


TCNJ THE COLLEGE OF NEW JERSEY

ANNUAL FINANCIAL REPORT
JUNE 30, 2016






Annual Financial Report

June 30, 2016

THE COLLEGE OF NEW JERSEY

A Component Unit of the State of New Jersey

Office of the President

Dear Trustees,

We are pleased to submit The College of New Jersey's (the College) audited financial statements for the fiscal years ending June 30, 2016 and 2015. The management of the College is responsible for the preparation, integrity, and fair presentation of the financial statements. The financial statements presented on pages 3 to 78 have been prepared in conformity with accounting principles generally accepted in the United States. The management's discussion and analysis provides an overview of the financial position and activities of the College and should be read in conjunction with the financial statements and notes to the financial statements. The financial statements for the TCNJ Foundation, a component unit of the College, have been incorporated in this financial report.

The financial statements have been audited by the independent accounting firm of KPMG LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Trustees. The College believes that all representations made to the independent auditors during the audit were valid and appropriate. KPMG's unmodified audit opinion is presented on pages 1 to 2.

The College maintains a system of internal controls over financial reporting, which is designed to provide reasonable assurance to the College's management and Board of Trustees regarding the preparation of reliable published financial statements. Such controls are maintained by the establishment and communication of accounting and financial policies and procedures, by the selection and training of qualified personnel and by an internal audit program designed to identify internal control weaknesses in order to permit management to take appropriate corrective actions on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the financial statement preparation. Management believes that, as of June 30, 2016 and 2015, the College's system of internal controls was adequate to accomplish the objectives discussed herein.

The College's Board of Trustees, through its Audit, Risk Management and Compliance Committee, is responsible for engaging the independent auditors, and meeting regularly with management, internal auditors, and the independent auditors to ensure that each is carrying out their responsibilities and to discuss auditing, internal control, and financial reporting matters. To insure auditor independence, both internal auditors and the independent auditors have full and free access to the Audit, Risk Management and Compliance Committee during the committee meetings both with management present and in sessions without management.

Based on the above, we hereby certify, to the best of our knowledge, that the information contained in the accompanying financial statements fairly presents, in all material respects the financial condition, changes in net position and cash flows of The College of New Jersey as of June 30, 2016 and 2015.

Respectfully submitted,

R. Barbara Gitenstein

Dr. R. Barbara Gitenstein
President

Lloyd Ricketts

Mr. Lloyd Ricketts
Vice President and Treasurer

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Board of Trustees

The following Trustees served during the year ended June 30, 2016:

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditor's Report

The Board of Trustees
The College of New Jersey:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The College of New Jersey (the College), a component unit of the State of New Jersey, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College'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 U.S. generally accepted accounting principles; 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 opinions 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of and for the years ended June 30, 2016 and 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Pronouncements

As discussed in note 2 to the financial statements, as of July 1, 2014, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* (GASB 72). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 26 and the Schedules of Proportionate Share of the Net Pension Liability and Schedules of Employer Contributions on pages 79 and 80, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

November 1, 2016

Overview of Financial Statements and Financial Analysis

The Management's Discussion and Analysis (MD&A) section provides an analytical overview of The College of New Jersey's (TCNJ or the College) financial performance during the fiscal years ended June 30, 2016 and 2015. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for governments, including public colleges and universities. The MD&A section is designed to focus on current activities, resulting changes and currently known facts, and should be read in conjunction with the accompanying financial statements and notes thereto. Responsibility for the accuracy of the information and the completeness and fairness of its presentation, including all disclosures, rests with the management of the College. The College's significant accounting policies are summarized in Note 2 to the financial statements of this report, including further information on the financial reporting entity.

Because the financial statements of The College of New Jersey Foundation Inc., a component unit of TCNJ, are presented discretely from the College, the MD&A focuses only on the College. Information relating to the component unit can be found in its separately issued financial statements.

College Overview

The College of New Jersey is a mid-sized, comprehensive public college that concentrates primarily on the undergraduate experience. The College supports the teacher-scholar model, with teaching being informed by scholarship and scholarship by teaching. TCNJ has an achievement-oriented and diverse student body.

Acknowledged for the quality of its academic offerings, the College has been ranked as one of the best comprehensive colleges in the country since 1993 in *US News & World Report*'s annual survey of "America's Best Colleges." The annual survey for 2015–16 ranked the College number one among public universities for undergraduate education and tied for number three in the best Regional Universities category for the North region of the country. In *Barron's Profiles of American Colleges,* in 2005, 2007, 2009, 2011 and 2013, the College was ranked "Most Competitive," Barron's top category. It is stated that "even superior students will encounter a great deal of competition for admission" to the 85 institutions that garner this ranking. *Barron's Profiles of American Colleges* includes and ranks all four-year institutions that offer bachelor's degrees, if they are fully accredited or are recognized candidates for accreditation. Only five state-supported institutions were included among the 85 schools featured in *Barron's Guide to the Most Competitive Colleges.* In 2016, *Kiplinger's Personal Finance* ranked the College No. 31 in its list of the 100 "Best College Values" in public higher education nationally and tops the list for the best value institution in New Jersey (the "State"). In *Money Magazine's* 2016 ranking of the "Best College's for Your Money", the College ranked number one among public colleges and universities and second overall in the State. Nationally the College placed 34th among other public institutions of higher education. The College's School of Business was ranked 35th in *Bloomberg Businessweek's* 2016 ranking of the top 100 undergraduate business programs in the nation and has the number one undergraduate business school in the State, according to the publication's survey of the "Best Undergraduate Business Schools". Additionally, in 2014, *The Princeton Review* ranked the College as one of the nation's 75 "Best Value" public colleges and universities. The College was the only public college from the State to make the list.

A strong liberal arts core forms the foundation for a wealth of degree programs offered through the College's seven schools. These schools include Arts and Communication; Business; Education; Humanities and Social Science; Science; Nursing, Health, and Exercise Science; and Engineering. The College is enriched by an honors program and extensive opportunities to study abroad; its freshman orientation programs have helped make its retention and graduation rates among the highest in the country.

In the fall of 2015, TCNJ enrolled 6,589 full-time equivalent undergraduate students and 368 full-time graduate students. The College has residential facilities that house more than half of the undergraduate students on campus.

The College is recognized as a public institution of higher education by the State of New Jersey (the State) and, accordingly, the State Legislature appropriates funds annually to support operations and the cost of fringe benefits for state authorized positions. Under the law, the College is an instrumentality of the State with a high degree of autonomy and is subject to all of the laws and regulations applying to the state public colleges.

Governance

The governing board of the College is a Board of Trustees comprised of no more than 15 publicly appointed trustees, two students and the President of the College (ex-officio non-voting). All citizen members are voting members, as is one of the two students. The Board also includes representatives from the staff and the faculty.

Under P.L. 1994, C. 48, the Board of Trustees is responsible for developing an institutional plan; determining academic programs; establishing administrative policies; borrowing money; awarding contracts; setting tuition and fees; granting degrees; appointing, evaluating and determining compensation of the president; appointing and promoting the faculty and staff; establishing admission standards and requirements and standards for granting diplomas, certificates and degrees; recommending members for appointments to the Board of Trustees by the Governor; having final authority to determine controversies and disputes pertaining to tenure and other personnel matters of employees; investing and reinvesting the funds of the College; retaining legal counsel of the College's choosing; and preparing and making public an annual financial statement.

Academic Profile

Faculty

Grounded in the liberal arts, TCNJ's personalized, collaborative, and rigorous education engages students at the highest level within and beyond the classroom. In fall 2015, the College's overall full-time equivalent (FTE) faculty count was 517. Approximately 68% of the total faculty FTE was full time (355) and the remaining 32% (162) included permanent part-time faculty, adjunct and teaching professional staff. During this same period, the total FTE student enrollment was 6,957 and the student to faculty ratio was 13:1. The College does not employ graduate teaching assistants, which increases faculty involvement in the curriculum and enriches student learning.

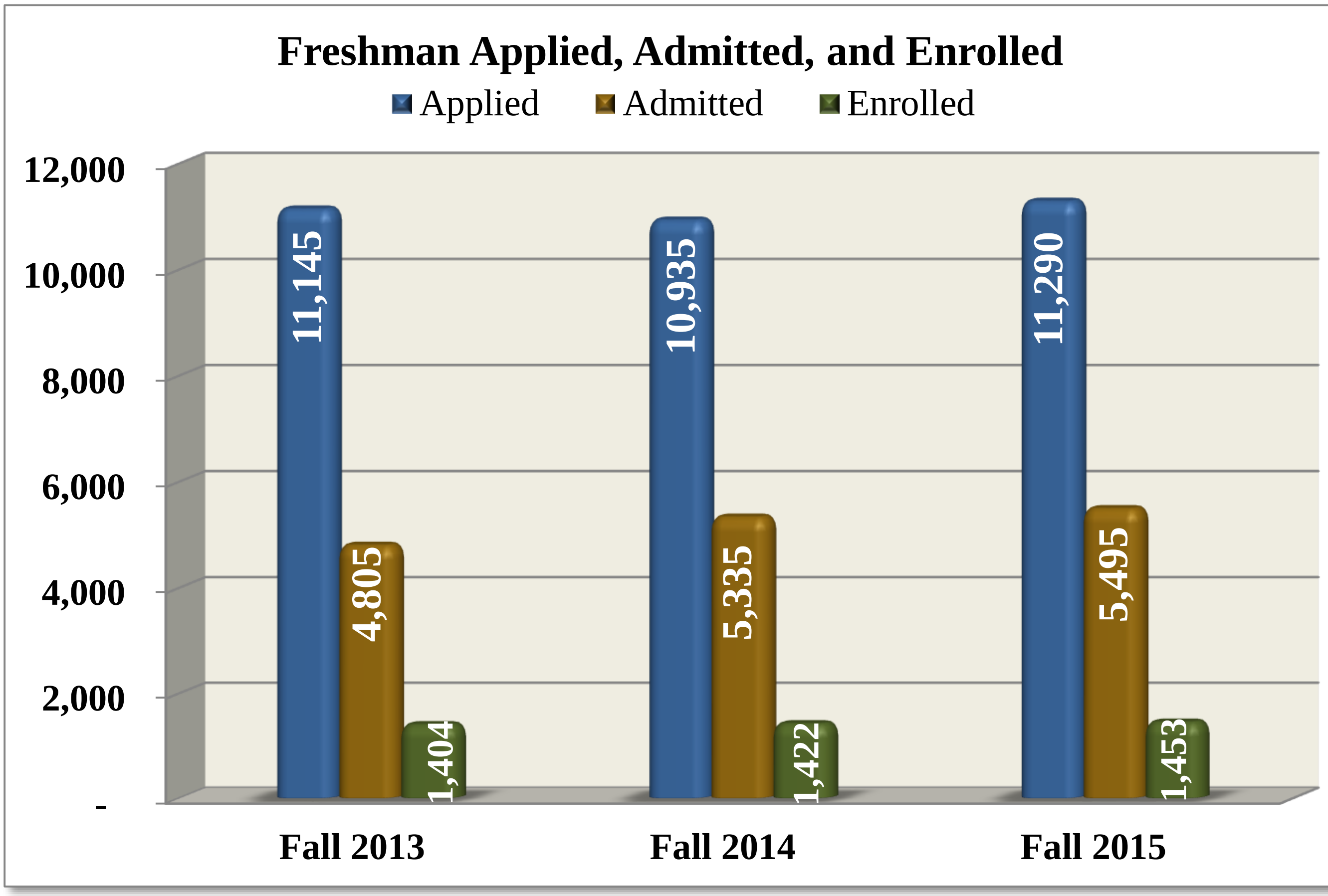
Faculty Data

Academic Year	Full-Time Faculty	Part-Time Faculty*	Tenured Faculty	Faculty with Terminal Degrees	Student/ Faculty Ratio
2013 - 2014	347	161	284	305	13:1
2014 - 2015	356	155	274	320	13:1
2015 - 2016	355	162	271	323	13:1

*Part-time includes permanent part-time faculty, adjunct and teaching professional staff full-time equivalents.

Students

The College enjoys a healthy student demand and continues to attract academically talented students. As illustrated in the graph below, the fall 2015 full-time freshmen class enrolled 1,453 students yielding a 26% matriculation ratio based upon a 49% acceptance ratio for 11,290 applicants. The 94% freshman to sophomore retention rate demonstrates a high level of student satisfaction. The level of academic engagement is reflected in the high four year and six year graduation rates for the 2009 first time freshman cohort of 72% and 85%, respectively. Currently, 95% of the freshmen class and 56% of all undergraduate students live on campus.



The 2015–2016 academic year concluded with the awarding of 1,634 bachelor's degrees, 398 master's degrees, and 178 pre-/post-master's certifications.

Using the Financial Statements

The basic financial statements present the financial position, the changes in financial position and cash flows of the College, through three primary financial statements and notes to the financial statements. The three financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net

Position and the Statements of Cash Flows. The Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements.

One of the most important questions asked about the College's finances is whether the College as a whole is better off or worse off as a result of the year's activities. The key to understanding this question is the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. Sustained increases or decreases in net position over time is one indicator of the improvement or erosion of an institution's financial health when considered with relevant nonfinancial indicators such as enrollment levels, quality of freshman applicants, student retention and graduation rates and the condition of the facilities.

Significant Aspects of the Financial Statements

- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the College's revenues, including state appropriations and investment income, are considered nonoperating, as defined by GASB Statement No. 35. The net nonoperating revenue totaled $37.3 million and $40.2 million for the years ended June 30, 2016 and 2015, respectively.
- Scholarships applied to student accounts are shown as a reduction of student tuition and residence fee revenue. Tuition waivers are reported as a scholarship expense. For the years ended June 30, 2016 and 2015, scholarship allowance totaled $25.8 million and $26.7 million, respectively.
- The College is required to report depreciation on its capital assets. Depreciation expense totaled $21.2 million and $20.7 million for the years ended June 30, 2016 and 2015, respectively.
- Unrestricted net position comprised various subcategories of designated and committed funds; however, GASB Statement No. 35 prohibits a breakdown of these designations on the face of the statement of net position. The College has many activities that require a certain level of reserves to be maintained. Examples include working capital reserves for auxiliary operations, educational and general activities, funding for debt service and capital reserves for planned construction efforts.

Implementation of GASB Statement No. 68

In fiscal year 2015, the College implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB 68 requires state and local government employers to recognize a net pension liability for defined benefit plans where the entity is a participant. The College pension plans impacted by GASB 68 and 71 are the New Jersey Public Employees' Retirement System (PERS), the New Jersey Police and Firemen's Retirement System (PFRS) and the Teachers' Pension and Annuity Fund (TPAF).

The changes in net pension liability adjusted for the deferred inflows and deferred outflows of resources result in pension expense. Prior to fiscal year 2015, the College only recognized pension expense for these plans up to the amount contributed to the plan by the State as indicated within the fringe benefit rate provided by the State. In fiscal year 2015, the College was also required to adjust the unrestricted net position by $118.1 million to reflect the cumulative effect of implementation from prior years. The amounts recorded as a result of the implementation of GASB 68 have been shown separately in the tables below.

Historically, the State provided the contributions to the plan while seeking reimbursement from the College for the College's non-State-authorized positions. The State provides an annual fringe benefit appropriation to the College based on a fully loaded fringe benefit appropriation. The College recorded the fringe benefit revenue (100% of the State-authorized positions) and expense (100% of State-authorized positions plus non-State-authorized positions reimbursed to the State) in its financial statements.

The College's financial statements relating to the reporting of pension liability under GASB 68 reflect its proportionate share, as determined by the Division of Pensions and Benefits (DPB) of the State, of the State-wide pension liabilities under the PERS and PFRS as of June 30, 2015 (FY 2015) and June 30, 2014 (FY 2014), respectively. In computing the College's proportionate share for each of FY 2015 and FY 2014, DPB first computed the contributions made for the College for each fiscal year as a percentage of contributions deemed made on behalf of all "employers" in the "State Group" for that fiscal year. Next, DPB multiplied this ratio by the total net pension liability for the entire State Group as of the last day of each fiscal year.

With respect to TPAF, the State determined they met the "special funding situation" included in GASB 68 and the State recorded the pension liability on its respective financial statements. With respect to PERS and PFRS, the State determined the College was a separate employer. Thus, the College records on its financial statements the net position liability and related deferred inflows and deferred outflows as determined by DPB.

