			
State appropriations	109,440	124,010	96,529
Gifts and bequests, capital grants and gifts, and additions to permanent endowments	12,569	7,738	21,099
Investment income	12,086	12,157	15,449
Other non-operating revenues, net	4,776	2,125	2,152
Total non-operating and other revenues	138,871	146,030	135,229
Total revenues	$ 435,511	$ 430,896	$ 410,743

The components of expenses for the fiscal years ended June 30, 2019 and 2018 are as follows. The components of expenses for the fiscal year ended June 30, 2017 are also presented for comparative purposes:

	Fiscal Years Ended June 30,		
	2019	**2018**	**2017**
Operating expenses:			
Instruction	$ 116,451	$ 118,983	$ 109,424
Research and programs	92,619	90,223	80,326
Public service	2,153	2,286	2,022
Academic support	34,374	34,804	31,328
Student services	31,513	30,280	25,837
Institutional support	58,291	61,160	56,990
Operation and maintenance of plant	26,259	30,668	25,155
Scholarships and fellowships	10,455	10,045	9,321
Depreciation	35,166	31,073	26,887
Auxiliary enterprises	9,927	9,397	9,111
Total operating expenses	417,208	418,919	376,401
Non-operating expenses – interest expense	14,989	12,443	9,686
Total expenses	$ 432,197	$ 431,362	$ 386,087

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(Dollars in thousands)

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 $136,286, $131,796 and $132,660, net of scholarship allowances of $64,419, $60,272 and $54,560 in fiscal years 2019, 2018, and 2017, respectively. 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. The fiscal year 2018 decrease was attributable to growth in enrollment and tuition and mandatory fees increase of 2.85%, being more than offset by the increase in scholarship allowances.

Auxiliary enterprises revenues, net of scholarship allowances of $5,875, $5,463 and $4,710 in fiscal years 2019, 2018, and 2017, respectively, increased 3.4% to $16,953 in fiscal year 2019 and 2.9% to $16,389 in fiscal year 2018, principally due to increased occupancy and residence hall charges in both fiscal years.

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,		
	2019	**2018**	**2017**
Direct appropriation for general operating purposes	$ 35,440	$ 35,440	$ 35,440
Direct appropriation for Makerspace operating support	-	10,000	-
Direct appropriation for Medical Devices Innovation Cluster	3,700	-	-
FICA and fringe benefits paid by the State for University employees	41,361	40,971	40,232
Other postemployment benefits	11,386	17,417	-
Fringe benefit equalization adjustment	17,553	20,182	20,857
	$ 109,440	$ 124,010	$ 96,529

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 other postemployment benefits (OPEB) and the fringe benefit equalization adjustment, partially offset by the Medical Devices Innovation Cluster appropriation in fiscal year 2019. The fiscal year 2018 State appropriations increase was primarily the result of the implementation of GASB 75 and an additional appropriation for Makerspace operating support.

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(Dollars in thousands)

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,		
	2019	**2018**	**2017**
Federal grants and contracts	$ 106,754	$ 100,769	$ 92,582
State grants and contracts	26,109	25,297	23,545
Other grants and contracts	3,629	5,054	4,977
	$ 136,492	$ 131,120	$ 121,104

Federal grants and contracts revenues increased 5.9% and 8.8% in fiscal years 2019 and 2018, respectively, due to increases in research grants and contracts and student financial assistance grants. State grants and contracts revenues increased 3.2% and 7.4% in fiscal years 2019 and 2018, respectively, due to an increases in student financial assistance grants, partially offset by a decrease in research grants and contracts. Other grants and contracts revenues decreased 28.2% in fiscal year 2019 after remaining relatively constant in fiscal year 2018.

Private support from corporations, foundations, alumni, and other donors is an important factor in the University's growth and development. In fiscal years 2019 and 2018, respectively, the University received gifts and bequests totaling $7,146 and $4,792, capital grants and gifts of $162 and $648, and additions to permanent endowments of $5,261 and $2,298. The fiscal year 2019 increase in gifts and bequests is principally due to one pledge of approximately $3,000 in support of scholarships.

Investment income includes interest and dividends, as well as realized and unrealized gains and losses. During fiscal years 2019 and 2018, investment income of $12,086 and $12,157 was due to interest and dividends, realized net gain on sale of investments, and a net increase and a net decrease in the fair value of investments at June 30, 2019 and 2018, respectively.

Instruction, academic support, student services, and scholarships and fellowships expenses totaled $192,793, $194,112, and $175,910 in fiscal years 2019, 2018, and 2017, respectively. Expenses remained relatively constant in fiscal year 2019 with a slight decrease of 0.7%, comprised of decreases in OPEB expense and pension expense, nearly offset by increased salaries and fringe benefits and consulting services, primarily relating to student recruiting and academic support. The increase of 10.3% in fiscal year 2018 is primarily due to the recording of OPEB expense; increased salaries and fringe benefits and pension expense; consulting services, primarily relating to student recruiting; and computer software maintenance and license fees.

Research and programs expense increased 2.7% to $92,619 and 12.3% to $90,223 in fiscal years 2019 and 2018, respectively, primarily due to an increase in Federal research and program expenditures in both fiscal years, with fiscal year 2019 expenses being offset by decreases in OPEB expense and pension expense, and fiscal year 2018 expenses being further increased due to the recording of OPEB expense.