However, the State has communicated that the GASB 68 pension liability "allocations do not impact state laws or past funding arrangements that have been established annually in the State budget". The tables below show the GASB 68 adjustment to the financial statements for 2016 and 2015:

2016 Condensed Statement of Net Position (Amounts in thousands)				
		Before GASB 68	**GASB 68 Adjustment**	**As Reported**
Assets:				
Current assets	$	126,811	—	126,811
Capital assets, net		638,881	—	638,881
Other noncurrent assets		53,879	—	53,879
Total assets		819,571	—	819,571
Deferred outflows of resources		28,610	18,756	47,366
Liabilities:				
Current liabilities		54,970	—	54,970
Noncurrent liabilities		373,742	142,810	516,552
Total liabilities		428,712	142,810	571,522
Deferred inflows of resources		—	724	724
Net Position:				
Net investment in capital assets		283,072	—	283,072
Restricted expendable		12,607	—	12,607
Unrestricted		123,790	(124,778)	(988)
Total net position	$	419,469	(124,778)	294,691

2015 Condensed Statement of Net Position (Amounts in thousands)		Before GASB 68	GASB 68 Adjustment	As Reported
Assets:				
Current assets	$	127,811	—	127,811
Capital assets, net		601,473	—	601,473
Other noncurrent assets		64,571	—	64,571
Total assets		793,855	—	793,855
Deferred outflows of resources		21,312	4,581	25,893
Liabilities:				
Current liabilities		55,912	—	55,912
Noncurrent liabilities		380,330	117,547	497,877
Total liabilities		436,242	117,547	553,789
Deferred inflows of resources		—	3,537	3,537
Net Position:				
Net investment in capital assets		251,027	—	251,027
Restricted expendable		11,383	—	11,383
Unrestricted		116,515	(116,503)	12
Total net position	$	378,925	(116,503)	262,422

Under GASB 68, the College recorded its proportionate share of pension expense of $11.0 million and $7.3 million, for fiscal years 2016 and 2015, respectively. In fiscal years 2016 and 2015, the State's contributions amounted to $2.2 million and $1.1 million, respectively.

2016 Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)		Before GASB 68	GASB 68 Adjustment	As Reported
Net student revenues	$	139,452	—	139,452
Government grants and contracts		19,375	—	19,375
Auxiliary activities		4,175	—	4,175
Other		5,451	—	5,451
Operating revenues		168,453	—	168,453
Instruction and research		70,358	3,780	74,138
Auxiliary activities		31,296	500	31,796
Institutional support		16,795	1,114	17,909
Operation and maintenance of plant		19,076	1,319	20,395
Student services		18,365	945	19,310
Academic support		14,990	674	15,664
Depreciation		21,199	—	21,199
Impairment loss on capital assets		3,573	—	3,573
Other		7,864	233	8,097
Operating expenses		203,516	8,565	212,081
Operating loss		(35,063)	(8,565)	(43,628)
State appropriations and fringe benefits		52,149	290	52,439
Other expenses, net		(15,129)	—	(15,129)
Net nonoperating revenues		37,020	290	37,310
Capital grants and gifts		38,587	—	38,587
Increase (decrease) in net position		40,544	(8,275)	32,269
Net position, beginning of year		378,925	(116,503)	262,422
Net position, end of year	$	419,469	(124,778)	294,691

2015 Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)				
		Before GASB 68	GASB 68 Adjustment	As Reported
Net student revenues	$	135,614	—	135,614
Government grants and contracts		18,836	—	18,836
Auxiliary activities		4,323	—	4,323
Other		5,404	—	5,404
Operating revenues		164,177	—	164,177
Instruction and research		67,950	2,791	70,741
Auxiliary activities		30,685	399	31,084
Institutional support		16,714	784	17,498
Operation and maintenance of plant		25,443	947	26,390
Student services		16,751	656	17,407
Academic support		14,645	487	15,132
Depreciation		20,703	—	20,703
Other		7,212	161	7,373
Operating expenses		200,103	6,225	206,328
Operating loss		(35,926)	(6,225)	(42,151)
State appropriations and fringe benefits		53,596	251	53,847
Other expenses, net		(13,613)	—	(13,613)
Net nonoperating revenues		39,983	251	40,234
Capital grants and gifts		15,728	—	15,728
Increase (decrease) in net position		19,785	(5,974)	13,811
Net position, beginning of year		359,140	(110,529)	248,611
Net position, end of year	$	378,925	(116,503)	262,422

Refer to note 11 for additional information related to the implementation of GASB 68.

Statements of Net Position

The statements of net position present the College's financial position at the end of fiscal years 2016 and 2015, including all assets, liabilities and net position using the accrual basis of accounting. Assets and liabilities are generally measured using current values with certain exceptions, such as capital assets which are stated at cost less accumulated depreciation, and long-term debt which is carried at cost.

Assets and liabilities are categorized as current and noncurrent and are shown in order of their relative liquidity. An asset's liquidity is determined by how readily it is expected to be converted to cash or whether restrictions limit the College's ability to use the resources. Current assets are generally considered to be convertible to cash within one year. Deferred outflows of resources are a consumption of net position by the College that is applicable to a future reporting period. A liability's liquidity is based on its maturity or when cash is expected to be used to liquidate it. Current liabilities are amounts becoming due and payable within the next year. Deferred inflows of resources are an acquisition of net position by the College that is applicable to a future reporting period.

The difference between the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources is shown as net position. Net position is one indicator of the financial condition of the College, while the change in net position during the year is a measure of whether the overall condition has improved or worsened during the year.

Net position is classified into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment. The second net position category is restricted expendable net position. These are available to the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on their usage.

Finally, unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College, such as donors or granting agencies. Also included are normal working capital balances maintained for departmental and auxiliary enterprise activities.

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to ascertain how much the College owes external parties or employees. A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2016, 2015 and 2014 are as follows (2014 amounts have not been restated to reflect the effect of GASB 68):

Condensed Statement of Net Position
(Amounts in thousands)

		2016	2015	2014
Assets:				
Current assets	$	126,811	127,811	120,239
Capital assets, net		638,881	601,473	587,655
Other noncurrent assets		53,879	64,571	65,599
Total assets		819,571	793,855	773,493
Deferred outflows of resources		47,366	25,893	22,559
Liabilities:				
Current liabilities		54,970	55,912	47,537
Noncurrent liabilities		516,522	497,877	389,375
Total liabilities		571,492	553,789	436,912
Deferred inflows of resources		724	3,537	—
Net Position:				
Net investment in capital assets		283,072	251,027	229,359
Restricted expendable		12,607	11,383	11,641
Unrestricted		(988)	12	118,140
Total net position	$	294,691	262,422	359,140

Statements of Net Position Financial Highlights

Assets

During fiscal years 2016 and 2015, the College's total assets increased by $25.7 million or 3.2% and $20.4 million or 2.6%, respectively. At June 30, 2016 and 2015, the College's working capital, which is current assets less current liabilities, was $71.8 million and $71.9 million, a decrease of $0.1 million and $0.8 million from the previous years, respectively. This change was due to a decrease in cash and cash equivalents, offset by a decrease in accounts payable and accrued expenses.

Working capital is a key financial metric used to measure the College's liquidity for operations. It measures the institution's ability to satisfy its current obligations as they come due. With current assets at 2.3 times above current liabilities in fiscal years 2016 and 2015, the College had adequate liquidity to satisfy its current obligations.

Summary of Working Capital
(Amounts in thousands)

		2016	2015	2014
Current assets	$	126,811	127,811	120,239
Current liabilities		54,970	55,912	47,537
Working capital		71,841	71,899	72,702
Ratio of current assets to current liabilities		2.31	2.29	2.53

Cash and Investments

The College's investment portfolio contains two components: a short duration fixed income approach, which holds high quality liquid fixed income securities generally maturing between overnight and three years, and a longer-term multi-asset class management portfolio, which employs a more diversified approach focused on global investments.

Despite the equity market volatility, the College remained focused on providing steady and consistent earnings growth in its portfolio. In aggregate, the College generated over $1.2 million, or approximately 1.7%, in capital appreciation in fiscal year 2016. Similarly, in fiscal year 2015, the College generated over $1.7 million, or approximately 2.5%, in capital appreciation.

Despite the persistently low interest rate environment during the fiscal year, the College's short duration fixed income portfolio generated positive returns while adhering to the investment policy mandates of safety, liquidity and yield. During fiscal year 2016, the portfolio generated a gross return of 1.3%.

The short duration fixed income portfolio is allocated largely towards U.S. government securities, which include U.S. Treasury and federal agency notes and bonds rated AA+. These investments accounted for approximately 55% of the portfolio at June 30, 2016. The remainder of the portfolio is invested in high quality credit investments, including corporate notes, commercial paper, certificates of deposit and municipal bonds.

The multi-asset class portfolio is allocated with a 70.0% equity and 30.0% fixed income approach since its inception in February 2012. The portfolio overweight in equities was reduced in order to minimize risk to the portfolio due to the equity market volatility. During the fiscal year, the portfolio generated a gross return of 1.9%, outperforming its benchmark by 1.4% for the year.

In fiscal years 2016 and 2015, cash and cash equivalents decreased by $4.6 million, or 11.5% and $10.2 million, or 20.4%, respectively. The net decrease was primarily due to disbursements for operations including debt service payments. The decrease in cash was offset by cash receipts from operations plus cash reimbursements from deposits held by bond trustees for capital expenses the previous year.

At June 30, 2016, investments totaled $75.4 million, representing an increase of $1.2 million due to the portfolio's investment income and appreciation net of investment manager fees.

At June 30, 2015, investments totaled $74.2 million, representing an increase of $16.7 million due to the addition of $15.0 million in excess cash to the portfolio, coupled with the strong performance of the portfolio generating $1.7 million in investment income and appreciation.

Cash and Cash Equivalents and Investments
(Amounts in thousands)

		2016	2015	2014
Cash and cash equivalents	$	35,225	39,817	50,026
Investments – short term		55,737	54,055	36,494
Investments – long term		19,654	20,106	20,941
Total cash and cash equivalents and investments	$	110,616	113,978	107,461

Restricted Deposits Held With Trustees

Restricted deposits held with trustees decreased by $9.9 million and $0.6 million as of June 30, 2016 and 2015, respectively, primarily due to requisitions paid throughout the fiscal year to reimburse TCNJ for bond financed capital expenditures temporarily funded by the operating cash. Debt service payments for July 1, 2016 and 2015 are reflected in the restricted deposits held with bond trustees balance as of June 30, 2016 and 2015, respectively.

Capital Assets

At June 30, 2016 and 2015, the College had $638.9 million and $601.5 million invested in capital assets, net of accumulated depreciation of $269.9 million and $250.5 million, respectively. Depreciation charges totaled $21.2 million and $20.7 million for the years ended June 30, 2016 and 2015, respectively. Gross capital additions totaling $62.2 million were comprised primarily of new construction and renovation of facilities such as the new STEM Complex and the Brower Student Center. These additions were funded by capital contributions, institutional reserves, capital grants and proceeds from bonds. The following is a breakdown of the net additions (transfers) for fiscal years ended June 30, 2016, 2015 and 2014:

Capital Additions
(Amounts in thousands)

		2016	2015	2014
Additions (transfers):				
Works of art/historical treasures	$	—	—	200
Buildings and building improvements		13,847	6,668	26,037
Leasehold improvements		1,416	—	—
Infrastructure		2,524	4,206	4,677
Equipment and other assets		4,920	2,414	2,518
Construction in progress		34,119	21,233	(21,539)
Net total additions	$	56,826	34,521	11,893

Deferred Outflows of Resources

During fiscal years 2016 and 2015, the deferred outflows of resources consist of deferred amounts from debt refunding and pensions. The debt refunding amounts increased by $7.3 million due to the recognition of deferred outflows from the Series 2015G bond issuance, partially offset by the amortization of the deferred amounts, while the deferred outflows relating to pensions increased by $14.2 million due to the GASB 68 pension amounts allocated to the College.

Liabilities

Current Liabilities

During fiscal year 2016, current liabilities decreased by $942 thousand, or 1.7% primarily due to a decrease in unearned revenue and student deposits as a result of changes in the timing of summer 2016 global and other programs.

During fiscal year 2015, current liabilities increased by $8.4 million, or 17.6% primarily due to the accrual of construction related invoices that were not paid as of the end of the year and increases in the principal bond payments due July 1 of the next fiscal year.

Noncurrent Liabilities

During fiscal year 2016, noncurrent liabilities increased by $18.7 million, or 3.8%, primarily due to the recording of $25.3 million in additional net pension liability under GASB 68 at fiscal year-end. In addition, $2.8 million of unearned revenue related to the New Jersey capital grants was recognized as capital grant revenue in 2016 as project expenditures were incurred. The College also made repayments of principal on various bond issues totaling $11.4 million coupled with $1.0 million amortization of bond premium.

During fiscal year 2015, noncurrent liabilities increased by $108.5 million, or 27.9% primarily due to the implementation of GASB 68 and GASB 71 which resulted in the recording of $117.5 million in net pension liability. In addition, $3.5 million of unearned revenue related to the New Jersey capital grants was added in 2015. These increases were offset by repayment of principal on various bond issues totaling $10.3 million coupled with $1.3 million amortization of bond premium.

Long-Term Debt

The use of debt has been a key component in the College's transformation into a highly selective institution that has earned national recognitions for its commitment to academic excellence. The attractiveness of the College's facilities is an important factor in the College's ability to recruit highly qualified students. At June 30, 2016 and 2015, the College had $373.5 million and $375.9 million, respectively, in outstanding bonds and other long-term obligations including bond premium. TCNJ's debt burden is a characteristic of many New Jersey state colleges and universities due primarily to the lack of state capital support historically and TCNJ's strategic choice to invest and reinvest in state-of-the-art facilities.

According to the rating agencies, TCNJ's bond ratings reflect strong student demand and conservative financial management, which have translated into excellent operating performance and significant growth in cash and investments. At June 30, 2016 and 2015, the College's bond ratings and outlook were as follows:

2016 Bond Rating and Outlook			
	Fitch	Moody's Investors Service	Standard & Poor's
Long–term rating	AA-	A2	A
Rating outlook	Stable	Stable	Stable

2015 Bond Rating and Outlook			
	Fitch	Moody's Investors Service	Standard & Poor's
Long–term rating	AA	A2	A
Rating outlook	Stable	Stable	Stable

Additional information about the College's existing long-term liabilities is presented in note 9 to the financial statements.

Deferred Inflows of Resources

During fiscal years 2016 and 2015, the deferred inflows of resources consist of deferred amounts relating to pensions of $724 thousand and $3.5 million, respectively, which represent the College's proportionate share recognized under GASB 68 beginning in fiscal year 2015.

Net Position

Net position represents the value of the College's assets after considering deferred outflows of resources, deferred inflows of resources and liabilities. The change in net position is one indicator of whether the overall financial condition has improved or worsened during the year. The College's net position increased by $32.3 million, or 12.3% and $13.8 million, or 5.6% in fiscal years 2016 and 2015, respectively, due to positive performances despite the recording of $11.0 and $7.3 million, respectively, in net pension expense under GASB 68.

At June 30, 2016 and 2015, the total net position was reflected in the following three component categories:

- Net investment in capital assets represents the College's capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of those assets. During fiscal year 2016 and 2015, this category increased $32.0 million and $21.7 million, respectively, due to net additions to capital assets and payments of outstanding debt.

- Restricted expendable net position contains resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. During fiscal year 2016, this category increased $1.2 million due to a decrease in loans receivable and return of federal capital contributions offset by an increase in trustee principal funds. In fiscal year 2015 this category remained relatively flat.
- Unrestricted net position is not subject to externally imposed stipulations although these resources may be designated for specific purposes by the College's management or Board of Trustees. In fiscal year 2016, this category had a cumulative decrease of $1.0 million primarily due to the College's proportionate share of GASB 68 pension expense and related deferred outflows of resources, net pension liability and deferred inflows of resources. In fiscal year 2015, this category had a cumulative decrease of $118.1 million primarily due to the implementation of GASB 68 which resulted in the recording of $117.5 million in net pension liability as of June 30, 2015.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the College's results of operations. The statement distinguishes revenues and expenses between operating and nonoperating categories, and provides a view of the College's performance. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are incurred in the normal operation of the College, including a provision for estimated depreciation on capital assets.