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Public service expense decreased 5.8% to $2,153 in fiscal year 2019 primarily due to decreases in legal fees and pension expense and increased 13.1% to $2,286 in fiscal year 2018 primarily as a result of increases in legal fees in connection with the City of Newark real estate tax exemptions, pension expense, allowance for doubtful accounts receivable, and the recording of OPEB expense.

Institutional support expense decreased 4.7% to $58,291 in fiscal year 2019, 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. The fiscal year 2018 increase of 7.3% to $61,160 was primarily due to the recording of OPEB expense.

Operation and maintenance of plant expense decreased 14.4% in fiscal year 2019 to $26,259 and increased 21.9% to $30,668 in fiscal year 2018. 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 increased repair services. The fiscal year 2018 increase was primarily due to the recording of a pollution remediation liability and OPEB expense as well as increases in pension expense, salaries and fringe benefits, and utility costs, partially offset by decreases in consulting services and disposal costs.

Auxiliary enterprises expense increased 5.6% to $9,927 in fiscal 2019, primarily due to an increase in repairs and maintenance costs for residence halls, and increased 3.1% to $9,397 in fiscal year 2018, primarily due to the recording of OPEB expense.

During fiscal years 2019 and 2018, the University incurred long-term debt interest costs of $14,989 and $15,161, of which $2,718 was capitalized in fiscal year 2018 and will be amortized over the estimated useful lives of the associated capital assets.

Summary and Outlook

The University is in a sound financial position at June 30, 2019. Overall enrollment remained constant for the fiscal 2019 academic year, with an 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.

All eight bargaining unit contracts expired on June 30, 2019. Negotiations have successfully concluded with five of the unions and are ongoing with the remaining three unions. Significant progress has been made and 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, limited exposure to sub-prime investments, and the use of alternative investments. 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 over the past several fiscal years, management initiated steps to increase alternative funding sources and to reduce expenses, including increases in enrollment, cost containment initiatives, a more aggressive research

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

As part of the approved State budget for fiscal year 2020, the University will receive $3.7 million in funding for the Medical Devices Innovation Cluster as well as a $1.2 million net increase in base appropriation as a result of a new outcomes-based allocation.

Management has been and will continue to be an active participant in the State's planning process, in order to ensure that its voice is heard and the University's needs are properly presented and considered in the State's financial deliberations.

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Net Position
(Dollars in thousands)
At June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 88,636	$ 13,477
Short-term investments	25,523	86,525
Grants and accounts receivable, net	54,203	58,426
Deposits held with trustees	8,570	8,321
Other current assets	2,033	2,232
Total current assets	178,965	168,981
Noncurrent assets:		
Endowment investments	122,812	113,638
Investments	1,816	2,354
Beneficial interest trusts	4,499	4,237
Investments – capital construction	14,872	22,073
Deposits held with trustees	2,244	15,584
Other assets	3,671	4,808
Capital assets, net of accumulated depreciation of $426,862 and $397,905, respectively	525,106	520,224
Total noncurrent assets	675,020	682,918
Total assets	853,985	851,899
Deferred outflows of resources	36,956	41,804
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	48,612	47,847
Long-term debt, current portion	4,520	5,335
Unearned advance payments	15,015	14,942
Due to affiliates	1,108	4,861
Total current liabilities	69,255	72,985
Noncurrent liabilities:		
Long-term debt	342,203	346,723
Other noncurrent liabilities	16,342	16,838
Net pension liability	147,616	153,057
U.S. government grants refundable	440	451
Total noncurrent liabilities	506,601	517,069
Total liabilities	575,856	590,054
Deferred inflows of resources	31,940	23,818
Net Position		
Net investment in capital assets	186,635	176,307
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	69,079	64,971
Instructional and other	13,933	12,557
Expendable:		
Capital projects	4,510	15,281
Scholarships and fellowships	21,470	16,469
Instructional and other	9,973	10,702
Research and programs	2,143	1,417
Debt service	1,445	1,180
Loans	332	327
Unrestricted	(26,375)	(19,380)
Total net position	$ 283,145	$ 279,831

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
For the years ended June 30, 2019 and 2018

	2019	2018
Operating revenues		
Student tuition and fees, net of scholarship allowances of $64,419 and $60,272, respectively	$ 136,286	$ 131,796
Federal grants and contracts	106,754	100,769
State grants and contracts	26,109	25,297
Other grants and contracts	3,629	5,054
Auxiliary enterprises, net of scholarship allowances of $5,875 and $5,463, respectively	16,953	16,389
Other operating revenues	6,909	5,561
Total operating revenues	296,640	284,866
Operating expenses		
Instruction	116,451	118,983
Research and programs	92,619	90,223
Public service	2,153	2,286
Academic support	34,374	34,804
Student services	31,513	30,280
Institutional support	58,291	61,160
Operation and maintenance of plant	26,259	30,668
Scholarships and fellowships	10,455	10,045
Depreciation	35,166	31,073
Auxiliary enterprises	9,927	9,397
Total operating expenses	417,208	418,919
Operating loss	(120,568)	(134,053)
Non-operating revenues (expenses)		
State appropriations	109,440	124,010
Gifts and bequests	7,146	4,792
Interest expense	(14,989)	(12,443)
Investment income	12,086	12,157
Other non-operating revenues, net	4,776	2,125
Net non-operating revenues	118,459	130,641
Loss before other revenues	(2,109)	(3,412)
Other revenues		
Capital grants and gifts	162	648
Additions to permanent endowments	5,261	2,298
Total other revenues	5,423	2,946
Increase (decrease) in net position	3,314	(466)
Net position, beginning of year	279,831	280,297
Net position, end of year	$ 283,145	$ 279,831

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Cash Flows
(Dollars in thousands)
For the years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Student tuition and fees	$ 136,674	$ 132,968
Grants and contracts	133,272	120,907
Payments for salaries and benefits	(199,962)	(200,449)
Payments for goods and services	(102,201)	(101,305)
Payments for scholarships and fellowships	(10,455)	(10,045)
Loans collected from students	332	299
Auxiliary enterprises	16,950	16,334
University programs	406	176
Affiliates	(3,760)	(1,682)
Other receipts	2,398	6,402
Net cash used by operating activities	(26,346)	(36,395)
Cash flows from noncapital financing activities		
State appropriations	62,046	55,009
Gifts and bequests for other than capital purposes	7,643	6,295
Additions to permanent endowments	4,967	1,843
Other receipts	2,478	3,704
Net cash provided by noncapital financing activities	77,134	66,851
Cash flows from capital financing activities		
Other receipts (payments)	-	8,786
Mortgage payments received	289	322
Capital grants and gifts	29	39
Purchase of capital assets	(40,918)	(84,267)
Principal paid on long-term debt	(4,721)	(5,887)
Interest paid on long-term debt	(15,362)	(14,245)
Purchase of investments – capital construction	(22,356)	(22,073)
Sale of investments – capital construction	29,165	63,328
Deposits with trustees	21,958	32,293
Withdrawals from trustees	(8,803)	(23,905)
Net cash used by capital financing activities	(40,719)	(45,609)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	338,596	185,580
Interest and dividends on investments	6,255	5,226
Purchase of investments	(279,761)	(183,218)
Net cash provided by investing activities	65,090	7,588
Net increase (decrease) in cash and cash equivalents	75,159	(7,565)
Cash and cash equivalents, beginning of year	13,477	21,042
Cash and cash equivalents, end of year	$ 88,636	$ 13,477
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (120,568)	$ (134,053)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	35,166	31,073
Noncash operating expenses	63,327	73,721
Changes in assets and liabilities:		
Grants and accounts receivable	(2,969)	(12,142)
Other assets, current and noncurrent	887	57
Accounts payable and accrued liabilities	1,535	5,090
Unearned advance payments	29	1,543
Due to affiliates	(3,753)	(1,684)
Net cash used by operating activities	$ (26,346)	$ (36,395)
Noncash transactions:		
State appropriations for fringe benefits	$ 57,637	$ 61,411
Gifts and bequests for other than capital purposes	3,376	130
Investment income	-	24
Gifts for capital purposes	133	1,764
Additions to permanent endowments	294	455
Capital assets	(911)	(12,151)

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

1. Organization and Summary of Significant Accounting Policies

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

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

Foundation at New Jersey Institute of Technology (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 (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.

(continued)

(a) Basis of Presentation

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

(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

(continued)

(Dollars in thousands)

reasonableness. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

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

(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.

(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:

	Capitalization Threshold	Estimated Useful Life
Land improvements	$ 50,000	20 years
Buildings and building improvements	50,000	20 to 40 years
Software	50,000	5 to 10 years
Equipment and other assets	5,000	3 to 10 years

(h) Due to Affiliates

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

	June 30, 2019	June 30, 2018
NJEDge.Net	$ 116	$ 3,423
Student organizations	859	1,190
Other organizations	133	248
	$ 1,108	$ 4,861

(continued)

(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 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.

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

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

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

(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 ($70,300 and $78,570 in fiscal years 2019 and 2018, 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, the Foundation, and NJII have received determination letters from the Internal Revenue Service stating that they are organizations as described in Sections 115(a)(2), 501(c)(3), and 501(c)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from Federal income taxes under Section 501(a) of the Code on income generated by activities that are substantially related to their tax-exempt purposes. HCIS is a New Jersey for-profit company, which is subject to Federal and New Jersey state income taxes. In fiscal year 2019, the University calculated a tax liability for unrelated taxable business income pertaining to qualified transportation fringe benefits. At June 30, 2019, the remaining unpaid tax liability of $27 is included in accounts payable and accrued expenses in the statement of net position. The UREs are limited liability companies wholly-owned by NJIT that are treated as disregarded entities for Federal income tax purposes.

(Dollars in thousands)

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

Cash and cash equivalents, comprised of cash and money market funds, total $88,636 and $13,477 at cost and fair value at June 30, 2019 and 2018, respectively.

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, 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

	June 30, 2018					
			Fair Value Measurements			
	Cost	Fair Value	Level 1	Level 2	Level 3	NAV
Investments:						
Money market funds	$ 24,357	$ 24,357	$ -	$ 24,357	$ -	$ -
Certificate of deposit	500	500	-	500	-	-
U.S. Treasury and government agency bonds	35	25	25	-	-	-
Corporate equity securities	61,895	71,909	58,049	13,860	-	-
Mutual equity bonds	16,403	17,902	16,317	1,585	-	-
Mutual bond funds	82,648	80,063	71,238	8,825	-	-
Hedge and other investment funds	26,023	29,834	-	-	5,089	24,745
	211,861	224,590	145,629	49,127	5,089	24,745
Deposits held with trustees:						
Money market funds	23,905	23,905	-	23,905	-	-
	$ 235,766	$ 248,495	$ 145,629	$ 73,032	$ 5,089	$ 24,745

(continued)

Hedge and other investment funds are comprised of directional and multi-strategy funds, private equity, and real assets. The University is committed to invest an additional $3,764 in these funds over the next several fiscal years.