Certain revenue sources that the College relies on for operations, including state appropriations and investment income, are required by GASB to be classified as nonoperating revenues. Nonoperating expenses primarily include interest expense and amortization expense related to the deferred outflows of resources from debt refunding. The College will always report an operating loss due to the types of revenues classified as nonoperating. Therefore, the change in net position is more indicative of the overall financial results for the fiscal year.

A summary of the College's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2016, 2015 and 2014 are as follows (2014 amounts have not been restated to reflect the effect of GASB 68):

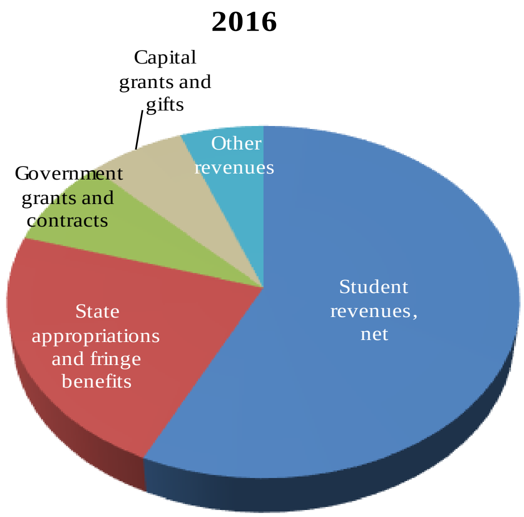
Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)

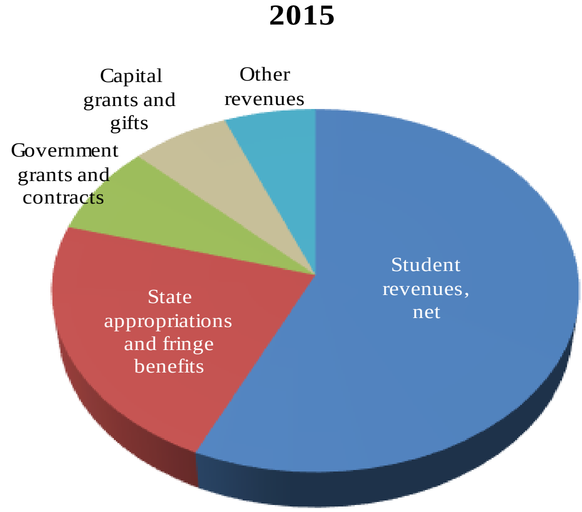
		2016	2015	2014
Net student revenues	$	139,452	135,614	131,297
Government grants and contracts		19,375	18,836	17,636
Auxiliary activities		4,175	4,323	5,699
Other		5,451	5,404	2,573
Operating revenues		168,453	164,177	157,205
Instruction and research		74,138	70,741	66,849
Academic support		15,664	15,132	14,972
Student services		19,310	17,407	15,558
Operation and maintenance of plant		20,395	26,390	23,811
Auxiliary activities		31,796	31,084	31,494
Institutional support		17,909	17,498	13,228
Depreciation		21,199	20,703	20,337
Impairment loss on capital assets		3,573	—	5,382
Other		8,097	7,373	6,550
Operating expenses		212,081	206,328	198,181
Operating loss		(43,628)	(42,151)	(40,976)
State appropriations and fringe benefits		52,439	53,847	53,079
Other expenses, net		(15,129)	(13,613)	(12,465)
Net nonoperating revenues		37,310	40,234	40,614
Capital grants and gifts		38,587	15,728	8,616
Increase in net position		32,269	13,811	8,254
Net position, beginning of year		262,422	248,611	350,886
Net position, end of year	$	294,691	262,422	359,140

Statements of Revenues, Expenses and Changes in Net Position Financial Highlights

Revenues

The following is an illustration of revenues by source (both operating and nonoperating), that were used to fund the College's activities for the fiscal years ended June 30, 2016 and 2015:





	2016			2015		
		Amount	Percent		Amount	Percent
		(Amounts in thousands)				
Student revenues, net	$	139,452	53.7%	$	135,614	58.0%
State appropriations and fringe benefits		52,439	20.2%		53,847	23.0%
Government grants and contracts		19,375	7.5%		18,836	8.1%
Capital grants and gifts		38,587	14.9%		15,728	6.7%
Other revenues		9,626	3.7%		9,727	4.2%
	$	**259,479**	**100.0%**	$	**233,752**	**100.0%**

Operating Revenues

Operating revenues represent resources generated by the College in fulfilling its instruction, research and public service mandate. Total operating revenues increased by $4.3 million or 2.6% and $7.0 million or 4.4% in fiscal years 2016 and 2015, respectively.

Tuition and Fees

Tuition and fees revenues increased $3.0 million, or 2.6% and $3.7 million, or 3.3% in fiscal years 2016 and 2015 primarily due to the College's continued strategic efforts to keep the cost of education affordable with a modest tuition and fees increase of 3.0% in 2016 and 2.0% in 2015 for in-state undergraduate and out-of-state undergraduate students coupled with additional international non-matriculated students in 2015.

Student Housing and Fees

In fiscal years 2016 and 2015, student housing and fees decreased by $0.1 million or 0.2% and $0.2 million or 0.3%, respectively. In 2015, a residence hall of 156 beds was taken off-line for a major renovation during the fiscal year. While this residence hall was back on-line in 2016, overall housing occupancy was slightly less than 2015 due to an increased number of students participating in study-abroad programs during the spring 2016 semester.

Scholarship Allowance

Scholarship allowance decreased by $0.9 million or 3.4% in fiscal year 2016 primarily due to decreases in institutional scholarships totaling $0.4 million, state scholarships totaling $0.3 million and federal scholarships totaling $0.2 million.

Scholarship allowance decreased by $0.8 million or 2.9% in fiscal year 2015 primarily due to a decrease in institutional scholarships totaling $1.4 million, which was offset by an increase of $0.3 million in State funded scholarships and $0.3 million in Federal scholarships.

Scholarship Allowance
(Amounts in thousands)

		2016	2015	2014
State scholarships	$	6,785	7,115	6,787
Federal scholarships		5,582	5,747	5,451
Institutional scholarships		13,427	13,827	15,257
Total scholarships	$	25,794	26,689	27,495

Auxiliary Activities

Auxiliary activities, which are self-supporting activities, accounted for approximately 2.5% and 2.6% of the total operating revenues in fiscal years 2016 and 2015, respectively. Included in auxiliary activities are revenues derived primarily from commissions, student center and conference center operations, and summer camp activities.

Government Grants and Contracts

The College recognizes revenues associated with the direct costs of grants and contracts as the related expenditures are incurred. In fiscal years 2016 and 2015, government grants and contracts increased by $0.5 million or 2.9%, and $1.2 million or 6.8%, respectively, primarily due to the increase in federal and state grant activities.

Nonoperating Revenues

Nonoperating revenues are those not generated by the College's core mission and include such funding sources as investment income and New Jersey State support, appropriations and funding for fringe benefits.

New Jersey State Appropriations

New Jersey state appropriations represented 20.2% and 23.0% of the total College revenues in fiscal years 2016 and 2015, respectively. The level of state support is therefore a factor influencing the College's overall financial condition. The state appropriations include amounts appropriated by the State Legislature and employees' fringe benefits paid by the State.

The College reimburses the State for the fringe benefit costs for the number of employees who exceed the state authorized position count of 859 for TCNJ. Even though state appropriations are considered nonoperating revenue, the total amount supports operating expenses.

In fiscal year 2016, the gross state support to the College decreased by $1.4 million or 2.6% as the base state appropriation decreased $2.1 million and fringe benefits funded by the State increased $0.7 million. In fiscal year 2015, gross state support increased $0.8 million or 1.4%. The base state appropriations remained stable while the fringe benefits funded by the State increased.

The breakdown of the state appropriations at June 30, 2016, 2015 and 2014 are as follows:

State Appropriations
(Amounts in thousands)

		2016	2015	2014
State appropriations	$	27,177	29,317	29,317
Fringe benefits		25,262	24,530	23,762
Gross state support	$	52,439	53,847	53,079

Investment Income

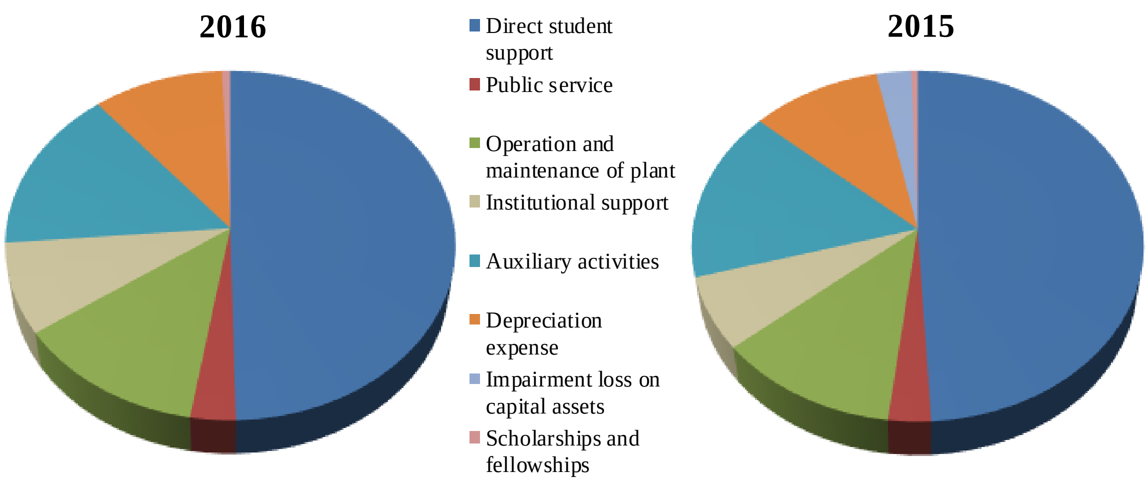
Investment income includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal year 2016, the positive performance of the investment portfolio yielded a total return of $1.4 million, a decrease of $0.4 million over the previous fiscal year total of $1.8 million. The decreases in fiscal year 2016 and 2015 are primarily due to lower investment income and appreciation as a result of continued market volatility.

Capital Grants and Gifts

Capital grants and gifts totaled $38.6 million and $15.7 million in fiscal years 2016 and 2015, respectively, due to the receipt of a number of New Jersey State grants to fund the acquisition of academic equipment, a new Science, Engineering, Technology and Mathematics (STEM) building and various information technology improvements. The revenue for these capital grants is recognized as expenses are incurred. Amounts received from grants for which eligibility requirements have not been met under the terms of the agreements are included in unearned revenue in the statements of net position. In addition, in fiscal year 2016, the College received the third and final payment on a multi-year restricted gift earmarked for a major renovation of the student center. This gift was recognized as revenue as funds are received and in the possession and control of the College.

Expenses

The following is an illustration of operating expenses by function for the fiscal years ended June 30, 2016 and 2015:



	2016		2015	
	Amount	Percent	Amount	Percent
	(Amounts in thousands)			
Instruction and research	$ 74,138	35.0%	$ 70,741	34.3%
Academic support	15,664	7.4%	15,132	7.4%
Student services	19,310	9.1%	17,407	8.4%
Direct student support	109,112	51.5%	103,280	50.1%
Public service	6,795	3.2%	6,080	2.9%
Operation and maintenance of plant	20,395	9.6%	26,390	12.8%
Institutional support	17,909	8.4%	17,498	8.5%
Auxiliary activities	31,796	15.0%	31,084	15.1%
Depreciation expense	21,199	10.0%	20,703	10.0%
Impairment loss on capital assets	3,573	1.7%	—	0.0%
Scholarships and fellowships	1,302	0.6%	1,293	0.6%
	$ 212,081	**100.0%**	**$ 206,328**	**100.0%**

Operating Expenses

The College has consistently demonstrated its commitment to preserving the quality of its academic programs despite the challenging fiscal environment by continuing to allocate a significant portion of its operating expenses to direct student support (instruction, research, academic support and student services) and to college-funded scholarships which are reported as a reduction of operating revenues.

In fiscal year 2016, total operating expenses were $212.1 million, representing an overall increase of $5.8 million or 2.8% over the previous fiscal year total of $206.3 million. This increase was primarily due to a $3.7 million increase in pension expense, increases in salaries and fringe benefit costs and a $3.6 million impairment loss on capital assets in fiscal year 2016, offset by a decrease of $6.0 million in operation and maintenance of plant expenses.

In fiscal year 2015, total operating expenses were $206.3 million, representing an overall increase of $8.1 million or 4.1% over the previous fiscal year total of $198.2 million. This increase was primarily due to $7.3 million in net pension expense due to the implementation of GASB 68. Increases in salaries and other fringe benefits costs were offset by a decrease of $5.4 million in impairment loss on capital assets recorded in fiscal year 2014.

Instruction and Research

The combination of instruction and research represents the College's largest operating expense category. In fiscal years 2016 and 2015, the change in both functional categories was primarily due to contractual salary and related fringe benefits costs driven by the recording of pension expenses for the defined benefit plans.

Academic Support

In fiscal year 2016, academic support expenses increased $0.5 million or 3.5%. In fiscal year 2015, academic support expenses remained relatively stable. The increase in both years was primarily due to increases in salary, fringe benefits and pension expenses.

Public Service

Public service represents grant activities and academic enterprise programs geared toward community involvement and benefit, such as the Bonner Center for Civic and Community Engagement and the New Jersey AmeriCorps grants. This category increased by $0.7 million or 11.8% in fiscal year 2016 primarily due to an increase in external grant activity plus an increase in salary, fringe benefit and pension expenses. This category increased by $0.6 million or 10.3% in fiscal year 2015 primarily due to an increase in external grant activity.

Student Services

In fiscal years 2016 and 2015, student service expenses increased by $1.9 million or 10.9% and $1.8 million or 11.9%, respectively, due to increases in salary and fringe benefits costs driven by the recording of pension expenses for the defined benefit plans. In addition, there were investments for commencement activities, athletics activities and the operation of a new fitness center.

Operation and Maintenance of Plant

Operation and maintenance of plant decreased by $6.0 million or 22.7% in fiscal year 2016 primarily due to additional expenses being capitalized in the current year. This category increased $2.6 million or 10.8% in fiscal year 2015 mainly due to increases in emergency repairs for maintenance projects plus salary and fringe benefits increases driven by the recording of pension expenses for the defined benefit plans.

Institutional Support

In fiscal years 2016 and 2015, institutional support increased $0.4 million or 2.3% and $4.3 million or 32.3%, respectively. In fiscal year 2016, the change is due to increases in salary, fringe benefit and pension expenses. In fiscal year 2015, the increase is due to the strategic funding allocations for the institutional priorities within college advancement for fundraising activities and campus-wide staff professional development. In addition, there were increases in administrative computing for hardware and software coupled with increases in salary and related fringe benefits costs driven by the recording of pension expenses for the defined benefit plans.

Auxiliary Activities

The $0.7 million or 2.3% increase during fiscal year 2016 in auxiliary activities can be attributed primarily to increases in salary, fringe benefit and pension expenses. The $0.4 million or 1.3% decrease during fiscal year 2015 in auxiliary activities can be attributed primarily to a large external event that was held on campus in fiscal year 2014, coupled with the lack of summer camp activities in fiscal year 2015. This was offset by increased meal plan costs, salary and fringe benefits.

Depreciation Expense

Depreciation expense increased by $0.5 million or 2.4% in fiscal year 2016 and $0.4 million or 1.8% in fiscal year 2015 due to additional capital expenditures in investment in plant which were eligible to be depreciated.

Impairment Loss on Capital Assets

During fiscal year 2016 there was a total of $3.6 million in impairment loss on capital assets as a result of changes in the manner and expected duration of use of various assets.

Nonoperating Expenses

Nonoperating expenses are those not incurred by the College's core mission and include such activities as interest on debt and transactions with institutionally affiliated organizations.

Interest Expense

Interest expense is traditionally partially offset by the amount of interest capitalized during the construction phase of major projects. Interest expense decreased by $0.6 million or 3.7% in fiscal year 2016 primarily due to the 2015 Series G refunding of 2008 Series D that resulted in a savings to the College. In fiscal year 2015, interest expense decreased by $0.1 million or 0.8% primarily due to the capitalized interest on the 2013 Series A bonds that were issued to finance the construction of a new STEM building.