Investments – capital construction represent the proceeds of the 2017 Series A in both fiscal years 2019 and 2018 and 2015 Series A bonds in fiscal year 2018 (see Note 6). These funds are separately invested, and are designated for the acquisition of certain capital projects and the costs of construction of the Wellness and Events Center.

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

Custodial credit risk – deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in that institution's possession. The University's investment policy does not address custodial credit risk - deposits. Cash and cash equivalents have a bank balance of $94,050 and $16,612, including cash held by depositories of $639 and $966 at June 30, 2019 and 2018, respectively, of which $356 and $851 are insured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents of $500 at June 30, 2018 are insured by the Securities Investor Protection Corporation (SIPC); amounts in excess are neither collateralized nor insured.

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, 2019 and 2018, $175,837 and $248,495, respectively, of investments and deposits held with trustees are either insured or held by the University or its agent in the University's name.

(continued)

(Dollars in thousands)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy places no limitation on the ratings for debt instruments. U.S. Treasury and government agency bonds are considered to have no credit risk. The money market funds and mutual bond funds included in the University's investment portfolio are not rated. At June 30, 2018, 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:

	Rating	2019
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		4,845
		$ 5,591

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019 and 2018, fixed income investments included in cash and cash equivalents, investments, and deposits held with trustees have the following maturities:

	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	-
Mutual bond funds	28,051	20	6,607	21,424
	$ 148,099	$ 115,223	$ 11,452	$ 21,424

(continued)

(Dollars in thousands)

	June 30, 2018			
		Investment Maturities (in years)		
	Fair Value	**Less than 1**	**1 to 5**	**5 to 10**
Money market funds	$ 60,868	$ 60,868	$ -	$ -
Certificate of deposit	500	500	-	-
U.S. Treasury and government agency bonds	25	25	-	-
Mutual bond funds	80,063	7,953	48,580	23,530
	$ 141,456	$ 69,346	$ 48,580	$ 23,530

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,			
	2019		2018	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Money market funds	$ 6,214	$ 6,214	$ 2,195	$ 2,195
Corporate equity securities	40,786	53,242	39,262	49,655
Mutual equity funds	17,305	17,541	14,985	15,127
Mutual bond funds	16,012	15,749	15,378	14,926
Hedge and other investment funds	24,476	27,948	25,826	29,638
	$ 104,793	$ 120,694	$ 97,646	$ 111,541

For the years ended June 30, 2019 and 2018, the average return for the endowment investment pool was 5.6% and 7.4%, 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 rates for the years ended June 30, 2019 and 2018 were 4.7% and 4.6%, respectively. The University complies with the State's "Uniform Prudent Management of Institutional Funds Act," which governs the management and use of funds held by it.

(continued)

(Dollars in thousands)

3. Capital Assets

The activity in capital assets and accumulated depreciation for the years ended June 30, 2019 and 2018 was as follows:

	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

	June 30, 2017	Additions	Retirements	Placed Into Service	June 30, 2018
Depreciable assets:					
Land improvements	$ 12,080	$ -	$ (661)	$ 903	$ 12,322
Buildings and building improvements	597,537	893	(9,299)	125,694	714,825
Equipment and other assets	124,760	11,480	(1,547)	14,170	148,863
	734,377	12,373	(11,507)	140,767	876,010
Accumulated depreciation:					
Land improvements	5,197	576	(588)	-	5,185
Buildings and building improvements	283,600	19,855	(7,320)	-	296,135
Equipment and other assets	87,487	10,642	(1,544)	-	96,585
	376,284	31,073	(9,452)	-	397,905
	358,093	(18,700)	(2,055)	140,767	478,105
Nondepreciable assets:					
Land	18,375	-	-	-	18,375
Construction in progress	100,354	64,157	-	(140,767)	23,744
	$ 476,822	$ 45,457	$ (2,055)	$ -	$ 520,224

(continued)

(Dollars in thousands)

4. Supplementary Statement of Net Position Detail

	June 30, 2019	June 30, 2018
Grants and accounts receivable:		
Federal and State grants and accounts receivable	$ 45,264	$ 53,368
Student accounts receivable	3,077	3,029
Program services accounts receivable	3,417	1,839
Other grants and accounts receivable	2,407	2,659
Pledges receivable, current portion	3,584	753
Student loans receivable, current portion	304	304
Mortgages receivable, current portion	70	-
Accrued interest receivable	189	19
	58,312	61,971
Less: allowance for doubtful accounts	4,109	3,545
	$ 54,203	$ 58,426
Other assets, noncurrent:		
Building Our Future Bonds proceeds receivable	$ 113	$ 330
Student loans receivable, net	66	398
Mortgages receivable	2,736	3,095
Pledges receivable, net	149	248
Other	607	737
	$ 3,671	$ 4,808
Deferred outflows of resources:		
Loss on defeasance of debt	$ 3,749	$ 4,139
Pension related	33,207	37,665
	$ 36,956	$ 41,804
Accounts payable and accrued liabilities:		
Salaries and fringe benefits	$ 11,498	$ 12,361
Accrued interest expense	7,451	7,489
Accounts payable – construction	9,802	10,713
Accounts payable – other	17,487	14,806
Other noncurrent liabilities, current portion	2,374	2,478
	$ 48,612	$ 47,847
Deferred inflows of resources:		
Gain on defeasance of debt	$ 396	$ 507
Annuity funds related	1,125	750
Pension related	30,419	22,561
	$ 31,940	$ 23,818

(continued)

(Dollars in thousands)

5. Noncurrent Liabilities

The activity in noncurrent liabilities for the years ended June 30, 2019 and 2018 was as follows:

	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

	June 30, 2017	Additions	Reductions	June 30, 2018	Current Portion
Long-term debt	$ 341,796	$ -	$ (5,887)	$ 335,909	$ 4,721
Unamortized net premium	16,742	-	(593)	16,149	614
Total long-term debt	358,538	-	(6,480)	352,058	5,335
Retirement incentive programs	9,821	627	(2,796)	7,652	1,715
Annuity funds liability	773	155	(170)	758	176
Insurance liability reserve	1,442	-	(25)	1,417	-
Pollution remediation liability	-	2,259	-	2,259	-
Compensated absences	2,938	498	(459)	2,977	435
Other	2,406	2,766	(919)	4,253	152
Total other noncurrent liabilities	17,380	6,305	(4,369)	19,316	2,478
Net pension liability	162,353	13,928	(23,224)	153,057	-
U.S. government grants refundable	894	20	(463)	451	-
	$ 539,165	$ 20,253	$ (34,536)	$ 524,882	$ 7,813

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

Included in annuity funds liability is a net increase in the fair value of investments of $20 and $12 at June 30, 2019 and 2018, respectively.

(continued)

(Dollars in thousands)

6. Long-Term Debt

Long-term debt is composed of:

	June 30, 2019	June 30, 2018
General Obligation Bonds:		
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)	12,520	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	3,795
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2043)	41,685	41,685
2012 Series B issue:		
Serial bonds (interest rates from 2.17% to 3.723%, due on various dates through fiscal year 2026)	11,345	12,525
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)	8,135	8,135
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	21,205	21,205
2010 Series I issue:		
Term bonds (interest rate at 6.41%, final maturity in fiscal year 2041)	20,450	20,450
Other Long-Term Debt:		
Higher Education Capital Improvement Fund	21,962	23,707
Equipment Leasing Fund	784	957
TD Master Leases	-	1,185
New Jersey Economic Development Authority note	1,226	1,366
Other	296	594
	331,188	335,909
Unamortized net premium on obligations	15,535	16,149
	346,723	352,058
Less: current portion	4,520	5,335
	$ 342,203	$ 346,723

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

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.

(continued)

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, 2019 and 2018, there was approximately $34,325 and $37,010, 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, 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 bonds were issued at a premium of $6,463, of which $3,738 remained after the advance refunding of a portion of the 2012 Series A Bonds in fiscal year 2017, which is being amortized against interest expense over the life of the bonds. The 2012 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2022 at a price of 100%.

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

The 2010 Series H and 2010 Series I Bonds were issued by NJEFA pursuant to an agreement with the University for the purpose of advance refunding a prior issue of revenue bonds and financing, in whole or in part, the costs of the acquisition, rehabilitation, and renovation of an academic facility and of campus deferred maintenance. The 2010 Series H Bonds were issued at a premium of $2,489, of which $683 remained after the advance refunding of a portion of the 2010 Series H Bonds in fiscal year 2017, which is being amortized against interest expense over the life of the bonds.

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

The University entered into a bond agreement and an interest rate lock agreement with TD Bank, N.A. to refund $28,360 of outstanding 2010 Series H Bonds, on a forward delivery basis, with an anticipated bond purchase close on April 2, 2020.

(Dollars in thousands)

The 2010 Series I Bonds have been designated as "Build America Bonds". Up to thirty-five percent of the interest payments will be paid by the Federal government. For the fiscal years ended June 30, 2019 and 2018, $430 and $429, 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 2010 Series I Bonds are subject to optional redemption prior to maturity on or after July 1, 2020 at a price of 100%.

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 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 $58 and $62 in fiscal years 2019 and 2018, respectively.

The TD Master Lease was entered into for the purpose of financing the costs of an upgrade to the University's information technology and research infrastructure. The TD debt bore interest at a rate of 1.72% and matured in fiscal year 2019.

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, 2019, deposits held with trustees included $1,445 for principal payments on revenue bonds due on July 1, 2019. 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
2020	$ 4,939	$ 15,183	$ 20,122
2021	5,976	15,157	21,133
2022	7,297	14,936	22,233
2023	8,002	14,670	22,672
2024	8,109	14,368	22,477
2025 to 2029	39,810	67,698	107,508
2030 to 2034	59,382	57,389	116,771
2035 to 2039	64,533	41,390	105,923
2040 to 2044	76,330	24,329	100,659
2045 to 2047	55,365	5,007	60,372
	$ 329,743	$ 270,127	$ 599,870

(continued)

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 the time of utilization. There were no borrowings against the agreement in fiscal year 2019.

Deferred loss on refunding associated with the University's long-term debt totaled $3,749 and $4,139, net of accumulated amortization of $2,145 and $1,755, at June 30, 2019 and 2018, respectively.