Transactions with Affiliates

The College's affiliates include the College of New Jersey Foundation and the Trenton State College Corporation. Examples of transactions that are reflected in affiliate transfers include: funds disbursed from the Foundation for institutional scholarship support, restricted funds disbursements and transfer of properties. In fiscal year 2016, transactions with affiliates decreased by $0.8 million primarily due to a decrease in Foundation activity for institutional scholarship support. This decrease was offset by a modest increase in the Corporation's affiliate transfers. In fiscal year 2015, transactions with affiliates increased by $0.2 million, primarily due to Foundation activity for institutional scholarship support and restricted private grants. This increase was offset by a modest decrease in the Corporation's affiliate transfers.

Other Revenues (Expenses), Net

In fiscal year 2016, other nonoperating expenses increased $1.0 million which was mainly due to an increase in amortization of deferred outflows related to the 2015 Series G bond issuance. In fiscal year 2015, other nonoperating expenses decreased $1.2 million which was mainly due to the activities relating to the bond issuance costs, loan administrative costs and bad debt expense.

Economic Factors that Will Affect the Future

The College has a long tradition of prudent financial planning and resource allocation. This philosophy has allowed it to continue to strengthen its financial position through positive operating results allowing it to respond to unforeseen challenges and opportunities. For the fiscal years ending June 30, 2016 and 2015, the College finished with an increase of $32.3 million or 12.3% and $13.8 million or 5.6% in net position despite the recording of $11.0 million and $7.3 million in net pension expense due to the adoption of GASB 68, respectively. The increase in net position is one indicator that the College's financial health continues to improve.

Cognizant of our responsibility to allocate resources strategically and keep the cost of education at TCNJ affordable, the College has identified areas for focused review and strategies to ensure the maintenance of the College's long-term financial health. These focused reviews are coordinated with two major institutional priorities, the new strategic plan and the enterprise risk management program, and should provide the foundation for improvement in the health of the institution based on sound strategic planning as well as facilities master planning. These planning enhancements will depend on a better understanding of the increasing demand for institutional scholarships, strategic enrollment management and thoughtful investment in academic and student development programs. The strategies include cost containment initiatives, review of the organizational structure to generate financial efficiencies and preserve organizational effectiveness, investment in facilities, expansion of fundraising activities, diversification of revenues, and enhancement of entrepreneurial activity.

The state and national economy will continue to pose budgetary challenges for the College in the future. However, as a result of strategic planning efforts and a campus-wide commitment to prudent fiscal management, TCNJ continues to make significant strategic investments over the next several years based on our financial position.

A healthy student demand and favorable market position as evidenced by consistent enrollment, our sustained ability to attract and retain high-achieving students and our consistently strong operating performance and liquidity, are all factors in the positive outlook for The College of New Jersey. Management believes that the College is well positioned to continue providing excellence in educational programs to our students and service to the State.

STATEMENT OF NET POSITION

June 30, 2016

(Amounts in thousands)

Assets		Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Total
Current assets:				
Cash and cash equivalents	$	35,225	1,273	36,498
Receivables:				
Student accounts, net of allowance for doubtful accounts of $394		1,848	—	1,848
Student loans		841	—	841
Grants		4,264	—	4,264
Due from State of New Jersey (note 5)		6,161	—	6,161
Due from affiliates (note 3)		649	—	649
Other		1,028	19	1,047
Total receivables		14,791	19	14,810
Investments (notes 4 and 15)		55,737	2,469	58,206
Restricted deposits held with trustees (note 7)		19,841	—	19,841
Prepaid expenses and other assets		1,217	10	1,227
Total current assets		126,811	3,771	130,582
Noncurrent assets:				
Student loans receivable, net of allowance for doubtful loans of $404		2,810	—	2,810
Restricted deposits held with trustees (note 7)		28,538	—	28,538
Other assets		—	3	3
Investments (notes 4 and 15)		19,654	—	19,654
Restricted investments (notes 4 and 15)		—	30,962	30,962
Prepaid insurance premium costs, net of accumulated amortization of $1,317		2,877	—	2,877
Capital assets, net (note 6)		638,881	—	638,881
Total noncurrent assets		692,760	30,965	723,725
Total assets		819,571	34,736	854,307
Deferred Outflows of Resources				
Deferred amounts from debt refunding		28,610	—	28,610
Deferred amounts from pensions (note 11)		18,756	—	18,756
Total deferred outflows of resources		47,366	—	47,366
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses (note 8)		36,479	138	36,617
Compensated absences – current portion (note 12)		3,528	—	3,528
Due to affiliates (note 3)		164	597	761
Unearned revenue and student deposits		913	—	913
Bonds payable – current portion, including net premium of $1,755 (note 9)		13,275	—	13,275
Other long-term obligations – current portion (note 9)		611	401	1,012
Total current liabilities		54,970	1,136	56,106
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent (note 12)		415	—	415
U.S. and Government grants refundable		4,330	—	4,330
Unearned revenue – noncurrent		9,342	—	9,342
Bonds payable – noncurrent, including net premium of $14,607 (note 9)		353,462	—	353,462
Other long-term obligations (note 9)		6,193	2,757	8,950
Net pension liability (note 11)		142,810	—	142,810
Total noncurrent liabilities		516,552	2,757	519,309
Total liabilities		571,522	3,893	575,415
Deferred Inflows of Resources				
Deferred amounts from pensions (note 11)		724	—	724
Net Position				
Net investment in capital assets		283,072	—	283,072
Restricted:				
Nonexpendable:				
Scholarships		—	9,156	9,156
Other programs		—	2,884	2,884
Expendable:				
Scholarships		—	10,963	10,963
Research		—	81	81
Debt service and capital		12,198	—	12,198
Other		—	4,720	4,720
Student loans		409	—	409
Unrestricted		(988)	3,039	2,051
Total net position	$	294,691	30,843	325,534

See accompanying notes to financial statements.

STATEMENT OF NET POSITION

June 30, 2015

(Amounts in thousands)

Assets	Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Total
Current assets:			
Cash and cash equivalents	$ 39,817	1,326	41,143
Receivables:			
Student accounts, net of allowance for doubtful accounts of $427	2,898	—	2,898
Student loans	851	—	851
Grants	3,291	—	3,291
Due from State of New Jersey (note 5)	3,601	—	3,601
Due from affiliates (note 3)	1,377	—	1,377
Other	1,111	1,049	2,160
Total receivables	13,129	1,049	14,178
Investments (notes 4 and 15)	54,055	1,630	55,685
Restricted deposits held with trustees (note 7)	19,840	—	19,840
Prepaid expenses and other assets	970	—	970
Total current assets	127,811	4,005	131,816
Noncurrent assets:			
Student loans receivable, net for allowance for doubtful loans of $514	3,022	—	3,022
Restricted deposits held with trustees (note 7)	38,404	—	38,404
Other assets	—	4	4
Investments (notes 4 and 15)	20,106	—	20,106
Restricted investments (notes 4 and 15)	—	30,609	30,609
Prepaid insurance premium costs, net of accumulated amortization of $1,156	3,039	—	3,039
Capital assets, net (note 6)	601,473	—	601,473
Total noncurrent assets	666,044	30,613	696,657
Total assets	793,855	34,618	828,473
Deferred Outflows of Resources			
Deferred amounts from debt refunding	21,312	—	21,312
Deferred amounts from pensions (note 11)	4,581	—	4,581
Total deferred outflows of resources	25,893	—	25,893
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses (note 8)	37,394	26	37,420
Compensated absences – current portion (note 12)	3,637	—	3,637
Due to affiliates (note 3)	102	1,323	1,425
Unearned revenue and student deposits	2,224	—	2,224
Bonds payable – current portion, including net premium of $1,149 (note 9)	11,884	—	11,884
Other long-term obligations – current portion (note 9)	671	371	1,042
Total current liabilities	55,912	1,720	57,632
Noncurrent liabilities (note 9):			
Compensated absences – noncurrent (note 12)	433	—	433
U.S. and Government grants refundable	4,414	—	4,414
Unearned revenue – noncurrent	12,144	—	12,144
Bonds payable – noncurrent, including net premium of $8,020 (note 9)	356,535	—	356,535
Other long-term obligations (note 9)	6,804	2,570	9,374
Net pension liability (note 11)	117,547	—	117,547
Total noncurrent liabilities	497,877	2,570	500,447
Total liabilities	553,789	4,290	558,079
Deferred Inflows of Resources			
Deferred amounts from pensions (note 11)	3,537	—	3,537
Net Position			
Net investment in capital assets	251,027	—	251,027
Restricted:			
Nonexpendable:			
Scholarships	—	7,829	7,829
Other programs	—	3,117	3,117
Expendable:			
Scholarships	—	12,887	12,887
Research	—	72	72
Debt service and capital	11,082	—	11,082
Other	—	3,046	3,046
Student loans	301	—	301
Unrestricted	12	3,378	3,390
Total net position	$ 262,422	30,329	292,751

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2016

(Amounts in thousands)

	Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Total
Operating revenues:			
Student revenues:			
Student tuition and fees	$ 118,856	—	118,856
Less tuition scholarship allowances	(20,374)	—	(20,374)
Net student tuition and fees	98,482	—	98,482
Student housing and fees	46,390	—	46,390
Less housing scholarship allowances	(5,420)	—	(5,420)
Net student housing and fees	40,970	—	40,970
Federal grants and contracts	10,531	—	10,531
State of New Jersey grants and contracts	8,844	—	8,844
Auxiliary activities	4,175	—	4,175
Contributions	—	3,053	3,053
Interest on student loans receivable	89	—	89
Other operating revenues	5,362	2,199	7,561
Total operating revenues	168,453	5,252	173,705
Operating expenses:			
Instruction	61,384	—	61,384
Research	12,754	—	12,754
Academic support	15,664	—	15,664
Public service	6,795	—	6,795
Student services	19,310	—	19,310
Operation and maintenance of plant	20,395	—	20,395
Institutional support	17,909	—	17,909
Scholarships and fellowships	1,302	723	2,025
Auxiliary activities	31,796	—	31,796
Fundraising	—	754	754
Depreciation	21,199	—	21,199
Impairment loss on capital assets	3,573	—	3,573
Total operating expenses	212,081	1,477	213,558
Operating (loss) income	(43,628)	3,775	(39,853)
Nonoperating revenues (expenses):			
State of New Jersey appropriations	27,177	—	27,177
State of New Jersey fringe benefits	25,262	—	25,262
Investment income	1,385	(31)	1,354
Interest expense	(15,983)	—	(15,983)
Transactions with affiliates (note 3)	1,213	(3,490)	(2,277)
Other expenses, net	(1,744)	(588)	(2,332)
Net nonoperating revenues (expenses)	37,310	(4,109)	33,201
Loss before other revenues	(6,318)	(334)	(6,652)
Additions to permanent endowments	—	848	848
Capital grants and gifts	38,587	—	38,587
Increase in net position	32,269	514	32,783
Net position as of beginning of year	262,422	30,329	292,751
Net position as of end of year	$ 294,691	30,843	325,534

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2015

(Amounts in thousands)

		Business-Type Activities The College of New Jersey	Component Unit The College of New Jersey Foundation, Inc.	Total
Operating revenues:				
Student revenues:				
Student tuition and fees	$	115,813	—	115,813
Less tuition scholarship allowances		(20,862)	—	(20,862)
Net student tuition and fees		94,951	—	94,951
Student housing and fees		46,490	—	46,490
Less housing scholarship allowances		(5,827)	—	(5,827)
Net student housing and fees		40,663	—	40,663
Federal grants and contracts		10,041	—	10,041
State of New Jersey grants and contracts		8,795	—	8,795
Auxiliary activities		4,323	—	4,323
Contributions		—	3,361	3,361
Interest on student loans receivable		89	—	89
Other operating revenues		5,315	1,360	6,675
Total operating revenues		164,177	4,721	168,898
Operating expenses:				
Instruction		60,048	—	60,048
Research		10,693	—	10,693
Academic support		15,132	—	15,132
Public service		6,080	—	6,080
Student services		17,407	—	17,407
Operation and maintenance of plant		26,390	—	26,390
Institutional support		17,498	—	17,498
Scholarships and fellowships		1,293	546	1,839
Auxiliary activities		31,084	—	31,084
Fundraising		—	678	678
Depreciation		20,703	—	20,703
Total operating expenses		206,328	1,224	207,552
Operating (loss) income		(42,151)	3,497	(38,654)
Nonoperating revenues (expenses):				
State of New Jersey appropriations		29,317	—	29,317
State of New Jersey fringe benefits		24,530	—	24,530
Investment income		1,782	850	2,632
Interest expense		(16,592)	—	(16,592)
Transactions with affiliates (note 3)		1,980	(3,397)	(1,417)
Other expenses, net		(783)	(837)	(1,620)
Net nonoperating revenues (expenses)		40,234	(3,384)	36,850
(Loss) income before other revenues		(1,917)	113	(1,804)
Additions to permanent endowments		—	832	832
Capital grants and gifts		15,728	—	15,728
Increase in net position		13,811	945	14,756
Net position as of beginning of year, as restated		248,611	29,384	277,995
Net position as of end of year	$	262,422	30,329	292,751

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

(Business-Type Activities – College only)
Years ended June 30, 2016 and 2015
(Amounts in thousands)

		2016	2015
Cash flows from operating activities:			
Student tuition and fees	$	98,069	94,256
Federal and State grants and contracts		18,402	19,016
Payments to suppliers		(45,670)	(50,171)
Payments to employees		(104,262)	(99,999)
Payments for benefits		(4,806)	(4,400)
Student housing and auxiliary activities		45,632	45,918
Other receipts, net		5,560	5,609
Net cash provided by operating activities		12,925	10,229
Cash flows from noncapital financing activities:			
New Jersey State appropriations		27,177	29,317
Other receipts, net		2,350	1,709
Net cash provided by noncapital financing activities		29,527	31,026
Cash flows from capital and related financing activities:			
Purchase of capital assets		(60,022)	(26,310)
Net withdrawals from deposits held with trustees		10,839	7,595
Bond debt retirement		(124,948)	—
Proceeds from bond issuance		125,611	—
Bond issuance costs		(631)	—
Capital grants and gifts		31,567	11,293
Principal payments on bonds and other obligations		(10,459)	(9,422)
Interest payments on bonds and other obligations		(19,148)	(19,675)
Net cash used in capital and related financing activities		(47,191)	(36,519)
Cash flows from investing activities:			
Interest on investments		147	55
Purchases of investments		—	(15,000)
Net cash provided by (used in) investing activities		147	(14,945)
Net change in cash and cash equivalents		(4,592)	(10,209)
Cash and cash equivalents as of beginning of year		39,817	50,026
Cash and cash equivalents as of end of year	$	35,225	39,817
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(43,628)	(42,151)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation		21,199	20,703
Impairment loss		3,573	—
State of New Jersey fringe benefits		25,262	24,530
Changes in assets and liabilities:			
Receivables, net		681	45
Prepaid expenses		(247)	(266)
Deferred outflows of resources from pensions		(14,175)	(4,581)
Accounts payable and accrued expenses		(217)	26
Accrued salaries		(535)	609
Other accrued expenses		(127)	138
Unearned revenue and student deposits		(1,311)	621
Net pension liability		25,263	7,018
Deferred inflows of resources from pensions		(2,813)	3,537
Net cash provided by operating activities	$	12,925	10,229

See accompanying notes to financial statements.

(1) Organization

The College of New Jersey (the College) is a mid-sized, comprehensive public college that concentrates primarily on the undergraduate experience. Baccalaureate and master's degrees are offered through the academic programs of the College's seven schools (Arts and Communication; Business; Education; Humanities and Social Science; Science; Nursing, Health, and Exercise Science; and Engineering). In the fall of 2015, TCNJ enrolled 6,589 full time equivalent undergraduate students and 368 full time graduate students. The College has residential facilities that house more than half of the students on campus.

The College is recognized as a public institution of higher education by the State of New Jersey (the State) and, accordingly, the State Legislature appropriates funds annually to support the College. Under the law, the College is an instrumentality of the State with a high degree of autonomy. However, pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, the College is considered to be a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the College are included in the State's Comprehensive Annual Financial Report.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the College conform to all U.S. generally accepted accounting principles as applicable to public colleges and universities.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories.