Deferred gain on refunding associated with the University's long-term debt totaled $396 and $507, net of accumulated amortization of $510 and $399, at June 30, 2019 and 2018, respectively.

Interest charges incurred in fiscal years 2019 and 2018 totaled $14,989 and $15,161, respectively. Of these amounts, $2,718 was capitalized in fiscal year 2018.

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, 2019 and 2018, accounts payable and accrued liabilities include accrued vacation and related fringe benefits of $7,399 and $6,773, respectively, and unused sick time of $416 and $435, respectively. At June 30, 2019 and 2018, other noncurrent liabilities include $2,858 and $2,542, respectively, of unused sick time. In fiscal years 2019 and 2018, payments for unused sick time totaled $417 and $459, 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.

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 $4,025 and $3,280 for the fiscal years ended June 30, 2019 and 2018, 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 $221 and $217 for the years ended June 30, 2019 and 2018, 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 $1,460 and $1,266 for the fiscal years ended June 30, 2019 and 2018, respectively, which is recognized as deferred outflows of resources in the statement of net position.

(continued)

(Dollars in thousands)

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, 2019 and 2018, NJIT recognized both state appropriation revenue and pension expense of $91 and $122, 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 was $59 for both years ended June 30, 2019 and 2018, 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, 2018 and 2017.

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, 2019 and 2018, are as follows:

	PERS	PFRS	Total
Proportionate share of the net pension liability ($)			
2019	$ 124,450	$ 23,166	$ 147,616
2018	$ 130,378	$ 22,679	$ 153,057
Proportionate share of the net pension liability (%)			
2019	0.525%	0.535%	
2018	0.508%	0.516%	

(continued)

(Dollars in thousands)

	PERS	PFRS	Total
Deferred outflows of resources			
2019	$ 29,095	$ 4,112	$ 33,207
2018	$ 33,570	$ 4,095	$ 37,665
Deferred inflows of resources			
2019	$ 26,475	$ 3,944	$ 30,419
2018	$ 19,000	$ 3,561	$ 22,561
Net pension expense			
2019	$ 6,022	$ 853	$ 6,875
2018	$ 12,026	$ 1,160	$ 13,186

NJIT's proportionate share of each respective plan's 2019 and 2018 net pension liability was based on the State Contribution to the respective plans from July 1, 2017 to June 30, 2018 and July 1, 2016 to June 30, 2017, 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, 2019 and June 30, 2018 are as follows:

Deferred outflows of resources

	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
	$ 29,095	$ 4,112	$ 33,207

	June 30, 2018		
	PERS	**PFRS**	**Total**
Differences between expected and actual experience	$ 2,987	$ -	$ 2,987
Net difference between projected and actual earnings on pension plan investments	828	415	1,243
Changes in assumptions	17,054	1,358	18,412
Changes in proportion	9,421	1,056	10,477
Contributions paid subsequent to June 30, 2017	3,280	1,266	4,546
	$ 33,570	$ 4,095	$ 37,665

(continued)

(Dollars in thousands)

Deferred inflows of resources

	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
	$ 26,475	$ 3,944	$ 30,419

	June 30, 2018		
	PERS	**PFRS**	**Total**
Differences between expected and actual experience	$ -	$ 294	$ 294
Changes in assumptions	18,458	1,929	20,387
Changes in proportion	542	1,338	1,880
	$ 19,000	$ 3,561	$ 22,561

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 $1,553 and $1,754 as of June 30, 2019 and 2018, respectively, are reported by the State.

The $5,485 and $4,546 reported as deferred outflows of resources related to pensions resulting from State Contributions paid subsequent to June 30, 2018 and 2017, respectively, are recorded as deferred outflows of resources as of June 30, 2019 and 2018, respectively, and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020 and fiscal year ended June 30, 2019. 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**
2020	$ 3,027	$ (38)	$ 2,989
2021	1,629	(312)	1,317
2022	(2,100)	(548)	(2,648)
2023	(2,877)	(302)	(3,179)
2024	(1,084)	(92)	(1,176)
	(1,405)	(1,292)	(2,697)
Contributions paid subsequent to June 30, 2018	4,025	1,460	5,485
	$ 2,620	$ 168	$ 2,788

Defined Benefit Actuarial Assumptions

NJIT's net pension liability as of June 30, 2019 for each plan was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. NJIT's net pension liability as of June 30, 2018 for each plan was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for each plan was determined using the following actuarial assumptions:

(Dollars in thousands)

	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

	2018		
	PERS	**PFRS**	**TPAF**
Valuation date	7/1/2016	7/1/2016	7/1/2016
Measurement date	6/30/2017	6/30/2017	6/30/2017
Inflation rate	2.25%	2.25%	2.25%
Salary increases:			
Through 2026	1.65% - 4.15% based on age	2.10% - 8.98% based on age	Varies based on experience
Thereafter	2.65% - 5.15% based on age	3.10% - 9.98% based on age	Varies based on experience
Investment rate of return	7.00%	7.00%	7.00%
Municipal bond rate – 2017	3.58%	3.58%	3.58%
Discount rate – 2017	5.00%	6.14%	4.25%
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, 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 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.

For the June 30, 2017 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 plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. 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, 2017 measurement date, PFRS pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary’s modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years for 2017 and two years for 2016 using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years for 2017 and two years for 2016 using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Disability mortality tables were based on special mortality tables used for the period after disability retirement.