- ***Net investment in capital assets:*** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- ***Restricted:***

  Nonexpendable: Net position that is subject to externally imposed stipulations and must be maintained permanently by the College.

  Expendable: Net position that is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.
- ***Unrestricted:*** Net position that is not subject to externally imposed stipulations and may be designated for specific purposes by action of management to the board of trustees.

  When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Notes to the Financial Statements ($ in thousands)

(c) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of investments with the New Jersey State Cash Management Fund that are combined into a large scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper and certificates of deposit. All highly liquid investments purchased with an original maturity of three months or less are also classified as cash equivalents.

(d) Restricted Deposits Held with Trustees

Restricted deposits held with trustees are reflected at fair value, which is based on quoted market prices. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Investments

Investments are reflected at fair value, which is based on quoted market prices or other fair value measurement methods allowed by GASB Statement No. 72. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Changes in fair value (including both realized and unrealized gains and losses) are reported in investment income.

(f) Capital Assets

Capital assets include buildings, equipment, works of art, and infrastructure assets, such as roads and sidewalks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Building improvements and infrastructure costing over $5, equipment items with a unit cost of $3 or more, land improvements over $25, and software implementation over $100 are capitalized. Leasehold improvements are capitalized using the building improvement and equipment thresholds and are depreciated over the life of the lease. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized.

Capital assets of the College are depreciated using the straight line method over the following useful lives:

Capital asset	Useful lives
Buildings	30 to 50 years
Infrastructure	35 years
Land and building improvements	25 years
Leasehold improvements	10 years
Equipment and other assets	5 to 10 years

Estimated costs to complete the projects classified as construction in progress are approximately $49,502. Such construction costs are anticipated to be financed by proceeds from long-term debt, capital grants and gifts, and capital reserves.

(g) Deferred Outflows of Resources

Deferred outflows of resources represent unamortized amounts from debt refunding and amounts related to changes in the net pension liability.

(h) Deferred Inflows of Resources

Deferred inflows of resources represent amounts related to changes in the net pension liability.

(i) Revenue Recognition

Revenues from student tuition and fees and auxiliary activities are presented net of scholarships applied to student accounts and are recognized in the period earned. Tuition waivers and other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred. Student tuition and fees and deposits collected in advance of the fiscal year are recorded as unearned revenue in the accompanying statements of net position.

Grant revenue is comprised mainly of funds received from grants from Federal and State of New Jersey sources and is recognized when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants for which eligibility requirements have not been met under the terms of the agreements are included in unearned revenue in the accompanying statements of net position.

Revenue from State of New Jersey appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the College.

(j) Student Activity Fees

It is the policy of the College to collect the student activity fees for the Student Finance Board. Collections and related remittance of these fees to the Student Finance Board of $1,745 and $1,759, respectively, in fiscal years 2016 and 2015 have not been included in the accompanying financial statements.

(k) Operating Activities

The College's policy for defining operating activities as reported on the statements of revenues, expenses and changes in net position are those that serve the College's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include: student tuition and fees, net of scholarship allowances, and most Federal, State and private grants and contracts. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 35, including state appropriations, gifts, and investment income. Interest expense is reported as a nonoperating expense.

(l) *Adoption of Accounting Pronouncements*

In fiscal year 2016, the Foundation adopted GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72). The statement addresses accounting and financial reporting issues related to fair value measurements of assets and liabilities. GASB 72 identifies various approaches to measuring fair value and levels of inputs based on the objectivity of the data used to measure fair value. It provides additional fair value application guidance and requires enhanced disclosures about fair value measurements. The impact on the financial statements was note disclosure only.

The College adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investment pools and pool participants and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The State of New Jersey Cash Management Fund measures investments at fair value. The College records its investment in the State of New Jersey Cash Management Fund in cash equivalents in the accompanying financial statements. There was no change in the measurement of the College's cash equivalents in the pool, which was at fair value as of June 30, 2016 and 2015.

(m) *Accounting Pronouncements Applicable to the College, Issued but Not Yet Effective*

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB in the basic financial statements, in addition to requiring more extensive note disclosures and required supplementary information. GASB 75 will be effective for fiscal periods beginning after June 15, 2017. The College is evaluating the impact of this new statement.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80). The statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. GASB 80 will be effective for fiscal periods beginning after June 15, 2016. The College is evaluating the impact of this new statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The College is evaluating the impact of this new standard.

(n) Income Taxes

The College is exempt from income taxes on related income pursuant to Federal and State tax laws as an instrumentality of the State of New Jersey.

(o) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(3) Transactions with Affiliates

(a) The College of New Jersey Foundation

The College of New Jersey Foundation, Inc. (the Foundation) has approved payments to the College for restricted scholarships, private grants, departmental funds, and donated capital assets of $3,490 and $3,397, respectively, during fiscal years 2016 and 2015. The College provides certain administrative functions on behalf of the Foundation. The costs of salaries and benefits for administrative functions were not charged to the Foundation in fiscal years 2016 and 2015. As of June 30, 2016 and 2015, a receivable of $607 and $1,323, respectively, was due from the Foundation. As of June 30, 2016, a payable of $11 was due to the Foundation. Additional information about the Foundation is presented in note 15 to the financial statements.

(b) Trenton State College Corporation

Trenton State College Corporation (TSC Corporation or the Corporation) assists in the development and growth of the College through property acquisitions and facilities management. The accompanying financial statements do not include the activities of the TSC Corporation. The New Jersey Board of Higher Education approved the Corporation on April 15, 1988, in accordance with the Public College Auxiliary Organizations Act, P.L. 1982.

During fiscal years 2016 and 2015, the College incurred $349 and $297, respectively, in rent and related expenses paid to the Corporation for usage of space in homes owned by the Corporation. In addition, the College reimbursed the Corporation for expenses associated with the maintenance of College owned properties. As of June 30, 2016 and 2015, there were outstanding payables of $153 and $102, respectively, due to the Corporation relating to these expenses.

Additionally, the Corporation pays the College for the portion of salaries and benefits of College employees who perform functions for the Corporation and any expenses applicable to the Corporation. This amounted to $350 and $345 as of June 30, 2016 and 2015, of which $42 and $54 was due to the College as of June 30, 2016 and 2015, respectively.

The Corporation purchased student housing facilities in order to provide additional housing for the College's students. During fiscal years 2016 and 2015, the College reimbursed the Corporation for expenses incurred while maintaining the Transfer Housing facilities plus a management fee. The expenses reimbursed to the Corporation for Transfer Housing during fiscal years 2016 and 2015 was

$86 and $233, respectively. Additional information about the College's transactions with the Corporation for Campus Town is presented in note 17 to the financial statements.

(4) Cash, Cash Equivalents and Investments

Cash and cash equivalents was $35,225 and $39,817 as of June 30, 2016 and 2015, which included $30,407 and $34,196 held in the State of New Jersey Cash Management fund and $4,808 and $5,614 held in various accounts at Wells Fargo Bank, respectively. Of the amounts held at Wells Fargo Bank, $250 was insured by the Federal Deposit Insurance Corporation (FDIC) and the amounts in excess of FDIC coverage were collateralized pursuant to New Jersey Statute 52:18-16-1.

The College participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large scale investment program. The operations of the Cash Management Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes, mortgages, certificates of deposit, repurchase agreements, equity, and convertible equity securities and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history and other evaluation factors. The fair value of the State of New Jersey Cash Management Fund is based on the quoted market price on an inactive market as of the measurement date. The Cash Management Fund would be classified as level 2 within the fair value hierarchy. The Cash Management Fund is unrated with a portfolio maturity of less than one year.

The College has an investment policy approved by the Board of Trustees that establishes guidelines for permissible investments. The College may invest in equities, real estate assets, inflation hedge and fixed income assets. The Commonfund is a financial services group serving the educational and philanthropic community that holds and administers a series of investment funds for educational institutions meeting certain eligibility criteria.

Notes to the Financial Statements ($ in thousands)

The College’s investments as of June 30, 2016 and 2015 were as follows:

Investments			
		2016	**2015**
Mutual funds:			
Domestic equities	$	23,242	28,885
International equities		4,987	2,228
Fixed income		13,713	10,078
Mutual funds total		41,942	41,191
U.S. Treasury bonds and notes		9,843	13,054
U.S. Government agencies		8,104	9,046
Corporate bonds		9,138	8,871
Municipal bonds		1,450	533
Commercial paper		2,589	500
Certificates of deposit		1,300	—
Money market fund		873	817
Commonfund		152	149
Total	$	75,391	74,161

The College’s investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody’s Investors Service, Inc. (Moody’s). As of June 30, 2016 and 2015, the College’s fixed income investments were rated as follows:

Notes to the Financial Statements ($ in thousands)

2016 Fixed Income Investments Ratings									
Rating		Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Commercial paper	Certificates of deposit	Money market fund
Aaa	$	19,387	9,843	8,104	567	—	—	—	873
Aa1		205	—	—	205	—	—	—	—
Aa2		551	—	—	551	—	—	—	—
Aa3		2,945	—	—	1,621	1,324	—	—	—
A1		3,195	—	—	3,195	—	—	—	—
A2		2,297	—	—	2,297	—	—	—	—
A3		702	—	—	702	—	—	—	—
P1		3,889	—	—	—	—	2,589	1,300	—
NR		126	—	—	—	126	—	—	—
	$	33,297	9,843	8,104	9,138	1,450	2,589	1,300	873

2015 Fixed Income Investments Ratings								
Rating		Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Commercial paper	Money market fund
Aaa	$	23,479	13,054	9,046	562	—	—	817
Aa2		342	—	—	342	—	—	—
Aa3		1,010	—	—	1,010	—	—	—
A1		2,712	—	—	2,712	—	—	—
A2		3,391	—	—	3,391	—	—	—
A3		854	—	—	854	—	—	—
P1		500	—	—	—	—	500	—
NR		533	—	—	—	533	—	—
	$	32,821	13,054	9,046	8,871	533	500	817

The fixed income mutual funds of $13,713 and $10,078 as of June 30, 2016 and 2015, respectively, were not rated.

The College's investment policy requires the following limits:

- Equities – No single corporation shall exceed 5% of the College's total stock portfolio. The College's ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market value may be held in any one industry category.
- Corporate notes and bonds – Issuers must have a long-term rating of at least A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase. No single issuer shall exceed 5% of the College's portfolio.

Notes to the Financial Statements ($ in thousands)

- Certificates of deposit – Issuers must have a minimum short-term rating of A-1 by Standard & Poor's or P1 by Moody's or a minimum long-term rating of A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase.
- Commercial paper – Issuers must have a short-term rating of at least A-1 by Standard & Poor's or P1 by Moody's. The maximum maturity of any investment in this sector is limited to 270 days from time of purchase.
- Bankers' acceptances – Issuers must have a short-term rating of at least A-1 by Standard & Poor's and P1 by Moody's. The maximum maturity of any investment in this sector is limited to 180 days from time of purchase.
- Municipal debt obligations – Issuers must have a long-term rating of at least A- by Standard & Poor's or A3 by Moody's. The maximum maturity of any investment in this sector is limited to five years from time of purchase. No single issuer shall exceed 5% of the College's portfolio.
- Repurchase agreements – The maximum maturity of any investment in this sector is limited to 90 days at time of purchase. No single repurchase agreement counterparty shall exceed 15% of the College's portfolio.
- Money market funds – Funds must be rated AAm by Standard & Poor's or Aa-mf by Moody's. No single fund in this category shall exceed 15% of the College's portfolio.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The College's investment policy provides limitations in the maturities of various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations. As of June 30, 2016 and 2015, the College's fixed income investments had maturity dates as follows:

2016								
Fixed Income Investments Maturity								
Maturing in years	Total	U.S. Treasury bonds and notes	U.S. Government agencies	Corporate bonds	Municipal bonds	Commercial paper	Certificates of deposit	Money market fund
Less than 1	$ 13,643	3,749	2,776	2,225	131	2,589	1,300	873
1 – 5	19,122	6,094	4,796	6,913	1,319	—	—	—
6 – 10	532	—	532	—	—	—	—	—
	$ 33,297	9,843	8,104	9,138	1,450	2,589	1,300	873

Notes to the Financial Statements ($ in thousands)

2015								
Fixed Income Investments Maturity								
Maturing in years		**Total**	**U.S. Treasury bonds and notes**	**U.S. Government agencies**	**Corporate bonds**	**Municipal bonds**	**Commercial paper**	**Money market fund**
Less than 1	$	12,715	6,516	2,822	1,652	408	500	817
1 – 5		19,440	6,538	5,558	7,219	125	—	—
6 – 10		666	—	666	—	—	—	—
	$	32,821	13,054	9,046	8,871	533	500	817

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Mutual funds – The fair value of mutual funds are based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- U.S. Treasury bonds and notes – The fair value of debt and equity securities and funds are based on prices quoted in active markets for those securities.
- U.S. Government agencies – The fair value of government agencies are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Corporate bonds – The fair value of corporate bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.

Notes to the Financial Statements ($ in thousands)

- Municipal bonds – The fair value of municipal bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Commercial paper – The fair value of commercial paper is based on evaluations based on various market and industry inputs.
- Certificate of deposit – The fair value of certificates of deposit are based on evaluations based on various market and industry inputs.
- Money market funds – These investments are measured at amortized cost and have been excluded from fair value leveling.

The College's investments at June 30, 2016 are summarized in the following table by their fair value hierarchy:

Investments Measured at Fair Value 2016

		Fair value measurements using		
Investment	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level				
Mutual funds:				
Domestic equities	$ 23,242	23,242	—	—
International equities	4,987	4,987	—	—
Fixed income	13,713	13,713	—	—
U.S. Treasury bonds and notes	9,843	9,843	—	—
U.S. Government agencies	8,104	—	8,104	—
Corporate bonds	9,138	—	9,138	—
Municipal bonds	1,450	—	1,450	—
Commercial paper	2,589	—	2,589	—
Certificate of deposit	1,300	—	1,300	—
Total investments by fair value level	74,366	51,785	22,581	—
Investments measured at net asset value (NAV)				
Commonfund	152			
Total investments measured at NAV	152			
Total investments measured at fair value	$ 74,518			

Notes to the Financial Statements ($ in thousands)

The College's investments at June 30, 2015 are summarized in the following table by their fair value hierarchy:

Investments Measured at Fair Value 2015

Investment		Total	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level					
Mutual funds:					
Domestic equities	$	28,885	28,885	—	—
International equities		2,228	2,228	—	—
Fixed income		10,078	10,078	—	—
U.S. Treasury bonds and notes		13,054	13,054	—	—
U.S. Government agencies		9,046	—	9,046	—
Corporate bonds		8,871	—	8,871	—
Municipal bonds		533	—	533	—
Commercial paper		500	—	500	—
Total investments by fair value level		73,195	54,245	18,950	—
Investments measured at NAV					
Commonfund		149			
Total investments measured at NAV		149			
Total investments measured at fair value	$	73,344			

The fair value as of June 30, 2016 and 2015 and redemption terms for the investment measured at the NAV per share (or its equivalent) is presented on the following table:

Investments Measured at NAV

Investment		Fair value 2016	Fair value 2015	Redemption restriction	Redemption frequency (if currently eligible)	Redemption notice period
Commonfund	$	152	149	None	Weekly	5 days
Total investments measured at NAV	$	152	149			

As of June 30, 2016 and 2015, the College had no unfunded commitments for investments measured at NAV.

Notes to the Financial Statements ($ in thousands)

The Commonfund investment is in the Intermediate Term Fund which invests in intermediate-term fixed income securities including: (1) obligations of or guaranteed by the U.S. government or its agencies; (2) debt securities rated Baa or better by Moody's or BBB or better by Standard & Poor's; (3) obligations of or guaranteed by national or state banks or bank holding companies which are rated A or better by Fitch Investors Services, Inc. (Fitch); (4) commercial paper rated P-3 or better by Moody's; (5) bankers acceptances or negotiable certificates of deposits issued by banks and rated A or better by Fitch; (6) interest rate futures contracts; and (7) repurchase agreements secured by securities qualifying under items (1) through (6). The fund is also permitted to hold preferred stocks and convertible preferred stocks of corporations whose senior debt securities are rated Baa or better by Moody's or BBB or better by Standard & Poor's. Securities must be rated A or better at the time of purchase and at least 50% of the net assets of the fund are invested in securities issued or guaranteed by the U.S. government, federal agencies or U.S. sponsored corporations, or in securities rated AAA or its equivalent by at least one of the nationally recognized rating agencies. The objective of this fund is to produce a total return in excess of its benchmark but generate a higher current yield than short-term money market investments in a manner that mitigates the changes of a negative total return over any twelve-month period. The average effective duration of the portfolio is approximately three years or less. The portfolio holdings must be sufficiently liquid to permit the sale of 10% of the portfolio on one day's notice with no material impact on the unit value. The College can redeem all or a portion of its investment in the Commonfund each Wednesday and each day that is the last business day of the month. At least five business days' notice must be given. The unit value for redemption is based on the net asset value per unit as determined as of the close of the day of the withdrawal. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

(5) Due from State of New Jersey

Due from the State of New Jersey consists of the following as of June 30, 2016 and 2015:

Due from State of New Jersey			
		2016	**2015**
FICA benefit reimbursement	$	481	1,004
Alternative Benefit Program		830	791
Capital grants		4,850	1,806
Total	$	6,161	3,601

Notes to the Financial Statements ($ in thousands)

(6) Capital Assets

Capital asset activity for the years ended June 30, 2016 and 2015 was as follows:

2016 Capital Asset Activity		Beginning balance	Additions	Transfers/ retirements	Ending balance
Nondepreciable assets:					
Land	$	22,148	—	—	22,148
Works of art/historical treasures		592	—	—	592
Construction in progress		36,794	60,299	(26,180)	70,913
Total nondepreciable assets		59,534	60,299	(26,180)	93,653
Depreciable assets:					
Land improvements		230	—	—	230
Buildings		535,203	—	(1,373)	533,830
Building improvements		118,562	837	14,383	133,782
Leasehold improvements		—	—	1,416	1,416
Infrastructure		60,173	223	2,301	62,697
Equipment and other assets		78,289	821	4,099	83,209
Total depreciable assets		792,457	1,881	20,826	815,164
Total capital assets		851,991	62,180	(5,354)	908,817
Accumulated depreciation:					
Land improvements		(183)	(9)	—	(192)
Buildings		(145,616)	(10,640)	189	(156,067)
Building improvements		(28,866)	(4,626)	1,259	(32,233)
Leasehold improvements		—	—	—	—
Infrastructure		(13,239)	(2,347)	333	(15,253)
Equipment and other assets		(62,614)	(3,577)	—	(66,191)
Total accumulated depreciation		(250,518)	(21,199)	1,781	(269,936)
Capital assets, net	$	601,473	40,981	(3,573)	638,881

Notes to the Financial Statements ($ in thousands)

2015 Capital Asset Activity		Beginning balance	Additions	Transfers/ retirements	Ending balance
Nondepreciable assets:					
Land	$	22,148	—	—	22,148
Works of art/historical treasures		592	—	—	592
Construction in progress		15,561	32,364	(11,131)	36,794
Total nondepreciable assets		38,301	32,364	(11,131)	59,534
Depreciable assets:					
Land improvements		230	—	—	230
Buildings		535,074	—	129	535,203
Building improvements		112,023	488	6,051	118,562
Infrastructure		55,967	529	3,677	60,173
Equipment and other assets		75,875	1,140	1,274	78,289
Total depreciable assets		779,169	2,157	11,131	792,457
Total capital assets		817,470	34,521	—	851,991
Accumulated depreciation:					
Land improvements		(174)	(9)	—	(183)
Buildings		(134,878)	(10,738)	—	(145,616)
Building improvements		(24,386)	(4,480)	—	(28,866)
Infrastructure		(11,641)	(1,598)	—	(13,239)
Equipment and other assets		(58,736)	(3,878)	—	(62,614)
Total accumulated depreciation		(229,815)	(20,703)	—	(250,518)
Capital assets, net	$	587,655	13,818	—	601,473

Notes to the Financial Statements ($ in thousands)

As of June 30, 2016 and 2015, the College's bond obligations were collateralized by buildings and equipment with a book value of $506,790 and $501,704, respectively. During fiscal years 2016 and 2015, interest income on bond construction funds for Series 2010 A, 2010 B, and 2013 A bonds was $58 and $26, respectively. Interest expense on these same bond funds was $1,652 and $1,657 for 2016 and 2015, respectively. Net interest costs of $1,594 and $1,631 for fiscal years 2016 and 2015, respectively, was capitalized and included in construction in progress.

(7) Restricted Deposits Held with Trustees

Deposits held with trustees represent restricted funds held by U.S. Bank and BNY Mellon (the trustees), under the terms of various lease agreements, bond indentures and grant agreements. Restricted deposits held with trustees are carried in the financial statements at fair value and consist of short-term investments and government securities. As of June 30, 2016 and 2015, deposits held with trustees include the following:

Restricted Deposits Held with Trustees		2016	2015
Construction funds	$	17,015	24,174
Grant related deposits		11,523	14,230
Debt service (principal and interest)		19,841	19,840
	$	48,379	58,244

As of June 30, 2016 and 2015, the College's restricted deposits held with trustees are invested in money market funds or U.S. Treasury notes or government securities guaranteed by the U.S. government. The U.S. Treasury notes, government securities, and money market funds are all rated Aaa. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2016 and 2015, the College holds $48,379 and $58,244, respectively, in restricted deposits held by trustees comprised of money market funds and U. S. Treasury notes and government securities which are categorized as Level 1. The following table summarizes restricted deposits held with trustees maturities as of June 30, 2016 and 2015:

2016 Restricted Deposits Held with Trustees			Investment maturities (in years)
Investment type		Fair value	Less than 1
Money market funds	$	32,126	32,126
U. S. Treasury notes and government securities		16,253	16,253
	$	48,379	48,379

Notes to the Financial Statements ($ in thousands)

2015			
Restricted Deposits Held with Trustees			
			Investment maturities (in years)
Investment type		**Fair value**	**Less than 1**
Money market funds	$	37,166	37,166
U. S. Treasury notes and government securities		21,078	21,078
	$	58,244	58,244

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2016 and 2015:

Accounts Payable and Accrued Expenses			
		2016	**2015**
Bond principal and interest	$	19,841	19,395
Vendors		6,723	6,615
Accrued salaries and benefits		3,909	4,328
Accrued expenses – construction		6,006	7,056
Total	$	36,479	37,394

(9) Noncurrent Liabilities

The College is obligated under lease agreements associated with various revenue bonds issued by the New Jersey Educational Facilities Authority to finance the construction and acquisition of dormitories, parking garages, equipment, academic facilities, a co-generation plant, and student recreational facilities.

The following is a breakout of bonds payable and other long-term obligations, as of June 30, 2016 and 2015:

Notes to the Financial Statements ($ in thousands)

Bonds Payable and Other Long-Term Obligations		2016	2015
Bonds payable:			
New Jersey Educational Facilities Authority:			
2008 Series D (interest 4.00% to 5.00%, due serially starting on July 1, 2010 to July 1, 2028)	$	60,275	147,165
2008 Series D (interest 5.00%, maturing on July 1, 2035)		96,545	127,455
2010 Series B (interest 4.878% to 7.395%, maturing on July 1, 2016 through July 1, 2040)		40,145	41,090
2012 Series A (interest 2.00% to 5.00%, maturing on July 1, 2019)		14,385	18,590
2013 Series A (interest 4.00% to 5.00%, due serially starting on July 1, 2016 to July 1, 2033)		11,870	12,320
2013 Series A (interest 5.00%, maturing on July 1, 2038)		5,545	5,545
2013 Series A (interest 5.00%, maturing on July 1, 2043)		7,085	7,085
2015 Series G (interest 3.25% to 5.00%, maturing on July 1, 2019 through July 1, 2031)		114,525	—
Subtotal bonds payable		350,375	359,250
Add:			
Bond premium		16,362	9,169
Total bonds payable	$	366,737	368,419
Other long-term obligations:			
Dormitory Safety Trust Fund (interest 0%, maturing on January 15, 2018)	$	60	178
Higher Education Capital Improvement Fund (interest 4.52% to 5.25%, maturing on August 15, 2022)		5,502	5,910
Higher Education Equipment Leasing Fund (interest 5.00%, maturing on May 1, 2023)		1,242	1,387
Total other long-term obligations	$	6,804	7,475

Notes to the Financial Statements ($ in thousands)

Aggregate principal and interest repayments required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2016 and 2015:

Principal and Interest Repayments					
		Bond Principal	Other long-term obligations principal	Bond interest	Other long-term obligations interest
Year ending June 30:					
2017	$	11,520	611	17,678	300
2018		12,185	641	17,098	271
2019		13,330	639	16,524	242
2020		14,065	667	15,890	213
2021		14,735	699	15,254	182
2022-2026		80,610	3,547	64,383	174
2027-2031		90,980	—	43,534	—
2032-2036		93,385	—	19,209	—
2037-2041		16,520	—	3,667	—
2042-2043		3,045	—	230	—
	$	350,375	6,804	213,467	1,382

Noncurrent liabilities activity for the years ended June 30, 2016 and 2015 is as follows:

2016 Noncurrent Liabilities Activity						
		Beginning balance	Additions	Deductions	Ending balance	Current portion
Noncurrent liabilities:						
Compensated absences	$	4,070	582	(709)	3,943	3,528
U.S. and Government grants refundable		4,414	—	(84)	4,330	—
Unearned revenues and student deposits		14,368	5,500	(9,613)	10,255	913
Bonds payable, net		368,419	125,611	(127,293)	366,737	13,275
Other long-term obligations		7,475	—	(671)	6,804	611
Net pension liability		117,547	26,671	(1,408)	142,810	—
Total noncurrent liabilities	$	516,293	158,364	(139,778)	534,879	18,327

Notes to the Financial Statements ($ in thousands)

2015 Noncurrent Liabilities Activity		Beginning balance	Additions	Deductions	Ending balance	Current portion
Noncurrent liabilities:						
Compensated absences	$	3,932	905	(767)	4,070	3,637
U.S. and Government grants refundable		4,414	—	—	4,414	—
Unearned revenues and student deposits		10,285	11,908	(7,825)	14,368	2,224
Bonds payable, net		379,360	—	(10,941)	368,419	11,884
Other long-term obligations		8,097	—	(622)	7,475	671
Net pension liability*		111,592	10,556	(4,601)	117,547	—
Total noncurrent liabilities	$	517,680	23,369	(24,756)	516,293	18,416

*The beginning balance of the net pension liability is a restatement as a result of the adoption of GASB 68.

In September 2015, the New Jersey Educational Facilities Authority issued tax-exempt 2015 Series G Revenue Refunding Bonds to advance refund a portion of the 2008 Series D bonds by establishing an escrow account with Treasury securities, the cash flow from which will be sufficient to pay principal and interest on the refunded bonds through their call date of July 1, 2018, at which point the refunded bonds will be called at par. The refunded 2008 Series D bonds totaled $112,665 and included approximately 62.6% of the principal outstanding of the serial bonds maturing from 2019 through 2028 and the sinking fund payments occurring in 2029 through 2031 of the term bond maturing in 2035. The refunded 2008 Series D bonds have been legally defeased and have been removed from the College's financial statements. The 2015 Series G serial bonds totaling $114,525 carry coupon rates ranging from 3.25% to 5.00% and mature July 1, 2019 through July 1, 2031. The bonds were issued with a premium of $11,086 and the College incurred $631 in bond issue costs which were expensed during the year ended June 30, 2016. The College also recognized a loss on bond refunding of $18,040 which is reported as a deferred outflows of resources. In effect, the College reduced its aggregate debt service payments by $4,678 over the next 15 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $4,787.

(10) Benefits Paid by the State of New Jersey

The State, through separate appropriations, funds certain fringe benefits, principally healthcare costs and FICA taxes, on behalf of College employees and retirees. The costs of these benefits were funded directly by the State on behalf of the College and are included in the accompanying financial statements as part of nonoperating revenues and as operating expenses in various functional expense categories.

(11) Retirement Plans

(a) Introduction

The College participates in three cost-sharing, multiple-employer defined benefit retirement plans administered by the State of New Jersey, Division of Pensions and Benefits. These three plans are within the scope of GASB 68 and are as follows:

- Public Employees' Retirement System (PERS) – The College was determined to be a separate employer within the State Group of the plan. Although the State has historically provided the contribution, the special funding situation criteria was not met and the New Jersey statutes are silent as to the legal obligation. The College has recorded its proportionate share of the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to the PERS plan in the financial statements.

- Police and Firemen's Retirement System (PFRS) – The College was determined to be a separate employer within the State Group of the plan. Although the State has historically provided the contribution, the special funding situation criteria was not met and the New Jersey statutes are silent as to the legal obligation. The College has recorded its proportionate share of the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to the PFRS plan in the financial statements.

- Teachers' Pension and Annuity Fund (TPAF) – TPAF met the GASB 68 special funding situation criteria per the New Jersey statute and thus the net pension liability is recorded by the State of New Jersey. The College has recorded its proportionate share of the pension expense and related revenue in the statements of revenues, expenses and changes in net position.

Benefit and employer contribution provisions are established by state statute and the provisions of the aforementioned plans can only be amended by new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for PERS, PFRS and TPAF once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. Chapter 78, P.L. 2011 also suspended COLA increases for all active and future retirees of all State of New Jersey retirement plans.

A publicly available Comprehensive Annual Financial Report (CAFR) 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 plan's fiduciary net position, can be obtained at www.state.nj.us/treasury/pensions/annrprts.shtml or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

The College also participates in several defined contribution retirement plans, primarily the Alternative Benefit Program (ABP). Generally all employees, except certain part-time employees, participate in one of these plans. Under these plans, participants make annual contributions, and the State, in accordance with annual appropriations, makes employer contributions on behalf of the College for these plans. The College is charged for pension costs through a fringe benefit charge assessed by the State which is included within the state paid fringe benefits in the accompanying financial statements.

Notes to the Financial Statements ($ in thousands)

(b) Plan Descriptions

Public Employees' Retirement System

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Notes to the Financial Statements ($ in thousands)

Teachers' Pension and Annuity Fund

The vesting and benefit provisions for TPAF are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Plans

The ABP is a defined contribution plan that provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. The ABP is an agency fund overseen by the State of New Jersey Division of Pensions and Benefits.

Effective July 1, 2010, the College established two supplemental retirement plans – Supplemental Alternate Benefit Plan and Supplemental Retirement Plan – for the benefit of its eligible employees and the eligible employees of certain subsidiaries and affiliates that adopt the plans. The objective of the plans is to help provide for additional security on retirement, by means of employer contributions supplemental to those under the Alternate Benefit Program for the Supplemental Alternate Benefit Plan and supplemental to those under the Alternate Benefit Program and the Supplemental Alternate Benefit Plan for the Supplemental Retirement Plan.

Notes to the Financial Statements ($ in thousands)

(c) *Basis of Accounting and Valuation of Investments*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS, PFRS and TPAF and additions to/deductions from PERS', PFRS' and TPAF's fiduciary net position have been determined on the same basis as they are reported by the respective plans. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(d) *Contributions*

PERS, PFRS and TPAF covered employees are required by State statute to contribute a certain percentage of their salaries to the plan. The contribution requirements of employees are established and may be amended by the Pension Plan Design Committee of the respective plan. Each member's percentage is based on age determined at the effective date of enrollment. The employee contribution rates as a percentage of salary for the fiscal years ended June 30, 2016 and 2015 were as follows:

Defined Benefit Retirement Plan Employee Contribution Rates

	2016	2015
Public Employees' Retirement System	6.92%	6.78%
Police and Firemen's Retirement System	10.00%	10.00%
Teachers' Pension and Annuity Fund	6.92%	6.78%

The required employer contributions are actuarially determined. Chapter 1, P.L. 2010 required the State of New Jersey to resume making actuarially recommended contributions to the defined benefit pension plans on behalf of the employers on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012.

The State's contributions made subsequent to the measurement date to the PERS, PFRS and TPAF plans on behalf of the College for the fiscal years ended June 30, 2016 and 2015 were as follows:

Defined Benefit Retirement Plan Employer Contributions

		2016	2015
Public Employees' Retirement System	$	1,941	883
Police and Firemen's Retirement System		231	236
Teachers' Pension and Annuity Fund		—	—
Total	$	2,172	1,119

The above contributions are recognized in the financial statements as deferred outflows of resources.