(continued)

For the June 30, 2017 measurement date, TPAF pre-retirement, post-retirement and disability mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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, 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.

For the June 30, 2017 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 40% 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 2040, 2057, and 2036 for PERS, PFRS, and TPAF, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 2057, and 2036 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.

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, 2019 and 2018 are as follows:

(continued)

(Dollars in thousands)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Buyouts/venture capital	8.25%	13.08%
Cash equivalents	5.50%	1.00%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Emerging markets equity	6.50%	11.64%
Equity related real estate	6.25%	9.23%
Global diversified credit	5.00%	7.10%
Investment grade credit	10.00%	3.78%
Non-U.S. developed markets equity	11.50%	9.00%
High yield	2.50%	6.82%
Private real asset	2.50%	11.83%
U.S. equity	30.00%	8.19%
U.S. Treasuries	3.00%	1.87%

Discount Rate Sensitivity

NJIT's proportionate share of the net pension liability as of June 30, 2018 and 2017, 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, 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

	June 30, 2018			
	PERS		PFRS	
	Rate	Amount	Rate	Amount
1% decrease	4.00%	$ 151,593	5.14%	$ 26,840
Current discount rate	5.00%	130,378	6.14%	22,679
1% increase	6.00%	112,758	7.14%	19,268

(continued)

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, 2019 and 2018, NJIT's contributions to ABP were $8,597 and $7,707, 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 $340 and $735 in fiscal years 2019 and 2018, 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 $553 and $481 in fiscal years 2019 and 2018, respectively.

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

(continued)

(Dollars in thousands)

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, 2019 and 2018, 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, 2019 and 2018 are as follows:

	2019	2018
NJIT's share of State liability	$ 248,332	$ 296,057
NJIT's share of special funding situation	3.475%	3.620%
NJIT's share of the Plan	1.052%	1.053%
NJIT's OPEB revenue and expense	$ 11,386	$ 17,417

Actuarial assumptions and other inputs

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 State's liability associated with NJIT at June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to the measurement date of June 30, 2017. The following actuarial assumptions were utilized:

(Dollars in thousands)

	2019	**2018**
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55% - 8.98%	1.55% - 8.98%
Thereafter	2.00% - 9.98%	2.00% - 9.98%
Discount rate	3.87%	3.58%

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 rates were based on the RP-2006 tables for the June 30, 2018 measurement date and the RP-2014 tables for the June 30, 2017 measurement date. Preretirement mortality rates were based on the 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 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in both the June 30, 2017 and June 30, 2016 valuations were based on the results of actuarial experience studies of the State's defined benefit plans, including PERS (July 1, 2011 through June 30, 2014), ABP (using the experience of the TPAF – July 1, 2012 through June 30, 2015), and PFRS (July 1, 2010 through June 30, 2013).

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years for the June 30, 2018 measurement date and is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years for the June 30, 2017 measurement date. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5% for both measurement dates. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after seven years for the June 30, 2018 measurement date and is initially 10.5% decreasing to a 5.0% long-term trend rate after eight years for the June 30, 2017 measurement date. For both measurement dates, the Medicare Part B reimbursement trend rate is 5.0%; the Medicare Advantage trend rate is 4.5% and will continue in all future years.

(continued)

(Dollars in thousands)

10. Investment Income

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

	2019	2018
Interest and dividends	$ 6,398	$ 5,087
Realized net gain on sale of investments	1,538	9,706
Net increase (decrease) in the fair value of investments	4,150	(2,636)
	$ 12,086	$ 12,157

Investment income of $227 was capitalized in fiscal year 2018.

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, 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

(continued)

(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

(Dollars in thousands)

The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT, the Foundation, NJII, and the UREs at June 30, 2018, as restated, and for the year then ended are as follows:

	At June 30, 2018					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Cash and cash equivalents	$ 13,036	$ 2,516	$ 441	$ 2	$ (2,518)	$ 13,477
Other current assets	152,627	634	2,221	24	(2)	155,504
Due from NJIT	-	-	3,220	-	(3,220)	-
Capital assets, net	497,909	-	510	21,805	-	520,224
Other noncurrent assets	44,555	118,139	-	-	-	162,694
Investment in UREs	21,820	-	-	-	(21,820)	-
Total assets	729,947	121,289	6,392	21,831	(27,560)	851,899
Deferred outflows of resources	41,804	-	-	-	-	41,804
Due to NJII	3,220	-	-	-	(3,220)	-
Due to Foundation	2,408	108	-	-	(2,516)	-
Other current liabilities	68,761	187	4,030	11	(4)	72,985
Noncurrent liabilities	516,487	582	-	-	-	517,069
Total liabilities	590,876	877	4,030	11	(5,740)	590,054
Deferred inflows of resources	23,068	750	-	-	-	23,818
Net investment in capital assets	153,992	-	510	21,805	-	176,307
Restricted nonexpendable	-	77,528	-	-	-	77,528
Restricted expendable	23,980	21,391	5	-	-	45,376
Unrestricted	(20,165)	20,743	1,847	15	(21,820)	(19,380)
Total net position	$ 157,807	$ 119,662	$ 2,362	$ 21,820	$ (21,820)	$ 279,831

(continued)

(Dollars in thousands)