Notes to the Financial Statements ($ in thousands)

(e) Pension Amounts

Net pension liability amounts recorded within the College's financial statements are measured as of June 30, 2015. The College's proportion of the respective plans' net pension liability was based on the ratio of the employer contributions made related to the College's employees to the total contributions made by all participating State-group employers for the fiscal year ended June 30, 2015. Pension expense is recognized within the functional classifications in the statements of revenues, expenses and changes in net position.

2016

Summary of Pension Amounts

		PERS	PFRS	TPAF*
College proportionate share of the net pension liability	$	135,548	7,262	4,749
College proportion of the net pension liability - State group:				
2015		0.571%	0.169%	0.008%
College proportion of the net pension liability - Plan as a whole:				
2015		0.294%	0.032%	—%
Deferred outflows of resources		16,845	1,911	N/A
Deferred inflows of resources		669	55	N/A
Net pension expense		9,889	848	290

* TPAF meets the special funding situation criteria of GASB 68. The proportionate share of the net pension liability shown here is the portion of the State's net pension liability attributable to the College, and is 100% of the amount attributable to the College. The amount of pension expense disclosed is also recognized as revenue by the College.

Notes to the Financial Statements ($ in thousands)

2015 Summary of Pension Amounts		PERS	PFRS	TPAF*
College proportionate share of the net pension liability	$	112,127	5,420	4,666
College proportion of the net pension liability - State group:				
2014		0.557%	0.153%	0.009%
College proportion of the net pension liability - Plan as a whole:				
2014		0.289%	0.031%	—%
Deferred outflows of resources		3,702	879	N/A
Deferred inflows of resources		3,403	134	N/A
Net pension expense		6,565	528	251

* TPAF meets the special funding situation criteria of GASB 68. The proportionate share of the net pension liability shown here is the portion of the State's net pension liability attributable to the College, and is 100% of the amount attributable to the College. The amount of pension expense disclosed is also recognized as revenue by the College.

2016 Deferred Outflows of Resources from Pensions		PERS	PFRS
Difference between expected and actual experience	$	1,895	—
Changes in assumptions		10,332	745
Changes in proportion		2,677	915
Net difference between projected and actual investment earnings		—	20
Contributions paid to plan subsequent to measurement date**		1,941	231
Total	$	16,845	1,911

** The contributions paid to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2017.

Notes to the Financial Statements ($ in thousands)

2015			
Deferred Outflows of Resources from Pensions			
		PERS	**PFRS**
Changes in assumptions	$	2,473	110
Changes in proportion		346	533
Contributions paid to plan subsequent to measurement date**		883	236
Total	$	3,702	879

** The contributions paid to the plan subsequent to the measurement date were recognized as a reduction of the net pension liability in fiscal year 2016.

2016			
Deferred Inflows of Resources from Pensions			
		PERS	**PFRS**
Difference between expected and actual experience	$	—	55
Net difference between projected and actual investment earnings on pension plan investments		669	—
Total	$	669	55

2015			
Deferred Inflows of Resources from Pensions			
		PERS	**PFRS**
Net difference between projected and actual investment earnings on pension plan investments	$	3,403	134
Total	$	3,403	134

Notes to the Financial Statements ($ in thousands)

The following table displays the net deferred outflows of resources and deferred inflows of resources that will be recognized in pension expense or that will be recognized as a reduction of the net pension liability:

Future Recognition of Net Deferred Outflows (Inflows) of Resources			
		PERS	PFRS
2017	$	2,804	360
2018		2,804	360
2019		2,804	360
2020		3,676	397
2021		2,147	148
Total deferrals recognized as pension expense		14,235	1,625
Deferred outflows recognized as a reduction to net pension liability		1,941	231
Net deferred outflows	$	16,176	1,856

(f) *Defined Benefit Plan Assumptions*

The College's June 30, 2016 net pension liability for each plan was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of July 1, 2014 rolled forward to June 30, 2015. The College's June 30, 2015 net pension liability for each plan was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of July 1, 2013 rolled forward to June 30, 2014. The total pension liability for each plan was determined using the following actuarial assumptions, applied to all periods in the measurement:

Notes to the Financial Statements ($ in thousands)

2016 Actuarial Methods and Assumptions	PERS	PFRS	TPAF
Valuation date	7/1/2014	7/1/2014	7/1/2014
Measurement date	6/30/2015	6/30/2015	6/30/2015
Inflation rate	3.04%	3.04%	2.50%
Salary increases:			
2012-2021	2.15% - 4.40% based on age	2.60% - 9.48% based on age	Varies based on experience
Thereafter	3.15% - 5.40% based on age	3.60% - 10.48% based on age	Varies based on experience
Investment rate of return	7.90%	7.90%	7.90%
Municipal bond rate:			
2015	3.80%	3.80%	3.80%
Discount rate:			
2015	4.90%	5.79%	4.13%
Experience study dates	7/1/2008 - 6/30/2011	7/1/2010 - 6/30/2013	7/1/2009 - 6/30/2012

2015 Actuarial Methods and Assumptions	PERS	PFRS	TPAF
Valuation date	7/1/2013	7/1/2013	7/1/2013
Measurement date	6/30/2014	6/30/2014	6/30/2014
Inflation rate	3.01%	3.01%	2.50%
Salary increases:			
2012-2021	2.15% - 4.40% based on age	3.95% - 8.62% based on age	Varies based on experience
Thereafter	3.15% - 5.40% based on age	4.95% - 9.62% based on age	Varies based on experience
Investment rate of return	7.90%	7.90%	7.90%
Municipal bond rate:			
2014	4.29%	4.29%	4.29%
Discount rate:			
2014	5.39%	6.32%	4.68%
Experience study dates	7/1/2008 - 6/30/2011	7/1/2007 - 6/30/2010	7/1/2009 - 6/30/2012

For the June 30, 2015 measurement date, mortality rates for the PERS were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback three years for males and one year for females) were used to value disabled retirees.

For the June 30, 2015 measurement date, mortality rates for the PFRS were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates for the PFRS were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For the June 30, 2014 measurement date, mortality rates for the PERS and PFRS were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 for PERS and 2011 for PFRS based on Projection Scale AA.

For the June 30, 2015 and 2014 measurement dates, mortality rates for the TPAF were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus fifteen years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus seven years to account for future mortality improvement.

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 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 rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially recommended contributions for PERS and based on the average of the last five years' contributions for PFRS and TPAF. Based on those assumptions, the plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS, 2045 for PFRS and 2027 for TPAF. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS, 2045 for PFRS and 2027 for TPAF and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability for each plan.

Notes to the Financial Statements ($ in thousands)

Long-term Expected Rate of Return

In accordance with State statute, 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, the board of trustees and the actuaries. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of the pension plan's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following tables:

2016				
Target Asset Allocation and Long-Term Expected Rate of Return				
	PERS and PFRS		**TPAF**	
	Target Allocation	**Long-term Expected Real Rate of Return**	**Target Allocation**	**Long-term Expected Real Rate of Return**
Cash	5.00%	1.04%	5.00%	0.53%
Core bonds	1.75%	1.64%	1.75%	1.39%
Intermediate-grade credit	10.00%	1.79%	N/A	N/A
U.S. credit bonds	N/A	N/A	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High yield bonds	2.00%	4.03%	2.00%	4.57%
Inflation-indexed bonds	1.50%	3.25%	1.50%	1.47%
Broad U.S. equities	27.25%	8.52%	27.25%	5.63%
Developed foreign equities	12.00%	6.88%	12.00%	6.22%
Emerging market equities	6.40%	10.00%	6.40%	8.46%
Private equity	9.25%	12.41%	9.25%	9.15%
Hedge funds - absolute return	12.00%	4.72%	N/A	N/A
Hedge funds - multi-strategy	N/A	N/A	4.00%	4.59%
Hedge funds - equity hedge	N/A	N/A	4.00%	5.68%
Hedge funds - distressed	N/A	N/A	4.00%	4.30%
Real estate (property)	2.00%	6.83%	N/A	N/A
Real estate (REITs)	4.25%	5.12%	N/A	N/A
Private real estate	N/A	N/A	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Global debt ex U.S.	3.50%	-0.40%	N/A	N/A
Timber	N/A	N/A	1.00%	4.09%
Farmland	N/A	N/A	1.00%	4.61%

Notes to the Financial Statements ($ in thousands)

2015				
Target Asset Allocation and Long-Term Expected Rate of Return				
	PERS and PFRS		**TPAF**	
	Target Allocation	**Long-term Expected Real Rate of Return**	**Target Allocation**	**Long-term Expected Real Rate of Return**
Cash	6.00%	0.80%	6.00%	0.50%
Core fixed income	N/A	N/A	N/A	2.19%
Core bonds	1.00%	2.49%	1.00%	1.38%
Short-term bonds	N/A	N/A	N/A	1.00%
Intermediate-term bonds	11.20%	2.26%	11.20%	2.60%
Long-term bonds	N/A	N/A	N/A	3.23%
Mortgages	2.50%	2.17%	2.50%	2.84%
High yield bonds	5.50%	4.82%	5.50%	4.15%
Non-US fixed income	N/A	N/A	N/A	1.41%
Inflation-indexed bonds	2.50%	3.51%	2.50%	1.30%
Broad US equities	25.90%	8.22%	25.90%	5.88%
Large cap US equities	N/A	N/A	N/A	5.62%
Mid cap US equities	N/A	N/A	N/A	6.39%
Small cap US equities	N/A	N/A	N/A	7.39%
Developed foreign equities	12.70%	8.12%	12.70%	6.05%
Emerging market equities	6.50%	9.91%	6.50%	8.90%
Private equity	8.25%	13.02%	8.25%	9.15%
Hedge funds/absolute return	12.25%	4.92%	12.25%	3.85%
Real estate (property)	3.20%	5.80%	3.20%	4.43%
Real estate (REITS)	N/A	N/A	N/A	5.58%
Commodities	2.50%	5.35%	2.50%	3.60%
Long credit bonds	N/A	N/A	N/A	3.74%

Notes to the Financial Statements ($ in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following tables present the College's proportionate share of the collective net pension liability for the PERS and PFRS as of June 30, 2015 and 2014 calculated using the discount rate as disclosed above for each plan as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

2016 Sensitivity of the Net Pension Liability			
Pension Plan	**1.0% decrease in discount rate**	**At current discount rate**	**1.0% increase in discount rate**
PERS (3.90%, 4.90%, 5.90%)	158,861	135,548	116,079
PFRS (4.79%, 5.79%, 6.79%)	8,744	7,262	6,058

2015 Sensitivity of the Net Pension Liability			
Pension Plan	**1.0% decrease in discount rate**	**At current discount rate**	**1.0% increase in discount rate**
PERS (4.39%, 5.39%, 6.39%)	132,435	112,127	95,096
PFRS (5.32%, 6.32%, 7.32%)	6,553	5,420	4,487

(g) *Alternate Benefit Program*

The ABP currently provides the choice of seven investment carriers: Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), VALIC, AXA Financial (Equitable), Met Life, MassMutual (formerly The Hartford), VOYA Financial Services and Prudential Retirement Services. The College assumes no liability for ABP members other than payment of contributions. A separate board of trustees administers ABP alternatives. The State and Social Security Law establishes participation eligibility as well as contributory and noncontributory requirements.

Notes to the Financial Statements ($ in thousands)

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pretax basis. Employer contributions for the ABP are 8%. During the years ended June 30, 2016 and 2015, ABP investment carriers received employer and employee contributions as follows:

ABP Employer and Employee Contributions			
		2016	2015
Employer contributions	$	4,859	4,693
Employee contributions		6,796	6,277
Participating employees' salaries		60,732	58,665

Employer contributions to the ABP are paid by the State and are reflected in the accompanying financial statements as nonoperating revenue under New Jersey State appropriations and as operating expenses in various functional expense categories.

(h) Supplemental Alternate Benefit Program

The plan is administered by the College. TIAA-CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the College with non-State funds. The plan is intended to qualify as a governmental plan that is a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code of 1986, as amended. It is also intended that the Plan be exempt from the Employee Retiree Income Security Act of 1974, as amended, pursuant to Department of Labor regulations section 2510.3-2(f). Each employee whose compensation exceeds the State limit on contributions for the ABP in a given year shall be eligible to participate in the plan and have employer contributions made on their behalf. The College will contribute 8% of the employee's compensation in excess of the State limit on compensation. The accumulated base salary limit during each calendar year is $141. There were no employee contributions during fiscal years 2016 and 2015. The employer contributions made during fiscal years 2016 and 2015 were $95 and $98, respectively.

(i) Post-employment Benefits Other Than Pension

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the College's retired employees. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey's mandatory pension plans. Employees retiring with 25 years of service credit after June 30, 1997 may share in the cost of health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, the amounts are not available to the College and no expenses or liabilities for benefits are reflected in the College's financial statements.

(12) Compensated Absences

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the sick leave accumulation at the pay rate in effect at the time of retirement up to a maximum of $15 per employee. Employees separating from College service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the College recorded a liability for accumulated sick leave balances in the amount of $415 and $433 as of June 30, 2016 and 2015, respectively, which is reflected in compensated absences in the accompanying financial statements.

The College is required to pay non-faculty employees for their accumulated vacation time upon their separation or retirement. The liability was $3,195 and $3,229 as of June 30, 2016 and 2015, respectively, and is reflected in compensated absences in the accompanying financial statements.

The College is required to pay employees for their accumulated bank leave time upon their separation or retirement. As of June 30, 2016 and 2015 a liability of $333 and $408, respectively, was included in compensated absences in the accompanying financial statements.

(13) Contingencies

The College is a party to various pending legal actions and other claims in the normal course of business. Management of the College is of the opinion that the outcome thereof will not have a material effect on its financial position based on legal representation letters obtained from outside counsel.

(14) Government Relations and Legal Fees

The New Jersey Higher Education Restructuring Act of 1994 requires the College to disclose the costs incurred associated with government and public relations and legal costs. During the years ended June 30, 2016 and 2015, the College expended $346 and $340 for government and public relations, and $75 and $95 for legal fees, respectively.

(15) The College of New Jersey Foundation, Inc.

Component Unit

The College of New Jersey Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the organization with a fiscal year end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the Foundation's assets are used exclusively for the benefit, support, and promotion of the College and its educational activities. The Foundation meets the criteria to be discretely presented in the College's financial statements. Complete financial statements for the Foundation can be obtained from the College at 2000 Pennington Road, Ewing, NJ 08628.

Investments

The Foundation has an investment policy which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2016 and 2015:

Notes to the Financial Statements ($ in thousands)

Investments

		2016	2015
Cash and cash equivalents	$	2,660	3,927
U.S. Treasury bills and notes and Government agencies		2,354	2,414
Corporate bonds		634	567
Equity securities		18,150	18,422
Mutual funds		7,465	4,741
Exchange-traded funds		485	362
Alternative investments:			
Private equity		547	497
Hedge fund		308	351
Managed futures		216	209
Common trust funds		612	749
	$	33,431	32,239

The Foundation's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

Within the Foundation's investment policy guidelines, the policy gives investment money managers and investment funds full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups.

The following are guidelines to be followed by the investment advisors in the selection of investment money managers:

- Domestic equities may be selected from the New York, American and Regional Stock Exchanges, or the NASDAQ markets. The cost of an individual security in the portfolio at purchase may not exceed 5% of the total market value of that portfolio. Individual securities held in a portfolio must not exceed 5% of the portfolio on a cost basis. Mutual funds and investment money managers are not to be included in this limitation.
- Only international managers experienced in trade on foreign exchanges shall handle investments in international equities.
- Managers may use a mutual fund as a means of participating in international equities, with prior approval of the Investment Committee.

Notes to the Financial Statements ($ in thousands)

- Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at the time of purchase.
- Commercial paper must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively.
- Bankers' acceptances and certificates of deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Uninvested cash reserves should be kept to minimum levels. In any instance where the total funds on deposit with a financial institution exceeds the insurance coverage provided by the FDIC or FSLIC, collateral security or its equivalent shall be required.
- Fixed income investments will include U.S. Treasury and Federal agency debt obligations, corporate bonds, mortgages, asset backed securities and preferred stocks. By design, the managers should focus on fixed income securities of the highest quality, thereby reducing investment risk. With the exception of Federal Government issues, no single issue should exceed 4% and no industry group should exceed 10% of the aggregate fixed income portfolio without the Investment Committee's prior approval. The average credit quality of the fixed income or convertible portfolio should be rated investment grade or better. The average maturity of the fixed income portfolio may not exceed 12 years and the average duration of the fixed income portfolio should not exceed 10 years.