	For the Year Ended June 30, 2018					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Gifts and bequests	$ -	$ 7,604	$ 21	$ -	$ (7,625)	$ -
Grants from Foundation	7,830	-	-	-	(7,830)	-
Other operating revenues	257,020	2,639	25,330	1,593	(1,716)	284,866
Total operating revenues	264,850	10,243	25,351	1,593	(17,171)	284,866
Depreciation	30,130	-	29	914	-	31,073
Grants to NJIT	-	8,879	-	-	(8,879)	-
Grants to NJII	-	215	-	-	(215)	-
Grants to NJIT student fraternities	-	100	-	-	(100)	-
Other operating expenses	368,432	2,992	23,812	1,950	(9,340)	387,846
Total operating expenses	398,562	12,186	23,841	2,864	(18,534)	418,919
Operating (loss) profit	(133,712)	(1,943)	1,510	(1,271)	1,363	(134,053)
Gifts and bequests	-	-	-	-	4,792	4,792
Investment income	3,672	8,472	-	-	13	12,157
Other non-operating revenues, net	119,200	37	-	5	(5,550)	113,692
Capital grants and gifts	-	-	-	366	282	648
Additions to permanent endowments	-	2,298	-	-	-	2,298
(Decrease) increase in net position	(10,840)	8,864	1,510	(900)	900	(466)
Net position, beginning of year	168,647	110,798	852	22,720	(22,720)	280,297
Net position, end of year	$ 157,807	$ 119,662	$ 2,362	$ 21,820	$ (21,820)	$ 279,831

	For the Year Ended June 30, 2018					
	NJIT	Foundation	NJII	UREs	Reclassifications / Eliminations	Combined
Net cash provided (used) by:						
Operating activities	$ (21,954)	$ (6,025)	$ 312	$ (370)	$ (8,358)	$ (36,395)
Noncapital financing activities	56,942	1,880	-	370	7,659	66,851
Capital financing activities	(45,424)	-	(224)	-	39	(45,609)
Investing activities	2,783	4,792	-	-	13	7,588
Net (decrease) increase in cash and cash equivalents	(7,653)	647	88	-	(647)	(7,565)
Cash and cash equivalents, beginning of year	20,689	1,869	353	2	(1,871)	21,042
Cash and cash equivalents, end of year	$ 13,036	$ 2,516	$ 441	$ 2	$ (2,518)	$ 13,477

(continued)

(Dollars in thousands)

12. Net Position

The components of unrestricted net position are as follows:

	June 30,	
	2019	**2018**
Designated unrestricted net position:		
Quasi-endowments	$ 21,739	$ 18,091
Instructional and other	4,616	4,513
Construction and capital programs	41,098	38,106
Wellness and events center construction	-	11,963
State bonds funds required match	38	92
Debt service	17,710	12,228
Pollution remediation	2,035	2,259
Outstanding purchase orders	4,626	8,558
	91,862	95,810
Undesignated unrestricted net positon		
Pension related	(144,828)	(137,953)
Operations	26,591	22,763
	$ (26,375)	$ (19,380)

13. Commitments and Contingencies

At June 30, 2019, open purchase orders totaled $45,554, primarily for construction and capital program and research expenditures.

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

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

In July 2019, NJIT purchased strategic property adjacent to its campus for a purchase price of $6,000. In addition, in November 2019, NJIT entered into an agreement for the purchase of an additional strategic property, for a purchase price of $5,000, with an anticipated closing in late December 2019. The purchase of these strategic properties were/will be funded by the 2017 Series A Bond proceeds.

Required Supplementary Information
(unaudited)

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

Schedules of Employer
Contributions – Last 10 Years

Schedules of Proportionate Share of the Total Other
Postemployment Benefits (OPEB) Liability – Last 10 Years

NEW JERSEY INSTITUTE OF TECHNOLOGY
Required Supplementary Information (unaudited)
Schedules of Proportionate Share of the Net Pension Liability – Last 10 Years*
(Dollars in thousands)
June 30, 2019

	2019 PERS	2019 PFRS	2019 TPAF
NJIT's proportion of net pension liability	0.525%	0.535%	0.00%
NJIT's proportionate share of 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 total pension liability	22.11%	25.84%	25.60%

	2018 PERS	2018 PFRS	2018 TPAF
NJIT's proportion of net pension liability	0.508%	0.516%	0.00%
NJIT's proportionate share of 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 total pension liability	21.18%	25.99%	25.41%

	2017 PERS	2017 PFRS	2017 TPAF
NJIT's proportion of net pension liability	0.473%	0.498%	0.00%
NJIT's proportionate share of 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 total pension liability	19.02%	24.70%	22.33%

	2016 PERS	2016 PFRS	2016 TPAF
NJIT's proportion of net pension liability	0.476%	0.535%	0.00%
NJIT's proportionate share of 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 total pension liability	24.96%	29.07%	28.71%

	2015 PERS	2015 PFRS	2015 TPAF
NJIT's proportion of net liability	0.455%	0.509%	0.00%
NJIT's proportionate share of 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 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.*

NEW JERSEY INSTITUTE OF TECHNOLOGY
Required Supplementary Information (unaudited)
Schedules of Employer Contributions – Last 10 Years*
(Dollars in thousands)
June 30, 2019

	2019 PERS	2019 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	2018 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	2017 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	2016 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%

	2015 PERS	2015 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.*

NEW JERSEY INSTITUTE OF TECHNOLOGY
Required Supplementary Information (unaudited)
Schedules of Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability – Last 10 Years*
(Dollars in thousands)
June 30, 2019

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

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

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