As of June 30, 2016, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

2016 Fixed Income Investments Ratings				
Rating	**Total**	**U.S. Treasury bills and notes**	**U.S. Government agencies**	**Corporate bonds**
Aaa	$ 2,442	1,411	943	88
Aa2	16	—	—	16
Aa3	8	—	—	8
A1	47	—	—	47
A2	75	—	—	75
A3	149	—	—	149
Baa1	169	—	—	169
Baa2	64	—	—	64
Baa3	18	—	—	18
Total	$ 2,988	1,411	943	634

Notes to the Financial Statements ($ in thousands)

As of June 30, 2015, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

2015 Fixed Income Investments Ratings					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,479	1,505	909	65
Aa1		30	—	—	30
Aa2		20	—	—	20
Aa3		23	—	—	23
A1		35	—	—	35
A2		86	—	—	86
A3		119	—	—	119
Baa1		103	—	—	103
Baa2		51	—	—	51
Baa3		24	—	—	24
Ba1		11	—	—	11
Total	$	2,981	1,505	909	567

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2016, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

2016 Fixed Income Investments Maturity					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	99	50	—	49
1 – 5		1,086	715	89	282
6 – 10		602	418	11	173
Greater than 10		1,201	228	843	130
Total	$	2,988	1,411	943	634

Notes to the Financial Statements ($ in thousands)

As of June 30, 2015, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

2015 Fixed Income Investments Maturity					
Maturing in years		**Total**	**U.S. Treasury bills and notes**	**U.S. Government agencies**	**Corporate bonds**
Less than 1	$	146	97	49	—
1 – 5		896	551	88	257
6 – 10		923	687	12	224
Greater than 10		1,016	170	760	86
Total	$	2,981	1,505	909	567

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U.S. Treasury bills and notes – The fair value of U.S. Treasury bills and notes are based on prices quoted in active markets for those securities.

- U.S. Government agencies – The fair value of government agencies are based on a multi-dimensional relational model. Standard inputs to the pricing model for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Corporate bonds – The fair value of corporate bonds are based on a multi-dimensional relational model. Standard inputs to the pricing methods for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. These investments are classified as Level 1. Equity securities classified in Level 2 of the fair value hierarchy are valued at quoted market prices in the over-the-counter (inactive) market. The price used as the fair value may be from a market transaction or a bid or ask price in the market that did not result in a transaction.
- Mutual funds – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- Exchange-traded funds – The fair value of exchange-traded funds are based on the quoted market price on an active market as of the measurement date.
- Alternative investments – Alternative investments are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.
- Cash and cash equivalent – These investments are measured at amortized cost and have been excluded from fair value leveling.

Notes to the Financial Statements ($ in thousands)

The Foundation's investments at June 30, 2016 are summarized in the following table by their fair value hierarchy:

2016					
Investments Measured at Fair Value					
			Fair value measurements using		
Investment		**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level					
U.S. Treasury bills and notes	$	1,411	1,411	—	—
U.S. Government agencies		943	—	943	—
Corporate bonds		634	—	634	—
Equity securities		18,150	18,141	9	—
Mutual funds		7,465	7,465	—	—
Exchange-traded funds		485	485	—	—
Total investments by fair value level		29,088	27,502	1,586	—
Investments measured at net asset value (NAV)					
Private equity		547			
Hedge fund		308			
Managed futures		216			
Common trust funds		612			
Total investments measured at NAV		1,683			
Total investments measured at fair value	$	30,771			

Notes to the Financial Statements ($ in thousands)

The Foundation's investments at June 30, 2015 are summarized in the following table by their fair value hierarchy:

2015					
Investments Measured at Fair Value					
			Fair value measurements using		
Investment		**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level					
U.S. Treasury bills and notes	$	1,505	1,505	—	—
U.S. Government agencies		909	—	909	—
Corporate bonds		567	—	567	—
Equity securities		18,422	18,422	—	—
Mutual funds		4,741	4,741	—	—
Exchange-traded funds		362	362	—	—
Total investments by fair value level		26,506	25,030	1,476	—
Investments measured at net asset value (NAV)					
Private equity		497			
Hedge fund		351			
Managed futures		209			
Common trust funds		749			
Total investments measured at NAV		1,806			
Total investments measured at fair value	$	28,312			

Notes to the Financial Statements ($ in thousands)

The fair value as of June 30, 2016 and 2015 and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments Measured at NAV						
		Fair value			Redemption frequency	Redemption
Investment		2016	2015	Redemption restriction	(if currently eligible)	notice period
Private equity	$	547	497	Quarterly redemption limit	Quarterly	65 days
Hedge fund		308	351	Quarterly redemption limit	Quarterly	67 days
Managed futures		216	209	None	Semi-monthly	8 days
Common trust funds		612	749	Cannot be redeemed	N/A	N/A
Total investments measured at NAV	$	1,683	1,806			

As of June 30, 2016 and 2015, the Foundation had no unfunded commitments for investments measured at NAV.

The investment strategy, valuation method and redemption terms for the investments measured as NAV are discussed below.

Private equity: This type is an investment in one multi-strategy private equity fund that invests in direct, secondary and primary private equity investments across a range of geographic markets, investment types and vintage years. The objective of the fund is to generate returns by systematically overweighting the vehicles, segments and opportunities it believes offer the best relative value at a point in time. Redemptions may be requested quarterly by tender offer with 65 days' notice. The fund's board of managers has the sole discretion to repurchase units from a tender offer due to the illiquid nature of the fund. The fund limits the redemptions each quarter to no more than 5% of the fund's net asset value. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

Hedge fund: This type is an investment in one multi-manager fund of funds that invests in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies including directional equity, directional macro, event driven and relative value. Redemptions may be requested quarterly by tender offer with 67 calendar days' notice. The fund's board of directors has the sole discretion to repurchase units with a tender offer. The fund limits the redemptions each quarter to 5-25% of the fund's net asset value. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

Managed futures: This type is an investment in one fund that engages in systematic speculative trading of futures and forward contracts on a wide range of commodities including agriculture, currencies, energy, interest rates, metals and stock indices. The fund employs both short-term trading and long-term trend-following strategies using multiple time frames. Redemptions may be requested semi-monthly with 8 business days' notice. There are no restrictions or limits on redemptions. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

Common trust funds: This type consists of investments in ten common trust funds that invest in a variety of debt and equity strategies including small- and mid-cap growth and value, emerging markets, international equities, dividend income, high quality equities and aggregate bonds. These funds are held within an irrevocable trust of which the Foundation is a beneficiary. The investments in these common trust funds cannot be redeemed. The Foundation is currently receiving income earned on the investments. Distributions from the liquidation of the underlying assets are unknown at this time. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

(16) Risk Management

The College is exposed to various risks of loss. The College purchased and funds property and casualty insurances through a joint insurance program with the nine State of New Jersey Public Colleges and Universities. The College's risk management program involves insurance for all property risk in the joint insurance program and all liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long term disability, unemployment liability, life insurance and employee retirement programs).

Buildings, plants, and equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed $100 per occurrence with a per occurrence limit of $1,500,000. Commercial crime insurance coverage provides money and securities coverage for an actual loss in excess of $75 with a per loss limit of $5,000. In addition to the insurance purchased and maintained through the consortium, the College maintains two additional policies. The first is a student blanket professional liability insurance policy with a limit of $2,000 per claim and a $5,000 aggregate. The second is a museum collection and temporary loans policy with a $500 limit.

As an instrumentality of the State of New Jersey the liability of the College is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1-1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13-1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties.

All insurance policies are renewed on an annual basis. All of the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature. There has been no decrease in insurance coverage during the current year. There have been no settlements in excess of insurance coverage in the past three years.

(17) Campus Town Development

The College is participating in a public-private partnership with a private real estate corporation to develop approximately 13 acres of land adjacent to the College into a mixed use retail/student housing complex. This project, called Campus Town, which is projected to cost approximately $85 million for Phase One, was made possible pursuant to the provisions of the New Jersey Economic Stimulus Act of 2009. In February 2015, the College and the developer agreed to expand the project to include two additional residential buildings in Phase Two of the project. The partnership has been structured to include no direct financial obligation of the College to support the project. Planning, design, construction, operation, preventative maintenance and capital renewal of the project are all borne by the developer.

The Ground Lease for Campus Town was executed by all parties at closing on April 4, 2014. The term of the Ground Lease is 50 years and the Developer agrees to make Basic Rent payments of $400 on the rent commencement date (earlier of first day of twenty-fifth calendar month following month in which the initial Certificate of Occupancy date occurs or in which the Outside Completion date occurs) in accordance with the lease agreement, increasing by an Additional Applicable Increase Rent of $25 annually for the duration of the Ground Lease term. In addition to the Basic and Applicable Increase Rent, after the seventh year of the lease, the Developer will also pay Supplemental Rent in accordance with the lease agreement. The developer will set rental rates for the student housing units and the College will treat this similarly to other off-campus housing it does not own and manage. There were no rental payments by the developer during fiscal years 2016 and 2015. The College will not be providing any financial assistance to the developer. Upon expiration of the lease term the premises will revert to the College.

Phase One of the project opened on schedule for student housing in August 2015 for the fall semester of 2015. Phase Two of the project opened on schedule for student housing in August 2016 for the fall semester of 2016. Bond rating agencies do not include any Campus Town debt in their calculations of the College’s debt burden given the state's legislation prohibiting the College from financing any portion of Campus Town, or being financially obligated.

Notes to the Financial Statements ($ in thousands)

The College entered into an agreement on April 4, 2014 to lease a space from the Developer to operate a fitness center on the Campus Town premises. The lease term is 10 years beginning August 2015 with two options to renew for an additional five years. The Base Rent for year one is $196 annually plus Additional Rent equal to the College's percentage of the cost of expenses as included in the lease agreement. Future years' Base Rent will also increase in accordance with the lease agreement. Rental payments did not begin until the Rent Commencement Date (September 14, 2015) in accordance with the lease agreement. In fiscal year 2016 there were rental payments by the College totaling $156. The minimum annual base rental commitments approximate the following:

Annual Rental Commitments		
		Amount
Year ending June 30:		
2017	$	198
2018		202
2019		206
2020		211
2021		215
2022-2026		961
	$	1,993

Under the fitness center lease agreement, the College is responsible for the capital tenant improvements to prepare the leased property for its intended use. As of June 30, 2016 and 2015, $1,416 and $108, respectively, of capital construction costs have been incurred and were recorded as leasehold improvements in the statements of net position. The cost of these leasehold improvements will be depreciated on a straight-line basis over the 10 year term of the lease agreement.

To facilitate the construction and operation of the bookstore in Campus Town, the Corporation was engaged to act as an intermediary between the College, Barnes & Noble College Booksellers, LLC (Barnes & Noble) and PRC Campus Partners, LLC (PRC). The Corporation entered into a ten year service management agreement dated April 4, 2014 with Barnes & Noble to manage and operate a hybrid campus and general interest retail bookstore in the space leased by the Corporation in the Campus Town development. Beginning on the Bookstore Services Commencement Date (August 3, 2015), Barnes & Noble will pay the Corporation a minimum annual guaranteed commission of $650 with additional commission paid based on the specified percentages of gross sales in accordance with the agreement terms. After the Corporation pays the space rental payments to the landlord and other operational costs and deducts certain amounts for tenant fit-out as described below, excess commission will be transferred to the College. In fiscal year 2016, there was no excess commission to be transferred to the College.

Notes to the Financial Statements ($ in thousands)

The Chairmen of the Corporation Board of Directors and the College Board of Trustees executed an agreement dated July 7, 2015 whereby the College provided $250 to the Corporation for reimbursement of the bookstore fit-out and tenant improvement costs. Additionally, the agreement stipulates that the remainder of the fit-out and tenant improvement costs of $1,085 are to be repaid to the Corporation from the bookstore commission revenue during the first five years of the Barnes & Noble agreement based on a capital reimbursement schedule. The amount repaid for year one for the year ended June 30, 2016 was $180. The remaining years two through five are to be repaid as follows.

Capital Reimbursement Schedule

		Principal	Interest	Total
Year ending June 30:				
2017	$	193	33	226
2018		201	25	226
2019		209	17	226
2020		218	9	227
	$	821	84	905

(18) Subsequent Event

In August 2016, the New Jersey Educational Facilities Authority (NJEFA) issued Series 2016 F (tax-exempt) and Series 2016 G (Federally taxable) Revenue Refunding Bonds to advance refund a portion of the outstanding Series 2008 D bonds, advance refund all of the outstanding Series 2010 B (Build America Bonds – Direct Payment), and pay certain costs incidental to the issuance and sale of the Series 2016 F and Series 2016 G bonds. The Series 2016 F bonds totaling $87,925 consist of $74,950 of serial bonds carrying coupon rates ranging from 4.00% to 5.00% maturing through July 1, 2035 and a $12,975 term bond with an interest rate of 3.00% maturing on July 1, 2040. The Series 2016 G bonds totaling $105,255 consist of $75,320 of serial bonds carrying coupon rates ranging from 1.866% to 3.459% maturing through July 1, 2032 and a $29,935 term bond with an interest rate of 3.64% maturing on July 1, 2034. The bonds were issued with a premium of $11,566 on the Series 2016 F bonds and the College incurred $1,032 in bond issue costs which will be expensed in fiscal year 2017. This advance refunding achieved $21,608 in present value savings on the debt service with no extension of bond maturities.

In July 2016, the College was awarded an $8,000 Higher Education Capital Improvement Fund grant from the NJEFA to fund the renovation of the School of Engineering building, Armstrong Hall. The grant is contingent upon NJEFA issuing the bonds necessary to finance the project. In exchange for the receipt of the grant, the College will pay one third of the debt service and fees of the bonds allocable to the College.

The College of New Jersey

Schedules of Proportionate Share of the Net Pension Liability

(Unaudited)

June 30, 2016 and 2015

(In thousands)

Public Employees' Retirement System

		2016	2015
College proportion of the net pension liability - State group		0.571%	0.557%
College proportion of the net pension liability - Plan as a whole		0.294%	0.289%
College proportionate share of the net pension liability	$	135,548	112,127
College covered-employee payroll (for the year ended as of the measurement date)		25,823	25,380
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		524.91%	441.79%
Plan fiduciary net position as a percentage of the total pension liability		38.21%	42.74%

Police and Firemen's Retirement System

		2016	2015
College proportion of the net pension liability - State group		0.169%	0.153%
College proportion of the net pension liability - Plan as a whole		0.032%	0.031%
College proportionate share of the net pension liability	$	7,262	5,420
College covered-employee payroll (for the year ended as of the measurement date)		763	822
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		951.77%	659.37%
Plan fiduciary net position as a percentage of the total pension liability		52.84%	58.86%

Teachers' Pension and Annuity Fund

		2016	2015
College proportion of the net pension liability		0.000%	0.000%
College proportionate share of the net pension liability	$	—	—
State's proportionate share of the net pension liability associated with the College		4,749	4,666
Total net pension liability		4,749	4,666
College covered-employee payroll (for the year ended as of the measurement date)		—	122
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		N/A	3824.59%
Plan fiduciary net position as a percentage of the total pension liability		28.71%	33.64%

See accompanying independent auditors' report.

The College of New Jersey

Schedules of Employer Contributions

(Unaudited)

June 30, 2016 and 2015

(in thousands)

Public Employees' Retirement System

		2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	1,941	1,289
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		1,941	1,289
Contribution deficiency (excess)	$	—	—
College covered-employee payroll (as of the fiscal year end)	$	25,776	25,823
Contributions as a percentage of covered-employee payroll		7.53%	4.99%

Police and Firemen's Retirement System

		2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	231	120
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		231	120
Contribution deficiency (excess)	$	—	—
College covered-employee payroll (as of the fiscal year end)	$	772	763
Contributions as a percentage of employee covered payroll		29.92%	15.73%

See accompanying independent auditors' report.

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